Wacker Neuson Group

Driving Technological Change

Annual Report 2023

FIGURES AT A GLANCE 2023

WACKER NEUSON GROUP AS OF DECEMBER 31

IN € MILLION

	2023	2022	Change
Key figures			
Revenue	2,654.9	2,252.4	18%
by region			
Europe	2,022.4	1,709.9	18%
Americas	556.5	459.1	21%
Asia-Pacific	76.0	83.4	-9%
by business segment[1]			
Light equipment	525.9	520.9	1%
Compact equipment	1,652.9	1,304.6	27%
Services	494.5	441.6	12%
EBITDA	415.9	322.0	29%
Depreciation and amortization	142.7	120.2	19%
EBIT	273.2	201.8	35%
EBT	254.7	192.3	32%
Result for the period	185.9	142.6	30%
R&D ratio (incl. capitalized expenses) as a %	3.5	3.5	–
Share			
Earnings per share in €[2]	2.73	2.10	30%
Dividends per share in €	1.15	1.00	15%
Key profit figures			
Gross profit margin as a %	24.4	23.7	0.6PP
EBITDA margin as a %	15.7	14.3	1.4PP
EBIT margin as a %	10.3	9.0	1.3PP
EBT margin as a %	9.6	8.5	1.1PP
Cash flow			
Cash flow from operating activities	113.2	-6.4	–
Cash flow from investment activities[3]	-138.1	5.6	–
Investments (property, plant and equipment, intangible assets)	163.5	103.8	58%
Free cash flow[4]	-24.9	-130.8	81%
Cash flow from financing activities	-5.0	-250.8	98%

	Dec. 31, 2023	Dec. 31, 2022	Change
Key figures from the balance sheet			
Equity[5]	1,499.7	1,392.6	8%
Equity ratio as a %[5]	56.7	59.9	-3.2PP
Net financial debt	365.8	234.5	56%
Gearing in %	24.4	16.8	7.6PP
Net working capital	869.5	718.9	21%
Net working capital in % of revenue	32.8	31.9	0.8PP
Number of employees[6]	6,579	6,301	4%

[1] Consolidated revenue before cash discounts.

[2] The Executive Board and Supervisory Board will propose to the Annual General Meeting on May 15, 2024, a dividend of EUR 1.15 per share for the financial year 2023.

[3] Includes proceeds from time deposits in the amount of EUR 130.0 million in fiscal 2022.

[4] Before taking into account inflows of EUR 130.0 million in fiscal 2022.

[5] Due to an error correction in connection with the recognition of revenue from extended warranty obligations, the retained earnings were adjusted as at 1 January 2022. Further information on this can be found in the "Changes in accounting in accordance with IFRS".

[6] Excluding temporary employees.

All consolidated figures prepared according to IFRS. To improve readability, the figures in this report have been rounded to the nearest EUR million. Percentage changes refer to these rounded amounts.

CONTENT

Dear Reader,

Fiscal 2023 was living proof yet again of the fact that “nobody is perfect, but a team can be!” Once more, our global teams demonstrated the importance of a motivated workforce in securing the success of a company like the Wacker Neuson Group. And this was all the more significant during the twelve months when we celebrated 175 years of company history. In 2023, we saw further confirmation that committed and experienced teams can achieve great things even as the challenges ramped up over the course of the year. Our customers, suppliers, business partners and investors – and above all our employees – can rely on our ability to deliver continuity through experience and resilience, both now and going forward. Before discussing the future of the Wacker Neuson Group, we would like to look back on developments in 2023.

The Wacker Neuson Group again enjoyed strong growth over the past fiscal year and also managed to increase its profitability. This was despite an economic backdrop that continued to deteriorate and present more challenges as the year progressed. To summarize the year using our key indicators, we achieved revenue of EUR 2,654.9 million, which represented a strong rise of 17.9 percent, while earnings before interest and taxes (EBIT) grew even faster at 35.4 percent to reach EUR 273.2 million. Whereas the first half of the year was characterized by very dynamic development, a downward trend was increasingly evident in many sectors in the subsequent six months, flanked by a marked slowdown in demand in the construction industry. Reaching beyond the general construction business, which was impacted in particular by these developments, the Wacker Neuson Group also supports infrastructure and modernization projects and this pillar – complemented not least by positive trends in the agricultural and municipal sectors – meant the company was able to close the year on a stable footing. In addition, we are systematically expanding our rental offering and extensive aftersales service, while carving out new business opportunities through promising innovations, such as our future-oriented zero emission solutions. And thanks to our very healthy order book at the start of 2023, we were able to deliver robust performance through to the end of the year despite the challenging economic environment.

In keeping with our dividend policy, we again want our shareholders to participate in the success of our operational business in fiscal 2023. We will therefore propose a payout per share of EUR 1.15 at the AGM for the past fiscal year, which corresponds to around 42.1 percent of the earnings per share. Based on the closing price in 2023, this represents an attractive dividend yield of 6.3 percent.

Given that the start of 2024 is marked by political tensions and marked economic volatility in some regions, we are facing high levels of uncertainty for the current fiscal year. That is why we decided to take steps last year to prepare for a more negative market environment. A number of trade associations in our core market of Germany are pointing towards a prolonged slowdown across what are key sectors for our company. At the same time, a growing number of respected experts are starting to predict a soft landing. The challenge for the Wacker Neuson Group now lies in anticipating the path ahead and reacting with the necessary level of flexibility; in other words, proceeding with caution. Looking beyond our short-term focus on current events and the need for agility, we are also keeping a sharp eye on the long-term development of our Group. You can therefore rest assured that after two years of strong growth and with a very solid financial foundation, the Wacker Neuson Group is also well positioned and equipped for more challenging times.

We expect to see consolidation activity in fiscal 2024. As well as challenges, there will also be opportunities to improve our structures, increase efficiency and actively prepare for the next stage of growth. For the coming years, our aim for the Wacker Neuson Group is to hit the target of EUR 4 billion along with a lasting rise in our EBIT margin to over 11 percent. With this in mind, we launched our Strategy 2030 program in the previous year and have defined and initiated ten strategic levers at the core of our roadmap. For further details on this, refer to page 28 in our Annual Report.

Revenue in 2024 is expected to lie between EUR 2,400 and 2,600 million (EUR 2,654.9 million in 2023) and the EBIT margin between 8.0 and 9.0 percent (10.3 percent in 2023, including EUR 26.5 million due to positive one-off items). This forecast assumes that raw material prices and exchange rates will remain at the 2023 year-end level.

With both our corporate and intrinsically linked sense of social responsibility in mind, we would like to conclude by taking a look towards the future of the Wacker Neuson Group. We strongly believe that the foundations we have set over the past 175 years will continue to hold us in good stead in the coming years. We are investing in our future and that of the next generation. During 2024 therefore, we intend not only to continue implementing our strategic objectives but also want to drill down on our sustainability strategy. The most recent results of our sustainability activities are published at the same time as the Annual Report and they are also available as usual on our website.

Finally, we would like to assure you that the trust you place in us is very much appreciated. We look forward to your continued interest in our company and the chance to engage with you once more in 2024. Our intention here at the Wacker Neuson Group is to remain focused on our strengths and keep our objectives firmly in sight. In the meantime, we are excited to continue our journey together, bolstered by your valued support.

The Executive Board Team of the Wacker Neuson Group

From left:

Christoph Burkhard Chief Financial Officer (CFO)	**Dr. Karl Tragl** Chairman of the Executive Board Chief Executive Officer (CEO)	**Felix Bietenbeck** Chief Technology Officer (CTO) Chief Operations Officer (COO)	**Alexander Greschner** Chief Sales Officer (CSO)

Our share in 2023

A range of macroeconomic factors kept the international capital markets on their toes once again in 2023. Whereas the general supply chain situation continued to improve as the year progressed, the world's major central banks decided on further hikes to their key interest rates in response to inflation data. In anticipation of interest rate cuts from 2024, however, the central stock exchanges managed to overcome the negative sentiment of the previous year early on in 2023 and clearly experienced a good recovery overall. Nevertheless, the completely altered interest rate landscape and the general climate of uncertainty were two primary reasons that noticeably put many investors off business models linked to the real-estate sector. Companies with a lower market capitalization or lower trading volumes were also less sought after. Despite these limiting factors, the Wacker Neuson SE share managed to achieve growth of 12 percent in 2023.

Share and index information

Shares in Wacker Neuson SE have been traded in the regulated Prime Standard segment of the Frankfurt Stock Exchange since 2007 and are listed in the SDAX index. In addition, Wacker Neuson SE been included in the "DAXplus Family" index since 2010. Currently 113 German and international companies qualify for this index. For a company to be included in the DAXplus Family Index, the respective founding families must hold at least 25 percent of the voting rights, or sit on the Executive or Supervisory Board and additionally hold at least 5 percent of the voting rights. The weighting in this index is based on market capitalization of the free float.

Stock market trends in 2023

When it came to share performance, 2023 was in many respects a typical trading year, with strong gains in the first four months being followed initially by a sideways trend. A new half-year high-point in the summer was followed by a significant decline in the share price in August and September before the traditional rally duly materialized at the end of the year.

The war in Ukraine had almost no influence on international stock markets in 2023. The Hamas attack on Israel and the ensuing Gaza conflict also only resulted in temporary setbacks in the stock markets. However, the latent risk of recession as a result of the key interest rate hikes of the major central banks and the altered interest rate landscape itself prompted investors to favor shares with a high market capitalization and high average trading volumes.

The DAX 40 therefore ended the year with a clear gain of 19.1 percent to reach 16,752 points. The SDAX at 15.5 percent achieved slightly lower growth while the MSCI World index saw a marginally better performance with 19.3 percent.

The share in 2023

Due to the above reasons and despite the company's very strong development, the Wacker Neuson SE share was not the main focus of most investors in 2023. Even though the company is only indirectly and partially exposed to developments in the interest rate-sensitive real-estate sector, it was still not able to keep up with the development of the major indices.

The share price had gained over 45 percent by the middle of the year and reached its high for the year of EUR 23.80. The downturn in the global construction industry then saw the share slide to a closing price of EUR 18.26. Overall, the share made a gain of 11.7 percent in 2023 (all data on an end-of-day basis, Xetra trading platform).

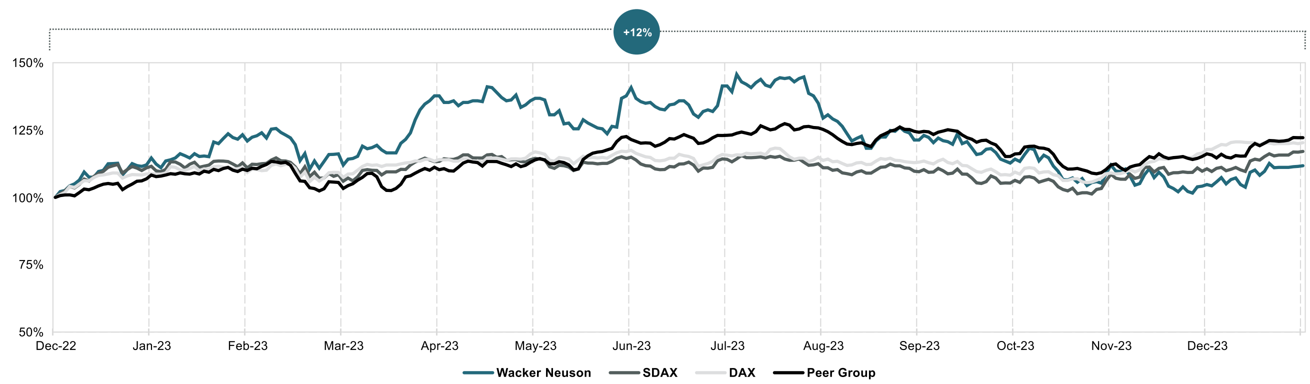
Performance of peer group

The chart below shows how the Wacker Neuson SE share performed in relation to its peer group. The peer index includes, with equal weighting, the French company Manitou, which manufactures construction and agricultural equipment; the American construction and agricultural equipment manufacturers Caterpillar, John Deere and Agco; the Swedish industrial companies Atlas Copco, Husqvarna and Volvo; the Korean construction equipment manufacturer Doosan Bobcat; the Chinese mechanical engineering company Sany; the Japanese construction equipment manufacturers Komatsu, Hitachi, Takeuchi and Kubota; and German companies Bauer, specialist in underground construction, and Deutz for engines targeted at construction equipment and other industries. The American rental company United Rentals and the British rental company Ashtead are also included in the peer group.

The share prices of the peer group also recorded strong growth during the year of 22.2 percent on average.

SHARE PRICE TRENDS JAN. 1, 2023 – DEC. 31, 2023

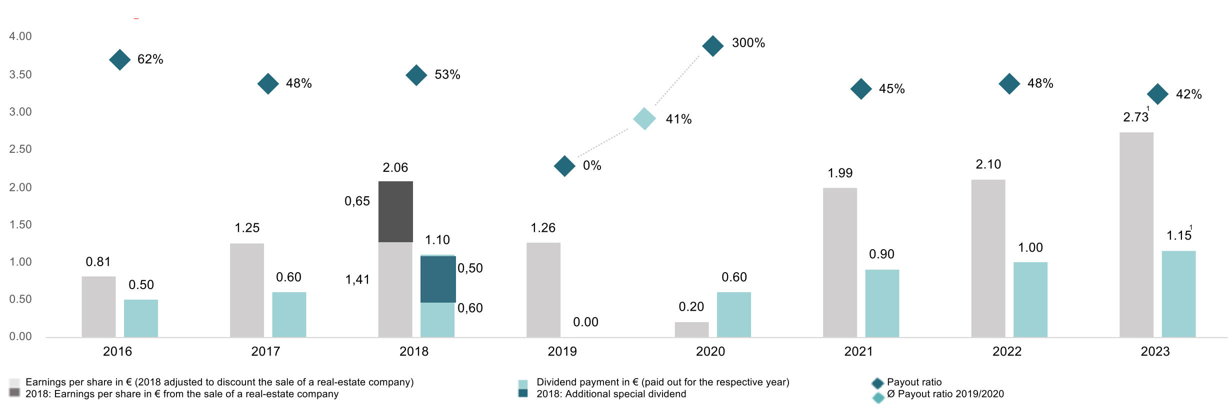
AS A %



Peer group: Agco, Ashtead, Atlas Copco, Bauer, Caterpillar, Deutz, Doosan Bobcat, Hitachi, Husqvarna, John Deere, Komatsu, Kubota, Manitou, Sany, Takeuchi, United Rentals, Volvo.

EARNINGS PER SHARE, DIVIDEND AND PAYOUT RATIO 2016-2023

IN €



[1] At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend of EUR 1.15 per share for fiscal 2023.

KEY INDICATORS FOR THE WACKER NEUSON SE SHARE

IN €

	2023	2022
High	23.80	26.12
Low	16.60	13.13
Average	19.84	18.60
Year-end	18.26	16.34
Average daily trading volume in shares[1]	29,957	43,596
Earnings per share[2]	2.73	2.10
Book value per share[2,4]	21.38	19.85
Dividend payment[2,3]	1.15	1.00
Payout ratio as a %	42.1	47.6
Market capitalization at year-end in € million	1,280.8	1,146.1

[1] Day trading: on XETRA.
[2] 70,140,000 shares.
[3] At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend of EUR 1.15 per share for fiscal 2023.
[4] Due to an error correction in connection with the recognition of revenue from extended warranty obligations, the retained earnings were adjusted as at 1 January 2022. Further information on this can be found in the "Changes in accounting in accordance with IFRS".

SHARE FACTS AT A GLANCE

ISIN/WKN	DE000WACK012/WACK01
Trading symbol	WAC
Sector	Industrial
Reuters/Bloomberg	WACGn.DE/WAC GY
Stock category	Individual no-par-value nominal shares
Share Capital	EUR 70,140,000
Number of authorized shares	70,140,000
Stock exchange segment	Regulated market (Prime Standard), Frankfurt Stock Exchange
Indices	SDAX, DAXplus Family, CDAX, Classic All Shares
IPO	May 15, 2007
Designated sponsor	M.M.Warburg

General meeting and dividends

The Annual General Meeting (AGM) of Wacker Neuson SE took place in Munich on May 26 in fiscal 2023. Following the COVID-19 pandemic years, when the event was held virtually without shareholders or their proxy holders being physically present (with the exception of the proxies appointed by the company), the company made the conscious decision to once more organize an in-person event in 2023. The primary intention here was to facilitate more personal contact with shareholders.

When it came to voting on the items on the agenda, approximately 82 percent of the share capital was represented at the AGM, a figure which was on par with the previous year. The dividend payout proposed by the Executive Board and Supervisory Board in the amount of EUR 1.00 per share for the past fiscal year was approved by shareholders. Compared to the previous year, this represented an increase of around 11 percent in the amount of the dividend.

Mazars GmbH & Co. KG Wirtschaftsprüdungsgesellschaft Steuerberatungsgesellschaft, Munich was again appointed as the auditor to review the Annual and Consolidated Financial Statements for fiscal 2023.

Dividend policy and dividend proposal for the 2024 AGM

Wacker Neuson SE has adopted an attractive shareholder remuneration policy to ensure that shareholders enjoy a steady and appropriate share of the company's profit. This framework is determined by the earnings figures and the need to ensure that the Wacker Neuson Group maintains adequate capitalization.

The Wacker Neuson SE dividend policy provides for a payout per share of 40 to 60 percent of Group earnings per share.

This dividend policy reflects the current objective of the Executive Board and the Supervisory Board and it may be modified in the future. In addition, corresponding dividend proposals from the Executive Board and the Supervisory Board are required for the payment of a dividend in a given year, and both of these bodies could decide to depart from this dividend policy if they see fit under the prevailing circumstances. The decision on the dividend is made by the AGM.

At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend payout of EUR 1.15 per eligible share.

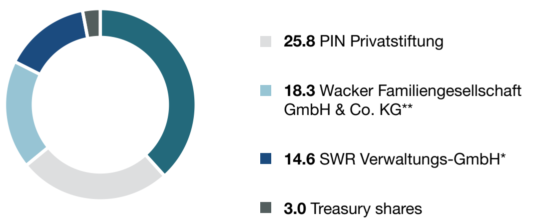
Treasury shares

Following a share buyback program in 2021, the company held a total of 2,124,655 treasury shares as of December 31, 2023. These had been bought back at a price of EUR 52,999,971.94 (excluding incidental acquisition costs).

Ownership structure

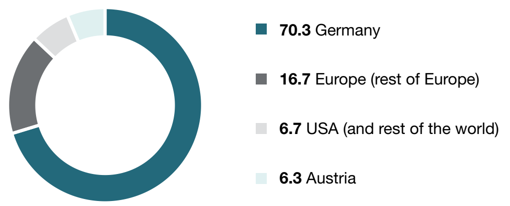
The free-float shares are held by institutional and private investors. To the best of the Group's knowledge, the majority of its free float (approximately 70.3 percent) is held by German investors. The remaining 29.7 percent is owned by investors from other countries.

SHAREHOLDER STRUCTURE
AS A %



As of December 31, 2023.
Differences attributable to rounding. Number of shares: 70.14 million
* The determination of non-free float and free float is based on the Guide to Equity Indices of Deutsche Börse AG.
** Various members of the Wacker Family hold separate stocks of the non-free float.

REGIONAL DISTRIBUTION OF FREE FLOAT
AS A %



As of December 31, 2023 (from the share register).
Differences attributable to rounding. Number of free float shares: 27.74 million

ANALYST RECOMMENDATIONS

NAME OF BANK	Target price in €	Buy	Hold	Sell	Date
Hauck & Aufhäuser Lampe	€28.50	■			Nov. 13, 2023
Bankhaus Metzler	€26.00	■			Nov. 9, 2023
Berenberg Bank	€29.00	■			Nov. 17, 2023
Warburg Research	€20.00		■		Nov. 21, 2023
Jefferies	€28.00	■			Nov. 9, 2023
Kepler Cheuvreux	€17.00			■	Nov. 9, 2023

As of December 31, 2023

Transparent communication with all capital market players

The Wacker Neuson Group maintains regular and transparent communication with both private and institutional investors and analysts as well as with all other stakeholders of the company. The Executive Board and Investor Relations remain in close contact with these target groups, enabling them to optimally assess and evaluate current company developments.

In 2023, the Wacker Neuson Group therefore once again participated in various investor conferences and also ensured direct engagement with existing and prospective investors in individual discussions and in phone and video conference calls. Communications focused on giving analysts and investors detailed insights into the Wacker Neuson Group's markets, business, strategic aims and developments in these areas.

A wealth of information is also available to shareholders and interested parties on the website: → www.wackerneusongroup.com/investor-relations This includes annual and interim reports, quarterly reports, corporate news and ad-hoc announcements, plus recent presentations. The progress of the share of Wacker Neuson SE and the shares of its peer group can also be tracked on the website.

For fiscal 2023, the Wacker Neuson Group issued a non-financial Group report in line with Section 315b of the German Commercial Code (HGB). This was published at the same time as this Annual Report. As a separate non-financial Group report, it covers topics such as environmental, social and employee matters, human rights, anti-corruption and bribery. The report can be downloaded from the Group website. → www.wackerneusongroup.com/investor-relations

Analyst coverage

The Wacker Neuson SE share was regularly tracked and evaluated by six analysts in 2023. As of December 31, 2023, four analysts were recommending to "buy" the Wacker Neuson SE share, one analyst was recommending "hold", and one analyst was recommending "sell". The median target price was EUR 27.00, with a range of EUR 17.00 to EUR 29.00.

Declaration on corporate governance

Corporate governance takes high priority at the Wacker Neuson Group. Our Executive and Supervisory Boards see it as their responsibility to comply with principles ensuring responsible, professional, sustainable and transparent company management, as stipulated in the German Corporate Governance Code. Activities are geared toward securing the company's long-term success and increasing its value. Embedded throughout the company, our mission statement is an integral part of all of our business practices.

Declaration on corporate governance

In the following statement, the Executive Board reports on the company's corporate governance policies and practices – also for the Supervisory Board. It therefore complies with Sections 289f in conjunction with Section 315d of the German Commercial Code (HGB) as well as Standard 23 of the German Corporate Governance Code (DCGK).

1. Declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of Wacker Neuson SE consider the German Corporate Governance Code as an important body of regulations. Both bodies feel compelled to comply with its principles of responsible, professional, sustainable and transparent corporate governance. They have therefore thoroughly examined the recommendations of the German Corporate Governance Code and issued the following declaration of compliance as most recently amended on December 5, 2023:

Declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The German Corporate Governance Code contains recommendations and suggestions for the management and supervision of German listed companies with regard to shareholders and the Annual General Meeting, the Executive Board and Supervisory Board, transparency, accounting and auditing. German stock corporation law requires the Executive Board and Supervisory Board of a listed company to declare annually which of these recommendations have not been or will not be applied and to provide reasons for this ("comply or explain").

The Executive Board and Supervisory Board identify with the obligation set out in the Code to ensure the continued existence of the company and its sustainable value creation (corporate interest) in accordance with the principles of the social market economy and to promote responsible and transparent corporate governance and control.

The Executive Board and Supervisory Board of Wacker Neuson SE hereby declare in accordance with Section 161 AktG:

Recommendation A.1 sentences 2 and 3 GCGC 2022*: The growth strategy "Strategy 2022" presented in March 2018 and valid until the first half of the 2023 financial year did not yet fully take environmental and social objectives into account. On June 14, 2023, the company presented its new corporate strategy "Strategy 2030", which, in addition to long-term economic goals, also takes appropriate account of environmental and social goals, which are also reflected in corporate planning as corresponding financial and sustainability-related goals.*

Recommendation A.5 GCGC 2022*: The key features of the internal control system and the risk management system of the Wacker Neuson Group with regard to the accounting process are described in the management report in accordance with legal requirements. The internal control system and the risk management system also include a compliance management system, the key features of which are described in the company's non-financial Group report, as is the risk management system with regard to non-financial matters. Further disclosures in the management report that are not part of the management report are therefore not included in order to avoid repetition. In view of the EU Corporate Sustainability Reporting Directive (CSRD), the content of the non-financial Group reporting is to become part of the management report in future as part of its implementation, the Executive Board will transfer the relevant information to the management report in future.*

***Recommendation B.5 GCGC 2022:** In order to maintain continuity in the Executive Board, which was only newly constituted in 2021, the Supervisory Board decided to extend the employment contracts of Dr. Tragl and Mr. Burkhard from June 2024 for terms that exceed the defined age limit of 62 years.*

Recommendation C.1 GCGC 2022*: In its election proposals to the Annual General Meeting for the election of shareholder representatives, the Supervisory Board takes into account the statutory requirements and the recommendations of the Code with regard to the personal requirements for Supervisory Board members.*

The focus here is not on filling out a competence profile or pursuing a diversity concept, but - irrespective of nationality and gender - on the professional and personal competence of potential candidates, taking particular account of the company-specific situation. When assessing competence, the Supervisory Board also takes appropriate account of the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, the specified age limit for Supervisory Board members and the principle of diversity, as well as the special rules of co-determination legislation for elected employee representatives.

The Supervisory Board does not consider it necessary to specify concrete objectives for its composition or to develop a specific skills profile taking into account diversity and expertise in sustainability issues for the entire Board, so that the manner or status of implementation of such profiles or concepts – with the exception of the fulfillment of the corresponding legal obligations, such as in particular from the law for the equal participation of women and men in management positions ("women's quota") – are also not disclosed in the form of a qualification matrix in the corporate governance statement.

In view of the explanations on the independence of the Supervisory Board members contained in the corporate governance statement, the Supervisory Board also refrains from providing further explicit information in the corporate governance statement on what it considers to be the appropriate number of members and their names.

***Recommendation C.14 GCGC 2022**: The Supervisory Board considers the information made available for the Annual General Meeting and permanently on the company website in accordance with previous practice to be sufficient, so that the preparation, publication and updating of detailed curricula vitae for proposed Supervisory Board members or those already in office will continue to be dispensed with.*

***Recommendation D.4 GCGC 2022:** The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) does not justify a special committee to propose shareholder candidates for the Supervisory Board.*

***Recommendation D.10 sentence 3 GCGC 2022:** Due to the recent change of auditor from the previous financial year 2022, the Audit Committee refrained from consulting with the new auditor without the Executive Board in the 2023 financial year in order to provide all parties involved with the best possible information during the transition from the previous auditor. In future, such consultations will take place regularly without the Executive Board.*

***Recommendation G.18 GCGC 2022:** The current remuneration of the Supervisory Board includes short-term performance-related remuneration. This model should be retained, as it is not to be regarded as a management incentive or bonus for the Supervisory Board for the long-term development of the company, but rather allows the remuneration to breathe in less successful years.*

Munich, December 5, 2023

Wacker Neuson SE

Executive Board and Supervisory Board

Dr. Karl Tragl	*Hans Neunteufel*
Chief Executive Officer	*Chairman of the Supervisory Board*

The above declaration has been made permanently available to shareholders on the Wacker Neuson SE company website → www.wackerneusongroup.com under Investor Relations / Corporate Governance. It is updated as required but once a year at least. Previous declarations of compliance, as well as declarations on corporate governance as part of the respective annual reports, remain available on the Wacker Neuson Group website for a period of at least five years. Further details on corporate governance policies and practices are presented in the following section of this declaration on corporate governance.

2. Corporate governance

This section outlines the mode of operation of the Executive Board and the Supervisory Board as well as the composition plus mode of operation of the Supervisory Board committees.

Wacker Neuson SE is a listed European company (Societas Europaea) incorporated under German law with its headquarters in Munich. It is registered in the German Register of Companies (Handelsregister) of the Munich Magistrate's Court under HRB 177839. Upon foundation of the company, shareholders chose the dual management system common under German Stock Corporation legislation, comprising two executive bodies, the Executive Board and the Supervisory Board, each vested with different spheres of competence. The two bodies work closely together on a basis of mutual trust and are committed to increasing the company's long-term value.

Executive Board

The Executive Board represents the company vis-à-vis third parties and manages its business in accordance with legal regulations, the Articles of Incorporation and the rules of procedure for the Executive Board. In the 2023 reporting year, the Executive Board comprised four members. The Executive Board is responsible for managing the company and represents it both legally and otherwise. It functions on the basis of joint accountability. All members of the Board are jointly responsible for all areas of company management.

The Executive Board plans the company's strategic direction, aligns it with the Supervisory Board and ensures it is appropriately executed. It is also responsible for establishing the company's and Group's business plans for the coming year and beyond as well as preparing legally required reports such as Annual Financial Statements, Consolidated Financial Statements and interim reports. In addition, the Executive Board also ensures that a suitable risk management and control system is in place and that regular, prompt and extensive reports are presented to the Supervisory Board regarding all issues relating to strategy, company planning, business developments, the risk situation, risk management and compliance activities that are relevant to the company and the Group.

Responsibilities and cooperation within the Executive Board are governed by the rules of procedure for the Executive Board. These focus not only on the lines of responsibility vested in individual Executive Board members, but also the issues entrusted to the Executive Board as a whole, resolutions (quorum requirements in particular) and the rights and obligations of the chairperson of the Executive Board. Executive Board meetings are held regularly and are convened by the chairperson of the Executive Board – also at the request of an Executive Board member. The Executive Board generally reaches decisions based on a simple majority of votes cast unless other legal provisions apply. If an equal number of votes are cast, the chairperson has the casting vote.

The chairperson of the Executive Board steers and coordinates the entire Executive Board and represents the company and Group vis-à-vis the public, in particular when dealing with the authorities, trade associations and publishing houses.

The chairperson of Wacker Neuson SE, the Group's parent company, for the 2023 reporting year was Dr. Karl Tragl; no deputy was appointed. Further details on individual members of the Executive Board, in particular their areas of responsibility within the Executive Board, are disclosed in the Notes to the Consolidated Financial Statements in item 34 “Executive bodies” (→ Wacker Neuson Group Annual Report 2023).

Measures and transactions of fundamental importance must be approved by the Supervisory Board as set down in the rules of procedure for the Executive Board and/or the Articles of Incorporation. They are also communicated to shareholders and the capital market in a timely manner, thus ensuring that decision-making processes remain transparent – also throughout the year – and capital market players are kept appropriately up to date.

Supervisory Board

The Supervisory Board advises the Executive Board in key decisions, monitors its activities, appoints Executive Board members and relieves them of their duties. It has determined that members of the Executive Board should not usually be appointed for longer than the end of their 62nd year.

Drawing on support from the Presiding Committee and in consultation with the Executive Board, the Supervisory Board develops long-term succession plans for Executive Board positions. Succession planning is discussed internally within the Supervisory Board, in particular by the Presiding Committee, which continually monitors the capabilities of the Executive Board and identifies any need for additional competencies at an early stage. When making any decisions regarding the composition of the Executive Board, the Supervisory Board considers the terms of office of the current members of the Executive Board and any extension options as well as the areas of responsibility that will likely need to be filled and the company’s strategic plans.

With regard to the need for new Executive Board members moving forward, the Supervisory Board aligns with the Executive Board to focus on identifying and professionally developing individuals from the next management levels within the company. To this end, regular talks are held with different managers in the Group to determine, in collaboration with the Executive Board, whether these individuals are suited for higher-level executive positions and, where necessary, to ensure suitable candidates have access to targeted development measures.

As such, the Supervisory Board and the Executive Board consult regularly about specific potential successor candidates. Based on Supervisory Board and Executive Board consultations and one-on-one discussions, the Supervisory Board and/or the Presiding Committee draw up profiles for upcoming vacancies outlining the key qualities/skills and qualifications required of potential candidates. The chairperson of the Executive Board is also included in this process, unless his/her position is being profiled. Where necessary, external consultants are brought in to provide the Supervisory Board and/or the Presiding Committee with support in drawing up the profiles and/or choosing suitable individuals. If a position on the Executive Board has to be filled at short notice, internal and external candidates are considered in parallel and selected in an appropriate process tailored to the specific situation. The Supervisory Board has six members. In accordance with the agreement on employee representation in the Wacker Neuson SE Supervisory Board and the German One-Third Participation Act (Drittelbeteiligungsgesetz), four of these are shareholder representatives and two are employee representatives. Taking the company-specific ownership structure into consideration, the composition of the Supervisory Board reflects the company’s international focus, the need to avoid conflicts of interest, the need for an appropriate number of Supervisory Board members considered independent by the Supervisory Board, the age limit of 75 for Supervisory Board members as defined by the Supervisory Board, and the principle of diversity.

The following situation is noted, which is also described in the Group Management Report: A group of shareholders belonging to the Wacker and Neunteufel families hold a total of around 58 percent of the shares of Wacker Neuson SE. Until April 30, 2022, there was a pool agreement in place between these shareholders that ended on May 1, 2022, according to the provisions of which each party to the pool agreement, when selecting the Supervisory Board members nominated as shareholder representatives (still in office today), must exercise its right to vote and submit proposals at the Annual General Meeting in such a way that two Supervisory Board members nominated as shareholder representatives by the Wacker family and two by the Neunteufel family are always elected. The current shareholder representatives thus elected are not now and never have been bound in any way to the directions of individual, several or all of the parties to this pool agreement, and any and all decisions they make within the Supervisory Board continue to be made exclusively in the company’s interests.

Even though these shareholder representatives always enjoy the special trust of the parties to the former pool agreement appointing them, they did not and do not have, in the Supervisory Board’s view, any personal or business relationship with a controlling shareholder which could lead to a fundamental conflict of interest. In particular, as the pool agreement has been terminated since May 1, 2022, there has no longer been a controlling shareholder in relation to the company since this date.

The Supervisory Board continues to regard the definition of the term “independence” as outlined in DCGK 2020 and DCGK 2022 as well as the indicators and/or criteria framing a lack (or alleged lack) of independence as defined therein to be factually incorrect. Since, as previously stated, all shareholder representatives continue to gear all of their decisions as members of the Supervisory Board exclusively toward the interests of the company, the Supervisory Board deems them to be generally independent of the company, the Executive Board and the controlling shareholders – also in view of and especially with regard to the terms and understandings as outlined above.

The terms of office of all Supervisory Board members run until the close of the AGM that tables a resolution to formally approve the actions taken by the company in fiscal 2024. Their terms may be no longer than six years. The members of the Supervisory Board have been in office for the following periods: Hans Neunteufel since October 2007, Kurt Helletzgruber since October 2007 (mandate suspended on secondment to the Executive Board from December 2020 to June 2021), Christian Kekelj (employee representative) since June 2017, Prof. Dr. Matthias Schüppen since May 2014, Elvis Schwarzmair (employee representative) since August 2002, and Ralph Wacker since May 2014. Further details on individual members of the Supervisory Board are disclosed in the Notes to the Consolidated Financial Statements, item 34 “Executive bodies” (→ Wacker Neuson Group Annual Report 2023).

The principles of cooperation within the Supervisory Board are governed by the rules of procedure for the Supervisory Board. These rules reflect the recommendations of the German Corporate Governance Code and – as an integral part of the supervisory and control process – provide for clear and transparent procedures and structures. The current version of the rules of procedure for the Supervisory Board is publicly available on the company’s website. The Supervisory Board regularly assesses the effectiveness of its own work and the work of its committees. An assessment to this effect was again carried out at the start of the reporting period. To this end, all members of the Supervisory Board complete a detailed survey to rate the different aspects of the committees' work and to also compare it with the previous year. Any areas that have markedly deteriorated since the previous year or which are rated as unsatisfactory in general are discussed in detail in plenary meetings and improvement measures are defined.

The Supervisory Board reaches decisions based on a simple majority of votes cast unless other legal provisions apply. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the chairperson shall not have the casting vote. The chairperson of the Supervisory Board convenes and steers Supervisory Board meetings and generally coordinates the activities of the Supervisory Board and its committees.

The Supervisory Board defines the Executive Board's information and reporting duties in detail. The core areas of collaboration between the Executive Board and the Supervisory Board as well as specific details on the Supervisory Board's activities and its committees are disclosed in the → report by the Supervisory Board (Wacker Neuson Group Annual Report 2023, page 14).

Composition and mode of operation of committees
In contrast to the Executive Board, the Supervisory Board forms two committees: the Presiding Committee and the Audit Committee.

The responsibilities of the Presiding Committee include in particular submitting proposals for Executive Board member appointments, terminations and mandate extensions, for Executive Board remuneration and the remuneration system, and for preparing measures to conclude, amend or terminate contracts with Executive Board members. The Presiding Committee members are Hans Neunteufel, Prof. Dr. Matthias Schüppen and Ralph Wacker. Mr. Neunteufel is Chairman of the Presiding Committee.

The Audit Committee maintains close contact with the auditor. It appoints the auditor to review the Annual and Consolidated Financial Statements, identifies the focal points of the audit and receives the reports. Furthermore, the Audit Committee negotiates the fee with the auditor, assesses their independence and additional services they provide, and submits a proposal to the Supervisory Board for the auditor appointment to be approved by the AGM. It prepares the Supervisory Board discussions and resolutions required to approve the Annual and Consolidated Financial Statements, and to review the Executive Board's report on related third-party disclosures, the non-financial Group report and the remuneration report. It supports and monitors the Executive Board in particular in relation to questions about the accounting process, the internal control system, the risk management system, the internal auditing system, and compliance.

The Audit Committee members are Mr. Kurt Helletzgruber, Prof. Dr. Matthias Schüppen, Ralph Wacker and Elvis Schwarzmair; the members of the committee are as a whole familiar with the industrial sector in which the Company operates. Mr. Helletzgruber was Chairman of the Audit Committee in the reporting year. Due to his many years as CFO in various large industrial companies, Mr. Helletzgruber has special knowledge and experience in the application of accounting principles and internal control and risk management systems, as well as in the field of auditing.

The committee chairpersons provide the Supervisory Board with regular and timely information about the committees' activities. The committees also reach decisions with a simple majority of votes cast. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the respective chairpersons shall not have the casting vote.

Further details on the activities of the Supervisory Board and its committees can be found in the current Supervisory Board report, which also reports on the participation of individual Supervisory Board and committee members in the sessions, the number of sessions that were held via video or telephone conference, as well as on any training or further education measures undertaken by members of the Supervisory Board. → Wacker Neuson Group Annual Report 2023, page 14.

Shareholders and the AGM

Shareholders exercise their rights, including voting rights, at the AGM. All shares in Wacker Neuson SE provide shareholders with full voting rights and are registered by name. Each share entitles its holder to one vote. The AGM agenda plus the reports and documents required for the AGM are published in good time – also on the company's website, where they can be easily viewed by shareholders.

This year's AGM is planned for May 15, 2024 and will once more be an entirely in-person event. The Executive Board makes it easier for shareholders to exercise their voting rights by offering the opportunity to issue binding voting instructions to proxies named by the company. Shareholders may also exercise their rights at the Annual General Meeting through a proxy, e.g. an intermediary, a voting rights advisor, a shareholder association or another person of their choice.

In addition to registering for the Annual General Meeting and issuing proxies, the company provides shareholders with a password-protected online service on the company's website, only in the run-up to the AGM, which allows voting by electronic postal vote up to one day before the AGM. Participating electronically in the AGM within the meaning of Section 118 (1) sent. 2 AktG is not possible via the password-protected online service. The details will be explained in the invitation to the AGM.

Accounting and auditing
The Consolidated Financial Statements of Wacker Neuson SE are prepared in line with the International Financial Reporting Standards (IFRS). The Annual Financial Statements and the Combined Management Report of Wacker Neuson SE and its Group are prepared in accordance with the German Commercial Code (HGB).

The Supervisory Board proposes an auditor for appointment at the AGM, based on a recommendation from the Audit Committee.

The Chairman of the Audit Committee has asked the auditor to immediately report to the Audit Committee all significant findings or events material to their duties that were identified during the audit. Furthermore, the auditor must report and record in the auditor's report any facts uncovered during the audit that could indicate that the information disclosed in the declaration of compliance with the German Corporate Governance Code issued by the Executive Board and Supervisory Board may be inaccurate.

Risk management
Responsible handling of business risks facing the Group and the company is, as always, a crucial part of sound corporate governance. The Executive Board and the Supervisory Board therefore continually monitor the Wacker Neuson Group's internal control and risk management systems along with the accompanying reporting mechanisms.

Specific details on risk management within the Wacker Neuson Group, including a report on the controlling and risk management systems within accounting, are disclosed in the risk and opportunities report in the Combined Management Report (→ Wacker Neuson Group Annual Report 2023).

Transparency
Regular, active dialog with shareholders and other stakeholders is one of the cornerstones of the company's corporate governance policy. The company provides shareholders, financial analysts, shareholder associations and the media with information about business developments and significant changes within the company promptly, regularly and with the greatest possible transparency. It is fully committed to a policy of active and honest communication.

As stipulated by the German Securities Trading Act (WpHG) and the German Corporate Governance Code, the Wacker Neuson Group provides information on its business development and financial situation four times a year. This takes the form of one Annual Report, one half-year report and two quarterly reports. The Supervisory Board and/or the Audit Committee discuss these reports with the Executive Board prior to their publication. In addition, the Executive Board answers shareholders' questions at the AGM. The company also uses its Internet platform as a way of keeping stakeholders up to date. The most recent press and ad-hoc releases, financial reports and financial calendar detailing important events throughout the year are permanently available on → www.wackerneusongroup.com under Investor Relations. Interested parties can join the distribution list to receive regular updates.

Director's dealings and major holdings of voting rights
Wacker Neuson SE publishes reports on directors' dealings pursuant to Art. 19 of EU Regulation No 596/2014 on market abuse. The company uses these reports to provide immediate information about securities transactions with regard to Wacker Neuson SE shares made by members of the Executive or Supervisory Boards as well as by individuals and legal entities closely related to members of these bodies. This information is also disclosed on the company's website → www.wackerneusongroup.com under Investor Relations / Corporate governance. Also under Investor Relations / Disclosures, the company immediately publishes information from shareholders regarding the purchase or sale of major voting rights in line with Section 33 WpHG and the holding of financial and other instruments in line with Sections 38 and 39 WpHG.

Remuneration report
The current remuneration report for the Executive Board and Supervisory Board is available on the company's website → www.wackerneusongroup.com under Investor Relations / Corporate governance.

The overall remuneration payable to the Executive Board and the Supervisory Board is disclosed at the above-mentioned link and in the Notes to the Consolidated Financial Statements in item 35 "Related party disclosures" (→ Wacker Neuson Group Annual Report 2023).

Diversity – Declaration regarding fixed targets for the proportion of women at management level

When appointing members to the Executive Board and the Supervisory Board, the company focuses on the qualifications and personal skills of potential women and men candidates particularly in relation to the company's specific situation. In the process of evaluating competency profiles, the Supervisory Board also places particular emphasis on the international nature of the company's business operations and the principle of diversity, also in relation to the age, gender, educational background and professional experience of women and men candidates. In this regard, the company does not pursue an explicit diversity concept as set out in the CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz). For further information on this and to avoid repetition here, refer to the information in Section C.1 of the German Corporate Governance Code in the above declaration of compliance.

Wacker Neuson SE is required, as a listed company (albeit not one subject to equal codetermination as set out in Section 96 (2) AktG), to declare fixed targets for the proportion of women on the Supervisory Board, the Executive Board, and on the two management levels below the Executive Board. The Executive Board and the Supervisory Board have already examined this issue several times.

When selecting and appointing members of the Executive Board, the Supervisory Board focuses on the qualifications and personal skills of potential women and men candidates, paying special attention to the company-specific situation. In this context, gender does not play a major role in the Supervisory Board's decision-making process. There are currently no women on the Wacker Neuson SE Executive Board (current percentage: 0 percent).

In light of the above-mentioned emphasis on qualifications, the Supervisory Board does not wish to commit to a specific gender balance. In a corresponding 2021 resolution, the Supervisory Board thus refrained from setting a target percentage for the representation of women on the Executive Board that would see the number of women rise from the present level by December 31, 2026 (i.e. target percentage remains 0 percent).

Similarly, the Supervisory Board is focused on the qualifications and personal skills of potential men and women candidates when selecting and appointing members to the Supervisory Board. In this context also, gender is not the main priority in the decision-making process. There are currently no women on the Wacker Neuson SE Supervisory Board, which was appointed in 2020 for a term ending at the close of the 2025 AGM (current percentage: 0 percent). In light of the above-mentioned emphasis on qualifications and the company-specific situation, the Supervisory Board does not wish to generally tie its composition in advance to a specific gender balance. In a corresponding 2021 resolution, the Supervisory Board thus refrained from setting a target percentage for the representation of women on the Supervisory Board that would see the number of women rise from the present level by December 31, 2026 (i.e. target percentage remains 0 percent).

In 2021, the Executive Board approved the following targets for the proportion of women appointed to managerial positions at Wacker Neuson SE, which it intends to achieve by December 31, 2026. These targets refer as before to staff who are directly employed by the company Wacker Neuson SE. The target percentage for line one below the Executive Board is 22.3 percent (currently 29.4 percent) and the target for line two below the Executive Board is 25.0 percent (currently 37.5 percent).

3. Corporate governance best practices

Compliance – principles of sound business and financial governance
Looking beyond the guidelines and recommendations of the German Corporate Governance Code, the Wacker Neuson SE Executive Board is committed to conducting its business worldwide in a lawful manner, along socially and ethically responsible lines. Which is why a Group-wide strategic mission statement has been developed that informs the conduct of each and every individual in the Group – from the Executive Board members through managers to employees. This mis-

sion frames the way that Wacker Neuson does business for shareholders, customers, business partners, the general public and employees alike.

A Corporate Compliance Office exists within the company as part of the Group Corporate Legal & Compliance department. The office serves as a contact point and advisor for compliance issues and is responsible for developing the compliance management system at Group level. The Chief Compliance Officer is also head of the Corporate Legal & Compliance department and reports directly to the Chairman of the Executive Board. With the implementation of the compliance management system, the Group-wide "Principles of our company ethics" were defined, which include a commitment to integrity and to systematic compliance with statutory and regulatory requirements. These principles are explained in more detail in the Code of Conduct for Wacker Neuson Group employees and fixed in internal guidelines. The "Principles of our company ethics" and the Code of Conduct are available on the Internet at → www.wackerneuson-group.com under Group / Compliance.

These principles are also an essential foundation for trusted, long-term business relationships along the entire Wacker Neuson Group value chain. The company's commitment in this area is set down in a code of conduct for suppliers, which can be found at → www.wackerneuson-group.com under Group / Compliance.

Corporate Social Responsibility (CSR) – Responsibility for environment and society

A separate non-financial Group report for 2023 will be published at the same time as this annual report and will be available on the company's website (Sections 315c in conjunction with 289c to 289e HGB).

Munich, March 21, 2024

Wacker Neuson SE

The Executive Board

Dr. Karl Tragl
Chairman of the Executive Board
Chief Executive Officer (CEO)

Felix Bietenbeck
Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Christoph Burkhard
Chief Financial Officer (CFO)

Alexander Greschner
Chief Sales Officer (CSO)

Report by the Supervisory Board

Dear Shareholders,

The Wacker Neuson Group enjoyed another highly successful year in 2023. The Group was able to report higher revenue and also a rise in profitability relative to the previous year. The economic and political backdrop remains challenging, however. With so many underlying uncertainties, we need to be able to adapt at short notice to avoid losing sight of our long-term objectives. On behalf of the Supervisory Board, I would like to take this opportunity to thank our employees for their strong commitment and performance again in 2023, as well as company management for their contribution.

Cooperation between the Supervisory Board and Executive Board

In the period under review, the Supervisory Board performed the tasks assigned to it by law and the Articles of Incorporation and verified that the Executive Board applied sound, compliant and effective governance practices. Furthermore, the Supervisory Board regularly advised the Executive Board on the management of the company and supervised management activities on an ongoing basis. The Supervisory Board maintained continuous dialog with the Executive Board regarding business development and corporate strategy and was involved in all major decisions regarding the company.

In the run-up to and during its meetings, the Supervisory Board was brought up to date on business developments; changes in assets, earnings and financials; fundamental issues regarding company planning, company strategy, internal control and risk management, and compliance; and other key measures by means of written and verbal reports from the Executive Board. The reports to the Supervisory Board were discussed in depth during Supervisory Board meetings amongst Supervisory Board members and with the Executive Board.

Hans Neunteufel
Chairman of the Supervisory Board

Members of the Executive Board regularly took part in Supervisory Board meetings. When necessary or where required by law, the Supervisory Board and its committees also convened without the Executive Board, particularly regarding Supervisory Board matters and HR issues.

There was full attendance at nearly all of the meetings of the Supervisory Board and its committees; less than 100 percent attendance was recorded at only three of the eleven meetings. The attendance rates are broken down per meeting in the following table:

	Supervisory Board plenary meeting attendance	As a %	Presiding Committee attendance	As a %	Audit Committee attendance	As a %
Hans Neunteufel (Chairman)	5/6	83	1/1	100		
Ralph Wacker (Deputy Chairman)	6/6	100	1/1	100	4/4	100
Kurt Helletzgruber	5/6	83			3/4	75
Chrisitan Kekelj	6/6	100				
Prof. Dr. Matthias Schüppen	6/6	100	1/1	100	4/4	100
Elvis Schwarzmair	6/6	100			4/4	100

Furthermore, the Executive Board provided the Supervisory Board with regular, comprehensive and timely information between meetings about current business trends as well as special or urgent projects. This information was made available in writing and also in person. In particular, the Supervisory Board was informed about instances where actual developments deviated from previously reported targets and where business activities deviated from the Group's plans, with the Supervisory Board placing a particular emphasis on this in view of the increasingly gloomy global economic outlook from Q3 2023.

Together with the Executive Board, the Supervisory Board discussed and examined in detail proposals that required Supervisory Board ratification and approved individual business transactions where this was required by law, the Articles of Incorporation or the rules of procedure for the Executive Board. The Supervisory Board voted on resolutions of this kind during scheduled meetings.

In addition, the Executive Board presented the Supervisory Board with monthly reports on key financial indicators. Furthermore, the Chairman of the Supervisory Board maintained regular contact with the Executive Board, and with its Chairman in particular, ensuring a continuous flow of information on the current business and financial situation of the Group and its affiliates and on major business events.

The Supervisory Board and its committees also addressed the implementation of a number of new legislative requirements in the year under review, such as preparations for the new reporting requirements set out in the EU's Corporate Sustainability Reporting Directive (CSRD).

Members of the Supervisory Board also undertook the training and further development measures required to discharge their duties on their own initiative and were supported by the company in their efforts here.

Main topics of Supervisory Board meetings in fiscal year 2023

Six plenary meetings of the Supervisory Board were held in fiscal 2023. The Presiding Committee met once and the Audit Committee met on four occasions, with one of these sessions being conducted by telephone. In three cases, the Supervisory Board adopted resolutions outside of meetings by means of circular resolution. The Audit Committee did this on one occasion. All members of the Supervisory Board also participated in the resolutions passed outside of meetings.

The Supervisory Board engaged regularly with the day-to-day business of the Wacker Neuson Group and with planning activities at executive level, with attention focusing in particular on the many uncertainties relating to the economic and geopolitical landscape, the persistent inflation associated with this, the new reality of higher interest rates as well as the impact of all of these factors on the business performance of the company and of the entire Group. Particular emphasis was placed on the analysis and discussion of the financial situation as well as the development of revenue, costs and earnings of the Wacker Neuson Group. Any questions from the Supervisory Board that arose in connection with the regular written and verbal reports were answered in full by the Executive Board during the relevant meetings. Executive Board matters were also on the agenda on a regular basis.

In addition to these regular reports, the Supervisory Board concentrated its advice and supervisory activities on the following areas in particular during its meetings and resolution discussions:

In a circular resolution of February 1, 2023, a resolution was passed to extend the mandate of a member of the Executive Board.

At the Supervisory Board meeting to approve the financial statements on March 23, 2023, following appropriate preparations by the Audit Committee, the Supervisory Board focused on examining the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Wacker Neuson SE and of the Wacker Neuson Group, the non-financial Group report including the Report by the Supervisory Board and the corporate governance report. By way of preparation, the Audit Committee had discussed these documents in detail with the Executive Board during its session immediately before the Supervisory Board meeting, raising questions with the auditing company representative present at the meeting, and discussing these issues at length. This took place in addition to the Supervisory Board's regular examinations as part of its own preparation for the meeting to approve the financial statements. On the basis of this, the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report were approved (per the subsequent circular resolution of March 27, 2023). The appropriation of net profit suggested by the Executive Board was also approved in this meeting together with the recommendation to the Supervisory Board on the appointment of the auditor, the AGM agenda, the Report by the Supervisory Board and the non-financial Group report. The 2022 remuneration report was also approved. The Executive Board shared the above-mentioned documents with the Supervisory Board in advance of the meeting. The business of the meeting also covered the updating of the rules of procedure for the Supervisory Board, the evaluation of the findings of the Supervisory Board efficiency check and the completion of pay negotiations with IG Metall.

In an extraordinary meeting on April 25, 2023, the Supervisory Board approved the new “Strategy 2030” presented by the Executive Board following a detailed discussion.

On May 4, 2023, the Supervisory Board discussed the current business performance and the forthcoming quarterly report. A Group real-estate project was also discussed.

The agenda of the meeting of August 1, 2023 covered an overview of non-financial reporting under the German Supply Chain Due Diligence Act (LkSG) and the CSRD as well as a resolution on extending the existing credit lines. In addition, the Executive Board provided information on the forthcoming half-year report.

At the annual strategy meeting with the Executive Board on October 11 and 12, 2023, various aspects of “Strategy 2030”, which was approved in April, were discussed in detail. The main items on the agenda were the company's regional-, product- and location-related strategies, but the zero emission program and the Group's M&A activities were also discussed. In addition to this, the meeting discussed Executive Board matters.

In a circular resolution of October 30, 2023, a resolution was passed on the extension of the mandates of two further Executive Board members.

During its meeting on December 5, 2023, the Supervisory Board focused on examining and providing advice on the Executive Board's business plan proposal for fiscal 2024, as well as on medium-term and financial planning. Supervisory Board members not only assessed the plans, but also discussed the associated opportunities and risks in detail with the Executive Board, also against the backdrop of the still difficult-to-predict global economic climate. In addition, resolutions were passed on the approval of the expansion of the Group's US site and the submission of the declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). The Executive Board also updated the meeting about the status of a real-estate project. Furthermore, various Executive Board matters were on the agenda.

In addition to this, the Supervisory Board examined each of the Executive Board's monthly reports on an ongoing basis.

Work performed by the Supervisory Board committees in fiscal year 2023

The two Supervisory Board committees (the Presiding and Audit Committees) also continued their work during the period under review. The work of both committees effectively supported the entire Supervisory Board in its duties; for example, the Audit Committee prepared Board resolutions and other matters for consideration at the plenary meetings. The meetings of the Audit Committee were also regularly attended by all of the other Supervisory Board members in a guest capacity. The members and chairpersons of both committees are listed in the declaration on corporate governance. The chairpersons of the committees reported, as necessary and appropriate, on the work performed by the committees during the Supervisory Board's plenary meetings. The chairperson of the Audit Committee also maintained regular communication with the CFO and the auditor in the periods between meetings. As the change of auditor only occurred in 2022, the Audit Committee decided in fiscal 2023 not to exclude the Executive Board from its discussions with the new auditor in the interests of keeping all parties well informed during the transition from the previous auditor. In the future, all such discussions are to take place on a regular basis without the Executive Board.

At its meeting on March 22, 2023, the Audit Committee discussed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report for Wacker Neuson SE and the Group at December 31, 2022 with the Executive Board and the auditor. The non-financial Group report was also discussed at this meeting. The Audit Committee examined in particular the key audit matters described in the Auditor's Report, including the audit procedures performed, and addressed the auditor's audit reports on the Annual and Consolidated Financial Statements and the Combined Management Report in the presence of the auditor. The Audit Committee decided to recommend Mazars GmbH & Co. KG to the Supervisory Board plenary meeting as the auditor of the Annual and Consolidated financial Statements for fiscal 2024. The Supervisory Board, in turn, followed this recommendation and proposed the same auditor at the AGM. Finally, the Audit Committee addressed the appropriateness and effectiveness of the risk management system and internal control system as well as internal auditing issues. The provision of certain non-audit services by the auditor for fiscal 2022 was also discussed. In addition, the Audit Committee discussed the remuneration report for 2022 and passed a resolution on the recommendation to the Supervisory Board.

At its meeting of May 4, 2023, the Audit Committee primarily dealt with the forthcoming publication of the quarterly report. The Executive Board also provided detailed information about the existing executive bodies of the Group and the Chief Compliance Officer presented a report on his activities.

In the meeting of July 31, 2023, the committee discussed the forthcoming half-year report and the review of the 2023 non-financial Group report. In addition, the current risk report and the internal audit half-year report were discussed. A resolution was also passed on the review of the 2023 remuneration report.

In a (telephone) meeting of November 7, 2023, the items on the agenda included the forthcoming quarterly report, a discussion with the auditor in attendance on matters including the strategy and planning for the audit of the Consolidated Financial Statements as well as reporting under the CSRD. In addition, the findings of the EMIR audit in line with Section 32 of the German Securities Trading Act (WpHG) were discussed.

The Audit Committee also passed a circular resolution on the engagement of the auditor with certain pre-audit discussions relating to the corporate sustainability reporting for fiscal 2024.

The members of the Presiding Committee kept in contact with each other and held one meeting in the year under review.

The Presiding Committee meeting of October 11, 2023 prepared the Supervisory Board resolutions on extending the mandate of two Executive Board members.

Changes in the composition of executive bodies

There were no changes to the executive bodies of the company in fiscal 2023. Resolutions to extend the mandates of Dr. Tragl, Mr. Burkhard and Mr. Bietenbeck were passed during the year under review.

Risk assessment and compliance

The Supervisory Board has established to its conviction that the company's internal control system and risk management system meet the requirements of Section 91 (2) AktG, that insurable risks are sufficiently insured and that operational, financial and contractual risks are subject to suitable controls through approval procedures and organizational processes. A detailed risk reporting system is in place throughout the Group and is regularly maintained and further developed. The internal control and risk management systems were also examined by the duly appointed auditing company, which confirmed that the Executive Board had met the requirements outlined under Section 91 (2) AktG and established a suitable early warning system capable of monitoring and identifying developments that could pose a threat to the company's continued existence as a going concern. The Executive Board informed the Supervisory Board of the current risk situation during Supervisory Board meetings and in individual conversations. All areas deemed to be risks from the perspective of the Supervisory Board and the Executive Board were duly discussed during these sessions. In addition, the Supervisory Board and/or the Audit Committee addressed compliance issues.

Corporate governance

Both the Supervisory Board and the Executive Board are aware that sound corporate governance is essential to protect shareholder interests and secure the company's long-term success. The Supervisory Board continuously monitored the further development of the German Corporate Governance Code and kept up to date with the capital market and corporate legislative framework. The Executive Board and the Supervisory Board issued a declaration of compliance with the German Corporate Governance Code pursuant to Section 161 AktG for the 2023 reporting period at the meeting of December 5, 2023. The entire declaration is always available on the company's website under Investor Relations/Corporate Governance and is also included in the declaration on corporate governance pursuant to Section 289 f of the German Commercial Code (HGB) in combination with Section 315 d HGB, which can be found online and in the Annual Report.

There were no conflicts of interest on the part of Executive Board or Supervisory Board members requiring disclosure to the Supervisory

Board in accordance with Section E. Standard 19 of the German Corporate Governance Code.

Annual and Consolidated Financial Statements for 2023

At the AGM on May 26, 2023, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich (“Mazars”) was appointed official auditor for the company and Group for fiscal 2023. The corresponding proposal that was made to the AGM by the Supervisory Board was based on a corresponding recommendation by the Audit Committee. The Chairman of the Audit Committee engaged the auditing company in writing with the task of auditing the financial accounting procedures.

The Annual Financial Statements for the company for the year ending December 31, 2023 prepared by the Executive Board in accordance with HGB, and the Consolidated Financial Statements for the company for the year ending December 31, 2023 prepared by the Executive Board in line with the International Financial Reporting Standards (IFRS) as adopted by the EU, and in supplementary compliance with the disclosures required under Section 315e HGB, were audited by Mazars along with the books. The audit did not give rise to any reservations, so an unqualified audit opinion was issued for both the Annual Financial Statements and the Consolidated Financial Statements. The auditor further determined that the Executive Board has set up a suitable information and monitoring system which is designed and used in such a way as to support the early identification of developments that could pose a threat to the company’s continued existence as a going concern.

Each member of the Supervisory Board received the audit documents for appraisal in good time. Together with the Audit Committee, the entire Supervisory Board undertook a thorough examination of the Annual Financial Statements as well as the Consolidated Financial Statements, the Combined Management Report for the company and the Group in conjunction with the audit reports. The documents were discussed in detail at the Audit Committee and Supervisory Board plenary meetings on March 20 and 21, 2024 with the Executive Board and with the auditor. The auditor attended the Audit Committee consultations, reported on the main results of their audit and provided supplementary information and answers to Supervisory Board members. After its own close examination of the documents, the Supervisory Board raised no objections and endorses the results of the audit report. The Supervisory Board also approves the Consolidated (Group) Management Report and, in particular, the forecast regarding the company’s further development.

The final examination by the Supervisory Board did not lead to any reservations. On March 21, 2024, the Supervisory Board therefore endorsed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report for the company and the Group as prepared by the Executive Board for the year ending December 31, 2023. The 2023 Annual Financial Statements have thus been duly approved. The Supervisory Board further examined the Executive Board’s suggested appropriation of profit for fiscal 2023, in particular with regard to the dividend payment policy, impact on Group liquidity and shareholder interests and did not raise any objections. It gave its consent to the Executive Board’s proposal.

The Supervisory Board also examined the non-financial Group report for 2023 in line with Section 315b HGB. Mazars had been previously tasked with auditing the non-financial Group report to obtain limited assurance in line with the International Standard on Assurance Engagements (ISAE) 3000, and correspondingly prepared and submitted its report to the Supervisory Board. The Supervisory Board received the result of the limited assurance engagement undertaken by Mazars and, following its own in-depth examination, concluded that the Group’s non-financial report fulfills the appropriate requirements and there are no grounds for objection.

The auditor was also engaged to separately audit the 2023 remuneration report to be submitted to the AGM in line with the legal requirements of Section 162 (1) and (2) AktG. The remuneration report can be found in the invitation to the 2024 AGM and will also be available on the company’s website under Investor Relations/Corporate Governance.

The management and all employees of the Wacker Neuson Group showed great personal dedication over the past fiscal year and made a valuable contribution to the Group’s positive development. The Supervisory Board would like to expressly thank all employees and members of the Executive Board for their commitment and performance in these challenging times.

Munich, March 21, 2024

On behalf of the Supervisory Board

Hans Neunteufel
Chairman of the Supervisory Board

Combined Management Report

The following graphics are provided for information purposes only. Market statistics and page references have not been audited and are therefore not part of the Combined Management Report. Adjectives are used for comparative purposes within the text, which can be defined as follows: “light”, “slight”, “moderate” correspond to a change of less than or equal to 5 percent; “considerable”, “marked”, “clear”, “significant” and “strong” indicate changes higher than 5 percent. “Medium term” describes a timeline of 5 years or less; “long term” refers to a timeline beyond 5 years. Accounting methods, key indicators and financial terms are defined in the glossaries at the end of this annual report. Due to differences attributable to rounding, some of the individual values indicated may not add up precisely to the given total. Similarly, percentages added up may not correspond precisely to 100.0%. Furthermore, there may be slight discrepancies relative to the values provided in the Notes to the Consolidated Financial Statements.

Combined Management Report of Wacker Neuson SE and its Group for Fiscal 2023

Unless otherwise specified, the information contained in this Management Report refers to Wacker Neuson SE and its subsidiaries (together the "Wacker Neuson Group", or the "Group"). The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU, in addition to the provisions of the German Commercial Code (HGB) set forth in Section 315e (1).

The Annual Financial Statements of Wacker Neuson SE (which is structured as a holding company) have been prepared in accordance with the provisions of the HGB and the German Stock Corporation Act (AktG). The Management Report of Wacker Neuson SE is included in this Group Management Report in line with Section 315 (5) HGB; further details are disclosed in the section "Profit, financials and assets of Wacker Neuson SE (condensed version according to HGB)". → Page 42 **The risks and opportunities facing Wacker Neuson SE cannot be differentiated from those facing the Group.**

The Wacker Neuson Group

The Wacker Neuson Group is an international manufacturer of light and compact equipment. Complementing its broad portfolio of products, the Group also offers a wide range of support and value-add services. Production is distributed across eight locations worldwide, with sites in Germany, Austria, Serbia, Spain, the US and China. Products are distributed globally via affiliates, Wacker Neuson sales and service stations and a network of sales partners.

Segment reporting is divided into three regions – Europe (EMEA)[1], the Americas and Asia-Pacific.

Revenue is also reported according to the three strategic business segments of light equipment, compact equipment and services.

SEGMENTS

Light equipment	Compact equipment	Services
▪ Concrete technology ▪ Compaction technology ▪ Construction site technology	▪ Track excavators, wheeled excavators ▪ Wheel loaders, tele wheel loaders ▪ Telehandlers ▪ Skid steer loaders ▪ Wheel and track dumpers	▪ Repair, maintenance, spare parts ▪ Digital service solutions ▪ e-Business ▪ Rental ▪ Leasing, financing ▪ Used equipment ▪ Training

Brands

The term Wacker Neuson Group is used for all overarching Group communications. The Group distributes its products and services under the product brands Wacker Neuson, Kramer and Weidemann. Our other brands and participating interests include Enar, Battery One and SEQUELLO. The broadest portfolio, comprising light and compact equipment plus services, is distributed globally under the Wacker Neuson brand. Under the Kramer brand, the Group delivers all-wheel-drive wheel loaders, tele wheel loaders and telehandlers along with complementary services targeted at the construction and agriculture industries. Products are distributed via two industry-specific dealer networks, mostly serving the EMEA region. Mainly active on the European agricultural market, the Weidemann brand distributes compact, articulated Hoftrac loaders, wheel loaders, tele wheel loaders and telehandlers via a dealer network focused on the agricultural industry.

[1] Including Turkey, Russia, Africa and the Middle East.

GROUP BRANDS

Wacker Neuson Group

WACKER NEUSON all it takes!

KRAMER on the safe side

WEIDEMANN designed for work

Construction, gardening and landscaping, municipal services, recycling, railroad/track construction, etc.

Agriculture, stud farms/stables, municipal services, tree nurseries

Brands and participating interests: SEQUELLO BATTERYONE ENAR

Sectors

The Wacker Neuson Group provides products and services targeting in particular the construction, gardening and landscaping, agricultural, municipal, recycling, rail transport and manufacturing sectors.

TARGET INDUSTRIES (SELECTION)

	Light equipment	Compact- equipment
Overground and residential construction	■	■
Maintenance/repairs/redevelopment	■	■
Infrastructure (road and bridge construction)	■	■
Infrastructure (waste water management, network construction)	■	■
Demolition	■	■
Gardening and landscaping	■	■
Manufacturing/recycling	■	■
Municipal services / building yards	■	■
Cargo handling / port logistics		■
Exhibition and events companies	■	■
Agriculture		■

Organizational and legal structure

Wacker Neuson SE is a European company (Societas Europaea) with its headquarters in Munich. It is registered in the German Register of Companies (Handelsregister) at the Munich Magistrate's Court under HRB 177839. The company's shares have been listed on the Prime Standard segment of the German Stock Exchange since May 2007.

The Consolidated Financial Statements of Wacker Neuson SE are prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU. 49 companies, including the holding company, are fully consolidated in these statements. One further company is also recognized at equity on the balance sheet.

Wacker Neuson SE operates as a management holding company with a central governance structure. It directly or indirectly holds the shares in its affiliates, which are mainly sales offices and production sites. The Executive Board of the holding company is responsible for managing the Group. Wacker Neuson SE also manages various Group functions.

The executive bodies of the affiliates report either directly to Group management or to the regional / sales cluster heads, who in turn report directly to Group management. The executive bodies of the affiliates report either directly to the Executive Board or to the regional / sales cluster heads, who in turn report directly to the Executive Board.

Refer to → "General information on accounting standards" in the Notes for detailed information on the legal structure.

PERFORMANCE INDICATORS (5-YEAR-PERIOD)

	2023	2022	2021	2020	2019
Revenue in € million	2,654.9	2,252.4	1,866.2	1,615.5	1,901.1
EBIT margin as a %	10.3	9.0	10.3	4.7	8.1
EBT margin as a %	9.6	8.5	10.0	3.3	7.2
Net working capital at Dec. 31 as a % of revenue	32.8	31.9	26.7	30.8	40.1
ROCE I[1] as a %	13.2	11.3	13.3	5.4	9.0
Equity ratio as a %	56.7	59.9	55.4	57.3	55.8
Net financial debt in € million	365.8	234.5	-0.8	122.9	439.0
Gearing as a %	24.4	16.8	-0.1	10.1	35.8
Free cash flow in € million	-24.9	-0.8	149.1	329.0	-115.7
Investments in property, plant and equipment and in intangible assets in € million	163.5	103.8	82.2	86.9	89.2

[1] ROCE I = EBIT / capital employed at Dec. 31, see page 38. For further definitions, see Financial Glossary (page 146).

Corporate governance

As a centralized function, the controlling department of the holding company is responsible for the Group's internal controlling processes. It monitors deviations between "as is" and "to be" figures, primarily based on the development of revenue, profit figures and net working capital reported by subsidiaries. In addition, it prepares key performance indicators at Group level. The control system is dynamically adapted as required to reflect developments both within and beyond company walls. Decisions in relation to projects initiated by the company, for example in response to changing market and customer requirements, are generally made by management committees. These committees include members of the Executive Board as well as first- and second-line managers.

The overarching aim is to create a lasting increase in company value. Key targets and performance indicators for the Group and its affiliates are revenue, earnings before interest and taxes as a percentage of revenue (EBIT margin), net working capital ratio and investments in property, plant and equipment and intangible assets.

To also highlight the financial result more clearly, profitability analyses at Group level additionally focus on earnings before taxes (EBT). Financial stability is a high priority for the Group. Other key financial indicators include equity ratio, net financial debt and gearing (net financial debt in relation to equity). Alternative performance measures (APM) include cash flow from operating activities and free cash flow. These are important indicators of the company's ability to finance itself. In addition, the company governs its financing structure, dividend payment policy and return on capital employed before taxes (ROCE I).

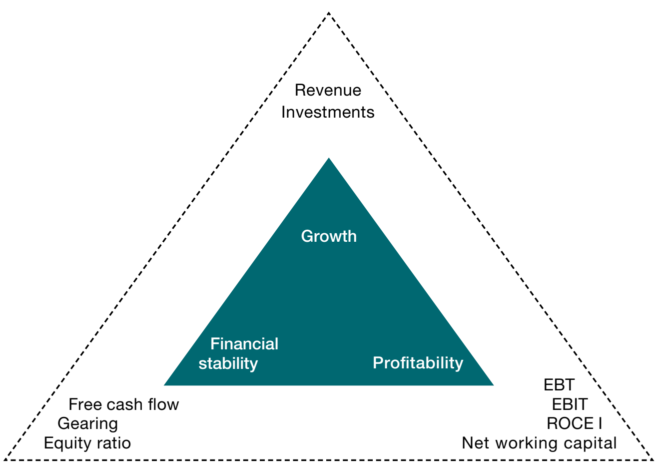
The table above compares the development of these key indicators over a number of years. The terms are explained in the → Financial Glossary.

In the fiscal year 2023, the Wacker Neuson Group began to introduce non-financial performance indicators as part of the expansion of its reporting of non-financial information. In order to meet the non-financial reporting requirements under the Corporate Sustainability Reporting Directive (CSRD) from fiscal 2024, the corresponding key performance indicators will be explained for the first time in the 2024 Group Management Report of the Wacker Neuson Group.

In addition to these key performance indicators, key leading operational indicators are regularly monitored and analyzed. Important indicators for the construction business include, for example, future investment plans in the construction equipment and rental industries, the number of building permits issued and the development of real-estate prices. Leading operational indicators for the European agricultural industry include milk, food and animal feed prices.

The Group monitors the development of these leading indicators on an ongoing basis and uses them to respond early to global economic developments and dynamically adapt its course accordingly.

KEY PERFORMANCE INDICATORS



General background

Overall economic trends

- Consequences of pandemic, Ukraine war and fragmentation of global economy slowing recovery
- Interest rate hikes and tight fiscal policy in view of high debt levels

Despite a general economic recovery in 2023 and an easing of inflation as the year progressed, the International Monetary Fund (IMF) still believes that the global economy is underperforming compared to where it stood before the outbreak of the COVID-19 pandemic. In the developed economies, the rate of growth declined from 2.6 percent in 2022 to 1.6 percent in 2023. The tightening of interest rate policy is expected to result in a further reduction to 1.5 percent in 2024. For the emerging and developing countries, the IMF is predicting that growth will remain steady at 4.1 percent in 2023 and 2024. Global inflation will steadily ease according to the forecasts. Tighter fiscal policy supported by lower international commodity prices will see the rate go down from 8.7 percent in 2022 and 6.8 percent in 2023 to 5.8 percent in 2024. The risk situation has been more balanced, among other things against the background of the discussions on the US debt ceiling being resolved. The likelihood of a hard economic landing has reduced, but the risks for global growth are expected to increase overall.

At 0.5 percent, growth in the eurozone was clearly lower than in the US in 2023 (2.5 percent). In the previous year, the eurozone had actually performed better, including in comparison to the US economy (eurozone: 3.4 percent; USA: 2.9 percent). Despite the recent surprising and welcome signs of growth, the IMF still foresees a number of negative risks for the global economy.[1]

REAL GDP (CHANGE VERSUS PREVIOUS YEAR)

IN %

	2023	2022
World	3.1	3.5
Eurozone	0.5	3.4
Germany	-0.3	1.8
USA	2.5	1.9
Latin America	2.5	4.2
China	5.2	3.0
Russia	3.0	-1.2
Middle East and Central Asia	2.0	5.5
South Africa	0.6	1.9

Source: IMF, January 2024

The outlook for the Chinese economy is increasingly uncertain according to information from the company Germany Trade and Invest (GTAI). Not only was the economy looking subdued at the tail end of 2023, the extent of the real-estate crisis was also becoming increasingly apparent. Whereas the World Bank lowered its forecast for 2024 to 4.4 percent in October 2023, the IMF raised its 2024 projection by 0.4 percentage points to 4.6 percent in November 2023. It is still by no means certain that the downturn in foreign trade bottomed out in October 2023. The impact of the trade dispute between China and the US is on the other hand already clear to see. One telling statistic is that the share of Chinese exports to the United States fell from 19 percent to 16 percent between 2018 and 2022. At the same time, however, the US and the EU remain the biggest customers of Chinese goods, accounting for one third of Chinese exports in the first ten months of the year under review.[2]

Currency trends

After suffering a huge loss in value against the US dollar in 2022, the euro fluctuated relative to the dollar throughout 2023 in the relatively narrow range of between 1.04 and 1.13 EUR/USD. Economic concerns and the expectation of key interest rate cuts in the US resulted in a devaluation of the US dollar in the first half of the year. The euro lost the gains it made against the US dollar in the second half of the year, however, due to weak economic data from the eurozone and robust data in the US. Over the year as a whole, however, the euro gained 3.6 percent against the US dollar.

PERFORMANCE OF KEY CURRENCIES AGAINST THE EURO (END OF YEAR RATES)

1 Euro equals	2023	2022	Change as a %
US dollar (USD)	1.1050	1.0666	3.6
Swiss franc (CHF)	0.9260	0.9847	-6.0
British pound (GBP)	0.8691	0.8869	-2.0
Japanese yen (JPY)	156.3300	140.6600	11.1
Australian dollar (AUD)	1.6263	1.5693	3.6
Brazilian real (BRL)	5.3618	5.6386	-4.9
Chinese yuan (CNY)	7.8509	7.3582	6.7
Indian rupee (INR)	91.9045	88.1710	4.2
Canadian dollar (CAD)	1.4642	1.4440	1.4
Russian ruble (RUB)	99.0404	78.4218	26.3
South African rand (ZAR)	20.3477	18.0986	12.4

Source: Notes to the Consolidated Financial Statements, page 87.

[1] Source: IMF, October 2023 and January 2024, World economic outlook

[2] Source: GTAI, China Economic Outlook as of Dec. 20, 2023

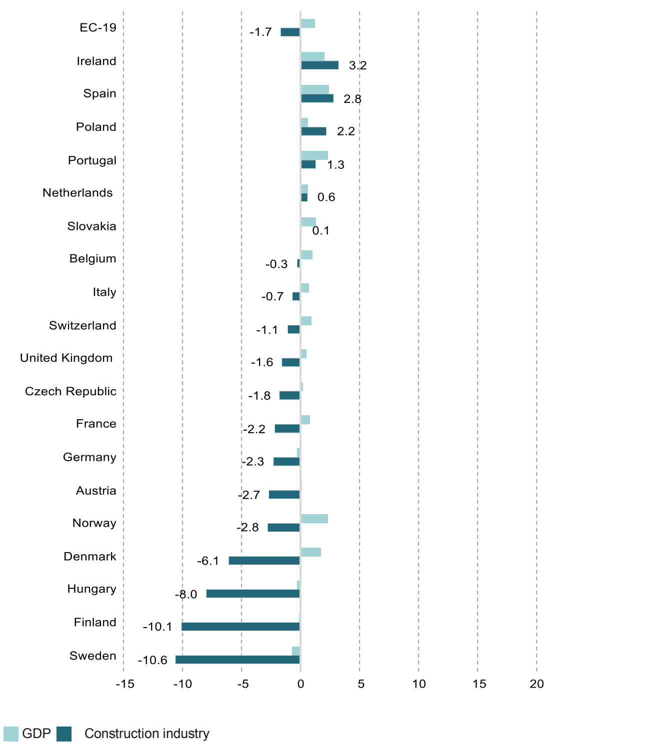
Overview of construction and agricultural industries

- Growth in the construction sector on a clear downward trend
- Mood in the agricultural technology sector much more negative

Business performance of the Wacker Neuson Group is largely shaped by developments in the global construction and agricultural industries. According to the Construction Global Market Report of the data provider Research and Markets, the global construction industry recorded growth of 7 percent in 2023 relative to the previous year.[1]

CHANGES IN GDP AND THE EUROPEAN CONSTRUCTION INDUSTRY 2023E

AS A %



Sources: Construction industry data: Euroconstruct, November 2023.
GDP data: International Monetary Fund, October 2023, contains updated figures from January 2024 for Germany, France, the UK, Italy, Spain and EC-19.

According to the independent network for construction market forecasts Euroconstruct, the European construction industry is faced with much slower development in the coming years following an unexpected period of growth in 2022. The effects of interest rate rises and the war in Ukraine have increasingly dampened the sector's growth prospects. Whereas Euroconstruct made a prediction around one year ago that construction activity would as a whole remain stagnant in 2023 and 2024, the expected rates of change slid into negative territory in summer 2023. For 2023, the country experts anticipate a decline of 1.7 percent, with further negative development in 2024. The network anticipates that moderate growth of around 1.5 percent will return, but not until 2025.[2]

The US construction industry grew by 6.3 percent in 2023 according to Research and Markets. The gloomy macroeconomic background, featuring rising interest rates and inflation, has impacted building material and commodity prices in the United States. At the same time, demand in the residential construction sector was relatively weak in 2023. Notwithstanding short-term challenges in certain construction sectors, the medium- to long-term growth prospects remain good in the US market. The construction industry in the United States is expected to keep growing in 2024.[3]

In its study dated September 2023, the market research institute Off-Highway Research expected global sales figures for construction equipment to fall by 12 percent in 2023. This sharp decline was mainly attributable to the Chinese market. When China is excluded, a fall in sales of 5 percent is estimated. For the Chinese market, Off-Highway Research predicted a repeat of the prior year, when sales were reduced by half, for 2023. North America was the only region in the world that managed a rise in sales in 2023, despite recording a drop in revenue of just 1 percent to remain virtually stagnant. Demand is stable in spite of interest rate rises, and infrastructure investment in the region is increasing. The European market has also stabilized at a high level according to the market researcher. The German market was forecast to decline by 1 percent, although this has to be viewed against the extraordinarily high number of machines sold in the past four to five years in Germany.[4]

Mood in the agricultural technology sector points to deep slump

Even though a positive outlook was indicated in the second half of 2022 by the business barometer published by the European umbrella association for the agricultural machinery industry (CEMA), sentiment actually clearly went downhill in 2023. The index ended up at -48 in December, pointing to a deep slump (December 2022: +30). While over half of the survey participants still rated the current business situation as unfavorable at the end of the year, two thirds of them actually expected to see a fall in revenue in the first half of 2024. On the other hand, however, the same indicator points to slight improvement in certain markets even though the level of confidence for all European markets as a whole remains negative. Manufacturers might take some encouragement from the fact that order intake from Europe was slightly less negative in the past month. Overall, the outlook was not overly pessimistic for manufacturers in 2024. Looking at 2024 as a whole, the survey participants foresee no more than a slight reduction in their company revenue on average (-5 percent as a median and -2 percent as an arithmetic average).[5]

[1] Source: Research and Markets, April 2023, Construction Global Market Report
[2] Source: Euroconstruct, December 2023, Information on the Construction Industry
[3] Source: Research and Markets, October 2023, United States Construction Industry Report 2023
[4] Source: Off-Highway Research, January 2023, Global Construction Equipment Markets
[5] Source: CEMA, Business Barometer January – December 2023

General legal framework

- Ongoing implementation of new requirements
- EU taxonomy extended to all mandatory environmental objectives

As a global supplier of light and compact equipment, the Wacker Neuson Group has to observe numerous national and international statutory guidelines governing environmental and user protection. Above all, these include provisions regulating exhaust gas emissions and ergonomics as well as noise and vibration-induced impact.

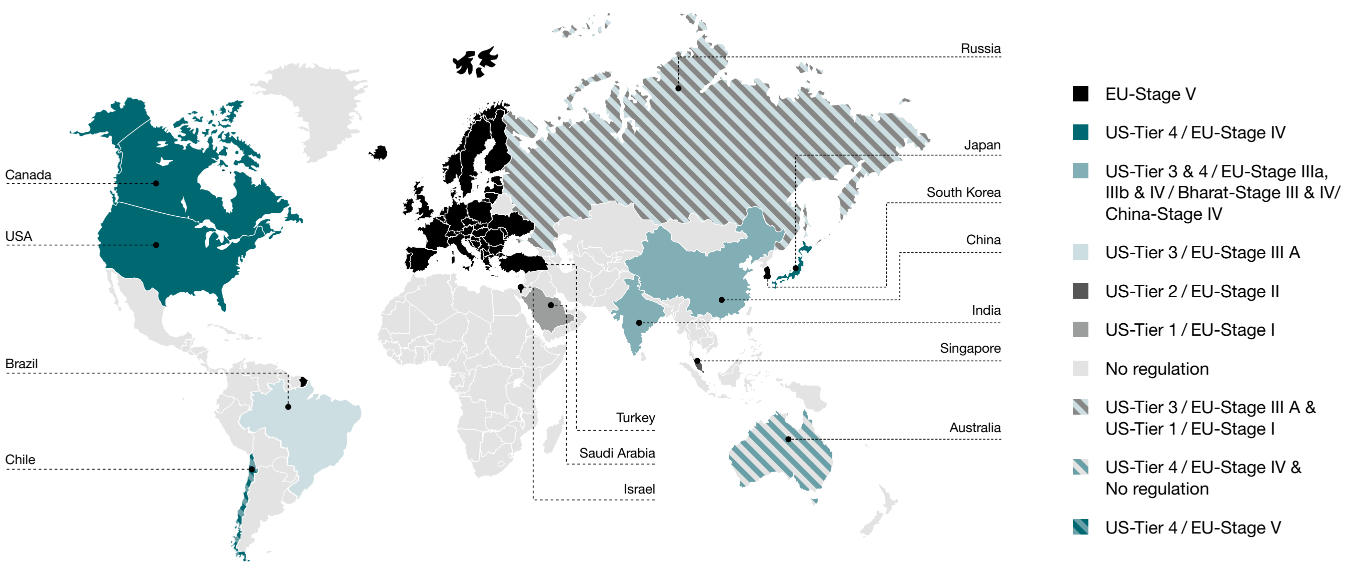
The company's product portfolio is thus reviewed on an ongoing basis and, if necessary, adapted to ensure compliance with new requirements and harmonized standards and norms. The aim is always to integrate the requirements outlined under new regulations as promptly as possible into processes and products.

Emissions standards for light and compact equipment
Statutory exhaust emissions regulations apply to diesel engines in non-road mobile machinery – in other words, construction equipment, forklifts and agricultural machines. The Tier 4 final emissions regulations in the US (mandated by the Environmental Protection Agency, EPA) and Stage V of Directive 97/68/EC in Europe are currently the strictest standards worldwide. Similar or older, and generally less stringent, emissions regulations are still in force in other markets.

As well as current emissions regulations, the Wacker Neuson Group also intensively addresses the legislation that is set to come into force in the future. In particular, the CARB Tier 5 regulation currently being discussed in the US is highly likely to become the strictest level of exhaust emission standards. While it is not expected to be introduced before 2030, discussions are already taking place with engine manufacturers and development partners to determine how the vehicles of the future have to be equipped.

EU taxonomy requires conformity information in fiscal 2023 reporting
In the Paris Climate Agreement of 2015, the international community set itself the goal of limiting global warming in the 21st century to well below 2 degrees Celsius and, if possible, to no more than 1.5 degrees Celsius. Among other things, channeling global financial flows into sustainable activities is intended to support the achievement of this goal. The EU taxonomy thus sets out to increase transparency around business activities deemed "environmentally sustainable". In particular, by classifying which business activities are considered environmentally sustainable, the aim is to achieve certainty for investors and avoid greenwashing. The Taxonomy Regulation entered into force on July 12, 2020, empowering the EU Commission to adopt delegated acts to define technical screening criteria. On December 9, 2021, a delegated act on sustainable activities for climate change adaptation and mitigation objectives was officially published. Via Article 8 of the Taxonomy Regulation in conjunction with Article 10 of the Delegated Act (EU) 2021/4987, the disclosure requirements for the financial years from 2022 are regulated. The reporting requirements for the financial year 2023 are the taxonomy-compliant economic activities in relation to the first two environmental objectives and the share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) associated with these economic activities in the respective total value of the Group. As in the previous year, taxonomy compliance for the first two environmental objectives must therefore be reported for fiscal 2023, in addition to taxonomy eligibility. In addition, taxonomy eligibility must also be reported for fiscal 2023 with regard to the four additional environmental targets, thus covering all environmental objectives defined by the EU. Detailed information on the EU taxonomy and the result of the evaluation can be found in the Group's non-financial report. Beyond that, the Group is currently not aware of any other legislative changes that would have a significant impact on its business activities.

TIGHTER EMISSIONS REGULATIONS FOR DIESEL ENGINES



The figure shows a simplified overview of emissions regulations for diesel engines in non-road mobile machinery that are not harmonized at global level and should provide an indication of the level of technology and/or similarities between emissions standards. Regulations are most stringent in Europe and North America. The stricter emissions regulations mandate a reduction in nitrogen oxide (NOx) and carbon monoxide (CO) levels as well as a reduction in particulate emissions.

Competitive position

- Differentiation from the competition through innovation and broad range of products and services
- Broad portfolio of battery-powered light and compact equipment

Differentiation from the competition through innovation and broad range of products
The Wacker Neuson Group operates in the light and compact equipment market with its Wacker Neuson, Kramer und Enar brands. The global construction equipment market is very heterogeneous at both market and product level. The majority of the Group's competitors focus either on light equipment, compact equipment or heavy equipment (machines weighing over 15 tons). Some competitors offer both compact and heavy construction equipment. The Wacker Neuson Group's combined portfolio of light and compact equipment weighing up to 15 tons, combined with a service offering centered on this equipment is one of the main differentiators that sets it apart from the competition. The Group's machines are aimed at professional users.

In the light equipment segment, the Group faces a variety of competitors, including Ammann, Bomag, Mikasa, Husqvarna and Weber. In the compact equipment segment, Wacker Neuson also competes with manufacturers such as Doosan Bobcat, Kubota, Takeuchi, Yanmar, Manitou and JCB. Some international heavy equipment manufacturers such as Komatsu, Liebherr, Case New Holland, Caterpillar, Volvo CE, Sany or XCMG also offer compact equipment and are therefore part of the competitive landscape.

In addition, the Wacker Neuson Group operates in the agricultural equipment sector through its Weidemann and Kramer brands. Weidemann manufactures articulated wheel loaders and telescopic handlers. Through its partnership with John Deere (refer to → Strategic alliances), Kramer has continued to expand its sales of machines for the agriculture industry in recent years, serving the sector with its portfolio of all-wheel-drive wheel loaders and telehandlers. In this sector, the Group competes with companies such as Schäffer, Manitou, Tobroco-Giant and JCB.

Broad portfolio of battery-powered light and compact equipment
Electromobility is part of company strategy and also hardwired into the Group's technology roadmap for the coming years. With its zero emission product program, the Wacker Neuson Group offers a broad portfolio of electrically powered light and compact equipment as well as batteries and chargers. This includes battery-powered rammers and vibratory plates for soil compaction, internal vibrators for concrete compaction, track dumpers and a wheel dumper, a hybrid mini excavator, an all-electric mini excavator, as well as telehandlers and wheel loaders for the construction and agricultural industries. The company's zero emission product portfolio paves the way for emissions-free, low-noise construction work in noise-sensitive environments such as residential zones, tunnels, underground car parks and indoor areas. Not only do the products in this range offer enhanced protection for users and the environment, they are also easier to use, require less maintenance and have lower operating costs than equipment powered by conventional drives.

The Wacker Neuson Group believes that alternative drive concepts will play a key role in the future of the construction and agricultural equipment industries and remains committed to channeling above-average investments into product and service development in this area. In light of the ambitious goals set out in the EU's Green Deal, the Group also expects the construction sector to be subject to more stringent regulations over the coming years. Enabled in part by the further advancements in battery technologies currently anticipated, battery-powered light and compact equipment is expected to experience an increase in market uptake. As such, the Wacker Neuson Group intends to firmly remain on its current strategic path and aims to further ramp up the development of new electrically powered machines (see → Research and development, page 51).

Market position showing double-digit shares in some markets
With some core products, the Group has secured two-digit market shares. This market position for certain core product groups is built mainly on innovative strength, customer centricity, outstanding product and service quality, comprehensive product development and manufacturing know-how and an efficient sales and service network.

Strategic alliances
The Group enters into alliances with industry-leading companies to expand its market presence more rapidly by accessing established sales networks, or to make targeted additions to its product portfolio by concluding agreements with OEMs.

Battery One
In recent years, several bilateral agreements have been signed between the Wacker Neuson Group and other light equipment manufacturers in the area of modular Battery One batteries for light equipment. The Battery One modular solution developed by the Wacker Neuson Group, which is currently used in 13 of the Group's own concrete and compaction technology products, is now also available for products from other light equipment manufacturers. It will also allow customers of other brands to benefit from simplified construction site logistics and CAPEX savings when they invest in battery-powered equipment. The aim of Battery One is to further promote the use of zero-emission equipment on construction sites, which is why the aim is to make the solution available to other manufacturers.

Dingo Mini Diggers
A strategic alliance between Dingo Mini Diggers Pty. Ltd. and Wacker Neuson Pty. Ltd. in Australia has been in place since 2020. Since then, the "Wacker Neuson Mini Loaders by Dingo Australia" have been available in Australia, New Zealand and the Pacific Islands. These compact, powerful machines are available as track or wheel models and can be paired with a host of different attachments.

Sales alliance with John Deere in the agricultural industry
In fiscal 2017, Kramer and American agricultural equipment manufacturer John Deere entered into a strategic alliance for the distribution of telehandlers and wheel loaders for the agricultural sector. The agreement covers the sale of Kramer-branded "green line" compact equipment. The machines are distributed via the John Deere dealer network. Annual sales volumes have continuously increased since the start of the cooperation. This allowed Kramer to increase its market share in both wheel loaders and telehandlers. Kramer was able to get numerous dealers on board in recent years in Central European markets, as well as in Southern Europe, the UK and Scandinavia. In addition, further dealers have been developed in Eastern Europe, as well as in South Africa, Australia and New Zealand.

The agricultural equipment market is growing. John Deere recommends Kramer to its sales partners as the preferred supplier for compact wheel loaders, tele wheel loaders and telehandlers. Through long-term collaboration with John Deere dealers, Kramer is aiming to sustain and expand its market reach.

Strategic cooperation with John Deere in the construction industry

A strategic cooperation agreement was concluded with John Deere in the field of mini excavators in fiscal 2022. The long-term, exclusive OEM supply agreement covers mini and compact excavators weighing less than 5 tons and also includes battery electric excavators. The Wacker Neuson Group will design and manufacture the excavators at its production sites in Menomonee Falls, USA, as well as in Linz, Austria, for the requirements of John Deere mainly for North America. The machines will be distributed under the John Deere brand via John Deere's global dealer network. The companies plan a phased introduction of models. The Group's own models in the same product category will continue to be distributed under the Wacker Neuson brand through Wacker Neuson's own distribution network.

In addition, the Wacker Neuson Group has an alliance with the construction equipment division of John Deere for the distribution of mini excavators and compact excavators under the "Deere" brand in Australia and select Southeast Asian countries.

Trackunit

The Group is continuing to expand its digital offering. Trends like the digital networking of products and services play a key role in adding value to customers (refer to → Segment reporting by business segment: Services, page 49). To support these efforts, the Wacker Neuson Group formed a strategic alliance with the Danish telematics specialist Trackunit in 2018 for the development and use of telematics systems and mobile apps for compact equipment.

Wirtgen/Hamm

Hamm AG, a member of the Wirtgen Group, which was acquired by John Deere in 2017, entered into a strategic alliance with Wacker Neuson in 2015 for the manufacture of tandem rollers and compactors in line with technical and design specifications of the Wacker Neuson brand. This future-oriented cooperation complements the Wacker Neuson Group's product portfolio in the field of soil and asphalt compaction for target customer segments.

Zeppelin

The Wacker Neuson Group has been manufacturing wheeled excavators in the 6.5- and 11-ton weight categories for Zeppelin Baumaschinen GmbH since 2018 as part of a cooperation agreement. The wheeled excavators are manufactured according to Zeppelin's design specifications at Wacker Neuson's plant in Hörsching, near Linz, and distributed in selected European countries via Zeppelin's branch network.

Long-term corporate strategy "Strategy 2030"[1]

In the middle of June 2023, the Wacker Neuson Group unveiled its new corporate strategy. With "Strategy 2030", the Group expects to continue its growth trajectory of recent years and significantly increase revenue and earnings in the long term. Group sales are expected to grow to EUR 4 billion by 2030, compared to the approximately EUR 2.7 billion recorded in fiscal 2023. In parallel, the EBIT margin is expected to remain stable in the coming years at over 11 percent (2023: 10.3 percent). The targeted net working capital ratio of less than 30 percent strikes the right balance between operational resilience, taking into account difficult global supply chains, and generating free cash flow for sustainable growth.

The prospective expansion of Group revenue to EUR 4 billion is based on current market scenarios and a compound annual growth rate (CAGR) of 8 percent, which corresponds to the average growth of the company in recent years. Only organic growth drivers were included in the strategic scenarios. However, the company also considers itself well-positioned for attractive acquisition opportunities in the coming years and will take advantage of these where possible and reasonable.

The long-term increase in the EBIT margin to over 11 percent is based, among other things, on the successful continuation of efficiency measures that have already led to a tangible improvement in earnings margins in recent quarters. Accordingly, the company aims to achieve an EBIT margin of 11 percent before 2030.

In order to structure the individual steps in the implementation of the new corporate strategy, Strategy 2030 is based on ten strategic levers. These describe milestones of the growth prospects resulting from the market position, the innovative product portfolio, regional expansion opportunities, digitalization and efficiency gains, but also from aspects of sustainability and the retention and further development of employees.

These ten levers of organic growth in the coming years include, for example, expanding the market position as a leading company in the field of soil and concrete compaction (light equipment). The aim is to further expand market share in rammers, plates and trench rollers as well as in concrete compaction with internal and external vibrators on an ongoing basis. To achieve this, the Wacker Neuson Group is focusing on organic growth initiatives, the launch of new products, growth in the spare parts market, reducing production costs and gaining special customer benefits by aiming to establish a common standard for batteries in construction site operations with other major manufacturers (refer to section on Battery One).

[1] Section not related to the Management Report

"HOUSE OF STRATEGY" AS THE FRAMEWORK FOR NEW CORPORATE STRATEGY

Another lever is the zero emission product range, where the Wacker Neuson Group aims to further expand its pioneering role in the development of zero emission light and compact construction equipment to a triple-digit million figure by 2025. Furthermore, revenue generated by the Aftermarket & Services segment is set to increase significantly. In this context, growth in the spare parts and services business is to contribute to increasing the Group's overall profitability.

This improved penetration of the aftermarket is to be secured through tailored measures in each individual relevant business unit. At regional level, strategic levers are aimed at further expansion in the Americas region. Here, the Wacker Neuson Group is aiming to significantly increase the region's percentage share of Group revenue by 2030. The focus here is on further developing the balanced sales channel mix between independent dealers, authorized dealers and key accounts, while simultaneously optimizing the product and production portfolio. In addition, the cooperation with John Deere in particular, with an OEM supply contract for mini and compact excavators, is expected to contribute to growth in the region once the ramp-up has been completed. The percentage of Group revenue accounted for by the Asia-Pacific region is also expected to increase significantly by 2030. Here, the company will continue on its already successful path and expand its product range adapted to the region. Despite intense competition in the local Chinese market itself, the Wacker Neuson Group benefits from the attractive cost structures of its production site in China. With the Chinese plant acting as a production hub for the region, the company is clearly benefiting from rising demand in technically less regulated markets such as Latin America, Africa or Australia.

At the same time, the Wacker Neuson Group believes it is well positioned to achieve further efficiency gains in production. For example, a new, state-of-the-art steel plant was opened at the production site in Serbia in 2022 as the first expansion step and the initial next stages of expansion – earth moving and preparatory groundwork – have already begun.

An integral part of Strategy 2030 is also the company's sustainability strategy. The Wacker Neuson Group already has a strategic focus on reducing its carbon footprint. By 2025, CO_2 emissions (Scope 1 & 2) are to be cut by around 50 percent compared with 2019, for example by switching to green electricity, reducing internal fleet emissions and installing photovoltaic systems.

Business trends

- Double-digit percentage revenue growth again despite increasingly challenging economic backdrop
- Stabilization of supply chains followed by economic downturn in the second half of 2023
- Cash flow impacted by increase in net working capital

General statement on business performance

Following the very strong business development of the Wacker Neuson Group in the fiscal year 2022, the dynamic pace of growth initially continued in the first half of 2023. Demand for the Group's products remained at a high level in both the construction and agricultural sectors. From the third quarter, however, signs of a general slowdown in the economy began to emerge in the form of weaker demand. Despite this, a healthy order book meant that revenue was up on the previous year, increasing by 17.9 percent to EUR 2,654.9 million (2022: EUR 2,252.4 million). Adjusted to discount currency effects, revenue grew by 19.1 percent. The adjustment of selling prices in the second half of 2022 in response to increased materials costs as well as the introduction of flexible pricing models began to take full effect in 2023. The supply chain disruptions that were still evident in 2022 continued to ease as the year progressed. Occasional material bottlenecks and the resulting need for machine rework efforts were still having a negative impact on productivity at the production plants, however. The record order intake of the previous year dropped during the year under review as a result of weakening demand. An improvement in materials availability meant that the inventory level of unfinished machines, which had been disproportionately high, returned to more normal levels in the second half of the year. At the same time, however, the economic slowdown resulted in a temporary increase in the stock of finished machines.

In Europe (EMEA), revenue increased by 18.3 percent to EUR 2,022.4 million (2022: EUR 1,709.9 million). Revenue growth in the first half of the year was driven not only by the Group's home market of Germany, but also by the major European construction equipment market of France. In addition, many Eastern and Northern European countries reported double-digit growth rates. From Q3 2023 onwards, however, a marked slowdown in the speed of growth was evident in all of the region's individual markets compared to previous quarters. In terms of product demand, wheel loaders and telehandlers continued to perform particularly well.

The Group also enjoyed further growth in the market of compact equipment for the agricultural industry through its Kramer and Weidemann brands. Here too, however, the pace of growth shown in the previous year slowed down over the course of the year under review. Despite a pessimistic business barometer for the European agricultural equipment sector, revenue still rose by 46.5 percent to EUR 667.9 million (2022: EUR 456.0 million).

The economic mood in the Americas became increasingly subdued as the year progressed. The expectations of market participants were nevertheless still more positive overall compared to the European markets. Accordingly, the region again grew at a higher rate than the Group as a whole. Growth was largely driven by the North American markets of the US, Canada and Mexico.

Revenue in the region increased correspondingly by 21.2 percent to EUR 556.5 million (2022: EUR 459.1 million). Demand remained positive across all sales channels in the North American market. This included independent dealers and key accounts as well as authorized dealers. Worksite technology products and excavators were in particularly high demand. As part of the diversification of its sales strategy, the Wacker Neuson Group gained additional authorized dealers in North America in 2023.

In Asia-Pacific, revenue fell year on year by 8.9 percent to EUR 76.0 million (2022: EUR 83.4 million). Even though particularly strong demand was recorded in the Australian market over significant periods of the year, this positive growth trend was not enough to compensate for the declines in the Chinese and South-East Asian markets. The economic climate in the Asia-Pacific region also had a noticeable dampening effect on the market from the second half of 2023. In addition to this, currency effects were again a contributor to the downturn in revenue. When adjusted for currency effects, revenue for the region was around the same level as the previous year. The Wacker Neuson Group continues to view its Chinese plant as an attractive production location for the export of products to less-regulated markets such as Africa, the Asia-Pacific region and South America. The location in China therefore remains highly beneficial to the Group.

The Wacker Neuson Group's earnings again grew at a faster pace than revenue, marked also by one-off effects of EUR 26.5 million. Earnings before interest and taxes (EBIT) rose 35.4 percent to EUR 273.2 million (2022: EUR 201.8 million). The EBIT margin therefore increased to 10.3 percent (2022: 9.0 percent). In 2022, the Group had adjusted its selling prices on multiple occasions due to increased material costs, and it also introduced flexible pricing models. These measures took full effect in 2023. In addition, older orders from the order book had already been processed to a large extent. In spite of production workflows returning to normal compared to the previous year, productivity at the production plants was negatively impacted by material bottlenecks in certain cases. One-off effects were due to the sale of an asset no longer required for future operations in the amount of EUR 15.5 million and the sale of design and technical know-how in the amount of EUR 11.0 million.

Cash flow development still impacted by higher working capital
At EUR 317.3 million, gross cash flow was 14.8 percent higher than in the previous year (2022: EUR 276.4 million). This increase was primarily attributable to the overall improvement in the Group's operating activities.

After investments in net working capital, cash flow from operating activities after taxes on income were paid was higher than in the previous year at EUR 113.2 million (2022: EUR -6.4 million). Inventory levels of unfinished machines were reduced during 2023, but the resulting increase in the inventories of finished machines meant that stock levels remained high. This had a negative impact on the Group's net working capital (→ Development of net working capital and its components, page 37).

At EUR -24.9 million, free cash flow was above the previous year's level (2022: EUR -130.8 million, before effects from the discontinuation of a fixed-term investment amounting to EUR 130.0 million).

In view of the general economic climate, the Executive Board assesses the Group's business performance as good overall.

Comparison between the actual and projected performance
In its business forecast published on March 28, 2023, the Executive Board anticipated Group revenue of between EUR 2,300 and 2,500

million and an EBIT margin of between 9.5 and 10.5 percent for fiscal 2023. A value of around 30 percent was assumed for the net working capital ratio (relationship between net working capital and revenue). Investments in property, plant and equipment and intangible assets were expected to amount to around EUR 120 million for the year as a whole.

When preliminary figures on business trends became available for the first six months of the year, the guidance was partially raised on July 13, 2023. For 2023 as a whole, the Executive Board revised its forecast to assume revenue of between EUR 2,500 and 2,700 million and an EBIT margin of between 10.0 and 11.0 percent. Investments in property, plant and equipment and intangible assets were expected to amount to approximately EUR 140 million.

When the Group published its business figures for the first nine months of 2023 on November 9, 2023, the Executive Board had adjusted its net working capital ratio forecast to around 32 percent.

At EUR 2,654.9 million, the actual revenue figure for fiscal 2023 was in the upper end of the projected range (2022: EUR 2.252,4 million). The EBIT margin was within the most recently projected range at 10.3 percent. In addition to the positive impact on the Group's operating activities, this development is primarily attributable to adjusted selling prices, the introduction of flexible pricing models due to increased material costs, and forecast one-off effects.

At December 31, 2023, net working capital amounted to EUR 869.5 million and was therefore higher than in the previous year (December 31, 2022: EUR 718,9 million). The net working capital ratio at 32.8 percent was within the most recently predicted range (December 31, 2022: 31,9 percent). Against the backdrop of occasional material bottlenecks and due to an increased number of unfinished machines, the Group was faced with higher inventory levels over large periods of the year. The easing of the supply chain situation resulted in a larger number of finished machines as the year progressed. The net working capital ratio was accordingly higher than the original estimate.

At EUR 163.5 million, investments in property, plant and equipment and intangible assets were above the target figure (2022: EUR 103,8 million).[1]

Further improvement in equity situation

At EUR 2,644.9 million, the Wacker Neuson Group's balance sheet total at the end of fiscal 2023 was above the previous year's level due to the higher volume of business (December 31, 2022: EUR 2,323.9 million). Group equity amounted to EUR 1,499.7 million at the closing date (December 31, 2022: EUR 1,392.6 million) and was thus 7.7 percent above the previous year. Consequently, the equity ratio decreased to 56.7 percent (December 31, 2022: 59.9 percent). As a result of higher investment in working capital, the gearing ratio increased and, at 24.4 percent, was above the level of the previous year (December 31, 2022: 16.8 percent).

Product innovations

The development of new products and the further development of the existing product portfolio form fundamental pillars of the Wacker Neuson Group's corporate philosophy. For more detailed information on product innovations, refer to → Other factors that impacted on results, from page 51.

Extension of existing credit lines secure long-term financing and increase financing flexibility

In October 2023, the company extended existing agreements with its house banks on long-term committed credit lines. This involved increasing the existing credit volume from EUR 300 million to EUR 450 million, of which EUR 188,0 million has been used at December 31, 2023.The credit agreements give the Wacker Neuson Group greater financing flexibility thanks to variable drawdown options and ensure financial stability in a volatile market environment. Alongside current promissory notes (Schuldschein), these agreements are a key financing component.

	Guidance March 28, 2023	Raising of guidance July 13 and November 9, 2023	Achieved 2023
Revenue	EUR 2,300 to 2,500 million	EUR 2,500 to 2,700 million	EUR 2,654.9 million
EBIT margin	9.5 to 10.5%	10.0 to 11.0%	10.3 %
Net working capital as a % of revenue	approx. 30%	approx. 32%	32.8 %
Investments[1]	approx. EUR 120 million	approx. EUR 140 million	EUR 163.5 million

[1] Investments in property, plant and equipment and in intangible assets (this figure does not include investments in the Group's rental equipment or purchase of investments).

Profit, financials and assets

The report on profit, financials and assets covers a total of 49 consolidated Group companies including the holding company, Wacker Neuson SE (2022: 53), as well as one company recognized at equity (2022: 1).

Profit[11]

- Double-digit revenue growth continues with rise in profitability
- Economic downturn increasingly evident in the course of the year

Following the very strong business development of the Wacker Neuson Group in fiscal 2022, the dynamic pace of growth initially continued in the first half of 2023. Demand for the Group's products remained at a high level in both the construction and agricultural sectors.

A further increase in revenue of 27.9 percent was recorded in Q1 2023. The EBIT margin came in at 13.2 percent.

The rate of growth slowed slightly to 26.8 percent in the second quarter of 2023. The general supply chain problems did gradually ease, however, and the company eventually only had to deal with occasional material bottlenecks. Nevertheless, a rise in inflation and significantly higher interest rates continued to cast a shadow over the economic landscape.

From Q3 2023, this manifested itself in weaker demand and a lower order intake. Against the background of a healthy order book, the rate of revenue growth fell to 14.0 percent. In conjunction with an improvement in the materials availability situation, this meant that the inventory level of unfinished machines, which had been disproportionately high, returned to more normal levels. At the same time, however, the economic slowdown resulted in a temporary increase in the stock of finished machines, which in turn led to a rise in net working capital.

In the fourth quarter of 2023, the Group's revenue grew by 4.8 percent. Net working capital decreased again after adjustments were made in production, and these measures improved the net working capital ratio by the close of 2023 compared to the previous quarter.

Group revenue amounted to EUR 2,654.9 million in the year under review (2022: EUR 2,252.4 million). This corresponds to growth of 17.9 percent relative to the previous year. Adjusted for currency effects, revenue rose 19.1 percent. Business with customers in the agricultural sector again developed particularly well. Further growth of 46.5 percent was recorded in this product range in 2023 with revenue reaching EUR 667.9 million (2022: EUR 456.0 million).

Improvement in profitability
Against the background of higher material costs, which are mainly the result of rising raw material, energy and logistics costs, the Wacker Neuson Group adjusted its selling prices and introduced flexible pricing models in the previous year. These measures produced their full effect on profitability in 2023. With an increase of 35.4 percent, earnings before interest and taxes (EBIT) outpaced Group revenue to reach EUR 273.2 million (2022: EUR 201.8 million). At 10.3 percent, the EBIT margin was also higher than the previous year (2022: 9.0 percent).

In addition to the positive effects from the price adjustments and more flexible pricing models mentioned above, two one-off effects positively impacted the Group's earnings. One of these, in the first quarter of 2023, was the sale of an asset no longer required for operational reasons in the amount of EUR 15.5 million, and in Q2 there was the sale of design and technical know-how in the amount of EUR 11.0 million.

Development of cost of sales
At 16.9 percent, cost of sales increased at a slower pace than revenue in 2023, rising to EUR 2,008.4 million (2022: EUR 1,718.1 million). Gross profit increased to EUR 646.5 million (2022: EUR 534.3 million). The gross profit margin thus improved to reach 24.4 percent compared to 23.7 percent in the previous year.

The decline in cost of sales relative to revenue is attributable on the one hand to the above-mentioned adjustment of selling prices and introduction of flexible pricing models. The Group had undertaken these measures in the previous year in response to significant material price rises and they produced their full effect from 2023. On the other hand, efficiency gains in production and an improvement in materials availability due to the easing of supply chain problems made the manufacturing plants more productive.

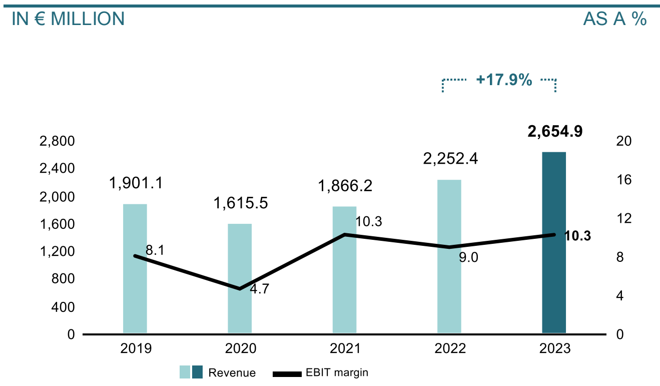
Development of operating costs
While cost of sales is mainly directly linked to sales volumes achieved by the Group, operating costs for SG&A and R&D activities follow a less variable trajectory. In fiscal 2023, sales and service expenses rose 10.8 percent to EUR 245.5 million (2022: EUR 221.6 million). This was primarily attributable to higher personnel expenses, including wage increases and higher provisions for flexitime and holiday hours. Marketing, travel and logistics costs also increased in the year under review. The share of sales and service expenses to revenue improved to 9.2 percent (2022: 9.8 percent).

Research and development costs, particularly as a result of higher personnel expenses, increased by 27.1 percent to EUR 63.7 million (2022: EUR 50.1 million) and therefore outpaced the growth of revenue (refer to the Notes to the Consolidated Financial Statements → item 3 for more information). Capitalized expenses came to EUR 29.0 million (2022: EUR 28.5 million). The research and development ratio, including capitalized R&D expenditure, remained unchanged compared to the previous year at 3.5 percent of revenue (2022: 3.5 percent). Refer to → Other factors that impacted on results from page 51 for further information on new products, developments and innovations.

General administrative costs rose 26.6 percent due to higher personnel, consulting and building expenses, reaching EUR 101.9 million (2022: EUR 80.5 million). Against the backdrop of the further increase in revenue, however, the administrative cost ratio was above the previous year's level at 3.8 percent (2022: 3.6 percent). Capitalized expenses for IT amounted to EUR 4.2 million (2022: EUR 2.4 million), with the increase due to the introduction of SAP S/4HANA. The useful life of intangible assets relating to IT capitalization remains unchanged compared to the previous year at six years.

[11] All information on individual quarters is unaudited.

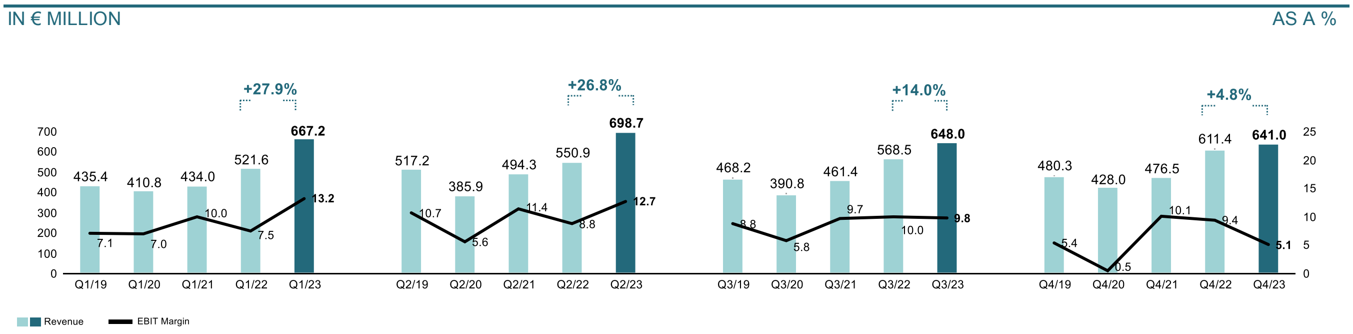
DEVELOPMENT OF REVENUE AND EBIT MARGIN 2019 – 2023



- After the dip in revenue in connection with the coronavirus pandemic, revenues have recovered strongly since 2021.
- Against the background of selling price adjustments, more flexible pricing models and one-off effects, the EBIT margin increased significantly to 10.3 percent.

In the fiscal year 2019, there was a change in the way income from customer financing is reported. Interest income has been moved from the financial result and other operating income to the revenue line. Figures for 2018 have been adjusted accordingly.

QUARTER-ON-QUARTER COMPARISON: REVENUE AND EBIT MARGIN 2019 – 2023 (QUARTERLY FIGURES UNAUDITED)



In the fiscal year 2019, there was a change in the way income from customer financing is reported. Interest income was moved from the financial result and other operating income to the revenue line. Figures for 2018 have been adjusted accordingly.

Earnings before interest, tax, depreciation and amortization (EBITDA) grew 29.2 percent to EUR 415.9 million (2022: EUR 322.0 million). The EBITDA margin was 15.7 percent (2022: 14.3 percent).

In the reporting period, depreciation and amortization increased to a total of EUR 142.7 million (2022: EUR 120.2 million). Write-downs on property, plant and equipment and intangible assets amounted to EUR 87.1 million (2022: EUR 72.2 million). Write-downs on the Group's own rental equipment was EUR 55.6 million (2022: EUR 48.0 million).

Development of EBIT, financial result and profit for the period

Earnings before interest and taxes (EBIT) rose 35.4 percent to EUR 273.2 million in the period under review (2022: EUR 201.8 million). The EBIT margin also rose to 10.3 percent (2022: 9.0 percent). This increase was attributable among other things to the adjustments to selling prices, the introduction of flexible pricing models, a normalization of production processes compared to the previous year and one-off effects in the amount of EUR 26.5 million. One-off effects were due to the sale of an asset no longer required for future operations in the amount of EUR 15.5 million and the sale of design and technical know-how in the amount of EUR 11.0 million.

The financial result dropped to EUR -18.5 million (2022: EUR -9.5 million). This was primarily attributable to the interest income included in the financial result, which at EUR -14.2 million was more negative than in the previous year due to the rise in interest rates (2022: EUR -9.6 million). → Notes to the Consolidated Financial Statements, item 5

At EUR 254.7 million, earnings before taxes (EBT) were 32.4 percent higher than in the previous year (2022: EUR 192.3 million). Tax expenditure came to EUR 68.8 million (2022: EUR49.7 million), which corresponds to a Group tax rate of 27.0 percent (2022: 25.8 percent).

The Wacker Neuson Group realized a profit for the period of EUR 185.9 million in fiscal 2023 (2022: EUR 142.6 million). Earnings per share (diluted and undiluted) amounted to EUR 2.73 (2022: EUR 2.10). The calculation of undiluted earnings per share is based on the weighted average number of shares in circulation during the period. As in the previous year, earnings per share were calculated in the fiscal year 2023 on the basis of a weighted average number of shares in circulation in the amount of 68,015,345.

Financial position

- Future growth secured by financing structures
- Free cash flow still impacted by higher working capital requirements

Principles and targets of financial management
At the Wacker Neuson Group, financial management encompasses the planning, management and controlling of all measures related to the sourcing (financing) and utilization (investment) of funds. The main focus is on ensuring and maintaining liquidity in the form of sufficient credit lines or liquid funds. Financial management also aims to optimize the company's risk/return ratio – in other words, profitability – while taking into consideration investment and financing risks. The Group draws on set balance sheet ratios and key indicators to manage its financing needs. Net financial debt and the equity ratio are important indicators here. → Notes to the Consolidated Financial Statements, Financial glossary.

The company's aim is to fund day-to-day operations with cash flow from operating activities. Surplus funds are invested in safe, highly liquid instruments at the prevailing interest rates. The Wacker Neuson Group uses – to an extent – standard derivative financial instruments such as foreign exchange forward contracts and foreign exchange swaps to hedge its foreign currency risks, interest rate risks and commodity price risks. These kinds of financial transactions are concluded centrally and always have a corresponding underlying transaction.

Within the framework of the Group's risk management strategy and initiatives, various derivatives are used for the economic hedging of risks.

Derivative financial instruments that are not included in a hedge accounting are exclusively currency swaps used to hedge the currency risk from loans issued internally between Group companies. In addition, the Group uses forward exchange contracts to hedge planned internal purchases of goods. These are formally classified as hedges (hedge accounting) on inception of the foreign exchange forward transaction with the corresponding underlying transaction.

The hedge accounting requirements according to IFRS 9 are met in these cases. At the inception of designated hedging relationships, the Group documents the risk management objectives and strategies underlying the hedge. The Group also documents the economic relationship between the underlying hedged transaction and the hedging instrument, and whether changes in the cash flows from the underlying hedged transaction and the hedging instrument are expected to offset each other. In addition, the Group verifies the effectiveness of the hedge at its inception and also thereafter on a continual basis. The foreign exchange forwards utilized by the Group within the framework of its risk management strategy are recognized as cash flow hedges.

Refinancing developments
The Wacker Neuson Group benefits from its very good credit rating, which is also acknowledged by the banks. In 2023, Deutsche Bundesbank again confirmed that Wacker Neuson SE was eligible for credit. The company aims to maintain its independence, directly sourcing its own, diversified refinancing lines on the market.

Ensuring payment flow through liquidity management
The main objective of liquidity management is to ensure that the Wacker Neuson Group has sufficient funds to meet payment obligations as they arise. To this end, the Group maintains cash pools in which all key companies are incorporated. All participants can draw on the positive cash pool balances provided by Wacker Neuson SE at individually fixed, fair market conditions. Interest accrues on deposits and withdrawals effected by participants in keeping with the market conditions prevailing in the respective currency and company. In addition to these short-term loans, Group companies also have access to Group loans.

KEY FINANCIAL INSTRUMENTS AT DECEMBER 31, 2023

	Amount in €/USD/GBP million	Due	Interest rate as a %
Promissory note (Schuldschein) 2018 in USD m (Tranche I)	7.5	2025	4.24
Promissory note (Schuldschein) 2019 in EUR m (Tranche I)	70.0	2024	0.65
Promissory note (Schuldschein) 2019 in EUR m (Tranche II)	80.0	2026	0.99
Other long-term borrowings from banks in EUR m	2.6	2025-2039	Fix: 0 - 3,34
Other short-term borrowings from banks in EUR m	184.8	2024	4,31 - 4,73
Other short-term borrowings from banks in USD m	15.7	2024	6.13
Other short-term borrowings from banks in GBP m	4.6	2024	5.94

Higher working capital requirements still negatively impacting cash flow development
Gross cash flow (cash flow from operating activities before investment in net working capital) amounted to EUR 317.3 million and was thus 14.8 percent higher than in the previous year (2022: EUR 276.4 million). This increase was primarily attributable to the positive development in the Group's operating activities.

After investments in net working capital, cash flow from operating activities in the period under review amounted to EUR 113.2 million and was thus higher than the prior-year figure (2022: EUR -6.4 million). This can be attributed, in addition to improved Group earnings, to a smaller increase in net working capital in relation to increased Group revenue compared to the previous year.

Cash flow from investment activities came to EUR -138.1 million (2022: EUR 5.6 million). The prior-year figure includes receipts from fixed-term investments in the amount of EUR 130.0 million. In addition, the 2022 figure for cash flow from investment activities included the acquisition of the Enar Group. This was offset in fiscal 2023 by cash receipts in the amount of EUR 24.4 million from the sale of an asset no longer required for future operations. In addition to investments to replace existing assets, investments to expand the Group's European production network were also made in fiscal 2023. For more information, refer to the Notes to the Consolidated Financial Statements. → Item 8

The total figure for investments in 2023 was EUR 163.5 million, which corresponds to an increase relative to the previous year of 57.5 percent (2022: EUR 103.8 million). EUR 129.0 million of this was channeled into property, plant and equipment (2022: EUR 71.3 million). At EUR 34.5 million, investments in intangible assets were higher than in the previous year 2022: EUR 32.5 million).

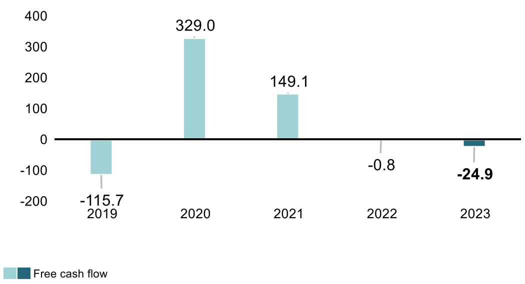
Investments in the Group's own rental equipment amounted to EUR 145.4 million in 2023, which was higher than the prior-year figure (2022: EUR 92.9 million).

At EUR -24.9 million, free cash flow (cash flow from operating activities less cash flow from investment activities) was lower than in the previous year (2022: EUR -0.8 million). The prior-year figure included cash inflow from a financial investment (discontinuation of a fixed-term investment) amounting to EUR 130 million. After adjusting for this effect in the previous year, a higher value was achieved in 2023.

Cash flow from financing activities amounted to EUR -5.0 million in 2023 and was thus higher than in the previous year (2022: EUR -250.8 million). Cash flow from financing activities continued to be impacted in 2023 (as in the prior year) by the repayment of promissory notes (Schuldschein) in the amount of EUR 99.2 million (2022: EUR 160.6 million), and were also marked by cash receipts from short-term borrowings in the amount of EUR 202.1 million (refer to → Development of cash flow, page 35). In addition, the higher dividend payout in the amount of EUR -68.0 million had an impact on development (2022: EUR -61.2 million). The AGM approved the proposal by the Executive Board and the Supervisory Board to increase the dividend for fiscal 2022 from EUR 0.90 in the previous year to EUR 1.00 per eligible share. For further information on this, refer to the Notes to the Consolidated Financial Statements. → Item 32

FREE CASH FLOW 2019–2023[1, 2]

IN € MILLION



[1] Refer to item 32 in the Notes to the Consolidated Financial Statements for further information about the cash flow statement.

[2] Before fixed-term investments in the amount of EUR 15.0 million in fiscal 2020, EUR 115.0 million in fiscal 2021 and repayments from fixed-term investments of EUR 130.0 million in fiscal 2022.

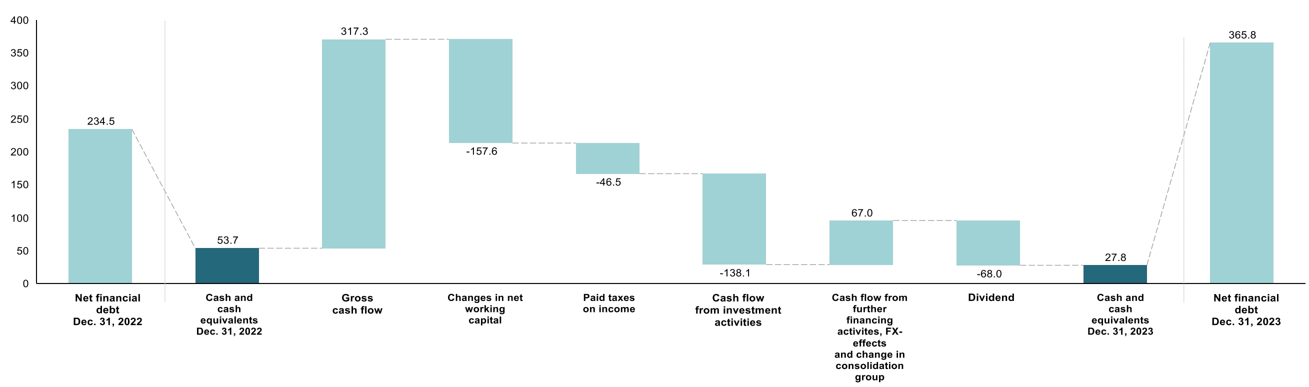
DEVELOPMENT OF CASHFLOW

IN € MILLION

	2023	2022	2021	2020	2019
Cash flow from operating activities	**113.2**	**-6.4**	**331.7**	**420.0**	**-20.9**
Purchase of property, plant and equipment	-129.0	-71.3	-46.0	-48.0	-50.5
Purchase of intangible assets	-34.5	-32.5	-36.2	-38.9	-38.7
Cash outflows for investments accounted for using the equity method and other investments	-0.6	-1.4	-0.6	-0.6	-9.3
Cash outflows for additions to the consolidation structure	–	-22.2			
Proceeds of investments	–	2.2	8,6		
Cash outflows for loans to investments accounted for using the equity method	-1.3	–		–	–
Cash inflow from financial investments	–	130.0	–	–	–
Cash outflow from financial investments	–	–	-115.0	-15.0	–
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	27.3	0.8	6.6	9.5	3.7
Proceeds from the sale of a real-estate company	–	–	–	–	–
Proceeds from disposals from the consolidation group	–	–	–	2.0	–
Cash flow from investment activities	**-138.1**	**5.6**	**-182.6**	**-91.0**	**-94.8**
Free cash flow	**-24.9**	**-0.8**	**149.1**	**329.0**	**-115.7**

LIQUIDITY SITUATION

IN € MILLION



In 2023, the company paid out a dividend of EUR 1.00 per eligible share for fiscal 2022. The dividend payout thus amounted to EUR 68.0 million. Compared to the previous year, this represents an increase of 11.1 percent. Against the backdrop of increased net working capital requirements and the cashflow from investment activities of EUR -138.1 million, net financial debt was higher than at the end of 2022.

Liquidity situation

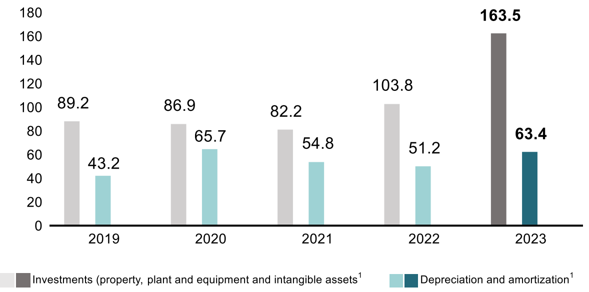
With the ability to generate cash inflows from operating activities as well as undrawn credit lines, the Group believes it has sufficient flexibility to meet its capital requirements.

The Wacker Neuson Group was able to cover the majority of its liquidity requirements in 2023 with existing cash reserves and by utilizing credit lines. In addition, credit lines provided by the Group's house banks were available to secure liquidity. For further details on the terms and conditions of credit lines, refer to the Notes to the Consolidated Financial Statements. → Item 21

In light of the cash flow situation, which was significantly impacted by the increase in net working capital, the net financial debt of the Wacker Neuson Group increased in the reporting period (see also → Assets, page 39). At December 31, 2023, free cash and cash equivalents amounted to EUR 27.8 million (December 31, 2022: EUR 53.7 million). These funds are held by Wacker Neuson SE and affiliates that cannot participate in the existing cash pool structures for legal reasons. The Wacker Neuson Group continues its efforts to improve this situation within the limits of what is legally possible.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS AND WRITE-DOWNS 2019–2023[1]

IN € MILLION

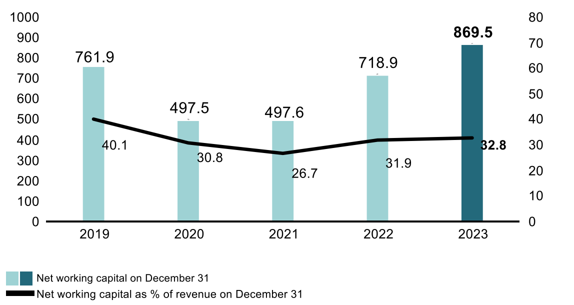


- At EUR 163.5 million, investments in property, plant and equipment and in intangible assets were slightly above target in 2023. Investments to expand the Group's European production network were a top priority during this year.
- EUR -129.0 million was invested in property, plant and equipment, and EUR -34.5 million was channeled into intangible assets.

[1] Adjusted for the effects of IFRS 16. Values are based on property, plant and equipment and intangible assets. The Group's own rental equipment and purchases of investments are not included.

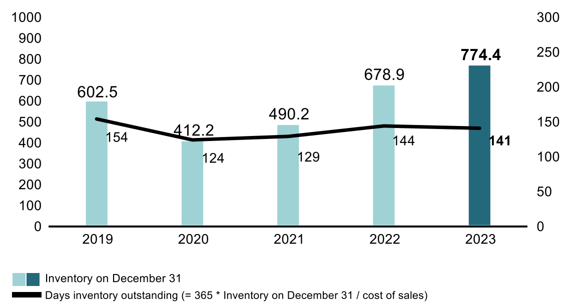
NET WORKING CAPITAL 2019–2023

IN € MILLION AS A %



INVENTORY AND DAYS INVENTORY OUTSTANDING 2019–2023

IN € MILLION IN DAYS



Against the backdrop of occasionally recurring supply chain problems, net working capital continued to increase relative to the previous year. At 32.8 percent, the ratio to revenue was in line with recently revised forecasts, but was again slightly above the strategic target range of 30 percent or less (2022: 31.9 percent).

Weak sales negatively impact net working capital

As a steering tool, the net working capital ratio is a central component of the Wacker Neuson Group's corporate strategy. A sustainable net working capital ratio of up to 30 percent is therefore a strategic goal. After the previous year's above-target ratio of 31.9 percent, it was expected to fall to around 30 percent in line with the original forecast in fiscal 2023. Against the backdrop of occasionally recurring supply chain problems, it was still higher than 30 percent at the close of 2023 at 32.8 percent. It was, however, within the range of the recently revised forecasts. The absolute value for net working capital was EUR 869.5 million, an increase of 20.9 percent relative to the previous year (December 31, 2022: EUR 718.9 million). The individual components of net working capital developed as follows:

Inventory levels of machines, raw materials and supplies increased by 14.1 percent in the year under review to EUR 774.4 million (December 31, 2022: EUR 678.9 million). Whereas levels of unfinished machines were higher at the close of 2022 due to a strained supply chain situation, this increased inventory level was reduced in the course of 2023. Against the backdrop of a more subdued economic climate in the second half of the year, however, this resulted in a higher inventory level of finished machines and once more high inventories of raw materials and components. The Group therefore began to implement measures to reduce inventory levels in the third quarter, which took effect as early as the fourth quarter. Days inventory outstanding at the closing date was therefore almost the same as the previous year at 141 days (December 31, 2022: 144 days).[1]

Trade receivables increased by 15.0 percent to EUR 346.6 million as a result of revenue growth in the year under review (December 31, 2022: EUR 301.3 million). Days sales outstanding was reported at 48 days (December 31, 2022: 49 days).[2]

[1] Note on calculation: Inventory as at December 31 / cost of sales * 365 days.

[2] Note on calculation: Trade receivables at December 31 / revenue * 365 days.

Despite the rise in production volumes, trade payables decreased by 3.8 percent to EUR 251.5 million (December 31, 2022: EUR 261.3 million). Days payables outstanding was reported at 46 days (December 31, 2022: 56 days).[1]

DEVELOPMENT OF NET WORKING CAPITAL AND ITS COMPONENTS

IN € MILLION

	2023	2022	2021	2020	2019
Inventory at Dec. 31	774.4	678.9	490.2	412.2	602.5
Days inventory outstanding	141	144	129	124	154
Trade receivables at Dec. 31	346.6	301.3	237.9	222.4	309.3
Days sales outstanding	48	49	47	50	59
Trade payables at Dec. 31	251.5	261.3	230.5	137.1	149.9
Days payables outstanding	46	56	61	41	38
Net working capital at Dec. 31	869.5	718.9	497.6	497.5	761.9
Net working capital as a % of revenue	32.8	31.9	26.7	30.8	40.1

[1] Note on calculation: Trade payables at December 31 / cost of sales * 365 days.

Return on capital employed

Capital employed increased further in fiscal 2023, amounting to EUR 2,076.0 million at the reporting date (December 31, 2022: EUR 1,781.1 million). Return on capital employed before taxes (ROCE I) rose from 11.3 percent in the previous year to 13.2 percent due to the increase in earnings.

At 9.6 percent, return on capital employed after tax (ROCE II) was also higher than the prior-year figure (2022: 8.4 percent). Information on ROCE is based on capital employed at the December 31 closing date.

CALCULATING ROCE I AND II

IN € MILLION

	2023	2022	2021	2020	2019
EBIT	**273.2**	**201.8**	**193.0**	**75.5**	**153.1**
NOPLAT = EBIT – (EBIT x Group tax rate)	**199.4**	**149.6**	**142.0**	**19.8**	**98.5**
Non-current assets	**1,405.3**	**1,182.7**	**1,079.1**	**971.2**	**1,023.9**
Long-term financial assets	-24.3	-13.5	-19.0	-109.7	-144.7
Long-term contract liabilities[1,2]	-16.1	-11.8	-6.8	-5.0	-3.9
Deferred tax liabilities	-63.2	-61.6	-49.8	-43.9	-36.8
Non-current assets used in business	**1,301.7**	**1,095.8**	**1,003.5**	**812.6**	**838.5**
Current assets	**1,239.6**	**1,141.2**	**1,241.7**	**1,155.6**	**1,172.7**
Other short-term financial assets	-44.2	-41.3	-158.4	-45.5	-23.6
Cash and cash equivalents	-27.8	-53.7	-305.5	-283.1	-46.3
Trade payables	-251.5	-261.3	-230.5	-137.1	-149.9
Short-term provisions	-26.2	-20.9	-20.5	-19.0	-17.6
Current tax payables	-33.9	-12.0	-22.8	-32.8	-19.0
Other current non-financial liabilities	-71.7	-59.2	-52.2	-48.9	-50.1
Short-term contract liabilities[2]	-10.0	-7.5	-5.5	-5.1	-5.5
Net working capital in a broader sense	**774.3**	**685.3**	**446.3**	**584.1**	**860.7**
Capital employed	**2,076.0**	**1,781.1**	**1,449.8**	**1,396.7**	**1,699.2**
Average capital employed	1,928.6	1,615.5	1,423.3	1,548.0	1,557.7
Derivation via equity and liabilities					
Equity	1,499.7	1,392.6	1,286.2	1,218.1	1,225.0
Long-term financial borrowings	97.3	169.5	295.1	411.6	372.4
Long-term lease liabilities	88.4	54.6	50.4	57.1	66.9
Provisions for pensions and similar obligations	40.0	37.6	54.6	64.8	61.8
Long-term provisions	14.0	8.7	10.0	9.8	7.9
Short-term borrowings from banks	296.1	117.9	138.7	9.2	112.4
Current portion of long-term borrowings	0.2	0.8	0.9	0.2	0.5
Short-term lease liabilities	29.7	22.6	22.2	25.7	25.2
Other short-term financial liabilities	106.9	85.3	74.6	38.5	41.7
Long-term financial assets	-24.3	-13.5	-19.0	-109.7	-144.7
Cash and cash equivalents	-27.8	-53.7	-305.5	-283.1	-46.3
Other short-term financial assets	-44.2	-41.3	-158.4	-45.5	-23.6
Capital employed	**2,076.0**	**1,781.1**	**1,449.8**	**1,396.7**	**1,699.2**
Capital employed as a % of revenue	78.2%	79.1%	77.7%	86.5%	89.4%
Average capital employed as a % of revenue	72.6%	71.7%	76.3%	95.8%	81.9%
ROCE I	**13.2%**	**11.3%**	**13.3%**	**5.4%**	**9.0%**
(EBIT/capital employed)					
ROCE I	**14.2%**	**12.5%**	**13.6%**	**4.9%**	**9.8%**
(EBIT/average capital employed)					
ROCE II	**9.6%**	**8.4%**	**9.8%**	**1.4%**	**5.8%**
(NOPLAT/capital employed)					
ROCE II	**10.3%**	**9.3%**	**10.0%**	**1.3%**	**6.3%**
(NOPLAT/average capital employed)					

[1] As of 2020 shown as a separate line in the balance sheet, the year 2019 was adjusted accordingly.

[2] Due to an error correction in connection with the recognition of revenue from extended warranty obligations, the contract liabilities were adjusted as at 1 January 2022. Further information on this can be found in the "Changes in accounting in accordance with IFRS".

Assets

- Equity ratio remains at a high level despite difficult environment
- Reinforcement of Group's strong financing structure

The Wacker Neuson Group's balance sheet was consistently healthy again in 2023. Despite further negative impact on cash flow from occasional supply chain bottlenecks and the resulting increase in working capital requirements, the Group's equity capitalization continued to improve.

Non-current assets

At the reporting date, non-current assets came to EUR 1,405.3 million and were thus higher than the prior-year figure (December 31, 2022: EUR 1,182.7 million). The increase was primarily attributable to the increase in property, plant and equipment to EUR 581.8 million (December 31, 2022: 452.8) and in rental equipment to EUR 260.9 million (December 31, 2022: EUR 206.3 million). The increase in property, plant and equipment was primarily attributable to plant expansions, machine developments and the commencement of new lease contracts. Investments in rental equipment totaled EUR 145.4 million (2022: EUR 92.9 million). In addition, non-current financial assets increased to EUR 24.3 million (December 31, 2022: EUR 13.5 million) and deferred tax assets to EUR 54.9 million (December 31, 2022: EUR 35.9 million).

Current assets

Current assets increased to EUR 1,239.6 million in 2023 (December 31, 2022: EUR 1,141.2 million). This increase was primarily attributable to the rise in inventory levels to EUR 774.4 million (December 31, 2022: EUR 678.9 million) and the rise in trade receivables to EUR 346.6 million (December 31, 2022: EUR 301.3 million).

Cash and cash equivalents moved in the opposite direction, falling to EUR 27.8 million at the close of 2023 (December 31, 2022: EUR 53.7 million). There was also a reduction in tax offsets to EUR 9.8 million (December 31, 2022: EUR 25.7 million) and a complete reduction of assets held for sale as of December 31, 2023 (December 31, 2022: EUR 8.9 million). This was due to the sale of an asset no longer required for future operations at the start of 2023.

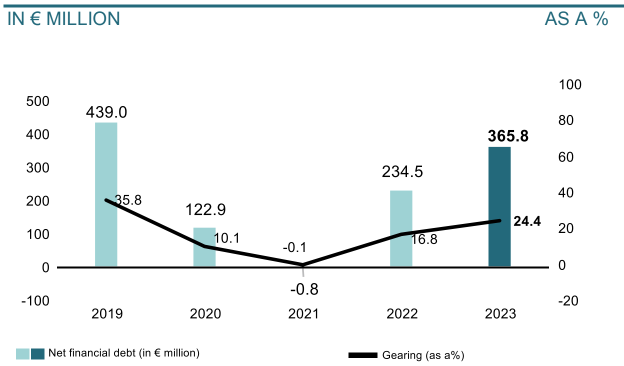
Non-current liabilities

Total non-current liabilities amounted to EUR 319.0 million at the reporting date and were thus lower than the prior-year figure (December 31, 2022: EUR 343.8 million). This was mainly attributable to the reclassification of a promissory note (Schuldschein) in the amount of EUR 70.0 million from non-current to current liabilities as well as the development of lease liabilities.

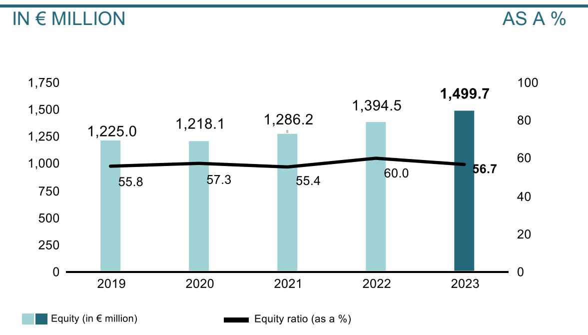
Non-current lease liabilities increased to EUR 88.4 million at the closing date (December 31, 2022: EUR 54.6 million). The increase was primarily attributable to the lease agreed for a new logistics center in Mülheim-Kärlich and other contract inceptions and/or extensions to existing contracts.

The provisions for pensions and similar obligations at the reporting date were around the same level as the previous year at EUR 40.0 million (December 31, 2022: EUR 37.6 million). For further information on provisions for pensions, refer to the Notes to the Consolidated Financial Statements. → Item 19

NET FINANCIAL DEBT AND GEARING 2019 – 2023



EQUITY AND EQUITY RATIO 2019 – 2023



Net financial debt and gearing increased in 2023 due to working capital requirements remaining high. At the same time, however, the Group's equity position was strengthened in absolute terms.

Current liabilities
Current liabilities amounted to EUR 826.2 million at the closing date and were thus higher than the previous year's figure (December 31, 2022: EUR 587.5 million). The increase was primarily attributable to the above-mentioned reclassification of a promissory note (Schuldschein) in the amount of EUR 70.0 million from non-current financial liabilities to current liabilities to financial institutions. Cash receipts from money market loans and overdrafts totaling EUR 196.4 million also contributed to the increase. The repayment of promissory notes (Schuldschein) in the amount of EUR 98.9 million resulted in movement in the opposite direction.

In addition, income tax liabilities increased to EUR 33.9 million (December 31, 2022: EUR 12.0 million). This increase was the result of developments in tax expenses due to the higher earnings before taxes (EBT) in fiscal 2023.

Other current financial liabilities rose to EUR 106.9 million during the period under review, for reasons including the non-transfer of payments to the partner bank in connection with the asset-backed securities program (ABS program), in the context of which the Group acts as a loan servicer (December 31, 2022: EUR 85.3 million).

Other current non-financial liabilities increased to EUR 71.7 million (December 31, 2022: EUR 59.2 million). This increase was primarily attributable to personnel accruals and deferrals.

By contrast, trade payables fell to EUR 251.5 million despite the renewed increase in production volumes (December 31, 2022: EUR 261.3 million).

Increase in net financial debt but stronger equity position
The challenging economic climate has resulted in persistently high inventory levels, with inventories of finished machines particularly high. The working capital requirements, which have accordingly remained high, pushed net financial debt up further in 2023 [1] to EUR 365.8 million (December 31, 2022: EUR 234.5 million). Gearing[2] amounted to 24.4 percent (December 31, 2022: 16.8 percent).

Thanks to its liquidity and financial position, the Group will continue to invest in important growth opportunities and actively shape technology trends in the industry.

The balance sheet total increased to EUR 2,644.9 million at the end of the reporting period (December 31, 2022: EUR 2,323.9 million.

Group equity increased to EUR 1,499.7 million (December 31, 2022: EUR 1,392.6 million), whereby the equity ratio fell to 56.7 percent due to the disproportionate increase in the balance sheet total (December 31, 2022: 59.9 percent).

The company's share capital remained unchanged compared to the previous year at EUR 70.1 million.

Financial structure
Refer to "Non-current and current financial liabilities" → item 21 in the Notes to the Consolidated Financial Statements, for information on the financial structure and terms.

Off-balance-sheet assets and financial instruments
In addition to the assets shown in the consolidated balance sheet, the Group also makes limited use of assets not recognized in the balance sheet. This generally refers to leased assets that are not capitalized in the balance sheet of the lessee due to the short-term nature of the lease or the low carrying amount as per IFRS 16. In connection with factoring and the ABS program mentioned above, certain receivables are completely derecognized in line with IFRS 9 and only recognized to the extent of the company's continuing involvement in the financial asset.

Judgments and estimates
Information about the use of estimates, assumptions and judgments made – especially in connection with the valuation of property, plant and equipment, intangible assets, goodwill, and expenses relating to R&D and shareholdings – with regard to receivables, pension liabilities, provisions, contingencies and information about tax expenses is presented in the Notes to the Consolidated Financial Statements under → Accounting and valuation methods.

NET FINANCIAL DEBT
IN € MILLION

	2023	2022	2021	2020	2019
Non-current financial borrowings	97.3	169.5	295.1	411.6	372.4
Current liabilities to financial institutions	296.1	117.9	138.7	9.2	112.4
Current portion of long-term borrowings	0.2	0.8	0.9	0.2	0.5
Cash and cash equivalents	27.8	53.7	305.5	283.1	46.3
Fixed-term investments (< 1 year)	–	–	130.0	15.0	–
Net financial debt	**365.8**	**234.5**	**-0.8**	**122.9**	**439.0**
Gearing	24.4%	16.8%	-0.1%	10.1%	35.8%

[1] Net financial debt = non-current and current financial liabilities + current portion of non-current liabilities – cash and cash equivalents – fixed term investments with terms of less than one year. The definition of net financial debt as applied by the Wacker Neuson Group does not include lease liabilities in accordance with IFRS 16.
[2] Gearing = net financial debt/equity.

General overview of economic situation

Whereas the war in Ukraine and its diverse political and economic effects posed the biggest new challenges for the Group in the prior year, fiscal 2023 showed signs of a general economic slowdown manifested through a drop in demand. The Group can still look back on a successful financial year overall. Both revenue and earnings reached new highs. The increase was attributable, among other things, to the adjustments to selling prices, the introduction of flexible pricing models, a normalization of production processes compared to the previous year and one-off effects in the amount of EUR 26.5 million. One-off effects were due to the sale of an asset no longer required for future operations in the amount of EUR 15.5 million and the sale of design and technical know-how in the amount of EUR 11.0 million. At the same time, supply chain problems lessened over the course of the year and supply bottlenecks for raw materials and components only resulted in occasional delays in the production and delivery of products.

Group revenue increased to EUR 2,654.9 million, 17.9 percent above the previous year (2022: EUR 2,252.4 million). EBIT was also higher and rose faster than Group revenue, due in part to one-off effects in the amount of EUR 26.5 million. The EBIT margin reached 10.3 percent, higher than the previous year (2022: 9.0 percent).

As the Group was able to continue on its growth path in spite of the outbreak of the war in Ukraine and the increasing burdens on the economic environment over the course of the year that resulted, the dividend payout for fiscal 2022 increased again compared to the previous year. At EUR 1.00 per eligible share, the total payout in 2023 amounted to EUR 68.0 million (2022: EUR 0.90 and EUR 61.2 million).

Against the backdrop of a rise in net working capital requirements and improved free cash flow, the net financial debt increased. Gearing increased accordingly to 24.4 percent (December 31, 2022: 16.8 percent). In light of its secure liquidity situation, the Group was able to fully meet its financial obligations once again in 2023. The equity ratio decreased to 56.7 percent (December 31, 2022: 59.9 percent).

As part of its dividend policy, Wacker Neuson SE has adopted an attractive shareholder remuneration policy to ensure that shareholders enjoy a steady and appropriate share of the company’s profit. This is largely shaped by the earnings figures and the need to ensure that the Wacker Neuson Group maintains adequate capitalization.

The Wacker Neuson SE dividend policy provides for a payout per share of 40 to 60 percent of Group earnings per share. This dividend policy reflects the current objective of the Executive Board and the Supervisory Board and it may be modified in the future. In addition, corresponding dividend proposals from the Executive Board and the Supervisory Board are required for the payment of a dividend in a given year, and both of these bodies could decide to depart from this dividend policy if they see fit under the prevailing circumstances. The decision on the dividend is made by the AGM.

Profit, financials and assets of Wacker Neuson SE (condensed version according to HGB)

The Annual Financial Statements of Wacker Neuson SE have been prepared in accordance with the provisions of the HGB and AktG. For fiscal 2023, the Management Report of Wacker Neuson SE has been combined with the Group Management Report.

The Annual Financial Statements describe the results of business activities conducted by Wacker Neuson SE during the reporting year. Here it should be noted that the company operates as a management and holding company, which offers a range of Group services, in particular in the areas of marketing, human resources, information technology, finance services, corporate real-estate management and indirect procurement.

The corporate purpose of Wacker Neuson SE is holding and managing participating interests in companies that are directly or indirectly involved in the development, manufacture and sale of machines, equipment, tools and processes – particularly for the construction and agricultural industries – as well as the provision of all associated services.

Wacker Neuson SE operates as a holding company and is responsible for strategic functions of Group management. The Group Executive Board plus the following central, Group-wide departments are vested with the holding company: Group controlling, Group accounting, Group treasury, legal (including patent management), internal auditing, compliance, real estate, strategy, mergers and acquisitions, investor relations, sustainability, corporate communication, corporate IT, corporate marketing, process consulting, sales development and controlling, sales financing, corporate taxes and corporate human resources. The company employed 220 people on average in fiscal 2023 (2022: 203).

In its capacity as a management and functional holding, the company also delivers administrative, financial, commercial and technical services to the holding entities, in return for a fee under the terms and conditions customary in the market. Some of these service contracts are reciprocal agreements.

The Annual Financial Statements were prepared in accordance with the HGB, in the version applicable at the balance sheet date. The income statement is prepared in the “cost-of-sales” format.

Revenue for 2023 amounted to EUR 61.5 million (2022: EUR 47.4 million). This was generated through the provision of services by Wacker Neuson SE to its affiliates. The services delivered mainly comprised EUR 35.3 million in IT services (2022: EUR 23.3 million), EUR 14.3 million in management services (2022: EUR 13.5 million), EUR 2.2 million in marketing services (2022: EUR 1.9 million) as well as other sales and administration services in the amount of EUR 7.9 million (2022: EUR 7.0 million).

The figure also includes rental income in the amount of EUR 1.8 million from the letting of premises in Munich to the affiliates based there and to an external tenant (2022: EUR 1.7 million).

Breaking revenue down by region, EUR 52.8 million can be attributed to Europe (2022: EUR 42.0 million), EUR 7.6 million to the Americas (2022: EUR 4.6 million) and EUR 1.1 million to Asia-Pacific (2022: EUR 0.8 million).

Cost of sales amounted to EUR 58.6 million (2022: EUR 44.6 million) and gross profit on revenue came to EUR 2.9 million (2022: EUR 2.8 million).

INCOME STATEMENT FOR WACKER NEUSON SE (CONDENSED VERSION)

IN € MILLION

	2023	2022
Revenue	61.5	47.4
Cost of sales	-58.6	-44.6
Gross profit	**2.9**	**2.8**
General and administrative expenses	-23.2	-42.0
Other income	12.9	33.9
Other expenses	-6.8	-10.9
Income from participating interests	69.3	94.0
Income from profit transfer agreements	133.8	59.7
EBIT	**188.8**	**137.5**
Interest and similar income	28.4	9.4
Write-ups on financial assets	2.1	21.7
Write-downs on financial assets	-2.8	-5.7
Cost of loss absorption	-1.0	–
Interest and similar expenses	-9.9	-3.8
Taxes on income and earnings	-43.5	-23.7
Profit after tax	**162.1**	**135.5**
Other taxes	-0.1	-0.1
Net profit/loss	**162.0**	**135.4**
Profit/loss carried forward	254.0	186.6
Retained earnings	**416.0**	**322.0**

General administrative expenses amounted to EUR 23.2 million in fiscal 2023 (2022: EUR 42.0 million). The reduction in 2023 was primarily attributable to the pension expenses for active and former Executive Board members (EUR -9.5 million) and Shareholder Costs (EUR -10.2 million).

Other operating income came to EUR 12.9 million (2022: EUR 33.9 million). This figure primarily includes income from allocations from IT and marketing services rendered by affiliates in the amount of EUR 7.5 million (2022: EUR 13.9 million), foreign exchange gains in the amount of EUR 4.2 million (2022: EUR 18.7 million) as well as income from the release of provisions from the previous year amounting to EUR 0.2 million (2022: EUR 0.1 million).

Other operating expenses amounted to EUR 6.8 million in the fiscal year (2022: EUR 10.9 million). This figure mainly comprises foreign exchange losses in the amount of EUR 4.6 million (2022: EUR 10.5 million), which are related to long-term and internal Group borrowings and receivables from affiliated companies.

Wacker Neuson SE is dependent on the performance of its participating interests and the profit that they yield. In 2023, Wacker Neuson SE received EUR 69.3 million in affiliate dividends from the Group (2022: EUR 94.0 million).

Income from shareholdings in companies (dividends plus proceeds from the profit transfer agreement) amounted to EUR 203.1 million (2022: EUR 153.8 million). The income from the profit transfer agreement stems from agreements concluded with affiliates.

Write-ups on financial assets decreased to EUR 2.1 million in the current fiscal year (2022: EUR 21.7 million). In view of continuously positive business developments in the past and the future profit outlook, write-ups were made for individual holdings in affiliated companies in 2023.

Wacker Neuson SE realized earnings before interest and taxes (EBIT) of EUR 188.8 million (2022: EUR 137.5 million). Earnings after taxes were positive at EUR 162.1 million due to income from shareholdings in companies (2022: EUR 135.5 million). Therefore, the Group reported a profit for the period in the amount of EUR 162.0 million (2022: EUR 135.4 million).

Assets and financials

Group software licenses, primarily for the ERP (Enterprise Resource Planning) system as well as for the operating systems and office applications deployed across the Group are capitalized by Wacker Neuson SE. The holding company provides Group members with these licenses in return for a fee. Wacker Neuson SE reported intangible assets of EUR 6.6 million at December 31, 2023 for licenses and similar rights (December 31, 2022: EUR 6.9 million).

The property held by Wacker Neuson SE refers to the site of the Group headquarters in Milbertshofen, Munich (Germany). Wacker Neuson SE reported property, plant and equipment in the amount of EUR 24.7 million at December 31, 2023 (December 31, 2022: EUR 25.5 million).

Financial assets are comprised of holdings in Group members amounting to EUR 667.8 million (December 31, 2022: EUR 656.7 million), loans to affiliated companies in the amount of EUR 20.2 million (December 31, 2022: EUR 20.2 million), participating interests in the amount of EUR 4.3 million (December 31, 2022: EUR 3.8 million), and loans to companies in which participating interests are held in the amount of EUR 1.3 million (December 31, 2022: EUR 0.0 million).

The change in the holdings in affiliated companies resulted from the acquisition of a shareholding in the amount of EUR 5.7 million (2022: EUR 25.6 million), capital increases of EUR 9.1 million (2022: EUR 7.8 million), disposals of shareholdings in the amount of EUR 3.0 million (2022: EUR 4.1 million), one-off impairment losses in line with Section 253 (3) sentence 4 HGB in the amount of EUR 2.8 million (2022: EUR 5.7 million) as well as write-ups in the amount of EUR 2.1 million (2022: EUR 21.7 million).

Total assets attributable to Wacker Neuson SE amounted to EUR 727.2 million at the closing date (December 31, 2022: EUR 713.5 million).

BALANCE SHEET OF WACKER NEUSON SE (CONDENSED VERSION)

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Intangible assets	8.9	7.3
of which: licenses for industrial property rights and similar	6.6	6.9
of which: payments on account/assets	2.3	0.4
Property, plant and equipment	24.7	25.5
of which: land, land titles and buildings on third-party land	23.0	24.1
of which: office and other equipment	1.7	1.4
Financial assets	693.6	680.7
of which: shareholdings in affiliated companies	667.8	656.7
of which: loans to affiliated companies	20.2	20.2
of which: investments	4.3	3.8
of which: Loans to other long-term investees and investors	1.3	–
Assets	**727.2**	**713.5**
Trade receivables	–	–
Receivables from affiliated companies	769.3	514.0
Other assets	6.4	20.2
Liquid funds	53.9	22.2
Current assets	**829.6**	**556.4**
Deferred items	**2.6**	**2.2**
Deferred tax assets	17.1	16.4
Balance sheet total (assets)	**1,576.4**	**1,288.5**
Equity	**1,099.9**	**1,005.9**
of which: subscribed capital	68.0	68.0
of which: capital reserves	584.0	584.0
of which: revenue reserves	31.9	31.9
of which: retained earnings	416.0	322.0
Special tax-free reserves		
Other provisions	**69.5**	**51.7**
Liabilities	**407.0**	**230.9**
of which: borrowings from banks	354.2	204.3
of which: trade payables	4.7	2.9
of which: payables to affiliated companies	42.6	18.1
of which: other liabilities	5.5	5.6
Deferred items	**–**	**–**
Deferred tax liability	–	–
Balance sheet total (liabilities)	**1,576.4**	**1,288.5**

Trade receivables from customers and sales partners within Germany and beyond also accrue almost entirely to the operational companies. Receivables from affiliated companies increased to EUR 769.3 million mainly as a result of short-term loans by affiliates (December 31, 2022: EUR 514.0 million). The higher funding needs of Group members was primarily attributable to the increase in operating activities compared to the previous year.

Wacker Neuson SE receivables are mainly related to its position as shareholder, in particular resulting from short-term borrowings and receivables within the framework of the cash pool. Wacker Neuson SE reported liquid funds of EUR 53.9 million at December 31, 2023 (December 31, 2022: EUR 22.2 million).

Total current assets amounted to EUR 829.6 million at the closing date (December 31, 2022: EUR 556.4 million). The balance sheet total came to EUR 1,576.4 million (December 31, 2022: EUR 1,288.5 million).

DIVIDEND TRENDS

	2023	2022	2021	2020	2019
Eligible shares (million)	68.02	68.02	68.02	70.14	70.14
Dividend per share in €[1]	1.15	1.00	0.90	0.60	–
Total payout € million	78.2	68.0	61.2	41.7	–
Payout ratio as a % of Group profit per share for previous year	42.1	47.6	45.2	300.0	–

[1] At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend of EUR 1.15 per share for fiscal 2023.

Deferred tax assets at December 31, 2023 in the amount of EUR 17.1 million are attributable – as per the prior year (December 31, 2022: EUR 16.4 million) – in particular to temporary valuation differences in partnership shareholdings and provisions for pensions; deferred tax liabilities are largely due to the allocation of reserves according to Section 6b of the German Income Tax Act (EStG). Section 268 (8) HGB prohibits payout of the excess of deferred tax assets over deferred tax liabilities.

At December 31, 2023, the company's equity amounted to EUR 1,099.9 million (December 31, 2022: EUR 1,005.9 million). Wacker Neuson SE's share capital remained stable at EUR 70.14 million. This refers to 70,140,000 registered shares, each representing a proportionate amount of the share capital of EUR 1.00.

Provisions amounted to EUR 69.5 million (December 31, 2022: EUR 51.7 million). The change compared with the previous year was mainly attributable to higher tax provisions of EUR 21.7 million (December 31, 2022: 3.6 million). The change in tax provisions is primarily attributable to the risks from prior years.

Wacker Neuson SE has significant external financial liabilities as a result of the cash pools and other financing agreements with Group companies. These liabilities are managed by the holding's corporate treasury department, which is the central instance responsible for securing and managing liquidity across the Group. Borrowings from banks rose to EUR 354.2 million (December 31, 2022: EUR 204.3 million). This was mainly attributable to cash receipts from money market loans and overdrafts and the repayment of a promissory note (Schuldschein).

Under payables to affiliated companies, Wacker Neuson SE reports trade payables and current liabilities from the cash pool. At the closing date, payables to affiliated companies amounted to EUR 42.6 million (December 31, 2022: EUR 18.1 million). This rise was primarily fueled by liabilities under the cash pool as some affiliates generated credit balances as a result of the reduction of net working capital in the period under review as well as a one-off effect from the sale of an affiliate's asset.

Other liabilities amounted to EUR 5.5 million (December 31, 2022: EUR 5.6 million).

In summary, company management feels that Wacker Neuson SE's financial position remains strong.

Dividend policy and proposal
Wacker Neuson SE has adopted an attractive shareholder remuneration policy to ensure that shareholders enjoy a steady and appropriate share of the company's profit. The framework is determined by the earnings figures and the need to ensure that the Wacker Neuson Group maintains adequate capitalization.

The Wacker Neuson SE dividend policy provides for a payout per share of 40 to 60 percent of earnings per share.

This dividend policy reflects the current objective of the Executive Board and the Supervisory Board and it may be modified in the future. In addition, corresponding dividend proposals from the Executive Board and the Supervisory Board are required for the payment of a dividend in a given year, and both of these bodies could decide to depart from this dividend policy if they see fit under the prevailing circumstances. The decision on the dividend is made by the AGM.

At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend payout of EUR 1.15 per share for the fiscal year 2023.

Annual Financial Statements of Wacker Neuson SE in full
Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, branch office Munich, Germany, has audited the Annual Financial Statements of Wacker Neuson SE in full and issued a report without reservations. The audited report will be published in the electronic Federal Gazette. It can be accessed at → www.wackerneusongroup.com under Investor Relations.

Guidance for Wacker Neuson SE
The Wacker Neuson SE dividend policy provides for a payout per share of 40 to 60 percent of Group earnings per share. This dividend policy reflects the current objective of the Executive Board and the Supervisory Board and it may be modified in the future.

Segment reporting by region

- Gains despite challenging background
- Core markets in Europe and the Americas remain primary growth drivers
- Compact equipment still in demand in agricultural sector

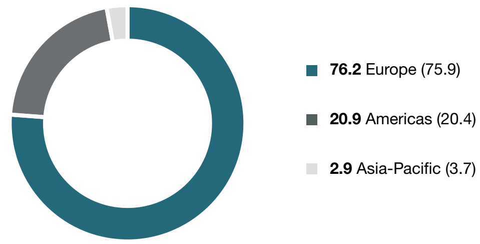
With a broad product portfolio comprising light and compact equipment up to 15 tons and a wide range of services, the Wacker Neuson Group serves end customers as well as dealers, rental companies and importers worldwide. Segment reporting provides an overview of business developments according to the regions of Europe (EMEA)[1], the Americas and Asia-Pacific. These geographical segments form the basis for corporate governance.

Europe (EMEA)[1]

European markets back on double-digit growth path
Following the dynamic rise in revenue of the previous year, the European markets continued their positive development with double-digit growth. The performance of the first half of the year could not be sustained, however, with signs of an economic downturn becoming increasingly evident over the remainder of 2023.

In Europe (EMEA)[1], revenue increased to EUR 2,022.4 million, a rise of 18.3 percent (2022: EUR 1,709.9 million). Adjusted for currency effects, the rate of increase amounted to 18.4 percent. The region's share of total revenue increased to 76.2 percent (2022: 75.9 percent).

2023 REVENUE DISTRIBUTION BY REGION
AS A % (PREVIOUS YEAR)



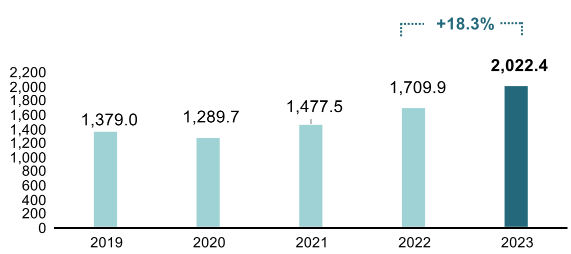
Growth in the region was mainly driven by the Group's home market of Germany as well as the major construction equipment markets of France and Switzerland. In Eastern Europe, the Polish market performed particularly well, and further sales growth was also recorded in most of Northern Europe. In Southern Europe, an increase in revenue was reported in Spain in particular and Italy also developed well. Demand for excavators also increased noticeably.

Kramer- and Weidemann-branded compact equipment for the agricultural sector continued to grow at a dynamic pace with this development comparatively unaffected by the economic climate over large parts of 2023. Following very strong demand for the products of both manufacturers in the previous year, revenue increased further by 46.5 percent to EUR 667.9 million (2022: EUR 456.0 million).

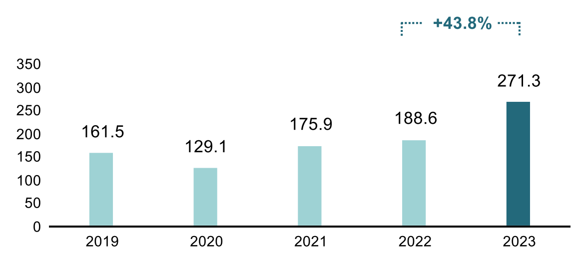
Before consolidation, earnings before interest and taxes (EBIT) in the region increased by 43.9 percent to EUR 271.3 million (2022: EUR 188.5 million). This increase was attributable, among other things, to the adjustments to selling prices, the introduction of flexible pricing models, a normalization of production processes compared to the previous year and one-off effects in the amount of EUR 26.5 million. One-off effects were due to the sale of an asset no longer required for future operations in the amount of EUR 15.5 million and the sale of design and technical know-how in the amount of EUR 11.0 million.

Total investments in the Europe (EMEA) region came to EUR 148.9 million (2022: EUR 78.4 million). For further information on this, refer to the "Investments in fiscal 2023" table on page 47.

REVENUE DEVELOPMENT IN EUROPE (EMEA)[1]
IN € MILLION

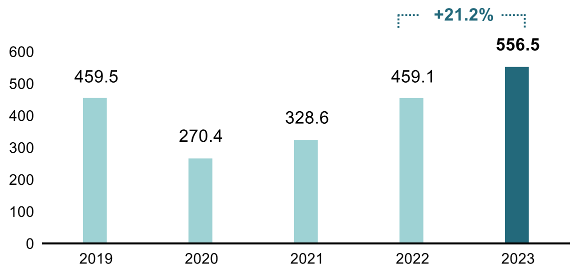


EBIT DEVELOPMENT IN EUROPE (EMEA)[1, 2, 3]
IN € MILLION

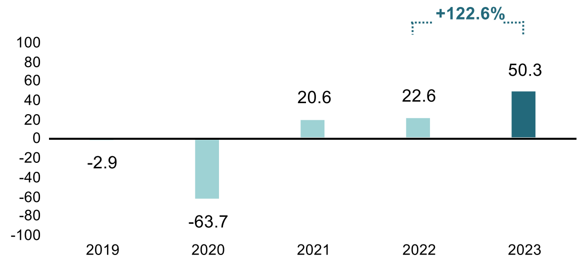


[1] Including Turkey, Russia, Africa and the Middle East.
[2] Before consolidation.
[3] In the fiscal year 2019, there was a change in the way income from customer financing is reported. Interest income was moved from the financial result and other operating income to the revenue line.

REVENUE DEVELOPMENT IN THE AMERICAS
IN € MILLION



EBIT DEVELOPMENT IN THE AMERICAS[1, 2]
IN € MILLION



[1] Before consolidation.
[2] In the fiscal year 2019, there was a change in the way income from customer financing is reported. Interest income was moved from the financial result and other operating income to the revenue line. Figures for 2018 have been adjusted accordingly.

Americas

Americas region remains the main driver of growth
Double-digit growth was recorded in the Americas yet again in the fiscal year under review with a 21.2 percent increase in revenue to EUR 556.5 million (2022: EUR 459.1 million). The region's share of total revenue increased once more to 21.0 percent (2022: 20.4 percent). When adjusted for currency effects, this corresponds to a revenue increase of 25.2 percent.

As in previous years, the individual markets of the USA and Canada were the major drivers in the region, with strong demand recorded across all sales channels. There also continued to be high levels of interest overall in new and rental equipment from authorized dealers as well as from independent light equipment dealers and key accounts. At the same time, however, a drop in demand became evident in the North American market in the second half of the year due to a general downturn in the economy.

The Wacker Neuson Group offers flexible financing options to its dealers in the USA and Canada as the most effective way to expand its dealer network. Since fiscal 2020, the Group has been using factoring as a means of managing liquidity and optimizing working capital. For this purpose, an asset-backed securities program (ABS program) is available for the revolving sale of trade receivables with a financing volume of EUR 200.5 million (2022: EUR 200 million). As of December 31, 2023, trade receivables with a book value of EUR 156.6 million (December 31, 2022: EUR 116.5 million) had been sold under the ABS program after deduction of the retained default risks. The maximum credit risk as of the closing date amounts to EUR 28.0 million (December 31, 2022: EUR 20.8 million). The Group is using the ABS program to strengthen its competitiveness in financial services in the important growth market of North America, particularly in the compact equipment segment.

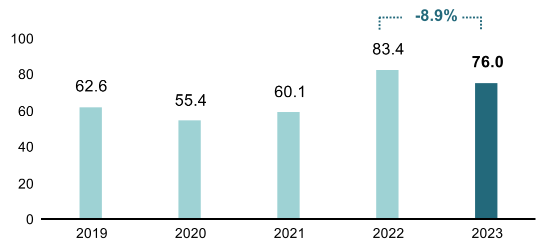
The Latin American market remains challenging overall due to the underlying political situation in the region. Positive development is continuing in individual markets, however, with one example being Mexico. This market recorded growth once again in fiscal 2023.

EBIT in the Americas reporting region (before consolidation) increased compared to the previous year to EUR 50.3 million (2022: EUR 22.6 million).

Investments in the Americas amounted to EUR 13.9 million in the period under review (2022: EUR 3.3 million). For further information on this, refer to the "Investments in fiscal 2023" table on page 47.

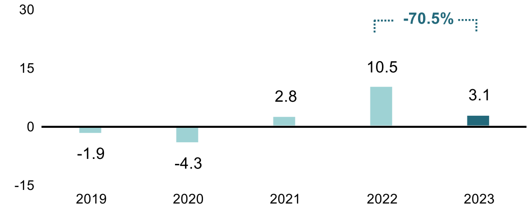
REVENUE DEVELOPMENT IN ASIA-PACIFIC

IN € MILLION



EBIT DEVELOPMENT IN ASIA-PACIFIC[1, 2]

IN € MILLION



[1] Before consolidation.
[2] In fiscal 2019, there was a change in the way income from customer financing is reported. Interest income was moved from the financial result and other operating income to the revenue line.

Asia-Pacific

Australia remains region's main revenue driver

At EUR 76.0 million, revenue in Asia-Pacific fell by 8.9 percent in fiscal 2023 (2022: EUR 83.4 million). When adjusted for currency effects, this corresponds to a drop of only 2.2 percent relative to the previous year. Overall, the region accounted for 2.9 percent of the Group's total revenue (2022: 3.7 percent).

As in the previous year, growth in the region was primarily driven by positive business development in Australia. The Group continued its strategy of expanding the dealer network and partnerships with independent rental companies in this market and stimulating demand with a product portfolio tailored to the needs of the local market. Whereas the Australian market was able to continue the previous year's dynamic pace of growth in the first half of 2023, the economic climate negatively impacted this region too throughout the second half of the year.

The market environment in China remains challenging for the Wacker Neuson Group due to increased price pressure in a contracting construction equipment market. The machinery produced at the Chinese plant is, however, increasingly being exported to less-regulated markets such as Africa, Australia and South America. The production location in China is therefore beneficial to the Group and is an important part of market expansion in this region.

Demand in the Southeast Asian countries and in India was still generally very positive at the start of 2023. As the year progressed, however, these markets also began to slow down considerably, resulting in a drop in revenue compared to the previous year.

EBIT in the Asia-Pacific reporting region (before consolidation) fell by 70.5 percent relative to the previous year to EUR 3.1 million (2022: EUR 10.5 million).

Investments in Asia-Pacific during the year under review amounted to EUR 0.7 million (2022: EUR 0.0 million). For further information on this, refer to the "Investments in fiscal 2023" table on page 47.

INVESTMENTS IN FISCAL 2023

	Europe (EMEA)	Americas	Asia-Pacific (APAC)
Land and buildings	11.1	3.9	0.1
Machinery and equipment	9.8	2.8	0.1
Office and other equipment	22.6	0.9	0.2
Payments on account / Assets under construction	73.3	4.1	0.1
Capitalized development projects	24.3	2.1	0.2
Other intangible assets	7.8	0.1	-
Total	**148.9**	**13.9**	**0.7**

Segment reporting by business segment

- Renewed revenue growth in both product segments
- Demand for products in the zero emission portfolio continued to develop positively in 2023

In addition to geographical segmentation, which is relevant for corporate governance, the Group also breaks revenue down according to business segment (light equipment, compact equipment and services).

Light equipment

The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, compaction and worksite technology. Production is synchronized with demand and delivery times are typically short. As a result of general supply chain issues, delivery times for the Wacker Neuson Group were still significantly higher in the previous year. From the middle of 2023, such problems were rare occurrences and this allowed the Group to reduce its higher-than-average order backlog during the year. Light equipment is manufactured in Germany, the US, China and, since 2022, Spain.

The Group distributes a range of light equipment products tailored to local markets in Asia and other emerging economies such as South America and Africa (Value Line). Since the middle of 2018, these machines have primarily been manufactured at the Chinese plant in Pinghu.

REVENUE DISTRIBUTION IN 2023 BY BUSINESS SEGMENT[1]
AS A % (PREVIOUS YEAR)

[1] Consolidated revenue before cash discounts, differences attributable to rounding.

Revenue in the light equipment segment increased by 1.0 percent in 2023 to EUR 525.9 million (2022: EUR 520.9 million)[1]. Adjusted for currency effects, this corresponds to a rise of 3.7 percent. The segment's share of total revenue[1] decreased to 19.7 percent (2022: 23.0 percent). The Enar Group, which was acquired in 2022, contributed to Group revenue over a full fiscal year for the first time in 2023. Its contribution only covered the period from June to December in the previous year.

Market demand for the Group's soil compaction technology products remains strong, with rammers and rollers performing especially well. Demand was also still good in the areas of concrete compaction and worksite technology. Growing demand for worksite technology products was still evident, especially in the North American market.

Demand for products from the zero emission portfolio also developed well during 2023. At the end of 2023, the light equipment portfolio covered 15 products, including rammers, vibratory plates and the ACBe internal vibrator with battery converter backpack. Although the zero emission portfolio's share of total revenue is still in the single-digit range at present, certain zero emission products have captured double-digit shares of revenue within product groups. In particular, rammers and vibratory plates from the zero emission product program have already achieved a clear double-digit million euro share in the comparable product categories in recent years, with demand rising all the time. Revenue growth in 2023 was again in the double-digit percentage range.

Compact equipment

The compact equipment business segment covers machinery targeted at the construction, agricultural, gardening and landscaping, municipal, recycling and manufacturing sectors. The portfolio includes excavators, wheel loaders, telescopic wheel loaders, skid steer loaders and telehandlers as well as wheel and track dumpers and backhoe loaders weighing up to 15 tons. The Group also offers special attachments and accessories for products in this segment. The Group produces most of the machinery in Germany and Austria. Skid steer loaders are produced in the US. Since the start of 2018, excavators have also been produced in China in addition to Austria. Financing options for customers remain an important success factor in the compact equipment segment. The Wacker Neuson Group is extending its offering here to more international markets and collaborating with strong, independent financing partners.

Overall, high demand in the construction and agricultural sectors in 2023 ensured further revenue growth in the compact equipment segment of 26.7 percent to EUR 1,652.9 million (2022: EUR 1,304.6 million). The segment's share of total revenue[1] amounted to 61.8 percent in the period under review (2022: 57.5 percent).

The Group reported gains across all key product groups in the construction sector. Highlights include the continued strong growth of wheel loaders as well as the demand for excavators in particular, which was also fueled by the launch of new products. Whereas Europe also saw strong demand for telehandlers, a continued increase in demand for skid steer loaders was most pronounced in the North American market.

At the end of 2023, the zero emission portfolio included fifteen compact equipment products – ten for the construction sector and five for the agricultural sector. The revenue share of all-electric machines in the product categories which include both an electric and a combustion model was in the double-digit range. Revenue growth was also in the double-digit percentage range again.

With a positive market environment prevailing over large periods of the year, revenue from Kramer- and Weidemann-branded compact equipment for the agricultural sector rose by 46.5 percent to EUR 667.9 million (2022: EUR 456.0 million). Alongside the willingness to invest among landholders, which remained high over the year as a whole, growth was fueled by market share gains in the Group's core markets. Agricultural equipment's share of total revenue[1] increased to 25.2 percent (2022: 20.2 percent).

[1] Before cash discounts.

The agricultural sector is becoming an increasingly important target market for compact equipment for the Wacker Neuson Group. Increasingly global competition for agricultural products is putting pressure on landholders to invest in efficiency-enabling technologies. The Group brand Weidemann already has an established and dense network of dealers – particularly in Central Europe. Alongside this, the Group intends to establish Weidemann as a brand in the agricultural sector in Canada. Weidemann was able to expand its dealer network again in the year under review. Kramer's agricultural sales network is also continuing to expand. To support this, Kramer entered into a partnership with the US agricultural equipment manufacturer John Deere in 2017 for the distribution of telehandlers and wheel loaders for the agricultural market. Annual sales volumes have continuously increased since the start of the cooperation. This allowed Kramer to increase its market share in both wheel loaders and telehandlers. Kramer was able to get numerous dealers on board in recent years in Central European markets, as well as in Southern Europe, the UK and Scandinavia. The first dealers were also added to the network in Eastern Europe. Buoyed by the positive feedback to the strategic alliance in Europe, the two partners decided to expand it to other regions of the world (for further information, refer to → Strategic alliances, page 26).

Services

The Wacker Neuson Group attaches great importance to customer-centric services as well as intensive, individualized support. The Group complements new equipment sales with an extensive range of complementary services. The services segment covers the business fields of repair, service and spare parts, used equipment, financing, telematics solutions, e-business and flexible rental solutions in some European markets. The services segment also encompasses limited sales of third-party equipment, including for example the resale of trade-ins.

Demand for rental equipment continued its positive development in 2023 and product availability in the rental fleet was improved again following widespread selling off of inventory in the previous year. In addition, the service business including maintenance and repair services and the high-margin spare parts business also experienced good growth. With a view to further optimizing the worldwide availability of spare parts and offering even better service to its customers, the Group commissioned a new logistics center near Koblenz, Germany, with a total storage footprint of 55,000 square meters. In the future, it will serve as the central European hub for future-proof spare parts deliveries.

Installation of the warehouse equipment commenced after the handover by the developer in the second quarter of 2023. The logistics center is scheduled to become operational in Q2 2024 and around 130 jobs are due to be created at the carbon neutral facility.

Revenue[1] in the services segment rose by 12.0 percent to EUR 494.5 million in 2023 (2022: EUR 441.6 million). Adjusted for currency effects, revenue rose 12.4 percent. Due to the performance of the light and compact equipment segments, the services segment's share of total revenue[1] decreased to 18.5 percent (2022: 19.5 percent).

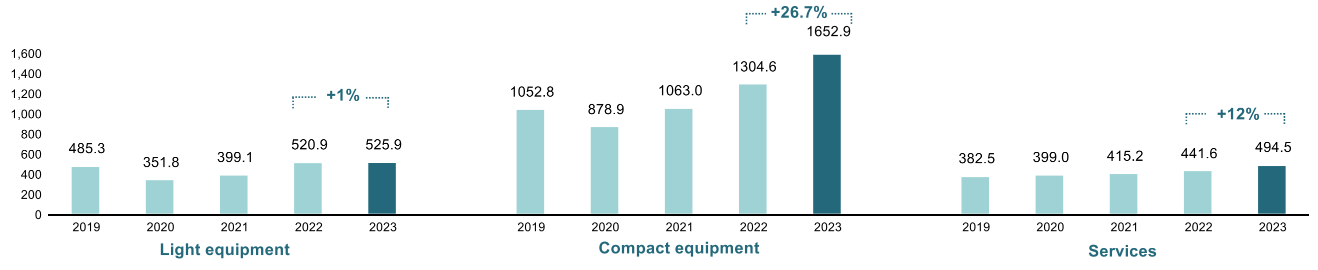
Growth in the spare parts business is partly attributable to the optimization of spare parts availability for customers. To this end, the centralization of spare parts and the implementation of global inventory management had already been completed in 2020. Alongside this, the roll-out of the ePartner ordering platform continues on a steady path, with the result that almost all dealers and also key accounts can now place their orders for new equipment and spare parts electronically.

One of the Group's objectives is to offer its customers maximum flexibility when it comes to product choice. By offering its own rental fleet in selected European countries, the Group can quickly make equipment available – as and where it is needed. The Group's service offering also focuses in particular on medium- and longer-term solutions, re-rentals, hire-purchase agreements and a broad selection of relatively new used equipment. Supplementing this, the Group offers customers trade-in deals on used equipment. Wacker Neuson reconditions these second-hand machines where economically viable and places them on the used equipment market. The rental business recorded growth again in fiscal 2023. As a result of the long delivery times for new machines, there was also high demand for used equipment from the rental portfolio.

The traditional repair and service business developed at a stable rate overall in 2023. With customers prioritizing investments in new equipment, demand for services like maintenance and repair remained at more or less the same level.

DEVELOPMENT BY BUSINESS SEGMENT 2019–2023[1]

IN € MILLION



[1] Revenue before cash discounts.

Development of the compact business in particular accommodates the growing demand for financing solutions among customers. The Wacker Neuson Group is extending its offering here to more international markets and collaborating with strong, independent financing partners.

Growing importance of digital services

The Group is continuing to expand its digital service offering. Trends like digital connectivity to integrate customers into different business processes are key to adding further value to the Group's products. In the digital servicing and machine networking space, new features and services have been added to the EquipCare telematics solution and the Group continued to roll it out across all brands and regions (see → Other factors that impacted on results: Sales, service and marketing, page 55).

Other factors that impacted on results

RESEARCH AND DEVELOPMENT

	2023	2022	2021	2020	2019
R&D costs (€ million)	63.7	50.1	45.5	32.5	36.9
R&D costs (as a % of revenue)	2.4	2.2	2.4	2.0	1.9
Capitalized expenses (€ million)	29.0	28.5	29.3	31.7	26.3
Capitalization ratio as a %	31.3	36.3	39.2	49.4	41.6
Amortisation and write-offs on capitalized expenses (€ million)	16.3	13.8	16.7	15.9	11.2
R&D costs incl. capitalized expenses (€ million)	92.7	78.6	74.8	64.2	63.2
R&D share incl. capitalized expenses (as a % of revenue)	3.5	3.5	4.0	4.0	3.3

Research and development

- R&D forms fundamental pillar of corporate philosophy
- Continuous expansion of battery-powered light and compact equipment offering

Research and development as the foundation for long-term success
Research and development play a key role in the success of the Wacker Neuson Group. In fiscal 2023, R&D costs (including capitalized expenses) were once more higher than the previous year at EUR 92.7 million (2022: EUR 78.6 million). The R&D ratio expressed as a percentage of revenue was the same as the previous year at 3.5 percent (2022: 3.5 percent).

The Wacker Neuson Group actively protects its innovative products and processes against unauthorized imitations through patents and utility models. In the fiscal year 2023, the Group filed 69 new patents and utility models around the world (2022: 60), and 64 patents and utility models were granted (2022: 70). In total, the Wacker Neuson Group owns over 301 patents and utility models worldwide (2022: 251).

Focus on environmentally friendly products, reducing emissions is a key priority
The Wacker Neuson Group believes that its products can make a contribution to reducing emissions. Reaching beyond its obligation to continuously adapt and evolve its portfolio in line with regulatory requirements, the Wacker Neuson Group has made a conscious decision to develop a broad offering of environmentally sound products and services.

Looking past the reduction of exhaust emissions, the Wacker Neuson Group's eco-efficiency and energy efficiency activities are also key levers in the drive to develop an even more environmentally friendly and safer product portfolio in the future. This includes the development of new control systems for optimizing drive technologies in machines. Functions such as energy-saving mode reduce fuel consumption and improve energy efficiency. Examples of this include the efficient electric powertrain with integrated ECO mode in the new electric wheel loaders as well as the new battery-electric telescopic handler. The Group's engineers also focus on developing new drive concepts and standardizing components used in different models, modules and product groups.

Broad portfolio of battery-powered light and compact equipment
The strategic lever of zero emission solutions is part of Strategy 2030 and also hardwired into the Group's product and technology roadmap for the coming years. With its zero emission product line, the Wacker Neuson Group offers a broad portfolio of electrically powered light and compact equipment. This includes battery-powered rammers, vibratory plates and rollers for soil compaction, internal vibrators for concrete compaction, track and wheel dumpers, a hybrid mini excavator and an all-electric mini excavator and various all-electric models of our wheel loaders and telescopic handlers for the construction and agricultural industries. The start of production (SOP) for two wheel loader platforms and one telescopic handler platform using a common 96 V architecture marks an important milestone as it means that the next highest power classes of construction equipment are able to go electric. The expansion of the kit offering to include batteries, inverters and electric motors lays the foundation for further product developments and additions to the portfolio in several product groups in coming years. In addition, Wacker Neuson offers flexible construction site power supply solutions as part of the zero emission ecosystem, including batteries and charging infrastructure.

The company's zero emission product portfolio paves the way for emissions-free, low-noise construction work in noise-sensitive environments such as residential zones, tunnels, underground car parks and indoor areas. Not only do the products in this range offer enhanced protection for users and the environment, they also require less maintenance and have lower operating costs than equipment powered by conventional drives.

Zero emission solutions are already an attractive addition to fleets for both end customers and rental companies. Sales of battery-powered products are growing although they still account for a comparatively small share of the Group's total revenue. Wacker Neuson believes that alternative drive concepts will play a key role in the future of the construction and agricultural equipment industries and invested in this area again in 2023. In light of the ambitious goals set out in the EU's Green Deal, the Group also expects the construction sector to be subject to more stringent regulations over the coming years. Enabled in part by the further advancements in battery technologies currently anticipated, battery-powered light and compact equipment is expected to experience a strong increase in market uptake. The Wacker Neuson Group therefore aims to systematically continue on its chosen path and steadily expand its team of development experts in this area over the coming years. Modularization plays an important role in new product development at the Wacker Neuson Group. The batteries for the Group's existing electric vibratory plates, rammers and high-frequency internal vibrators, for example, are all interchangeable. This solution saves customers money and is also beneficial for the environment as it means that fewer batteries are required overall.

The importance of product safety, user protection and ergonomics

Customer safety is a top priority for the Wacker Neuson Group. The Group aims to deliver machines that are easy to use, do not pose any risk to the operator and provide the best possible support for construction site workflows. The Wacker Neuson Group continuously improves user safety by making technical modifications to existing products and developing new, innovative products such as the new EW100 wheeled excavator. Designed for optimum visibility, this machine was developed with the operator's needs firmly in mind. The right tire is clearly visible in the normal sitting position, for example, which improves safety for both the driver and anyone in the vicinity. This enhancement makes the EW100 safer and more maneuverable, particularly on the road and in tight spaces on the construction site.

Looking beyond functional design, development work also focuses heavily on operator ergonomics. The Wacker Neuson brand is the only provider to offer excavators equipped with the Vertical Digging System (VDS), for instance. The six models in this range come into their own wherever there is a need to navigate differences in surface height, such as when working on slopes or across the edge of curbs. This innovative concept means operators can continuously tilt the vehicle's superstructure at the push of a button, which allows them to compensate for gradients of up to 27 percent while still working in an upright position, thus minimizing fatigue.

Also new are the premium models of the 8-series wheel loaders for the Kramer brand, with SOP scheduled for Q1 2024. Improvements to hydraulics, electronics and drive system architecture will deliver fuel savings of over 10 percent along with better productivity and performance.

In addition, our experts are analyzing alternative drives other than battery-electric to assess their suitability for use in our products. The focus here is primarily on the use of alternative fuels. For the past few years, the Wacker Neuson Group has been carrying out an initial field test – to rule out any technical problems – in which its products have been operating using hydrotreated vegetable oil fuel (HVO fuel). As a result, starting in 2024, all machines produced at the German plants will be filled with HVO fuel instead of conventional diesel ex works, and HVO fuel is approved for use in our products by end customers. This move will significantly reduce the operating CO_2 emissions of the machines.

New products and innovations in 2023[18]

In 2023, the Wacker Neuson Group launched numerous innovations tailored to the different needs of customers worldwide and their country-specific requirements.

The Wacker Neuson brand

In 2023, the Wacker Neuson brand further expanded its zero emission portfolio. This range includes all the battery-electric light and compact equipment needed to operate an urban construction site without any direct emissions.

One recent addition is the DT05e track dumper, which has a payload of up to 500 kilograms. With its compact dimensions, the smallest Wacker Neuson-branded zero emission dumper is ideally suited to maneuvering and operating in confined spaces. Customers can choose a model with either a front-tip or high-tip skip. Another new addition to the portfolio are the first electric rollers from the Wacker Neuson brand. The RD24e and RD28e have an operating weight of around 2.5 and 2.8 metric tons and a drum width of 100 and 120 centimeters respectively. The rollers are powered by the same proven lithium-ion battery installed in the EZ17e excavator, which provides up to 3.5 hours of operation. The machines can be charged quickly and easily at any 230 V or 400 V socket.

In fall 2023, the first electric telehandler, the TH412e, was added to the zero emission range. It boasts a lifting height of 4.5 meters and the built-in 96 V lithium-ion battery is available in two different capacities so that customers can choose the option that best suits their charging and operating time requirements. The telehandler has a battery management system (BMS) to monitor the lithium-ion power source, improve its efficiency and safety, and prevent a deep discharge.

As an addition to the already proven WL20e model, 2023 saw the introduction of the WL28e wheel loader as a larger and more powerful electric machine for material transport. Three maintenance-free lithium-ion batteries are available to cover different runtime requirements. Like the TH412e telehandler, it features an integrated battery management system. Both the WL28e wheel loader and the TH412e telehandler have flexible charging cable options. In combination with the on-board charger, this guarantees an efficient and safe charging process.

The Wacker Neuson brand is focused on creating an entirely emission-free construction site that includes charging infrastructure as well as machines and equipment. This is what inspired the Charging Box – a new mobile power bank solution for the construction site. Its integrated lithium-ion battery ensures a steady stream of power. The Charging Box can store 25 kWh of energy and it has an output of 50 kVA. This means that plugged equipment with a high starting current can be operated with no problem.

Another new product launched in 2023 was the EZ26 track excavator. The new generation of the Zero Tail excavator delivers a further improvement in power and digging performance. In addition, its lightweight design means that it can be transported on a car trailer, along with its attachment. The wide field of vision from the cab also improves safety for the operator and around the building site, ensuring a constant overview of the working environment.

The year 2023 also saw the introduction of new digital service solutions. The Smart Glasses mixed reality headset has already been in use for some time in South Africa. When equipped with the Smart Glasses, a sales partner's service technician on a call to a customer can establish a live connection with technical experts in one

[18] Section not related to the Management Report

of the Group's branch offices to share their view of the machine or else view the support provided on the expert's screen.

New additions to the range are the 4 stroke rammers BS62-4 and BS68-4. These machines deliver better compaction performance due to a higher ramming frequency and impact force. The efficient air filter with a large filter area provides a very reliable filter efficiency with high-capacity and thus a consistently high engine output. The two models also have an optimized guide handle for optimum balance during use and improved ergonomics during operation.

Another innovation from 2023 is the new DV45 Dual View dumper, the smallest model in the range. The rotatable cabin means that the operator can as required switch between the direction they are driving and where the work is being done. In the new DV45 model, the electro-hydraulic cab is even easier to rotate with the press of a button on the joystick. In Multi View mode, where the cab is rotated 90 degrees to the side, the operator has a clear view directly to their side when performing tasks like backfilling trenches.

In 2023, the DW20, DW30, DW40, DW60 and DW90 dumpers were completely remodeled. New features like the washer for the front- and rear-view cameras, seatbelt monitoring including start release, skip and tilt monitoring and the hill-hold and auto-stop function are now available for the wheel dumpers with a payload of two to nine metric tons. In addition, some of the Wacker Neuson-branded dumpers have been available with the Active Sense Control option since the end of 2023. This means that the dumper reduces its speed automatically or even comes to a complete standstill if there is a risk of a collision. The system plots the travel trajectory and speed against the surrounding area and automatically slows the dumper down if it detects an obstacle ahead.

The Kramer brand

Electromobility is also playing an increasingly important role for the agricultural and construction equipment products of the Kramer brand. One reason for this is that operators can use self-generated electricity. The use of electric machines not only reduces CO_2 emissions, but also keeps noise emissions to a minimum. In environments where noise is an issue, such as stables or holiday farms with large numbers of visitors, electric wheel loaders and telehandlers are the ideal solution as they eliminate much of the nuisance for people and animals alike when working in stables, farm buildings, warehouses or greenhouses.

Kramer currently has two electric machines in its portfolio – the KL25.5e/5065e wheel loader and the KT144e/1445e compact telehandler. Both are equipped with a 96-volt lithium-ion battery for an operating time of up to four hours.

The new design of Kramer's KL25.5e/5065e electric wheel loader has a flattened engine hood/battery cover for an improved view and better visibility. With its compact dimensions, the wheel loader is optimally suited for forklift and bucket operation in confined farmyard or construction site spaces. The electric wheel loader has a tipping load of 1,750 kg and an operating weight of 3,800 kg.

The electrically powered KT144e/1445e telehandler measures less than 2 meters in height and is just 1.60 meters wide. This makes it especially useful in buildings with low ceilings or in underground car parks. The telehandler has an operating weight of 3,250 kg. The maximum speed of this electric machine is 25 km/h and there is a choice of two battery capacities: 18 kWh or 28 kWh.

All of Kramer's electric loader models also now have a new charging concept and the charging capacity of the on-board charger has been significantly increased. Improved accessibility of the charging plugs has been implemented on both the wheel loaders and the telehandlers. The standardized Type 2 connector familiar from electric cars has now been integrated into the design.

Efficient, fuel-saving and modern are the best words to sum up the new 8-series wheel loaders and telescopic wheel loaders introduced in 2023 (KL36.8, KL38.8, KL41.8, KL43.8, KL33.8T and KL37.8T). Depending on the model, the tipping load ranges between 3,650 and 4,250 kilograms. All models feature a 55 kW / 75 hp Deutz engine as standard. A 74.4 kW / 100 hp engine is available as an option for the KL41.8, KL43.8 and KL37.8T models. The newly developed drive system offers four driving modes (Power, Eco, Road, CSD). Regardless of whether the task is stacking, mucking out or sweeping, the operator can choose the setting that makes their work as efficient and fuel-saving as possible. The Load Sensing Flow Sharing feature ensures an even supply of hydraulic oil to the individual control circuits. This means that several functions can be performed at the same time regardless of load, e.g. lifting, extension of the telescopic arm and dumping. The cabin has also received a complete re-design with two full-access entry and exit points on each side.

The folding armrest with joystick and function buttons is installed at the driver's seat and can easily be adjusted lengthwise to the driver's preference. The optional 7-inch display gives access to a whole host of new machine settings and assistance features. For example, a jog dial allows the operator to adjust the joystick sensitivity or the oil supply via the third control circuit.

The smart steering functions allows the driver to reduce the required steering wheel turns for the maximum steering angle. This increases productivity and allows for fast turning maneuvers, especially for Y-cycle work. Two cab variants are available for all 8-series machines. The standard cabin gives the machine a compact height of 2.49 meters (2.69 meters in the KL43.8 and KL37.8T models). With the panoramic version meanwhile, the operator's view is extended in the upwards direction, providing very practical assistance for telescopic work in particular.

The KT276 telehandler also received a facelift in 2023. With dimensions (height and width) below the two-meter limit, this is the ideal machine for small spaces and low clearances. Customers can also choose between two cabin height options: Just under 2 meters for the ultimate in compact dimensions or 2.10 meters for even better all-round visibility. The machine also delivers a payload of 2.7 metric tons and features a 75-hp Kohler engine. A new option is a driving speed of 40 km/h, enabling more productivity in jobs involving longer distances. In addition, since EC tractor approval is available for the machine, it can be used as a towing vehicle on public roads. The brand new cabin design brings improved ergonomic features for the operator. The KT276 now comes with a 7-inch color display with jog dial as an option. As well as showing more information, the display also allows the driver to adjust additional optional functions such as joystick sensitivity and setting and saving the angle display for two attachments. The operator can individually adjust the settings for each application and therefore achieve productivity gains. A particularly useful feature is the Smart Attach fully hydraulic quick-hitch system, which is also now available as an option for the KT276. Smart Attach allows operators to couple and uncouple attachments with an additional hydraulic function, such as a sweeping machine or a silage bucket, in a matter of seconds – without having to leave the cab.

In 2023, the Kramer telehandlers with payloads from 3 to 5.5 metric tons were redesigned with a flatter engine hood. This gives operators a better view to the right-hand side of the machine, thus improving safety during operation.

The Weidemann brand

Weidemann is joining the Wacker Neuson and Kramer brands in the move to zero emission products. In 2023, Weidemann added an electric version of an all-rounder to its portfolio. The all-electric Hoftrac 1390e releases no emissions on site and operates with hardly any noise. This improves conditions for the operator and the working environment alike. The loader is ideal for use in indoor areas and in areas sensitive to noise and emissions. The optional comfort cabin featuring a 4-pillar design with panoramic rear window is very spacious and gives excellent all-round visibility. The machine can be used all year round thanks to the sophisticated cabin heating system. The built-in 96 V lithium-ion battery is available in three different capacity options so that customers can choose the version they need depending on their charging and operating time requirements. It is easy to charge the machine with flexible cable and plug options. Customers can also choose between the tried-and-tested folding protective roof or a cabin. The new 1390e wheel loader has an operating weight of between 2,700 and 3,200 kilograms, depending on the chosen options.

An electric version of the compact T4512 telehandler has also been added to Weidemann's zero emission portfolio. The new T4512e offers customers the usual level of performance with a lifting height of 4.50 meters and a 1.25-metric-ton payload. The electric version of the loader retains the compact dimensions of the conventional machine.

In addition, the Vertical Lift System (vls) – a proven driver assistance system – guarantees high stability even for the electric machine due to automatic extension and retraction of the telescopic arm when lifting and lowering. The electric parking brake with autohold and hill-hold function ensures maximum safety and outstanding comfort whether the machine is moving or stationary. In addition, the braking system recovers energy through recuperation thus extending the operating time even further.

Up to this point, Weidemann had offered two 7-meter models in the large telehandler class, with 3.5- and 4.2-metric-ton payloads. This offering was expanded in 2023 to include the T9535 – a 9-meter telehandler with a lifting height of 9.5 meters and a 3.5-metric-ton payload. The main uses for these machines include heavy-duty material handling, stacking at height, sliding bulk material with a wide reach and everyday filling tasks.

Production, procurement and logistics

- Record number of machines manufactured in 2023
- Continued focus on networking production and supply chain

Continuing supply chain problems hamper production processes worldwide

The Wacker Neuson Group manufactures equipment at a total of eight sites worldwide:

- Reichertshofen, Germany (light equipment)
- Pfullendorf, Germany (compact equipment)
- Korbach, Germany (compact equipment)
- Hörsching, Austria (compact equipment)
- Zaragoza, Spain (compact equipment)
- Menomonee Falls, USA (light and compact equipment)
- Pinghu, China (light and compact equipment)
- Kragujevac, Serbia (Group's internal supplier of steel construction components)

Production volumes increased significantly in the first half of 2023 even though supply chains were still strained and repeatedly disrupted at the start of the year. This was achieved by adjusting production programs at short notice depending on the availability of materials. Production stabilized again when the materials availability situation improved from the second quarter of 2023. As a result, the Wacker Neuson Group produced more machines in 2023 than in any other year of its 175-year history.

Material, component and shipping costs stabilize

Under cost of sales, the cost of materials and third-party services constitute major cost items. To manufacture its products, the company requires various components and raw materials – particularly steel – and also steel construction components, precast and forged parts as well as engines, electrical/electronic components and hydraulic and chassis components. The Group remains sensitive to price developments in steel, energy and engines in particular. Material prices initially continued to increase at the start of 2023. They gradually decreased in the course of the year, however, and turned out to be stable overall compared to the previous year. Dual sourcing, i.e. cooperation with a number of suppliers, remains an important strategy to optimize material availability and material prices.

Sustainable management of suppliers

The Group is committed to continually auditing suppliers to ensure the quality of parts supplied by third parties and to secure reliable deliveries from new and existing suppliers. The Group works closely with suppliers from initial selection through nomination to series production. For new projects, it works with suppliers that best meet its requirements regarding quality, delivery capabilities, sustainability and cost. To ensure suppliers can continue to meet the quality requirements of Wacker Neuson, the Group regularly carries out supplier audits.

Continued focus on the alignment of production and supply chains

Over recent years, extensive adjustments were made to the Wacker Neuson Group's planning processes and underlying IT systems in order to further optimize the Group's value chains. A key milestone here was the further development of the SAP IBP supply chain planning solution, which will gradually allow an integrated approach to sales and production planning to be expanded to all operative companies across the Group. This enables precise, transparent sales planning across all sales affiliates, including a clear overview of the development of global inventory. Deviations from planned target values can be identified more quickly than previously, allowing countermeasures to be implemented where necessary. The production facility at the Reichertshofen location was fully integrated into SAP IBP in 2023.

This systematic alignment of sales requirements with production and supplier capacity will improve the Group's delivery capabilities, including its ability to deliver on time, while at the same time optimizing average inventory levels held by the Group. The Group is also aiming for ever-tighter alignment between production and supply chain through intensified supplier management and targeted supplier auditing and development.

In its code of conduct, the Wacker Neuson Group and its employees commit to conducting themselves in a legal, ethical manner in their business dealings. These are described in the mission statement of the Wacker Neuson Group. The Group also expects its suppliers to comply with legal regulations and the principles set out in the Wacker Neuson Group's ethics guidelines. These are described in the code of conduct for suppliers https://wackerneusongroup.com/en/group/compliance

Investments in further growth
The Group continued to invest in its production network in 2023. Particular emphasis was placed here on automation and efficiency gains. In 2023, work got underway to install automated small parts storage facilities at the European production locations and this project is scheduled for completion in 2024. The internal steel component supply facility in Kragujevac plans to install robots and, in particular, collaborative robots – known as cobots – in 2024. Roof-top photovoltaic systems were installed at several production locations and these will reduce both electricity costs and CO_2 emissions over time. Preparations are underway at the Linz and Menomonee Falls locations for the manufacture of machinery under the John Deere brand from 2025.

Digitalization in production plants
The Wacker Neuson Group's digitalization efforts, which are firmly anchored in the corporate strategy, have defined the deployment of new technologies in production as a key enabler. The Group has launched a range of smart factory initiatives here, including assistance systems in assembly, production and intralogistics processes as well as a digital fault and quality management system. The introduction of the ERP software solution SAP S/4HANA from 2024 forms an additional foundation for further digitalization measures in the future.

Sales, service and marketing

- Marketing via diversified sales channels
- Growing importance of digital solutions

The Wacker Neuson Group puts customers at the heart of everything it does. As such, the marketing and sales activities in every area of the company are tailored towards the specific needs of the company's target groups.

Staying close to customers also means maintaining ongoing communication. The Wacker Neuson Group uses various communication channels to provide different target groups with up-to-date information on its products and services. These channels include the brand websites, the Group website, social media channels, newsletters, conventional print brochures and articles in the trade press.

In 2023, the Wacker Neuson Group celebrated its 175^{th} anniversary. This milestone was marked in a number of ceremonies across locations and brands, and celebrated through marketing activities and events throughout the year.

Global sales network – diversified sales channels
The Wacker Neuson Group's corporate structure enables an organization with decentralized responsibility, capable of responding quickly, collaboratively and unbureaucratically to the needs of sales partners and customers. Sales structures are aligned with local market dynamics, and different brands and channels are used to market Group products and services. The Weidemann and Kramer brands are almost exclusively distributed by dealers and importers. For the Wacker Neuson brand, however, the Wacker Neuson Group maintains a network of direct sales and service stations in nine European countries alongside its dealer network. This network of direct sales and service stations offers customers a wide range of flexible rental, sales and service solutions. The Group also distributes its products and services via large rental companies and retail chains.

In a number of markets, the Group has local sales affiliates that support and advise customers and dealers. The Group continually optimizes its market- and customer-specific sales network in order to consolidate and further expand its position in different markets.

Diverse customer base
The Group's products and services are targeted at a broad range of customers in order to spread economic risk and drive further growth. The Group's end customer base includes construction companies, gardening and landscaping firms, rental firms, the agricultural sector, municipal bodies and recycling companies as well as rail transport and manufacturing companies. This makes the company less dependent on industry-specific cycles.

Partnerships with market leaders
To further extend its market reach, the Wacker Neuson Group maintains sales partnerships with selected market leaders. For detailed information on the Group's collaborations, refer to → Strategic alliances, page 26

Digitalization in sales

The Wacker Neuson Group aims to make everyday working life easier for its customers through digital solutions. Dealers and customers can use the online ordering and information platforms ePartner and eStore around the clock to find out more about products, spare parts and accessories, check their availability, configure compact equipment and place orders for equipment and spare parts. Implementation of ePartner was successfully completed for the Weidemann brand in fiscal 2021, and for the Kramer brand in fiscal 2022. Roll-out for the Wacker Neuson brand continued to progress in 2023, including in the Netherlands.

The Smart Glasses mixed-reality headset, which connects service technicians live with experts who can lead them through technical diagnosis and problem-solving with visual support, was a new digital solution introduced in 2023. EquipInspector was another tool developed to support quick and efficient servicing of machines. This platform creates a digital record of machine status and any service guidance required for maintenance or repair and it marks an initial step towards developing a comprehensive workshop information system. In the future, service-related information will be available here in one place, giving service technicians a comprehensive real-time overview.

When developing new products and services, the Group focuses on innovations with the ability to contribute to the business success of its customers. It attaches great importance to close collaboration with its customers to ensure it understands exactly what they need. Customers are invited to “Voice of Customer” workshops at both the early and main stages of product development. These events provide a hands-on opportunity for participants to test equipment and machines and for Wacker Neuson to capture suggestions for improvement.

Individualized solutions and customer-centric strategy

The Wacker Neuson Group offers its customers across the world a range of training courses covering service, product and sales topics. Course offerings are aimed at its own sales and service employees as well as dealers, rental companies and end customers in different industries. Service, product and sales training takes place at the academies in Reichertshofen and Menomonee Falls, at the production facilities in Pfullendorf, Korbach and Pinghu, China, and increasingly also virtually. Customers and dealers were able to test machines in person at the Wacker Neuson Universe event and at testing events organized by Kramer. In September, customers and dealers from the EMEA region gathered for an event in Reichertshofen. Over several days, “175 Years of Wacker Neuson” provided opportunities for direct engagement and presentations of the innovative solutions that have revolutionized work on the construction site since the foundation of a blacksmith’s shop in 1848. Two international dealer and customer events were also held at Kramer. These provided opportunities to experience the Kramer spirit and the brand’s products at first hand while strengthening relationships.

Human Resources (HR)

- Wacker Neuson Group strives to create open corporate culture that values and respects individual effort
- Number of employees continued to rise again in 2023

Satisfied employees are the foundation for the company’s success

Wacker Neuson, Kramer und Weidemann employ around 6,600 people worldwide, all of whom are key to the Group’s success and long-term growth. To develop employees’ technical/commercial and soft skills and to ensure its people retain their enthusiasm for their work, the Group strives to create optimum working conditions and offer attractive salaries in an open corporate culture that values and respects individual effort.

The Wacker Neuson Group firmly believes that happy, engaged employees are more productive and achieve better results. The company is therefore committed to promoting wellbeing in the workplace. Aspects like work/life balance, attractive work conditions, wide-ranging career development opportunities and a common management culture are key requirements to boost the motivation and performance of our employees and build employee loyalty to the company.

The Wacker Neuson Group attaches great importance to being a family-friendly employer and to supporting employees in achieving the right work-life balance. Measures here include the option of remote working, new forms of childcare support, such as kindergarten allowance or supervision during the summer holidays, flexitime models and different part-time working options. Employees who are able to carry out their contractually agreed tasks remotely are – in consultation with their line manager – still allowed to avail of this option even after the end of the coronavirus pandemic. Measures have also been taken, however, to make going into the workplace attractive again, for example new space designs or new personal interaction formats. This establishes a framework for all employees to deliver their best performance while still allowing flexibility.

To ensure it remains competitive in the future, the Wacker Neuson Group needs committed, skilled employees. An extensive portfolio of training and talent development courses provide opportunities for lifelong learning. For detailed information on training and talent development opportunities, and the Wacker Neuson Group’s role as a responsible employer, refer to the 2023 non-financial Group report on the corporate website: → https://wackerneusongroup.com/en/investor-relations

At the December 31, 2023 closing date, the Group employed 6,579 people (2022: 6,301). The number of temporary workers decreased relative to the prior year’s closing date to 346. This corresponds to a ratio[19] of 5.0 percent (2022: 499; 7.3 percent). In this report, the number of people working for the company is converted into full-time equivalents.

As of the closing date, 5,817 employees were based in Europe (2022: 5,572). There were 578 people employed in the Americas

[19] Calculation: Number of temporary workers (as FTEs) / total workforce (as FTEs)

region (2022: 547), and 184 in the Asia-Pacific region (2022: 182). In the previous fiscal year, 57.4 percent of employees worked in production, 23.2 percent in sales and service, 9.7 percent in administration and 9.7 percent in research and development.

Personnel costs amounted to EUR 505.8 million in 2023 (2022: EUR 426.7 million). For detailed information on personnel costs, refer to the Notes to the Consolidated Financial Statements → item 3

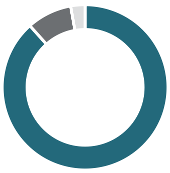
EMPLOYEES BY SECTOR

AS A %

Differences attributable to rounding.

HEADCOUNT BY REGION

AS A %



Differences attributable to rounding.

GROUP EMPLOYEES AS OF 31 DECEMBER

	2023	2022	2021	2020	2019	2018	2017
Employees	6,579	6,301	5,506	5,200	5,654	5,370	5,064
incl. temporary workers	6,922	6,800	5,992	5,554	6,056	6,190	5,546

Number of full-time equivalents (FTE). Differences attributable to rounding.

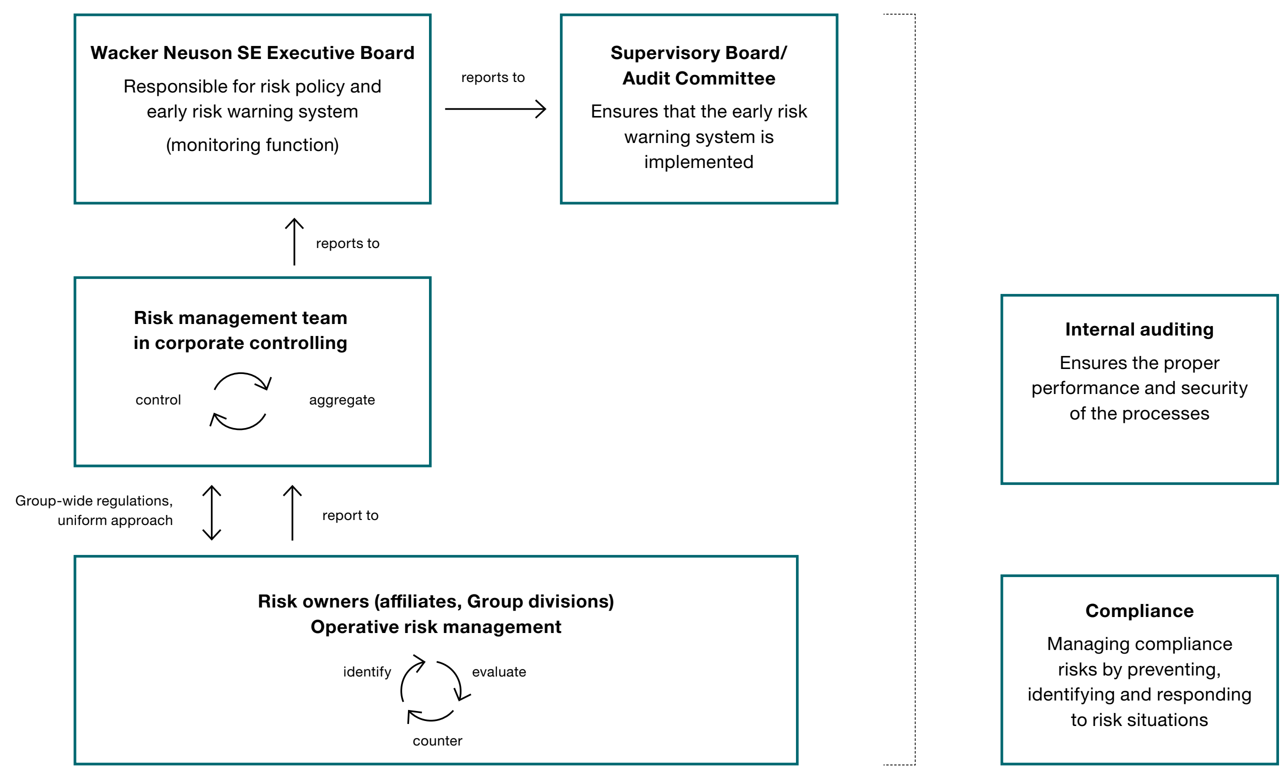
Risks and opportunities report

As Wacker Neuson SE is fully affiliated with the companies of the Wacker Neuson Group through its direct and indirect shareholdings in Wacker Neuson Group members, the risk situation facing Wacker Neuson SE is mainly determined by the risk situation facing the Wacker Neuson Group. The statements evaluating the overall risk situation for the Group made by the Executive Board therefore also summarize the risk situation facing Wacker Neuson SE.

Presentation of the internal control and risk management system including information in accordance with Section 315 (4) and Section 289 (4) HGB plus an explanatory report from the Executive Board

Risk reporting activities include presentation of the company's risk management goals and methods in the Management Report. Furthermore, the key steps involved in the internal control system and the risk management system in relation to the (consolidated) accounting process must be described in detail pursuant to Section 315 (4) and Section 289 (4) HGB. Since the internal control system is an integral part of the overall risk management system, the Executive Board has decided to present both together. These disclosures are explained in more detail, including in relation to the financial accounting process.

CONTROL AND RISK MANAGEMENT



[1] In accordance with Section 317 (4) HGB: In a listed stock corporation, the audit should evaluate whether the Executive Board has met the obligations set down in Section 91 (2) AktG to a suitable degree, and whether the monitoring system to be set up on that basis is fit for purpose.

Risk management system

The Group-wide risk management system serves as an early-warning safety net that identifies, assesses and appropriately communicates risks and enables the Group to implement corresponding counteractive measures in good time. In this context, the Group carefully monitors the possible emergence of risks to its continued existence as a going concern. This calls for the reliable identification, evaluation and monitoring of all risks that may prevent this goal from being achieved.

The risk management system includes a planning process for each of the core business segments as well as a comprehensive Group reporting system covering all affiliates, which is regularly analyzed, discussed, evaluated and presented to all decision-makers. The risk management system also covers process definitions for all business segments, Group auditing and compliance.

The risk management handbook outlines the company's risk policy in terms of defining, assessing and quantifying potential risks, and the structure and workflow of the risk management system. It also assigns roles and responsibilities for identifying, analyzing, monitoring and communicating risks. This allows the company to take suitable measures to actively counteract known risks. Risk owners immediately report any risks that have been identified to the Corporate Controlling department. Following completeness, interdependency and plausibility checks, the risks identified are recorded in a risk database and made available to those responsible. Risks are aggregated by consolidating individual risks reported and mapping them to group risks. High-risk ratings are directly reported to Executive Board members. The Executive Board regularly informs the Supervisory Board about known risks.

The risks are then assessed using both quantitative and qualitative methods that are uniform throughout the Group, allowing comparison across the various business segments.

The Group's risk capacity is measured as a function of the equity position on the consolidated plan balance sheet, verified on the basis of the quarterly forecasts and revised if necessary. This balance sheet item is the main criterion for assessing the existence of risks to the Group's ability to continue as a going concern. The aggregated risks are benchmarked against the risk capacity at least every quarter and at year-end.

In view of the entry into force in 2021 of the German Act on the Stabilization and Restructuring Framework for Businesses (StaRUG) and the Financial Market Integrity Strengthening Act (FISG) and the stricter legal requirements in relation to risk management introduced by these laws compared to the Act on Control and Transparency in Business (KonTraG; Section 91 (2) AktG), the Wacker Neuson Group decided to further develop its own risk management system. In accordance with the requirements of Section 1 StaRUG, "continuous" monitoring of all material risks which, individually or in combination with each other, could lead to developments that could jeopardize the continued existence of the company, is guaranteed. An independent expert has confirmed the implementation of the requirements under Section 1 StaRUG.

Please refer to the Notes to the Consolidated Financial Statements for further information on the risk management system (→ item 33).

Key features of the internal control system and the risk management system in relation to financial accounting plus related disclosures

The internal control system covers the basic principles, processes and measures required to ensure effective, efficient, due and proper performance of financial accounting processes in compliance with the relevant legal guidelines. This also includes the internal auditing system, to the extent that it relates to financial accounting. As part of the risk management system, the internal control system – similar to the auditing system – draws on appropriate control and monitoring processes for financial accounting. This refers in particular to items on the balance sheet recognizing the company's risk hedging positions.

The Wacker Neuson Group's internal control and risk management systems in relation to financial accounting can be described as follows:

- Responsibility for financial accounting is clearly defined at the level of Wacker Neuson SE and its affiliates: Responsibility has been vested with the Group accounting, controlling, auditing and treasury departments. Ultimate responsibility for financial accounting lies with the Executive Board. Within financial accounting, in general there is a clear differentiation between booking and auditing financial data.
- Employees involved in accounting are qualified to the highest standards.
- The Group has suitable systems and processes in place for planning, reporting, controlling and risk management, and implements these across the Group. Reports due on a quarterly or monthly basis, financial accounting reports included, enable management to respond quickly to unexpected negative developments.
- The Group-wide procedural guidelines set down in the accounting manual, the tax manual and the treasury manual are accessible at all times to all relevant Group employees. Other regulations such as the rating guide and specific instances subject to second sign-off also apply. These guidelines guarantee uniform handling of similar scenarios throughout the entire Group. They are updated as necessary and aligned with new circumstances and requirements.
- Proven standard software supports accounting functions, and all systems deployed are secured against unauthorized access from third parties.
- Effective controls (including second sign-off and analytical checks) are in place for accounting-related processes (payment runs, for example).
- Processes related to financial accounting are regularly checked by internal auditing.
- Various internal bodies, such as the auditing department or the Audit Committee of the Supervisory Board, regularly review and rate the effectiveness of the internal control and risk management systems in relation to financial accounting processes.

The aim of the internal control and risk management system in relation to financial accounting is to ensure that all company dealings and circumstances are disclosed, calculated and categorized correctly on the balance sheet, and correctly represented in the accounting system. This enables the company to largely avoid accounting errors.

This efficient control process ensures that business transactions are captured, processed and documented in the accounting systems of the company and Group in compliance with commercial law and other statutory regulations, international accounting standards, the Articles of Incorporation and internal Group guidelines, and that these figures are rapidly and correctly recognized in the accounts. The established risk management strategy enables the company to identify risks at an early stage, respond appropriately and communicate them in a timely manner. At the same time, it ensures that assets and liabilities are correctly evaluated and disclosed in the Annual and Consolidated Financial Statements. This provides stakeholders with reliable, meaningful and timely information.

Where possible and economically viable, insurance policies are in place to cover insurable risks.

Risks

This section outlines all key risks that have been identified for the Group and that could, from today's perspective, influence the assets, financials and profit, and/or reputation of Wacker Neuson SE.

Unless otherwise stated, the risks outlined relate to all segments included in Group reporting. If individual risk categories or parts thereof only have an impact on individual segments, this is explained in the corresponding section.

Risk exposure (=value of anticipated damages) is calculated by multiplying possible damages by the probability of occurrence:

RISK EXPOSURE

	Value of anticipated damages
Low	Limited impact, < € 2 million EBIT risk
Medium	Medium impact, > € 2-5 million EBIT risk
High	Significant impact, > € 5-10 million EBIT risk
Very high	Damaging impact, > € 10 million EBIT risk

At December 31, 2023, the following individual risks with a high or very high value of anticipated damages were recognized at Group level:

GREATEST INDIVIDUAL RISKS AT DECEMBER 31, 2023

	Risk exposure	Change compared with previous year
Cyber risks	High	Decreased
Cost shortfall risks	High	Increased
IT system failure risks	High	Increased

According to the company's calculations, there are no individual risks with anticipated damages valued in excess of 10 percent of Group EBIT. The aggregated risks for the Wacker Neuson Group lie below the defined risk capacity threshold.

Individual risks are assigned to the following categories together with their percentage share of overall risk:

DISTRIBUTION OF RISK ACCORDING TO RISK CATEGORY

AS A %

	Percentage share of total risk
Operational risks	57
IT-related risks	19
Financial risks	13
Legal and regulatory risks	6
Technology and development risks	2
Personnel risks	2
Other risks	1

Operational risks – general economic risks, risks in sales and procurement markets

At 57 percent, operational risks account for the largest share of overall risk (2022: 52 percent). Due to countermeasures and balance sheet provisions, the value of anticipated damages (net) shows a decrease of 7 percent.

Compared to the previous year, there is an increased risk of weakening demand and an associated underutilization of costs in production due to subdued global markets against the background of a possible recession. This is associated with a higher risk of price reductions which could be necessary due to deteriorating market conditions. On the other hand, the risks from increased costs of sales fueled by a rise in material prices and from a lack of material availability due to supply chain disruptions have decreased. Increases in shipping costs remain a potential risk, however. Risks in connection with COVID-19 are no longer expected to arise at this stage.

General economic risks

The Group is dependent on the general economic climate and international construction industry trends. The affiliates Weidemann GmbH and Kramer-Werke GmbH are also dependent on developments in agriculture. The international nature of its business means the Group is exposed to a variety of political and economic risks. The ongoing war between Russia and Ukraine and the conflict in the Middle East are having a significant impact on overall economic development in many respects. In addition, there is a risk of a dwindling willingness to invest among Group customers due to higher interest rates.

The mobility restrictions that were introduced to combat the spread of the coronavirus have been discontinued and the risks of a re-emergence of the pandemic are no longer considered relevant overall. At the same time, interest rate and energy price increases, high inflation rates and geopolitical uncertainties are continuing to hamper global macroeconomic growth prospects. According to business barometers from relevant industry associations, the general climate has become considerably more negative for the construction equipment industry and the agricultural machinery sector following a good year in 2023. This is due to falling demand and possible indications of a recession (Refer to → Opportunities and outlook, page 69 ff.).

Material price risks

Increases in the prices of raw materials, in particular for steel but also for other components, caused by a rise in demand as well as speculation on the commodities markets, higher energy prices, currency effects, capacity bottlenecks and international trade policy, could push up the cost of materials. Additional risks arise in particular from higher-than-budgeted shipping costs and insufficient shipping capacities. In addition, high inflation is having an impact on many areas, including rising personnel costs. As a result, there is a risk that suppliers could demand higher prices. These price increases in the procurement market could lead to higher cost of sales. Already since 2020, global supply chain instability in this area has been leading to increased risks. The supply chain situation did ease significantly in the course of 2023. However, numerous attacks on cargo ships in the Red Sea since the fourth quarter of 2023 could cause this problem to flare up again. The company is countering this risk by developing a more flexible and diverse global procurement strategy and by focusing on strict cost controls and systematic productivity gains. The Group maintains regular contact with business partners and suppliers to jointly develop robust solutions. The Group is generally able to offset rising procurement costs by passing price increases on to the market in a timely manner. However, this is usually subject to a time lag. As procurement markets become more volatile, however, there is an increased risk that the

Group will not be able to pass on all or some of these higher procurement expenses.

Other sales risks

The Wacker Neuson Group is active in cyclical and volatile markets. Falling demand, especially in the core markets of Europe and North America, could lead to a significant drop in Group revenue and profitability, and negatively impact Group liquidity. This sales risk increased significantly during 2023 due to the general downturn in the economy and the particularly high levels of uncertainty in the construction and agricultural industries. There have been negative trends in order intake and order books as a result. A further worsening of the sales risk is possible due to a persistent recessionary trend in the overall economic climate. In addition, demand is subject to seasonal fluctuations, which can have an impact on revenue trends during the year. The Group counters these risks through targeted diversification across various sectors and by maintaining an international footprint. In addition, its commitment to increasing its presence in established markets, expanding into targeted new markets and launching new products should offset economic fluctuations at country and industry level. The Group regularly monitors key leading indicators in order to implement appropriate countermeasures in good time whenever fluctuations are identified. In addition, the Group uses flexible work and production models in its organization and also employs staff under leasing contracts to absorb any fluctuations in capacity utilization.

The Wacker Neuson Group faces tough international competition. The Group is countering the risk of losing market shares by building on qualified sales partners and strategic alliances to continue expanding its global distribution organization, and by aligning services and product innovations with customer needs. In particular, the Wacker Neuson Group is addressing the digitalization trend and responding to the resulting changes in customer and business relationships as it increasingly aligns its business processes with these needs. There still remains a slight risk of changes to the competitive landscape in individual markets. Following price increases in 2022 and 2023, which were primarily due to the rise in inflation, 2024 brings the risk of increasing price competition against the backdrop of weakening inflation. Key accounts in particular could demand price reductions and discounts, which would have a negative impact on profitability. The company is attempting to counter the risk of increased pressure on margins through an adapted procurement strategy and efficiency gains in production.

Customer structures vary from one country to another. Within an individual country, the loss of a major customer due to insolvency or market consolidation could have a serious impact on demand for products and services from the affiliate concerned. The company counters this risk by diversifying its customer base, continually acquiring new customers, proactively maintaining strong customer relationships and developing new, competitive products.

There is a clear, ongoing trend towards mergers and acquisitions among the Group's customer base across many markets. This development can have a positive or negative impact on Wacker Neuson Group sales and revenue.

Other procurement risks

To manufacture its products, the Group is dependent on the availability, timely delivery and variable pricing of raw materials and components – particularly steel and aluminum – and also of steel construction components and precast parts as well as engines, electrical/electronic components and hydraulic and chassis components. Since the end of 2020, the Group has continued to face capacity bottlenecks in container shipping and increasingly also in other logistics areas, which can have a negative effect on the timely delivery of raw materials and components, as well as on the costs of shipping. In addition, the Group relies on raw materials and parts supplied by third parties being free of defects and meeting the relevant specifications and quality standards. Defects in pre-manufactured parts could result in quality issues for Wacker Neuson Group customers on the one hand, and production delays on the other, which may ultimately slow down product deliveries to customers. These scenarios could damage the company's brand and corporate image and potentially result in contractual penalties, claims for damages and losses in market share. The company is countering this risk by preemptively auditing key suppliers, rating the key indicators of quality, timescale and cost. These key suppliers are supported on site by qualified personnel at every step of the process flow, already before initial nomination through prototyping to series production. To ensure security of supply, the Group focuses on short lead times so that it can react to fluctuations in demand. To avoid bottlenecks in the supply chain, the Group maintains close and regular contact with its suppliers and concludes binding supplier agreements. If required, it also opens up new supply sources to meet short-term rises in demand and stabilize the supplier base. In order to further reduce the risk associated with suppliers, the company introduced a code of conduct for suppliers, which requires that suppliers comply with legal regulations and the principles set out in the Wacker Neuson Group's corporate ethics policy. The aim is to prevent the risk of reputational damage as a result of supplier shortcomings.

Another fundamental risk in this category is the potential loss of a supplier, due to insolvency for instance, which could compromise the company's delivery capabilities and thus its sales targets. The Wacker Neuson Group is countering this risk by defining commodity strategies to ensure that the loss of a supplier will only affect individual product groups and not an entire production facility. It also endeavors to mitigate this risk further by developing close relationships with suppliers and concluding special standard agreements that secure its partners' delivery capabilities to a certain extent.

Financial risks – risks resulting from currency transactions / foreign currency risks, risks to earnings from tax loss carry-forwards that cannot be used, risks resulting from asset impairment, bad debt, buyback obligations and leasing transactions, as well as capital commitment risks and liquidity risks

Compared to the previous year, the proportion of the Group's overall risk accounted for by financial risks was unchanged at 13 percent (2022: 13 percent). After countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 14 percent.

There was a rise in foreign currency risks compared to the previous year due to significantly higher holdings of currencies other than the euro, in particular in relation to the US dollar and the Canadian dollar. Default risks also increased due to the deteriorating economic situation. On the other hand, liquidity risks decreased against the backdrop of a reduction in take-back obligations.

Foreign currency risks are also linked to the amount of foreign currency holdings and purchasing volumes made in foreign currencies. If exchange rates develop unfavorably for the company in relation to payables expressed in foreign currency, this will increase the value of liabilities expressed in euros. The Group is monitoring the corresponding currencies on an ongoing basis. The company makes use of targeted hedging instruments at Group level to counteract the risks of devaluation.

The financial risks to the Group also continue to stem from the ongoing risk of currency devaluation, which is a risk the Group has identified for certain emerging market currencies relative to the Group's production currencies, namely the euro and US dollar. This would diminish the value of revenue and profit from these countries when they are translated into the Group's consolidated financial statements, which are drawn up in euro. The Group is countering this risk by continually monitoring currencies and in some cases negotiating euro or US dollar prices on deals with customers based in countries outside of the eurozone or US dollar area.

A euro that has gained in value, in particular against the US dollar, negatively impacts exports of products manufactured in the eurozone.

Deferred tax assets have, for the most part, not been recognized for existing tax loss carry-forwards as IAS 12 does not treat these as assets based on the loss history. Tax loss carry-forwards that cannot be used can have a negative impact on the Group's future earnings position in that the current tax burden cannot be adequately reduced by offsetting tax loss carry-forwards. The Group is countering this risk by regularly checking the extent to which these carry-forwards can be offset against tax, taking the applicable tax regulations and criteria into account, and by defining and implementing appropriate measures.

The impairment of assets may have a negative impact on the Group's annual profit. The main risks in this context refer to potential one-off write-downs on intangible assets, in particular capitalized development projects. The company is countering the risk of asset impairment through its risk policy, which includes an efficient, globally standardized project management system for product development with targeted controls to ensure products are making a positive contribution to the Group's business.

With regard to receivables from customers, the Group is exposed to the risk of individual customers defaulting on payments. The Wacker Neuson Group counters the risk of default through efficient receivables management systems that include checks on customers' credit ratings and credit limits, extended retention of title as a legal instrument, the partial no-recourse sale of receivables to financing companies, financial guarantees from the owners of dealer organizations and higher balance sheet risk provisions.

As Wacker Neuson also distributes its products via affiliates and their own direct sales and service stations, inventory levels of finished machines across the Group are relatively high in comparison with some competitors. The Group is countering the resulting capital commitment risks using strict affiliate-specific inventory targets. These are monitored on an ongoing basis and rationalization measures implemented where necessary.

Liquidity risks involve the availability of funds needed to meet payment obligations on time. The company is assured of a supply of liquid funds at all times by lines of credit it is not currently using. In addition, the Group has established capital market access. Liquidity is managed by the central treasury department using a Group-wide cash pool system. Please refer to the Notes to the Consolidated Financial Statements for further information on financial risks. → Items 25 and 33

IT-related risks – risks associated with system failure, cyber-attacks and unauthorized entry to IT areas / access to IT systems

The percentage share of this risk category in relation to total risk increased to 19 percent (2022: 18 percent). After countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 20 percent.

Compared to the previous year, the possibility of being targeted by cyberattacks had decreased, although this risk still represents the biggest individual risk faced by the Group. On the other hand, the risks arising from system failures significantly increased. This is connected with the introduction of the new SAP database generation, S/4HANA. If the introduction of the system results in major problems that were not previously identified, this could cause the failure of the entire SAP system.

The company uses IT systems in numerous areas. Failure of these systems could negatively impact production and the flow of goods, resulting in loss of revenue. The company is countering this risk through technical and organizational measures, the use of standardized software and by identifying and targeting weaknesses and vulnerabilities. The Wacker Neuson Group is pursuing a professional project management policy to minimize risks that can occur during the roll-out of global IT systems and to prevent additional costs. The global threat situation in the area of cybercrime is high. This is primarily due to an increase in the number of incidents and in particular the quality and effectiveness of criminal activity in spite of generally improved security mechanisms across the industry. These collaborative and distributed attacks reach beyond attempts at identity theft to equally target the confidentiality, integrity and availability of data, IT systems and networks of all kinds, and remain a risk to the safety of systems and data at the Wacker Neuson Group. In light of the increased digitalization of products and processes in particular, the company now faces greater challenges in the field of information security, for example through the increasingly decentralized use of IT-enabled resources.

Personnel risks – risks associated with the loss of key employees, changes to employment contracts and malicious activities on the part of employees of the Wacker Neuson Group

The share of personnel risks in the overall risk mix remained unchanged in 2023 at 2 percent (2022: 2 percent). Due to countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 31 percent.

The individual risks in this area were largely the same. Whereas the risk of a higher illness rate due to the pandemic had decreased, the risk of unplanned effects arising from the new collective agreement increased.

The success of the Wacker Neuson Group is due in large part to the skill and motivation of its employees. The loss of highly qualified people in key positions could impact negatively on the projected growth path. The Wacker Neuson Group is countering this risk by offering employees incentives to commit themselves to the company, for example through attractive remuneration schemes and long-term personal development opportunities.

There is a risk that changes to employment contracts could have a negative impact on the Group's profitability. With unemployment currently at a low level and inflation high, labor relation negotiations could result in above-average cost increases for the Wacker Neuson Group.

In order to pursue its ambitious expansion strategy, the Group needs to hire qualified staff, in particular mechanical and electrical engineers. However, as the labor market stands and due to changing demographic trends, it may not be possible for the Group to meet or fully meet its need for staff in these areas. The company is mitigating this risk with dedicated recruitment efforts, both in Germany and abroad. It also offers attractive remuneration schemes and interesting work opportunities promising a high degree of individual responsibility.

There is a risk that corrupt or fraudulent activities by employees of the Wacker Neuson Group could inflict financial damage on the Group or harm its image. The Wacker Neuson Group has set out transparent compliance rules in its code of conduct for employees and has made a reporting system available to employees and business partners to prevent unethical behavior or uncover any such behavior in good time.

Technology and development risks – risks arising from disruptive business models and technologies, risks from the development of new products and processes, and from product development projects

This risk category's share of overall risk decreased significantly to 2 percent in 2023 (2022: 6 percent). Due to countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 13 percent.

This is attributable to a reduction in risks arising from failure of older production machines and delayed product launches.

The Wacker Neuson Group's research and development activities and its ability to bring new products to market in good time are vital to its success. Compliance with ever stricter national and international laws and directives and factoring these into product development is essential. New regulations regarding noise emissions, environmental and user protection, for example, could result in higher costs for the Wacker Neuson Group. If these new regulations are not implemented on an ongoing basis, the company's competitive position and growth opportunities may be temporarily impaired. The Wacker Neuson Group's R&D departments therefore continuously work to develop new products while also evolving and enhancing the existing portfolio, always aligning its activities with market demands and in compliance with applicable regulations, laws and directives.

Disruptive business models and technologies developed by competitors or new market players could significantly impair the Wacker Neuson Group's ability to implement its strategy if the Group is unable to harness these new developments for its own benefit and develop them further. As such, the Group closely follows the development and application of new technologies in the industry and uses these for its own products where appropriate. Internal development work also focuses on proprietary, market-ready new technologies, in particular in the field of electromobility, with the ability to carve out competitive gains.

Legal and regulatory risks – risks related to non-compliance with regulations/guidelines/laws, product liability, tax proceedings/arrears, trade restrictions, loss of intellectual property and other pending legal proceedings

The risks in this category decreased in 2023 to account for 6 percent of overall risk (2022: 7 percent). Due to countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 31 percent.

The biggest increase in this category is the risk of closure of the Group's Russian affiliate.

Trade restrictions on imports of Wacker Neuson Group products in some countries or restrictions preventing the Group from bringing its products to market could have a negative impact on its revenue and profitability. The Group tries to influence developments here by participating in committees and engaging in lobbying activities. The Group is also committed to exploring and pursuing legal avenues where necessary to prevent the possibility of trade restrictions. The Group is closely monitoring political developments around the regulation of combustion engines and their use in urban areas and – if necessary – quickly incorporating any policy changes into R&D planning. In the event of bans being imposed on the use of individual diesel-powered compact and light equipment machines in cities, the Group can already offer its customers alternative solutions from its zero emission portfolio, which it is systematically expanding. → Broad offering of all-electric light and compact equipment, page 51.

Warranty and product liability claims can result in claims for damages and injunctions. The Group minimizes these risks by taking the utmost care when developing and manufacturing its products, as well as by taking out appropriate insurance policies.

Due to the Wacker Neuson Group's global business activities and the resulting tax obligations in various countries, there is a risk of an unfavorable Group tax rate arising, depending on how income develops in the different regions. There is also a risk of changes to tax laws and related conditions in individual countries. In the case of an audit, the Group assesses the risk, taking all circumstances into account, and makes provisions to the extent that audit findings are binding and a reliable assessment is possible, or in the case of possible liabilities that are likely, reports them under contingent liabilities. The Group has drawn up a tax compliance guideline to minimize tax risks.

Some market-leading products are being copied by other manufacturers and this could reduce sales. If the company were no longer able to protect its intellectual property sufficiently, this would impair its competitive ability. The Group is reducing this risk through focused patent and intellectual property management and by enforcing its intellectual property rights. The Wacker Neuson Group averts the risk of disputes with third parties over intellectual property rights through appropriate prior investigations and research.

New regulatory measures and changing customs regulations could have a negative impact on sales of Group products and also on the cost of sales. In turn, this could increase legal risks to the Group. The Group is countering this risk by implementing measures in good time to ensure compliance with regulatory requirements and safeguard sales of its products.

No legal proceedings are currently underway or pending that might have a significant impact on the Wacker Neuson Group's financial situation. To the extent possible, the Wacker Neuson Group has concluded insurance policies worldwide to protect against material liability risks arising from potential damages for which the company could be held accountable.

Other risks arising from strategic risks – risks associated with missing or inadequate strategies and negative developments in the competitive landscape

Other risks account for 1 percent of overall risk to the Group, a decrease on the previous year (2022: 2 percent). After countermeasures and balance sheet provisions, the value of anticipated damages (net) decreased by 61 percent.

The risk from increased competition has decreased, in particular in relation to the competitive landscape in India. A reassessment was undertaken in 2023 which resulted in a significant reduction of this individual risk.

The Group continues to expand its business segments as well as its sales and service network in line with its growth strategy. In this context, there is a risk that the strategies and business models applied will fail to yield the desired results and will have to be adapted. As part of its risk policy, the Group regularly implements strategic planning processes using the latest planning methods. Action plans and fallback positions are developed and business models are regularly checked.

Unfavorable developments in the competitive and customer landscape in the form of mergers, for example, could negatively impact the Group's ability to achieve its strategic goals. Being dependent on major customers could also pose a risk to strategic goals if one of these business relationships were to be terminated. The Group is limiting its risk exposure here by closely monitoring developments in its markets and customer base and also developing appropriate action plans.

The Wacker Neuson Group also considers and carefully assesses alliances and acquisitions as a means of gaining market shares and expanding its product portfolio. However, there is still a basic risk that the alliance or acquisition will fail to produce the expected outcome and that integration of the new company into existing business operations will cause problems. Failure to evaluate risks accurately when acquiring another company or entering into a partnership may have a negative impact on the business development and growth prospects of the Wacker Neuson Group. The company counters such risks through professional project management and by setting up integration teams.

Summary of risk situation facing the Group – assessment of risk situation by the Executive Board

Viewed as a percentage of overall risks, the main risks lie in the operational risk, IT-related risk and financial risk categories. Together, these three categories represent around 89 percent of total risk exposure (2022: 83 percent).

The overall risk has increased relative to the previous year. The main reason for this change is the increase in risks arising from the downturn in global markets and the resulting risk of cost deficits at the production plants. There is also a rise in the risk of IT system failures (SAP) during the introduction of the new SAP database generation, S/4HANA. The main risks are listed in this risk report.

The company is not currently aware of any other significant risks to its operations. Furthermore, the Wacker Neuson Group has not at present identified any risks to its continued existence as a going concern. The aggregated risks for the Wacker Neuson Group lie below the defined risk capacity threshold.

The risk profile of the Wacker Neuson Group is not analyzed or evaluated by an external body such as a rating agency.

Main non-financial risks

EU Directive 2014/95/EU on the disclosure of non-financial information requires companies to also report on basic non-financial risks arising from their business activities with an impact on environmental, social and employee matters, respect for human rights, anti-corruption and bribery. The Group reports on these basic non-financial risks in its non-financial Group report, which is published separately.

Non-financial risks in the environment category cover the aspects of organization of environment topics, waste management, harmful substances, climate change and harmful environmental effects. The anti-corruption category includes the non-financial risk aspects of bribery/corruption/fraud, country risk, customer, payments, discounts and price reductions. The rights of employees and other stakeholders category considers the risk aspects of employees, human rights and occupational safety. The risks are evaluated with regard to the probability of occurrence and level of exposure, with the gross risk then determined on this basis. Central monitoring departments of the Group holding check the entries of the affiliates and initiate countermeasures to determine the net risk. All risks in connection with the German Supply Chain Due Diligence Act are examined by the Manager Supply Chain Due Diligence. An automated reminder process is used to regularly check that all reported risks are still up to date.

In summary, the Group did not identify any material net risks.

Opportunity management system

Opportunities relate to internal and external developments that could have a positive impact on the Group. The direct responsibility for identifying and managing opportunities in a timely manner is vested in committees rather than specific individuals. These committees make decisions on matters like strategic projects enabling the company to respond to changing market and customer requirements. These committees include experts and high-ranking decision-makers from across the Group. The Wacker Neuson Group's decision-making process focuses on opportunities while at the same time taking the associated risks into account. Opportunities should be identified and aligned at an early stage to improve the chances of successful capitalization on those opportunities.

Opportunities

This section outlines opportunities that the Group has identified for itself based on the current environment and its own competitive position and that could, from today's perspective, influence the assets, financials and profit and/or reputation of Wacker Neuson SE.

Megatrends drive business performance

Long-term global trends (megatrends) are fueling a steady rise in demand for light and compact equipment worldwide. The biggest growth drivers for the Group are:

Population growth: By 2050, the world's population will have grown from nearly 8 billion today to nearly 10 billion. This will push up global demand for food and other basic necessities. In addition, investments will continue to be made in road, rail and telecommunication networks as well as in the modernization of buildings and the expansion of e-mobility infrastructure, fueling increased demand for compact and light equipment.

Rising standards of living: In developing and emerging economies in particular, greater purchasing power and rising demand from new groups of consumers will lead to more construction activity. At the same time, wage growth will further drive mechanization in the construction and agricultural sectors.

Urbanization: By the year 2050, around two thirds of the world's population will be living in cities. Megacities with populations of over 10 million will be facing the greatest challenges in terms of construction, housing and infrastructure. This will further drive demand worldwide for versatile, compact construction equipment.

Climate change: Global warming and air pollution are increasingly being seen as global problems that need to be addressed ever more decisively at national and international level. The ambitious goals set out in the EU's Green Deal highlight the increasing importance of the renewable energy and electric mobility trends for the construction and agricultural equipment industries.

These trends present long-term growth opportunities for the Wacker Neuson Group. As a leading manufacturer of light and compact equipment, the Group is committed to developing innovative products and customer-centric services in order to expand its business at a global level.

Compact equipment has been well established in Europe for many years. The markets in North America and Asia, however, are relatively new by comparison. As such, they tend to offer higher growth rates. The Group aims to capitalize on this potential and win market shares with its innovative machines.

The Wacker Neuson Group is already able to offer its customers an ever-expanding portfolio of electrically powered light and compact equipment. All three Group brands offer products with zero tailpipe emissions, which are resonating strongly among customers. Their current share of overall Group revenue is still comparatively low. In light of the ambitious goals set out in the EU's Green Deal, the construction sector will, however, also be subject to more stringent regulations over the coming years. Enabled in part by the further advancements in battery technologies currently anticipated, all-electric light and compact equipment is expected to experience a strong increase in market uptake. As such, the Group will continue to make targeted investments to expand its portfolio of all-electric machines.

LONG-TERM GLOBAL TRENDS DRIVING GROUP BUSINESS

Construction industry

- Modernization, maintenance and expansion of infrastructure in mature and emerging markets
- Increase in residential and non-residential construction in cities (urbanization)
- Reconstruction (renovation, modernization)
- Rising standards of living and demand from new consumer groups especially in emerging markets
- Expansion of broadband networks and e-charging points
- Increased use of electrically powered equipment
- Digitalization of products and services

Agriculture and other sectors

- Increasing global demand for food and fodder to meet population growth
- Shift towards larger holdings (especially in Europe) with greater demand for mechanization
- Increasing mechanization of agricultural holdings, also in emerging countries
- More efficient transportation of material in the industrial sector
- Increased use of electrically powered equipment
- Digitalization of products and services

Information in accordance with Section 315a HGB and Section 289a HGB plus an explanatory report from the Executive Board in accordance with Section 176 (1) Sentence 1 AktG

According to Section 315a HGB, the Group Management Report issued by listed companies must include information on the composition of capital, shareholders' rights and restrictions, participating interests and corporate bodies that may be relevant for takeovers. The same information must also be disclosed in the Management Report of Wacker Neuson SE, pursuant to Section 289a HGB. Furthermore, according to Section 176 (1) Sentence 1 AktG, the Executive Board must submit a report explaining this information to the AGM. The following contains a summary of the information pursuant to Section 315a and Section 289a HGB as well as the corresponding explanatory comments pursuant to Section 176 (1) Sentence 1 AktG.

Composition of subscribed capital

At December 31, 2023, Wacker Neuson SE's share capital amounted to EUR 70,140,000.00, divided into 70,140,000 individual no-par-value nominal shares, each representing a proportionate amount of the share capital of EUR 1.00 according to Section 3 (2) of the company's Articles of Incorporation. As at December 31, 2023, the company holds 2,124,655 treasury shares, from which the company derives no rights pursuant to Section 71b AktG. Excluding the company's treasury shares, which do not carry voting and dividend rights, the 70,140,000 no-par-value shares therefore correspond to a total of 68,015,345 votes as at December 31, 2023. There is only one type of share; all shares – with the exception of the above-mentioned non-voting treasury shares of the company – are generally vested with the same rights and obligations as outlined in detail in particular under Sections 12, 53a, 133 ff. and 186 AktG. The provisions of the AktG apply to Wacker Neuson SE in accordance with Section 9 (1) c) ii) and Article 10 of Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European Company (SE) (referred to as "SE Regulation" in the following), unless otherwise specified in the SE Regulation.

Restrictions affecting voting rights or the transfer of shares

The following details are based on information supplied to the Executive Board by the parties to the (former) pool agreement, the parties to the partnership agreement of Wacker Familiengesellschaft mbH & Co. KG and the parties to the pool agreement between Mr. Martin Lehner and Neunteufel shareholders.

Expiry of the pool agreement

A group of shareholders belonging to the Wacker and Neunteufel families hold a total of around 58 percent of the shares of Wacker Neuson SE. Until April 30, 2022, there was a pool agreement in place between these shareholders that ended on May 1, 2022, according to the provisions of which each party to the pool agreement, when selecting the Supervisory Board members nominated as shareholder representatives (still in office today), must exercise its right to vote and submit proposals at the Annual General Meeting in such a way that two Supervisory Board members nominated as shareholder representatives by the Wacker family and two by the Neunteufel family are always elected. The current shareholder representatives thus elected are not now and never have been bound in any way to the directions of individual, several or all of the parties to this pool agreement, and any and all decisions they make within the Supervisory Board continue to be made exclusively in the company's interests.

Information on the partnership agreement of Wacker Familiengesellschaft mbH & Co. KG

Some of the Wacker Neuson SE shareholders (hereinafter referred to as "Wacker shareholders") hold part of their shares via Wacker Familiengesellschaft mbH & Co. KG, which in turn also holds shares via Wacker Werke GmbH & Co. KG. Economic ownership of the shares is attributed to the Wacker shareholders.

A Wacker Familiengesellschaft mbh & Co. KG partners' meeting is held prior to every AGM of Wacker Neuson SE. In this meeting, the relevant Wacker shareholders define how they will vote and exercise their petitioning rights.

In the case of a sale by a Wacker shareholder, acquisition and preferential purchase rights apply if shares are sold to third parties. If a Wacker shareholder exits the Wacker Familiengesellschaft mbH & Co. KG company as a result of a termination, the remaining shareholders of Wacker Familiengesellschaft mbH & Co. KG have a preferential purchase right to buy the shares for a period of two years from the date this shareholder exits the company. In addition, the partners' meeting can resolve that the Wacker shareholder exiting Wacker Familiengesellschaft mbH & Co. KG does not receive compensation in cash but rather in the form of the shares in Wacker Neuson SE to which they are economically entitled. Every Wacker shareholder exiting Wacker Familiengesellschaft mbH & Co. KG can request compensation in the form of the shares to which they are economically entitled.

Pool agreement between Mr. Martin Lehner and Neunteufel shareholders

Martin Lehner and one of the Neunteufel shareholders have a pool agreement. Under the terms of this agreement, the Neunteufel shareholder exercises voting rights in the company associated with all shares acquired by Martin Lehner as part of the merger between the company and Neuson Kramer Baumaschinen AG (now Wacker Neuson Beteiligungs GmbH). The Neunteufel shareholder is not bound by any instructions and will always exercise these voting rights at their discretion in the same way as for the shares that they themselves hold. The Neunteufel shareholder has a preferential purchase right to these shares in the event of a transfer to parties other than the Neunteufel shareholder.

The Executive Board is not otherwise aware of any restrictions affecting voting rights or the transfer of company shares.

Direct or indirect participating interests in equity that exceed ten percent of voting rights

Under the German Securities Trading Act (WpHG), every shareholder of a listed company is obliged to inform the German Financial Services Supervisory Authority and the company in question, in this case Wacker Neuson SE, of the percentage of their voting rights as soon as these holdings reach, exceed or fall below certain thresholds. These thresholds are 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent.

The Executive Board has been informed of the following direct or indirect participating interests in the share capital that exceed 10 percent of voting rights:

The information below is based on notifications pursuant to Section 33 ff. WpHG on corresponding changes to voting rights that Wacker Neuson SE has received from shareholders by the December 31, 2023 reporting date. The disclosures are explained in detail in the Notes to the Annual Financial Statements of Wacker Neuson SE under the section “Notifications and disclosures of changes to voting interests pursuant to Section 33 ff. WpHG”. The Executive Board is not aware of any other direct or indirect participations in the company’s share capital that exceed 10 percent of voting rights.

DIRECT/INDIRECT PARTICIPATING INTERESTS THAT EXCEED 10 PERCENT OF VOTING RIGHTS

NAME/COMPANY	
SWRW Verwaltungs-GmbH	Direct
Wacker Familiengesellschaft mbH & Co. KG, Munich, Germany	Indirect
Baufortschritt-Ingenieurgesellschaft mbH, Munich, Germany	Indirect
Wacker-Werke GmbH & Co. KG, Reichertshofen, Germany	Direct and indirect
Interwac Holding AG, Volketswil, Switzerland	Indirect
Georg Wacker, Germany	Indirect
NEUSON Forest GmbH, Linz, Austria	Direct and indirect
NEUSON Industries GmbH, Linz, Austria	Indirect
PIN Privatstiftung, Linz, Austria	Indirect
Johann Neunteufel, Austria	Indirect

The voting rights held until the end of April 2022 by certain shareholders corresponded in total to around 58 percent of the share capital. The shareholders were bound to exercise these voting rights under the terms of a reciprocal pool agreement (→ “Restrictions affecting voting rights or the transfer of shares”, page 66). As explained above, these reciprocal allocations under the pool agreement ceased to apply on May 1, 2022, which is why a large number of Wacker shareholders reported to the company that their voting rights had fallen below the threshold of 10 percent in the prior year.

Bearers of shares with extraordinary rights that grant the holders controlling powers

There are no shares with extraordinary rights that grant the holders controlling powers.

Type of control of voting rights if employees hold participating interests in the capital and do not directly exercise their controlling rights

The company’s employees can exercise the controlling rights attributable to them from shares directly, as is the case for other shareholders, according to statutory provisions and the Articles of Incorporation.

Statutory provisions and provisions of the Articles of Incorporation regarding the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

Members of the Executive Board are appointed and dismissed according to Sections 84 and 85 AktG. The Executive Board of Wacker Neuson SE must have at least two Board members according to Section 6 (1) of the Articles of Incorporation of Wacker Neuson SE. The Supervisory Board otherwise determines the number of Executive Board members (Section 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board is also responsible for appointing and dismissing Executive Board members; a simple majority of votes cast suffices for these decisions.

Wacker Neuson SE Executive Board members shall be appointed for a maximum term of six years (Article 9 (1), Article 39 (2) and Article 46 of the SE Regulation, Sections 84 and 85 AktG, Section 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board can appoint a Chairman of the Executive Board, a Deputy Chairman of the Executive Board and a Spokesperson for the Executive Board (Section 6 (2) Sentence 2 of the Articles of Incorporation). Currently, a Chairman of the Executive Board has been appointed.

Sections 179 ff. AktG must be observed in the event of changes to the Articles of Incorporation. Changes to the Articles of Incorporation must be approved by the shareholders at the AGM (Sections 119 (1) No. 6 and 179 (1) AktG). Under the charter of a European company (Societas Europaea or SE) such as Wacker Neuson SE, all decisions affecting the Articles of Incorporation must be approved with a majority of no less than two thirds of the votes cast, unless the legislation for listed companies of the state where the SE is based mandates or allows a larger majority to apply (Article 59 (1) of the SE Regulation). Each member state is free, however, to rule that a simple majority of votes cast suffices, provided at least half of the subscribed capital is represented (Section 59 (2) of the SE Regulation). The German legislator has instituted this option in Section 51 (1) of the law governing implementation of the SE in Germany. This does not apply to changes relating to the object/purpose of the company, relocation of the company’s registered office or to instances where the law mandates that the votes cast must represent a higher percentage of the subscribed capital (Section 51 (2) of the law governing implementation of an SE in Germany). Accordingly, Section 21 (1) of the Articles of Incorporation states that unless otherwise stipulated by law, changes to the Articles of Incorporation require a two-thirds majority of the votes cast or – if at least half of the share capital is represented – a simple majority of votes cast.

The Supervisory Board is entitled to approve changes to the Articles of Incorporation that are merely a matter of wording (Section 179 (1) Sentence 2 AktG, Section 15 of the Articles of Incorporation).

The Executive Board’s powers, in particular with regard to the possibility of issuing or buying back shares

Treasury shares

By a resolution passed at the AGM on May 30, 2017, the Executive Board was authorized, subject to the prior approval of the Supervisory Board, to acquire a total of 7,014,000 treasury shares. This authorization expired without replacement on May 29, 2022 so the Executive Board is currently no longer authorized to acquire treasury shares.

The Executive Board last exercised the above-described option to acquire treasury shares in fiscal 2021. The company accordingly acquired a total of 2,124,655 treasury shares up to December 31, 2021. This corresponds to 3.0292 percent of the company’s share capital. The average purchase price per share paid on the stock exchange was EUR 24.95. The company thus bought back treasury shares to the total value of EUR 52,999,971.94 (excluding incidental acquisition costs). The share buyback program ended on November 19, 2021.

Expiry of Authorized Capital 2017

The option previously in place in line with Section 3 (3) of the Articles of Incorporation authorizing the Executive Board to increase the company's authorized capital with the approval of the Supervisory Board (Authorized Capital 2017) expired on May 29, 2022 without replacement. The company therefore currently no longer has any authorized capital.

Key company agreements that are subject to a change of control clause following a takeover bid and the resulting impact

The promissory notes (Schuldschein) with terms between three and seven years placed by Wacker Neuson SE in May 2019 and August 2020 (repaid in August 2023), with EUR 150.0 million still outstanding as at the current date in March 2024, give the respective creditors termination options if third parties acquire at least 50 percent of voting rights in the company. Similar conditions are also attached to a promissory note (Schuldschein) with a seven-year term, with USD 7.5 million outstanding as at the current date in March 2024, placed by Wacker Neuson America Corporation, USA, a wholly owned subsidiary of the company, in February 2018.

In 2023, the company increased the six bilateral credit agreements concluded with house banks, each with a term of just under five years and a credit volume of EUR 75 million, totaling EUR 450 million. If third parties acquire more than 50 percent of the voting rights in the company, the parties to the respective credit agreements shall negotiate bilaterally on a mutually satisfactory agreement on the continuation of the respective credit agreement. If an agreement on the continuation of the credit agreement is not reached within an agreed period, the bank concerned has the right to terminate the line of credit for good cause.

In June 2022, Group companies Wacker Neuson America Corporation, USA, and Wacker Neuson Linz GmbH, Austria, entered into a long-term agreement with the John Deere Group regarding mini and compact excavators weighing less than five tons. Under the terms of this agreement, John Deere excavators developed and manufactured by the Wacker Neuson Group are to be distributed under the Deere brand via the John Deere Group's global dealer network. John Deere is allowed to terminate this agreement if a competitor of John Deere directly or indirectly gains control of the Wacker Neuson Group or acquires a significant proportion of the assets or business operations of the Wacker Neuson Group.

Group member Kramer-Werke GmbH and the John Deere Group have entered into a strategic alliance for the international sale of wheel loaders and telehandlers for the agricultural market. The agreement contains a provision that allows John Deere to terminate the agreement under certain conditions should a competitor to John Deere acquire a direct or indirect share in Kramer-Werke GmbH or Wacker Neuson SE in excess of 25 percent or should a competitor gain the right to determine the majority of the membership of Kramer-Werke GmbH's or Wacker Neuson SE's executive bodies. The list of competitors is specified in detail in the agreement. As part of this alliance, John Deere has also acquired a financial stake in Kramer-Werke GmbH. Should a direct competitor of John Deere from the agricultural or construction equipment industries gain more than 25 percent of shares in Wacker Neuson SE, the Wacker Neuson Group must negotiate with John Deere regarding the sale of its shares in Kramer-Werke GmbH to John Deere, to the extent permitted by law.

Compensation agreements between the company and the members of the Executive Board or its employees in the event of a takeover bid

There is no such agreement.

Concluding remark

During the period under review, the Executive Board had no reason to address issues concerning a takeover, or engage with disclosure details stipulated under the German Takeover Directive Implementation Act (Übernahmerichtlinie-Umsetzungsgesetz). The Executive Board therefore does not see the need to add further details to the information provided above.

Declaration on corporate governance according to Section 289f HGB in combination with Section 315d HGB

On March 21, 2024, the Executive Board of Wacker Neuson SE issued a corporate governance declaration pursuant to Section 289f in combination with Section 315d of the German Commercial Code (HGB). This can be downloaded from the Wacker Neuson SE website at → www.wackerneusongroup.com/investor-relations.

Non-financial Group report for 2023

Under the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz), Wacker Neuson SE is required to report every year on environmental, social and employee matters, human rights, anti-corruption and bribery. To this end, the Wacker Neuson Group has issued a separate non-financial Group report in accordance with Section 315c in combination with Section 289c to 289e HGB for fiscal 2023. This report was published at the same time as the Annual Report. The 2023 non-financial Group report is also available on the Wacker Neuson SE website at:
→ www.wackerneusongroup.com/investor-relations

Remuneration report

The law governing implementation of the second shareholders' rights directive (ARUG II) stipulates that the Executive Board and Supervisory Board of listed companies shall create a remuneration report annually in accordance with Section 162 AktG and present this report to the AGM with a request that it be approved by way of resolution. The remuneration report for fiscal 2023, which ceased being part of the Combined Management Report as of 2021 in line with legal regulations, is available on the company's website under Investor Relations / Corporate Governance.

Supplementary report

Refer to the Notes to the Consolidated Financial Statements for information on events since the balance sheet date, December 31, 2023.
→ Note 30

Opportunities and outlook

Overall economic outlook

- Risks to global growth mitigated
- Possibility of a soft landing
- Further easing of inflation expected

According to the International Monetary Fund (IMF) in its January 2024 World Economic Outlook, the current drop in inflation rates combined with steady growth have reduced the likelihood of a hard landing for the economy, and risks to global growth have now been somewhat mitigated.

On the upside, a faster drop in the rate of inflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and than assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks – including continued attacks in the Red Sea – and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening real-estate sector woes in China or a disruptive turn to tax hikes and spending cuts could also cause disappointment when it comes to growth.

The IMF is accordingly predicting global growth of 3.1 percent in 2024 and 3.2 percent in 2025. The forecast for 2024 is therefore 0.2 percentage points higher than the level projected in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and other countries, as well as fiscal support in China. The forecast for 2024 and 2025 is, however, below the historical average of 3.8 percent (period from 2000-2019), due to elevated central bank policy rates aimed at fighting inflation, the withdrawal of fiscal support amid high debt weighing on economic activity, and lower productivity growth.

Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

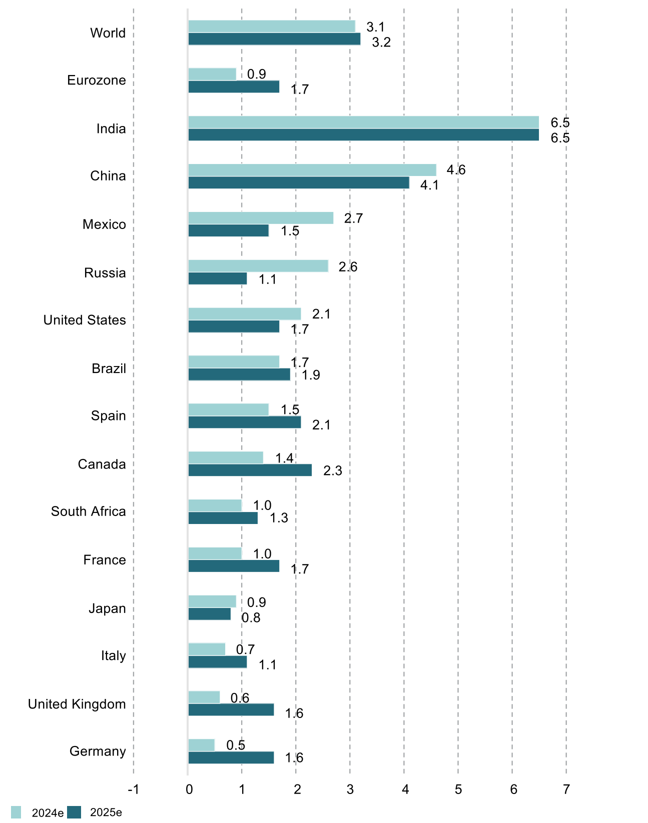
Policymakers' short-term challenge is to successfully manage the final drop in inflation to the target corridor, to calibrate monetary policy in response to underlying inflation dynamics and – where wage and price pressures are dissipating – to take a less restrictive stance.

At the same time, in many cases – with inflation declining and economies better able to absorb effects of fiscal tightening – there is a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks. In addition, the foundations must be laid for increasing state revenues in order to manage future required expenditure, while also curbing the rise in state debt.

Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

GLOBAL GDP GROWTH 2024E AND 2025E

AS A %



Source: International Monetary Fund, January 2024

Outlook for construction and agricultural industries

- Further contraction in construction activity due to inflation and higher interest rates
- US and European rental industry should prove resilient in 2024
- Mood in the European agricultural technology sector points to deep slump

Global construction industry growing at a slower pace

According to the market research company Research and Markets, the global construction market grew by 6.6 percent in 2023 to USD 15.6 trillion. The Russia-Ukraine war has led to economic sanctions on multiple countries, a surge in commodity prices and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. The construction market is expected to grow to USD 19.5 billion by 2027, which corresponds to a compound annual growth rate of 6.0 percent.[1]

Forecasting network EUROCONSTRUCT expects construction activity to contract in 2024 due to inflation, higher interest rates and weaker demand. The most noticeable slowdown is expected in the residential sector. Whereas EUROCONSTRUCT was still forecasting stagnation of total construction output in 2023 and 2024 around a year ago, the expected rates of change slipped into negative territory in the summer of 2023. The country experts are now forecasting a decline of 1.7 percent for 2023, with the decline worsening in 2024. The forecast is that that modest overall growth will not resume until 2025 and 2026.[2]

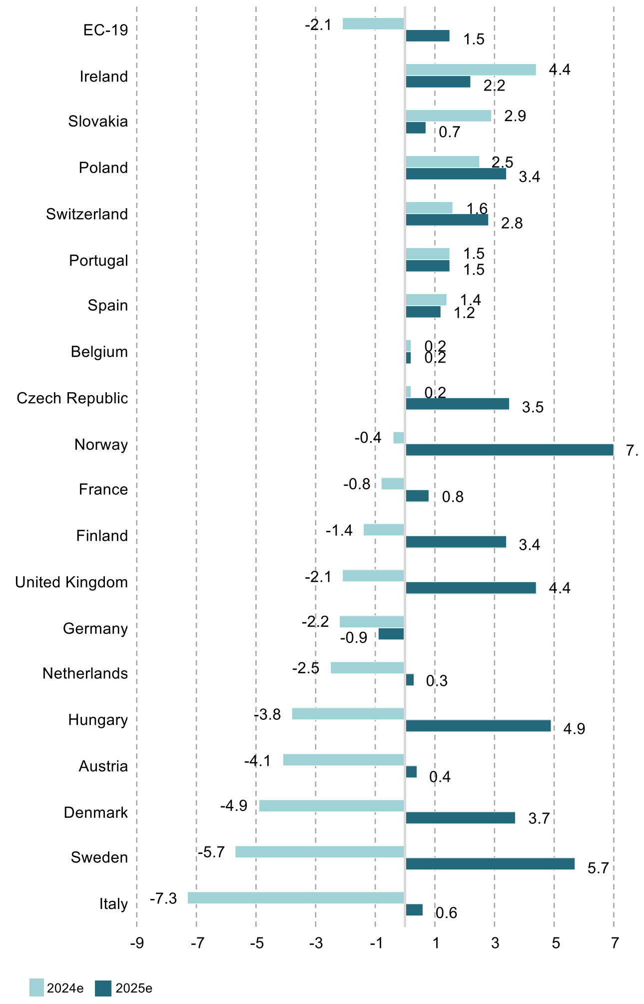
According to the experts from the German Engineering Federation (VDMA), order intake in the construction equipment industry overall remains under considerable pressure. In its January forecast, the VDMA predicts a 26-percent drop in order intake, but still with a real growth in sales of 4 percent compared to the previous year. The federation concludes that the industry has entered a downturn and that the previously full order books have been depleted. The low age of machine inventory also means that there is little potential for sales drives in the current year and geopolitical crises continue to pose major risks. The US market continues to be viewed very positively. However, the upcoming elections are seen as a factor of uncertainty. In the medium to long term, infrastructure projects within the framework of the energy transition and the reconstruction of Ukraine are likely to open up further opportunities for the sector.[3]

The business barometer of the Committee for European Construction Equipment (CECE) remained in freefall in January 2024 according to the organization, albeit with a slight recovery of the index in January. Order intake was also still in negative territory. North America was the only region with strong growth potential; the situation in all other markets was assessed as difficult. The most negative outlook was for the earth movement and road building segments.[4]

According to the American Rental Association (ARA), the rental industry is proving resilient overall. Equipment rental revenue, comprised of the construction/industry and general tool segments, is expected to grow by 7.1 percent in 2024 to reach a record total of nearly USD 76.6 billion, topping the USD 71.5 billion recorded in 2023.[5]

According to the European Rental Association (ERA), a slowdown in growth to 2.7 percent in 2023 will lead to an increase in demand for rental equipment due to high machinery purchase prices and uncertainty about the economic environment. The rental market is therefore expected to comparatively outperform the construction sector.[6]

PROJECTED DEVELOPMENT OF THE EUROPEAN CONSTRUCTION SECTOR 2024E AND 2025E



Source: EUROCONSTRUCT, December 2023.

[1] Source: Research and Markets, April 2023, Construction Global Market Report
[2] Source: EUROCONSTRUCT, European Construction Industry, December 2023
[3] Source: VDMA, Economic Situation – Construction Equipment and Building Material Machinery, February 2024
[4] Source: CECE Business Barometer, January 2024
[5] ARA press release, Equipment rental industry remains resilient, December 4, 2023
[6] ERA press release, European rental market growth to slow down in 2023, but the industry remains resilient to economic difficulties, October 24, 2023

Sentiment in the European agricultural equipment sector worsens

The general business barometer published by the European umbrella association for the agricultural machinery industry (CEMA) has continued its downward path into a deep slump. In January, the index fell from -48 to -50 points (on a scale from -100 to +100). Once again, more than half of the survey participants rated the current business situation as unfavorable, with two thirds of them even expecting revenue to decline in the six months to follow.

The survey also confirms once more that the direct customers of the manufacturers – the dealers – are not able to pass on their high number of orders to end customers. According to the survey, dealer inventory levels in most European markets are much higher than in 2019.

The survey results therefore show that there is not one single European market for which a majority of survey participants would have positive revenue expectations. For Western Europe and the Nordic countries, however, the confidence levels are not as negative as in Central and Eastern Europe. One exception is Germany, for which the confidence is also very low (only 14 percent expect growth in this market whereas over 60 percent expect a significant decline).[1]

According to the December edition of the German Farmers' Association's (DBV) business and investment barometer for the agricultural sector, the mood in the agricultural sector has significantly deteriorated in the space of a year. There was a marked downward trend from 14.9 points to 9.2 points, whereby the index came close to the low point of previous years. According to the DBV, agricultural landholders again have a much more pessimistic assessment of their current economic situation. There is no hope of an improvement in the future either according to the survey. Despite this, there was more willingness to invest: the survey found that 26 percent of landholders were willing to invest in machines and equipment in the first half of 2024. In the prior year, only 18 percent were willing to invest.[2]

Megatrends – such as the world's growing population and the resulting ongoing increase in demand for foodstuffs – should continue to have a positive effect on the agricultural technology sector in the medium and long term. In the future, greater productivity will need to be balanced with much lower resource consumption, while moving environmental and climate protection at the heart of all developments. At the same time, however, emerging markets and developing economies still lag far behind the agricultural mechanization trend. The basic need for modern, compact machines – aimed in particular at increasing efficiency on agricultural holdings – should therefore continue to increase. Falling market prices, especially for agricultural commodities, could increase pressure on landholders to invest in high-performance machinery.

Guidance

Expected development of revenue and profitability

According to the IMF in its January 2024 World Economic Outlook, the drop in inflation combined with steady growth have reduced the likelihood of a hard landing for the economy, and risks to global growth have now been somewhat mitigated. With the exception of the North American market, the forecasts for the construction equipment sector, or for all of the major markets, point to negative or at best stagnant development.

The Wacker Neuson Group started the fiscal year 2023 with record levels of both order book and order intake. This was due on the one hand to above-average demand for construction equipment and on the other to general problems in the supply chain which resulted in longer-than-average delivery times. Demand returned to normal levels as the year progressed and the supply chain situation also eased. The order book and the order intake thus returned to average levels by the close of 2023.

With inflation remaining high overall and with interest rates much higher than in the recent past, increasing uncertainty arose among wide sections of the economy based on the likelihood of a recession spread broadly across the global economy, particularly in the second half of 2023. For 2024, the Executive Board therefore identifies an increased risk of a drop in demand in the Group's most important markets. With this in mind, the Executive Board initiated broad measures in the third quarter of 2023 in order to be able to respond, promptly and as needed, to a change in market demand both in procurement and in production.

The guidance on business development for 2024 was based on data available at the time of publication. Against the backdrop of numerous uncertainties relating to the economic and geopolitical landscape in 2024, the Executive Board sees an increased risk of sudden and significant changes to the underlying economic conditions.

The fundamental outlook for the Wacker Neuson Group remains positive in the opinion of the Executive Board. A healthy order book and solid overall demand for light and compact equipment for the construction and agricultural industries provide the company with a good foundation for ongoing strong operational development despite an adverse economic climate. Taking into consideration the overall economic and sector-specific conditions outlined above as well as the opportunities and risks arising for the Wacker Neuson Group, the Executive Board expects fiscal 2024 revenue to lie between EUR 2,400 and 2,600 million, which corresponds to a growth rate of -9.6 to -2.1 percent relative to the fiscal year 2023 (2023: EUR 2,654.9 million). The EBIT margin is expected to lie between 8.0 and 9.0 percent (2023:10.3 percent). The 2023 result included one-off effects amounting to EUR 15.5 million from the sale of assets no longer required for future operations and EUR 11.0 million from the sale of intangible assets.

GUIDANCE

	2024e	2025e
Revenue	€2,400 to 2,600 million	Recovery
EBIT margin	8.0% to 9.0%	Slight growth
Net working capital as a % of revenue	approx. 30 percent	approx. 30 percent
Investments	approx. €120 million	Stable

[1] Source: CEMA Business Barometer, January 2024

[2] Source: German Farmers' Association, business barometer for the agricultural sector, December 2022

Segment trend forecast
The Executive Board expects to see development remain stable or fall slightly in fiscal 2024 not just in all three reporting regions but also across all three business segments, namely light equipment, compact equipment and services. The Americas and Europe (EMEA) regions are expected to outperform Asia-Pacific. In the business segments, the strongest growth is expected to come from light and compact equipment due to the global business approach.

Planned development in investments and net working capital
The Group intends to continue investing in promising projects and develop its affiliates further. Investments in property, plant and equipment and intangible assets of around EUR 120 million are planned for fiscal 2024 (2023: EUR 163.5 million)[1]. In addition to investments to replace existing assets, this includes in particular expansion investments in the production network, which will help the Group lay the foundations for further growth.

In line with the strategic target, the Executive Board expects the net working capital ratio (net working capital expressed as a percentage of revenue) to be in the region of 30 percent (2023: 32.8 percent).

The Wacker Neuson Group's financials and assets together with the market positions of its brands provide an ideal basis for winning market shares and ensuring profitable growth over the coming years. The Executive Board plans to maintain an equity ratio of over 50 percent (December 31, 2023: 56.7 percent). The Group is also still open to the possibility of further partnerships and acquisitions.

Outlook through 2025
Taking into consideration the general conditions, opportunities and risks described above and assuming there are no significant changes in the economic environment, the Executive Board, based on the information currently available, expects Group revenue to recover and profitability to grow slightly in fiscal 2025.

Summary outlook for the development of Wacker Neuson SE and the Group

Global megatrends will continue to provide opportunities for the Wacker Neuson Group's business model. The Group plans to capitalize on these trends in a number of ways, including by focusing on developing its core markets and offering a portfolio of innovative products and services. In the short term, however, there are certain risks to the development of the global economy, to the smooth functioning of global supply chains and to customer demand in important target markets of the Group.

For fiscal 2024, the Executive Board expects revenue of between EUR 2,400 and 2,600 million, and an EBIT margin between 8.0 and 9.0 percent. Group revenue recovery coupled with slight growth in profitability are expected for fiscal 2025.

The Group's actual development may deviate from this guidance either positively or negatively based on the opportunities and risks described in this report or in the event that the assumptions made by the Executive Board do not materialize.

Munich, March 21, 2024

Wacker Neuson SE, Munich, Germany

The Executive Board

Dr. Karl Tragl
Chairman of the Executive Board
Chief Executive Officer (CEO)

Felix Bietenbeck
Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Christoph Burkhard
Chief Financial Officer (CFO)

Alexander Greschner
Chief Sales Officer (CSO)

[1] Investments refer to property, plant and equipment and intangible assets (this figure does not include investments in the Group's rental equipment and purchase of investments).

Consolidated Financial Statements

Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Notes	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022
Revenue	(1)	2,654.9	2,252.4
Cost of sales		-2,008.4	-1,718.1
Gross profit		**646.5**	**534.3**
Sales and service expenses		-245.5	-221.6
Research and development expenses		-63.7	-50.1
General administrative expenses		-101.9	-80.5
Other income	(2)	43.4	24.1
Other expenses	(4)	-5.6	-4.4
Earnings before interest and tax (EBIT)		**273.2**	**201.8**
Result from investments accounted for using the equity method*	(5a)	-1.6	-0.5
Financial income	(5b)	32.0	36.3
Financial expenses	(5c)	-48.9	-45.3
Earnings before tax (EBT)		**254.7**	**192.3**
Taxes on income	(6)	-68.8	-49.7
Profit for the period		**185.9**	**142.6**
Of which are attributable to:			
Shareholders in the parent company		185.9	142.6
		185.9	**142.6**
Earnings per share in € (diluted and undiluted)	**(7)**	**2.73**	**2.10**

* As a result of changes in reporting due to a new Consolidated Income Statement item "Result from investments accounted for using the equity method", the Consolidated Income Statement has been adjusted compared to the previous year. Refer to "Changes in accounting under IFRS" for more information.

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Notes	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022
Profit for the period		**185.9**	**142.6**
Other income			
Income to be recognized in the income statement for subsequent periods			
Exchange differences		-3.5	11.1
Cash flow hedges		-4.1	6.0
Effect of taxes on income		0.9	-1.0
Income to be recognized in the income statement for subsequent periods		**-6.7**	**16.1**
Income not to be recognized in the income statement for subsequent periods			
Actuarial gains/losses from pension obligations		-5.5	14.6
Effect of taxes on income		1.4	-3.8
Income not to be recognized in the income statement for subsequent periods	**(18)**	**-4.1**	**10.8**
Other comprehensive income after tax		**-10.8**	**26.9**
Total comprehensive income after tax		**175.1**	**169.5**
Of which are attributable to:			
Shareholders in the parent company		175.1	169.5

Consolidated Balance Sheet

BALANCE AT DECEMBER 31

IN € MILLION

	Notes	Dec. 31, 2023	Dec. 31, 2022
Assets			
Property, plant and equipment	(8)	581.8	452.8
Property held as financial investment	(9)	27.8	26.0
Goodwill	(10a)	232.5	232.5
Other intangible assets	(10b)	219.1	211.0
Investments accounted for using the equity method*	(5a)	–	0.2
Other Investments	(29)	4.0	4.5
Deferred tax assets	(6)	54.9	35.9
Non-current financial assets	(11)	24.3	13.5
Rental equipment	(12)	260.9	206.3
Total non-current assets		**1,405.3**	**1,182.7**
Inventories	(13)	774.4	678.9
Trade receivables	(14)	346.6	301.3
Tax offsets	(6)	9.8	25.7
Other current financial assets	(15)	44.2	41.3
Other current non-financial assets	(15)	36.8	31.4
Cash and cash equivalents	(16)	27.8	53.7
Non-current assets held for sale	(17)	–	8.9
Total current assets		**1,239.6**	**1,141.2**
Total assets		**2,644.9**	**2,323.9**
Equity and liabilities			
Subscribed capital	(18)	70.1	70.1
Other reserves	(18)	603.2	614.0
Net profit/loss*		879.4	761.5
Treasury shares		-53.0	-53.0
Equity attributable to shareholders in the parent company		1,499.7	1,392.6
Equity		**1,499.7**	**1,392.6**
Non-current financial borrowings	(21)	97.3	169.5
Non-current lease liabilities	(26)	88.4	54.6
Deferred tax liabilities	(6)	63.2	61.6
Provisions for pensions and similar obligations	(19)	40.0	37.6
Non-current provisions	(20)	14.0	8.7
Non-current contract liabilities*	(24)	16.1	11.8
Total non-current liabilities		**319.0**	**343.8**
Trade payables	(22)	251.5	261.3
Current liabilities to financial institutions	(21)	296.1	117.9
Current portion of non-current borrowings	(21)	0.2	0.8
Current lease liabilities	(26)	29.7	22.6
Current provisions	(20)	26.2	20.9
Current contract liabilities*	(24)	10.0	7.5
Income tax liabilities	(6)	33.9	12.0
Other current financial liabilities	(23)	106.9	85.3
Other current non-financial liabilities	(23)	71.7	59.2
Total current liabilities		**826.2**	**587.5**
Total liabilities		**2,644.9**	**2,323.9**

* As a result of changes in reporting due to a new Consolidated Balance Sheet item for Investments accounted for using the equity method as well as an error correction in connection with the revenue recognition of extended warranty obligations, the Consolidated Balance Sheet has been adjusted compared to the previous year. Refer to “Changes in accounting under IFRS” for more information.

Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Subscri-bed capital	Capital reserves	Exchange diffe-rences	Other neutral changes	Net profit/loss*	Treasury shares	Equity at-tributable to share-holders in the parent company
Balance at January 1, 2022*	**70.1**	**618.7**	**-4.8**	**-26.8**	**680.1**	**-53.0**	**1,284.3**
Profit for the period	–	–	–	–	142.6	–	142.6
Other income	–	–	11.1	15.8	–	–	26.9
Total comprehensive income	**–**	**–**	**11.1**	**15.8**	**142.6**	**–**	**169.5**
Dividends	–	–	–	–	-61.2	–	-61.2
Balance at December 31, 2022	**70.1**	**618.7**	**6.3**	**-11.0**	**761.5**	**-53.0**	**1,392.6**
Balance at January 1, 2023	**70.1**	**618.7**	**6.3**	**-11.0**	**761.5**	**-53.0**	**1,392.6**
Profit for the period	–	–	–	–	185.9	–	185.9
Other income	–	–	-3.5	-7.3		–	-10.8
Total comprehensive income	**–**	**–**	**-3.5**	**-7.3**	**185.9**	**–**	**175.1**
Dividends	–	–	–	–	-68.0	–	-68.0
Balance at December 31, 2023	**70.1**	**618.7**	**2.8**	**-18.3**	**879.4**	**-53.0**	**1,499.7**

* Due to an error correction in connection with the revenue recognition of extended warranty obligations, “Net profit/loss” was adjusted as of January 1, 2022. For more information, please refer to “Changes in accounting under IFRS”.

Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Notes	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022
EBT		**254.7**	**192.3**
Adjustments to reconcile profit before tax with gross cash flows			
Depreciation, amortization and impairment of non-current assets		87.1	72.2
Unrealized foreign exchange gains/losses		-7.2	0.3
Financial result	(5)	18.5	9.5
Gains from the sale of intangible assets and property, plant and equipment		-16.5	0.3
Changes in rental equipment, net		-50.3	-12.7
Changes in misc. assets		-22.9	-9.7
Changes in provisions		7.9	-4.1
Changes in misc. liabilities		46.0	28.3
Gross cash flow		**317.3**	**276.4**
Changes in inventories		-102.6	-177.8
Changes in trade receivables		-46.5	-56.7
Changes in trade payables		-8.5	25.5
Changes in net working capital		**-157.6**	**-209.0**
Cash flow from operating activities before income tax paid		**159.7**	**67.4**
Income tax paid		-46.5	-73.8
Cash flow from operating activities		**113.2**	**-6.4**
Purchase of property, plant and equipment	(8)	-129.0	-71.3
Purchase of intangible assets	(10)	-34.5	-32.5
Cash outflows for investments accounted for using the equity method and other investments		-0.6	-1.4
Cash outflows for additions to the consolidation structure		–	-22.2
Proceeds of investments		–	2.2
Cash outflows for loans to investments accounted for using the equity method		-1.3	–
Cash inflow from financial investments		–	130.0
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale		27.3	0.8
Cash flow from investment activities		**-138.1**	**5.6**
Free cash flow		**-24.9**	**-0.8**
Dividends	(18)	-68.0	-61.2
Cash receipts from current borrowings		202.1	2.7
Repayments from current borrowings		-100.7	-126.0
Cash receipts from non-current borrowings		0.6	–
Repayments from non-current borrowings		-0.5	-35.6
Repayments from lease liabilities	(26)	-23.4	-21.0
Interest paid		-19.0	-10.8
Interest received		3.9	1.1
Cash flow from financial activities		**-5.0**	**-250.8**
Change in cash and cash equivalents before effect of exchange rates and changes in consolidation group		**-29.9**	**-251.6**
Effect of exchange rates on cash and cash equivalents		4.0	-1.0
Change in consolidation group		–	0.8
Change in cash and cash equivalents		**-25.9**	**-251.8**
Cash and cash equivalents at the beginning of the period	**(16)**	**53.7**	**305.5**
Cash and cash equivalents at the end of period	**(16)**	**27.8**	**53.7**

Consolidated Segmentation

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

Consolidated Segmentation is part of the Notes to the Consolidated Financial Statements (refer to item 31, “Segmentation”).

SEGMENTATION (GEOGRAPHICAL SEGMENTS)

IN € MILLION

	Europe	Americas	Asia-Pacific	Consolida-tion	Group
2023					
Segment revenue					
Total revenue	3,288.5	645.4	111.3		4,045.2
Less intrasegment sales	-1,038.7	-61.8	-22.0		-1,122.5
	2,249.8	583.6	89.3		2,922.7
Intersegment sales	-227.4	-27.1	-13.3		-267.8
Revenue from external customers	**2,022.4**	**556.5**	**76.0**		**2,654.9**
EBIT	**271.3**	**50.3**	**3.1**	**-51.5**	**273.2**

	Europe	Americas	Asia-Pacific	Consolida-tion	Group
2022					
Segment revenue					
Total revenue	2,742.0	529.1	137.9		3,409.0
Less intrasegment sales	-863.3	-51.9	-37.1		-952.3
	1,878.7	477.2	100.8		2,456.7
Intersegment sales	-168.8	-18.1	-17.4		-204.3
Revenue from external customers	**1,709.9**	**459.1**	**83.4**		**2,252.4**
EBIT	**188.6**	**22.6**	**10.5**	**-19.9**	**201.8**

The consolidation effect recognized and not assigned to the segments mainly comprises the elimination of interim profit on inventories and rental equipment.

SEGMENTATION (BUSINESS SEGMENTS)

IN € MILLION

	2023	2022
Segment revenue from external customers		
Light equipment	525.9	520.9
Compact equipment	1,652.9	1,304.6
Services	494.5	441.6
	2,673.3	2,267.1
Less cash discounts	-18.4	-14.7
Total	**2,654.9**	**2,252.4**

Geographical areas

REVENUE ACCORDING TO COMPANY LOCATION

IN € MILLION

	2023	2022
Germany	1,287.3	1,035.3
USA	408.2	328.9
Austria	154.5	148.2
Other	805.0	740.0
Wacker Neuson overall	**2,654.9**	**2,252.4**

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	2023	2022
Germany	623.6	508.3
Austria	436.9	406.6
USA	42.9	40.7
Other	218.7	173.0
Wacker Neuson overall	**1,322.1**	**1,128.6**

The non-current assets reported here include property, plant and equipment, investment properties, goodwill, other intangible assets, rental equipment and other non-current assets that are not classified as financial instruments

Notes to the Consolidated Financial Statements

General information on the company

Wacker Neuson SE (also referred to as "the company" in the following) is a listed European stock corporation (Societas Europaea or SE) headquartered in Munich (Germany). It is entered in the Register of Companies at the Munich Local Court under HRB 177839.

Wacker Neuson shares have been listed since May 2007 on the regulated Prime Standard segment of the German stock exchange in Frankfurt. The company has been listed in the SDAX since September 2007.

General information on accounting standards

The following Consolidated Financial Statements for fiscal 2023 were prepared for the company in accordance with the International Accounting Standards (IAS) as approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS) as interpreted by the IFRS Interpretation Committee (IFRS IC) as adopted by the EU, and in supplementary compliance with the provisions set forth in Section 315e (1) of the German Commercial Code (HGB). All valid and binding standards for fiscal 2023 have been applied.

The Consolidated Financial Statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, as well as the Notes to the Consolidated Financial Statements. In addition, a Group Management Report, which was combined with the Management Report of the company, was prepared in accordance with Section 315 HGB. As a rule, the Consolidated Financial Statements are prepared using the acquisition cost method and under the assumption of the entity's ability to continue as a going concern. The exception to this is the recognition of derivatives and certain other financial instruments, which are always carried at fair value. The income statement is prepared according to the cost-of-sales method. The Consolidated Financial Statements have been prepared in euros (EUR). Unless otherwise stated, all figures are rounded to the nearest million (€ m or EUR million).

Wacker Neuson SE's fiscal year corresponds to the calendar year. The Consolidated Financial Statements for fiscal 2023 (which include prior-year figures) were approved for publication by the Executive Board on March 21, 2024.

Changes in accounting under IFRS

Standards and interpretations applied for the first time in the fiscal year under review

The following standards, amendments to standards and interpretations are mandatory as of January 1, 2023:

Name	Description	Mandatory[1]
EU endorsement issued by the date of release for publication		
IFRS 17	Insurance Contracts	Jan. 1, 2023
IFRS 17	Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023
IAS 1	Disclosure of Accounting Policies	Jan. 1, 2023
IAS 8	Definition of Accounting Estimates	Jan. 1, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023
IAS 12	Amendments to IAS 12 Income Taxes: International Tax Reform (Pillar Two)	Jan. 1, 2023

[1] For fiscal years that start on or after this date. Initial application in line with EU law

IFRS 17, Insurance Contracts and amendments to IFRS 17, Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

IFRS 17 aims to increase transparency and reduce diversity in accounting for insurance contracts. The amendment to IFRS 17 adds a new transition option (the "classification overlay") to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on initial application of IFRS 17. It allows comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9, Financial Instruments.

The initial application of IFRS 17 and the amendments to IFRS 17 did not have any material impacts on the accounting and valuation methods used by the Group.

Amendments to IAS 1: Disclosure of Accounting Policies

In February 2021, the IASB issued further amendments to IAS 1. The amendments to IAS 1 clarify that only "material" and company-specific accounting policies are to be presented in the Notes and that standardized information does not have to be provided.

The initial application of these amendments did not have any material impacts on the accounting and valuation methods used by the Group.

Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued further amendments to IAS 8. The amendment to IAS 8 relates to the definition of accounting estimates and clarifies how entities can better distinguish changes in accounting policies from changes in accounting estimates.

The initial application of these amendments did not have any material impacts on the accounting and valuation methods used by the Group.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Targeted amendments to IAS 12, Income Taxes clarify how companies should account for deferred tax on certain transactions – such as leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The initial application of these amendments did not have a material impact on the accounting and valuation methods used by the Group.

Amendments to IAS 12, Income Taxes: International Tax Reform (Pillar Two)

The IASB published an amendment to IAS 12 in May 2023. The amendment relates to a temporary exemption from the obligation to recognize deferred taxes resulting from the implementation of the Pillar Two requirements. This exception is to be applied immediately after publication. In addition, specific disclosure requirements for affected entities were defined. These requirements are binding for the first time in annual reporting periods beginning on or after January 1, 2023.

The Wacker Neuson Group is working on implementing processes aimed at complying with the requirements of Pillar Two regulations in good time. The Group expects to be able to take advantage of the temporary relief structures set up for the introductory period (safe harbours) as much as possible. The effects of the Pillar Two regulations on Group taxes are currently expected to be negligible (approx. EUR 0.2 million).

Standards and interpretations that have been published but not yet applied

The following accounting standards have been published but have not yet come into force, which is why there is no obligation to apply them yet. Should these accounting standards be endorsed by the European Union, it would, at the company's discretion, be generally possible to adopt them at an earlier date. At present, the Group aims to apply these standards as of the date on which they come into force.

Name	Description	Mandatory[1]
EU endorsement issued by the date of release for publication		
IFRS 16	Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback	Jan. 1, 2024
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Credit Conditions	Jan. 1, 2024
EU endorsement still outstanding		
IAS 7 / IFRS 7	Amendments to IAS 7, Cash Flow Statement and IFRS 7, Financial Instruments: Disclosures in the Notes regarding Supplier Finance Arrangements	Jan. 1, 2024
IAS 21	Amendments to IAS 21, Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Jan. 1, 2025
IFRS 10/ IAS 28	Amendments to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Delayed indefinitely

[1] For fiscal years that start on or after this date. Initial application in line with EU law.

Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback

The IASB published amendments to IFRS 16 in September 2022.

As part of these amendments, the leaseback liability arising from a sale-and-leaseback transaction with variable payments that do not depend on an index or interest rate is a lease liability to which IFRS 16 applies. In addition, the initial measurement requirements in paragraph 100(a) of IFRS 16 apply for the recognition of the right-of-use asset and the gain or loss arising from the sale-and-leaseback. The seller/lessee must also subsequently measure the right-of-use asset arising from the leaseback applying paragraphs 29-35 of IFRS 16.

The amendments are mandatory for fiscal years beginning on or after January 1, 2024. Earlier application is permitted.

The Group believes that initial application of these amendments will not have any material impact on its accounting and valuation methods.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Credit Conditions

The IASB issued a detailed amendment to IAS 1, clarifying that the classification of liabilities as current or non-current should be based on the rights that an entity has at the end of a reporting period.

Liabilities are classified as non-current if the entity has a substantive right at the end of the reporting period to defer settlement of a liability for at least twelve months after the balance sheet date. Classification is no longer based on unconditional rights since loans are rarely unconditional. The assessment determines whether a substantive right exists, but it does not consider whether the entity will exercise the right. As such, management's intentions in this matter do not affect classification.

A right to defer that is dependent on certain conditions being fulfilled requires that the conditions be fulfilled at the reporting date. The right to defer only exists if this is the case. A liability shall be classified as current if the conditions for a deferral are breached on or before the reporting date, even if a creditor waives the fulfillment of the condition after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

"Settlement" of liability is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments. There is an exception for convertible instruments that include conditions enabling the counterparty to demand settlement with equity instruments. The exception states that these conditions do not affect whether the liability is classified as current or non-current provided the option is classified separately as an equity component of a compound financial instrument in accordance with IAS 32.

The amendments are mandatory for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The Group believes that initial application of these amendments will not have any material impact on its accounting and valuation methods.

Amendments to IAS 7, Cash Flow Statement and IFRS 7, Financial Instruments: Disclosures in the Notes regarding Supplier Finance Arrangements

The IASB published amendments to IAS 7 and IFRS 7 in May 2023. These relate to additional disclosure requirements to increase the transparency of reverse factoring arrangements in connection with the entity's liabilities and cash flows. The amendments are mandatory for fiscal years beginning on or after January 1, 2024.

The Group believes that initial application of these amendments will not have any material impact on its accounting and valuation methods.

Amendments to IAS 21, Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The IASB published amendments to IAS 21 in August 2023. These relate to the determination of the exchange rate when there is a long-term lack of exchangeability as IAS 21 did not, to this point, include explicit requirements on the exchange rate an entity must use when the spot rate is not observable. The amendments are mandatory for fiscal years beginning on or after January 1, 2025. Earlier application is permitted.

The Group believes that initial application of these amendments will not have any material impact on its accounting and valuation methods.

Amendments to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB published its amendment standard to defer the effective date of amendment standard "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The effective date of the original amendment standard is now separately postponed indefinitely. The objective here is to avoid – based on the findings of the research project on the equity method of accounting – potentially having to make any opposing amendments to the standards in a short space of time.

The Group will address these amendments in good time.

Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors

New consolidated balance sheet item "Investments accounted for using the equity method" and new consolidated income statement item "Result from investments accounted for using the equity method"

In the previous year, the Group acquired an investment accounted for using the equity method. In the previous year, these shares were reported under "Other investments" for reasons of materiality or else described as "Investments" along with a corresponding earnings share in the consolidated income statement under "Financial expenses".
Fiscal 2023 saw the introduction of the new balance sheet item "Investments accounted for using the equity method" and the new consolidated income statement item "Result from investments accounted for using the equity method". This is a method change within the scope of IAS 8, so the figures and Notes for the previous year were adjusted accordingly. This constitutes a change in reporting and has no effect on income.

CONSOLIDATED BALANCE SHEET – ADJUSTMENTS

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022 adjusted	Dec. 31, 2022
Investments accounted for using the equity method	-	0.2	-
Other investments	4.0	4.5	4.7

CONSOLIDATED INCOME STATEMENT – ADJUSTMENTS

IN € MILLION

	Jan. 1 – Dec. 31, 2023	Jan. 1 – Dec. 31, 2022 adjusted	Jan. 1 – Dec. 31, 2022
Result from investments accounted for using the equity method	-1.6	-0.5	-
Financial expenses	-48.9	-45.3	-45.8

Extended warranties

Revenue from extended warranty obligations, known as "service-type warranties", is in principle recognized on a straight-line basis over the period during which the services are provided in accordance with IFRS 15. This period usually begins upon expiry of the legally required warranties, known as "assurance-type warranties". Extended warranties that are sold in a bundle with light or compact equipment represent a separate performance obligation in accordance with IFRS 15.
Following a detailed analysis of the recognition of revenue from extended warranties, it was determined that corresponding revenue from services was in part already recognized before the beginning of the period during which the service was provided, i.e. already at the time of transfer of the light or compact equipment.
This refers to an error correction within the scope of IAS 8, so the figures and Notes for the previous year were adjusted accordingly.

CONSOLIDATED BALANCE SHEET – ADJUSTMENTS

IN € MILLION

	Dec. 31, 2022 adjusted	Jan. 1, 2022 adjusted	Jan. 1, 2022
Non-current contract liabilities	11.8	8.4	6.8
Current contract liabilities	7.5	5.8	5.5
Retained earnings	761.5	680.1	682.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – ADJUSTMENTS

IN € MILLION

	Balance at December 31, 2022 adjusted	Balance at January 1, 2022 adjusted	Balance at January 1, 2022
Retained earnings	761.5	680.1	682.0

There were no changes to the consolidated income statement or consolidated statement of cash flows for the comparative period of January 1 through December 31, 2022, as the above adjustment was made as of January 1, 2022.

Closing date

The closing date for all Group members included in the Consolidated Financial Statements is December 31 of the respective year. The current accounting period is January 1, 2023, through December 31, 2023.

Consolidation structure

In addition to the parent company, Wacker Neuson SE, the Consolidated Financial Statements as at December 31, 2023, include the following affiliates controlled by the Group. The Group is deemed to control a company if it carries the risks associated with or the rights to fluctuating returns on its shareholding in the company, and if it can also use its power of control over the company to influence these returns. As a rule, control is exercised through the following shareholdings:

CONSOLIDATION STRUCTURE (FULLY CONSOLIDATED COMPANY)

	Company Name	City	Type of Company	Country	Wacker Neuson SE Shareholding as a % direct	indirect	Equity IN € K	Segment
	Germany							
1	Wacker Neuson Produktion GmbH & Co. KG	Reichertshofen	PXX	Germany	100		74,648	Europe
2	Wacker Neuson PGM Verwaltungs GmbH	Reichertshofen	Other	Germany		100	40	Europe
3	Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich	SXX	Germany	100		52,591	Europe
4	Wacker Neuson SGM Verwaltungs GmbH	Munich	Other	Germany		100	36	Europe
5	Wacker Neuson Aftermarket & Services GmbH	Munich	Logistics	Germany	100		32,082	Europe
6	Weidemann GmbH	Korbach	PXX	Germany	100		82,406	Europe
7	Kramer-Werke GmbH	Pfullendorf	PXX	Germany	5	90	93,696	Europe
8	Kramer-Areal Verwaltungs GmbH	Pfullendorf	Other	Germany		95	6,967	Europe
9	Wacker Neuson Immobilien GmbH	Überlingen	Other	Germany		95	3,160	Europe
	Rest of Europe							
10	Wacker Neuson S.A.S.	Brie-Comte-Robert (near Paris)	SXX	France	100		10,249	Europe
11	Wacker Neuson Ltd.	Stafford (near Birmingham)	SXX	UK	100		15,708	Europe
12	Wacker Neuson srl con socio unico	San Giorgio	SXX	Italy	100		4,084	Europe
13	Wacker Neuson B.V.	Amersfoort	SXX	Netherlands	100		7,793	Europe
14	Wacker Neuson Belgium BVBA	Asse-Mollem	SXX	Belgium	100		4,022	Europe
15	Wacker Neuson Beteiligungs GmbH	Hörsching (near Linz)	Holding	Austria	100		161,461	Europe
16	Wacker Neuson Linz GmbH	Hörsching (near Linz)	PXX	Austria		100	234,393	Europe
17	Wacker Neuson Kragujevac d.o.o.	Kragujevac	PXX	Serbia	100		18,372	Europe
18	Wacker Neuson GmbH	Wien	SXX	Austria	100		17,756	Europe
19	Wacker Neuson Sp. z.o.o.	Jawczyce (near Warschau)	SXX	Poland	100		11,550	Europe
20	Wacker Neuson GmbH	Moskau	SXX	Russia	100		2,825	Europe
21	Wacker Neuson AG	Volketswil (near Zürich)	SXX	Switzerland	100		32,325	Europe
22	Wacker Neuson, S.A.	Torrejón de Ardoz (near Madrid)	SXX	Spain	100		4,532	Europe
23	ENARCO S.A.	Zaragoza	PXX, SXX	Spain	100		12,837	Europe
24	Malcom Auxen Iberia S.A.	Zaragoza	Other	Spain		100	265	Europe
25	Mecanization Auxen S.A.	Zaragoza	Other	Spain		100	193	Europe
26	Sage 21 S.A.	Zaragoza	Other	Spain		100	432	Europe
27	ENARPOL Sp Z.O.O.	Krakow	SXX	Poland		100	735	Europe
28	ENARCO Colombia	Bogotá	SXX	Colombia		100	49	Europe
29	MOPYCSA S.A. de CV.	Queretaro	SXX	Mexico		100	889	Europe
30	ENAR (Shanghai) Manufacture C.O. Ltda	Shanghai	Other	China		100	158	Europe
31	ENAR (Haimen) Manufacture C.O. Ltda	Nantong City	PXX, SXX	China		100	511	Europe
32	Wacker Neuson (Pty) Ltd.	Florida (near Johannesburg)	SXX	South Africa	100		1,777	Europe
33	Wacker Neuson s.r.o.	Prag	SXX	Czech Republic	100		4,651	Europe
34	Wacker Neuson s.r.o.	Lučenec	SXX	Slovakia	100		42	Europe
35	Wacker Neuson Makina Limited Şirketi	Tuzla (near Istanbul)	SXX	Turkey	100		1,402	Europe
36	Wacker Neuson Kft.	Törökbálint (near Budapest)	SXX	Hungary	100		1,182	Europe
	Americas							
37	Wacker Neuson Máquinas Ltda.	Itaiba (near São Paulo)	SXX	Brazil	100		168	Americas
38	Wacker Neuson Ltda.	Huechuraba (near Santiago)	SXX	Chile	100		-5,028	Americas
39	Wacker Neuson Ltd.	Mississauga (near Toronto)	SXX	Canada	100		17,855	Americas
40	Wacker Neuson S.A. de C.V.	Mexico City	SXX	Mexico	100		4,032	Americas
41	Wacker Neuson America Corporation	Menomonee Falls[2]	SXX	USA	100		120,207	Americas

CONSOLIDATION STRUCTURE (FULLY CONSOLIDATED COMPANY)

	Company Name	City	Type of Company	Country	Wacker Neuson SE Shareholding as a % direct	indirect	Equity IN € K	Segment
42	Lightning Rod Investments LLC	Menomonee Falls[2]	Other	USA		100	9,416	Americas
43	Wacker Neuson Bogotá S.A.S.	Bogotá	SXX	Colombia	100		-7,254	Americas
44	Wacker Neuson Lima S.A.C. i.L.	Lima	SXX	Peru	99	1	-3,071	Americas
	Asia-Pacific							
45	Wacker Neuson Pty Ltd.	Springvale (near Melbourne)	SXX	Australia	100		9,609	Asia-Pacific
46	Wacker Neuson Machinery (China) Co., Ltd.	Pinghu	PXX	China	100		11,936	Asia-Pacific
47	Wacker Neuson Machinery Trading (Pinghu) Co., Ltd.	Pinghu	SXX	China		100	2,961	Asia-Pacific
48	Wacker Neuson (Singapore) PTE. LTD	Singapur	SXX	Singapore	100		1,788	Asia-Pacific
49	Wacker Neuson Equipment Private Ltd.	Bangalore	SXX	India	100		2,272	Asia-Pacific

[1] SXX = Sales company / PXX = Production company / Other = generally refers to real-estate companies or general partners (Komplementär) in KG companies.
[2] Near Milwaukee.

The following changes were made to the consolidation structure in fiscal 2023:

- Montaje Auxen S.A. (affiliate of ENARCO S.A.) was liquidated.
- Wacker Neuson Manila, Inc. i.L. in the Philippines was liquidated.
- Wacker Neuson Limited i.L. in Hong Kong was liquidated.
- Wacker Neuson AB in Sweden was liquidated.
- Wacker Neuson – ATLAS Hannover – EBAG GbR working group was founded. Wacker Neuson SE holds a 33 percent share. The company has not commenced operations yet. It has not therefore been included in the Consolidated Financial Statements.

There were no acquisitions of fully consolidated companies in fiscal 2023.

Sequello

In addition to the affiliates controlled by the Group, the company Sequello GmbH, which was acquired in fiscal 2022, was included in the Consolidated Financial Statements as an associate accounted for using the equity method.

Enar Group

On June 1, 2022, the Group acquired 100 percent of the shares and voting rights in Enarco S.A. The company, headquartered in Zaragoza, Spain, is the parent company of the Enar Group, which comprises a total of eight subsidiaries. Holding the majority of voting rights, the Wacker Neuson Group has control of Enarco S.A. and thus over all companies in the Enar Group.

The Enar Group manufactures light equipment, specializing in concrete technology. Alongside a range of internal vibrators for concrete, the company's product portfolio also covers vibratory plates, rammers and walk-behind rollers for soil and asphalt compaction. The acquisition of the Enar Group will enable the Wacker Neuson Group to further strengthen and expand its market position internationally, particularly in the area of concrete technology.

Consolidation principles

The Consolidated Financial Statements are based on the annual financial statements of the domestic and foreign companies included in the Group, which were prepared in accordance with IFRS to the year ending December 31, 2023. The annual financial statements of these companies were prepared according to the uniform accounting and valuation methods applied by the Group.

Companies are consolidated using the acquisition method. For first-time consolidation of Group members, all identifiable assets, liabilities and contingent liabilities of the acquired companies are recognized at their fair values.

During initial consolidation of acquired companies that constitute a business, positive balances remain after reevaluation of all hidden assets and liabilities. These are capitalized as goodwill resulting from equity consolidation and are subject to an annual impairment test. To carry out the impairment test, this goodwill is allocated to the cash-generating units of the Group likely to benefit from the merger.

Holdings in joint ventures are accounted for using the equity method. They are initially recognized at acquisition cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of comprehensive income less distributions received from equity method investments until the date that significant influence or joint control ceases.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Group inventories, rental equipment and fixed assets are adjusted to reflect intra-Group profits and losses.

Consolidation transactions affecting income and consolidation transactions that do not affect income are subject to deferred tax.

Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle, is held primarily for the purpose of trading, is expected to be realized within twelve months after the reporting period, or is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled within the normal operating cycle, is held primarily for the purpose of trading, is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Exchange differences
Transactions carried out in foreign currencies are recognized at the exchange rate applicable at the time of the transaction. Nominal assets and liabilities in foreign currencies are converted at the exchange rate effective at the balance sheet date. The resulting translation differences are recognized in the income statement. This excludes monetary items that are designated as part of the Group's net investment in a foreign operation. These are disclosed in other income until the disposal of the net investment.

The annual financial statements of consolidated Group members that are prepared in foreign currencies are translated into euros according to the concept of the functional currency. The functional currency is taken to refer to the relevant national currency, with the exception of Peru (US dollar) and Hungary (euro). Thus, assets and liabilities are translated at the spot rates of exchange effective at the balance sheet date, whereas income and expenses are translated at the average annual rates of exchange, provided that the exchange rates did not fluctuate strongly during the period under review.

Translation differences resulting from the conversion of foreign affiliate figures into the Group's currency, which arise from the application of different exchange rates for the balance sheets and income statements, are recognized in other income and recorded as a separate item of equity with no impact on the financial result.

The exchange rates of the main currencies relevant to the Group are as follows:

RATES OF MAJOR CURRENCIES

1 euro equals		2023	2022	2023	2022
		Annual average rates		Rates at balance sheet date[1]	
Australia	AUD	1.6289	1.5172	1.6263	1.5693
Brazil	BRL	5.4019	5.4409	5.3618	5.6386
Chile	CLP	907.2125	917.8720	979.4000	916.9100
China	CNY	7.6601	7.0796	7.8509	7.3582
Denmark	DKK	7.4510	7.4396	7.4529	7.4365
United Kingdom	GBP	0.8698	0.8529	0.8691	0.8869
Hong Kong	HKD	8.4675	8.2438	8.6314	8.3163
India	INR	89.3207	82.6885	91.9045	88.1710
Japan	JPY	151.9507	138.0266	156.3300	140.6600
Canada	CAD	1.4597	1.3697	1.4642	1.4440
Colombia	COP	4680.0969	4474.4862	4291.0000	5178.8000
Mexico	MXN	19.1943	21.2086	18.7231	20.8560
Norway	NOK	11.4248	10.1046	11.2405	10.5138
Peru	PEN	4.0462	4.0353	4.0536	4.0394
Philippines	PHP	60.1679	57.3149	61.2830	59.3200
Poland	PLN	4.5417	4.6861	4.3395	4.6808
Russia	RUB	92.4203	74.0370	99.0404	78.4218
Sweden	SEK	11.4743	10.6319	11.0960	11.1218
Switzerland	CHF	0.9717	1.0047	0.9260	0.9847
Serbia	RSD	117.2516	117.4589	117.1540	117.3330
Singapore	SGD	1.4524	1.4510	1.4591	1.4300
South Africa	ZAR	19.9581	17.2133	20.3477	18.0986
Thailand	THB	37.6304	36.8554	37.9730	36.8350
Czech Republic	CZK	24.0034	24.5671	24.7250	24.1150
Turkey	TRY	25.7559	17.4139	32.6531	19.9649
USA	USD	1.0816	1.0529	1.1050	1.0666

[1] Rates at the balance sheet date: rates on the last working day of the year.

The Republic of Turkey has met the definition of a hyperinflationary economy since April 30, 2022. The affiliate Wacker Neuson Makina Limited Şirketi (STI) in Turkey has thus been subject to standard IAS 29 (Financial Reporting in Hyperinflationary Economies) since that date. Income statement items and non-monetary assets and liabilities are adjusted using Turkish consumer price index (CPI) data published by the Turkish Statistical Institute (TURKSTAT). At the end of the reporting period, the average monthly change in the Turkish CPI amounted to 4.28 percent (2022: 1.18%). The financial statements and corresponding figures have been restated for previous periods to reflect changes in the general purchasing power of the functional currency and are thus stated in terms of the measuring unit current at the end of the reporting period. The effect on earnings of applying IAS 29 is immaterial.

Important events

In addition to the legal changes, the main important events that occurred in the 2023 reporting period can be described as follows:

2023 Annual General Meeting

- The Annual General Meeting (AGM) of Wacker Neuson SE took place on May 26, 2023. The meeting was held in the presence of shareholders and their proxyholders (with the exception of the proxies appointed by the company).
- The dividend proposed by the Executive Board and Supervisory Board in the amount of EUR 1.00 per share for fiscal 2022 was approved by shareholders. EUR 68.0 million was thus distributed to the shareholders.
- The audit, tax and advisory firm Mazars GmbH & Co KG, Munich, was appointed as the new auditor to review the Annual and Consolidated Financial Statements for fiscal 2023.

Performance

In addition to the legal changes, the main important events that occurred in the 2023 reporting period can be described as follows:

- Following the very strong business development of the Wacker Neuson Group in fiscal 2022, the dynamic pace of growth initially continued in the first half of 2023. Demand for the Group's products remained at a high level in both the construction and agricultural sectors. From the third quarter, however, signs of a general slowdown in the economy began to emerge in the form of weaker demand. Despite this, a healthy order book meant that revenue was well up on the previous year, increasing by 17.9 percent to EUR 2,654.9 million (2022: EUR 2,252.4 million). Adjusted to discount currency effects, revenue grew by 19.1 percent.
- The adjustment of selling prices in the second half of 2022 in response to increased materials costs as well as the introduction of flexible pricing models began to take full effect in the first half of 2023. The supply chain disruptions that were still clearly evident in the previous year continued to ease as 2023 progressed. Occasional material bottlenecks and the resulting need for machine rework efforts were still having a negative impact on productivity at the production plants, however. The record order intake of the previous year dropped during the year under review as a result of weakening demand. In conjunction with a big improvement in the materials availability situation, this meant that the inventory level of unfinished machines – which had been disproportionately high – returned to more normal levels in the second half of the year. At the same time, however, the economic slowdown resulted in a temporary increase in the stock of finished machines.

The Wacker Neuson Group's earnings again grew at a faster pace than revenue. Earnings before interest and taxes (EBIT) rose 35.4 percent to EUR 273.2 million (2022: EUR 201.8 million). The EBIT margin therefore increased to 10.3 percent (2022: 9.0 percent). In 2022, the Group had adjusted its selling prices on multiple occasions due to soaring materials costs, and it also introduced flexible pricing models. These measures took full effect in 2023 and they were a major reason behind the improvement in profitability. In addition, older orders from the order book with price guarantees attached had already been processed to a large extent. In spite of production workflows returning to normal compared to the previous year, productivity at the production plants was negatively impacted by material bottlenecks in certain cases.

Refer to "Profit, financials and assets" in the Combined Management Report for further information and explanatory comments on events that could have a substantial impact.

Accounting and valuation methods

Revenue and earnings recognition

Revenue is recognized when control over distinct goods or services is passed to the customer, i.e. when the customer has the ability to direct the use of the transferred goods or services and substantially obtains the remaining benefits from the asset. This presupposes that an agreement with enforceable rights and obligations has been concluded and, among other things, that receipt of the respective consideration is probable, taking into account the customer's credit rating. The revenue corresponds to the transaction price to which the Group is likely to be entitled. Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty associated with the variable consideration has been resolved.

Revenue from the sale of light and compact equipment
Revenue from the sale of light and compact equipment is recognized at the point when control is transferred to the purchaser, usually upon delivery of the goods. Invoices will be issued at that time, with payment terms usually providing for payment within 30 days of an invoice being issued.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. extended warranties). In determining the transaction price for the sale of light and compact equipment, the Group considers the effects of variable consideration, the existence of significant financing components, and, if applicable, any non-cash consideration and consideration payable to the customer.

(a) Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained from inclusion in the transaction price until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Some contracts for the sale of light and compact equipment grant customers a take-back and buy-back obligation on the part of the Group, or volume rebates or discounts. These give rise to variable consideration.

- Take-back obligations

Certain contracts provide a customer with the right to return goods at a predefined value which is less than the original selling price. According to the requirements of IFRS 15, this is a sales option for the customer in which the Group acts as writer of the option. Based on the contract structures, the Group currently does not believe that the customer has an economic benefit from exercising the option and accounts for the take-back obligation according to the requirements of IFRS 15 for return rights. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. Based on its historical experience with such transactions, the Group considers the probability of its take-back obligations to be insignificant. Therefore, no refund liabilities or right-of-return assets are recorded. Information on this is provided in item 28, "Other financial liabilities", in these Notes.

- Volume and sales rebates

The Group provides retrospective rebates to certain customers once the quantity of products purchased during the period exceeds a volume threshold or particular revenue level specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the "most likely amount" method for contracts with a single quantity or volume threshold and the "expected value" method for contracts with more than one quantity or volume threshold. The selected method that best predicts the amount of variable consideration is thus primarily driven by the number of quantity or volume thresholds contained in the contract. The Group already includes the variable price components when recognizing revenues from the sale of products if it is likely that the customer will meet the agreed targets. The regulations on constraining estimates of variable consideration are applied in this regard. A refund liability is formed in the same amount for the anticipated future rebates.

In addition, the Group provides sales support to selected customers in the form of prepaid bonuses. These are classified as assets under the balance sheet items "Other non-current financial assets" and "Other current financial assets". Here too, the Group already includes the variable price components when recognizing revenues from the sale of products if it is likely that the customer will meet the agreed targets during the term of the agreement, and reduces the receivable from the prepaid bonus to the customer in the same amount.

- Discounts

The Group grants certain customers reduced prices if payment is made within defined shorter periods (discounts). Discounts granted are offset against amounts payable by the customer. The Group identifies the transaction price while considering the most probable amount and already includes this variable price component discount when recognizing revenues if, based on the customer's past payment behavior, it can be assumed that the customer will deduct the discount amount that has been granted. The regulations on constraining estimates of variable consideration are applied in this regard. A refund liability is formed in the same amount for the anticipated future discounts.

(b) Significant financing component
Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Advance payments from customers are recognized under the balance sheet item "Contract liabilities".

The Group offers customers financing services through financing partners. The interest payable by the Group to financing partners is deducted from revenue as a deferral.

For contracts where the period between the transfer of the goods or services and the payment date exceeds twelve months and a significant benefit from the financing arrangement accrues to the customer or to the Group, the consideration is adjusted by the time value of money. The Group otherwise waives the option to adjust for short-term periods under the practical expedients provided under IFRS 15. As the Group is constantly expanding its activities as a financing partner for its customers (e.g. through long-term payment terms), the financing components initially deferred are carried as revenue over the agreed period, albeit separate from the revenue from contracts with customers (other revenue). The deferred financing components are reported under contract liabilities in the balance sheet. Material financing components reduce the initial recognition of the financial asset and are distributed over the agreed term in line with the effective interest rate method.

Revenue from the sale of spare parts
Revenue from the sale of spare parts is recognized at the point when control is transferred to the purchaser, usually upon delivery of the goods. Invoices will be issued at that time, with payment terms usually providing for payment within 30 days of an invoice being issued. Revenue from the sale of spare parts is reported under the services segment.

Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties according to IFRS 15 are accounted for under IAS 37: Provisions, Contingent Liabilities and Contingent Assets. Refer to “Other provisions” for details of the accounting policy on warranty provisions.

In addition to fixing defects that existed at the time of sale, the Group provides extended warranties (contract liabilities). These service-type warranties according to IFRS 15 are sold either separately or bundled together with the sale of light or compact equipment. Contracts for bundled sales of light or compact equipment and a service-type warranty comprise two performance obligations because the promises to transfer the light or compact equipment and to provide the service-type warranty are capable of being distinct. Using the relative standalone selling price method, a portion of the transaction price is allocated to the service-type warranty and deducted from the transaction price for the sale of the products. Revenue from extended warranty obligations is in principle recognized on a straight-line basis over the period during which the services are provided in accordance with IFRS 15. This period usually begins upon expiry of the legally required warranties, known as “assurance-type warranties”. Extended warranties are recognized under the balance sheet item “Contract liabilities”.

Revenue from the rendering of services
Revenue from services is recognized on a straight-line basis over the period during which the services are provided or – if the service is not provided on a straight-line basis – upon performance of the service. Invoices are issued in accordance with the terms of the contract, with payment terms usually providing for payment within 30 days of an invoice being issued. In addition to rental income, income from the provision of services mainly comprises income from customer financing, the telematics business, extended warranties and the spare parts business. The telematics business covers digital servicing using the EquipCare tool. Machines featuring EquipCare send real-time messages to the customer’s device to alert the user to maintenance needs, malfunctions or unexpected relocations.

If a customer makes an advance payment for services to be rendered in the future, this is generally to be reported as a contractual liability. Deferred advance payments for services to be rendered in the future are recognized under the balance sheet item “Contract liabilities”.

Revenue from the rental of equipment and accessories
The Group recognizes revenue from the short-term rental of equipment and accessories on a straight-line basis over the rental term because the customer simultaneously receives and consumes the benefits provided by the Group. In determining the transaction price from the rental of equipment and accessories, the Group considers the effects of variable consideration similar to the sale of light and compact equipment. The average rental period is around 19 days. For reasons of materiality and given the very short periods of time involved, revenue of this nature does not differentiate between performance obligations that are satisfied “at a point in time” and those that are satisfied “over time” in these Notes. Invoices are issued in accordance with the terms of the contract, with payment terms usually providing for payment within 30 days of an invoice being issued.

Realization of expenses

Operating expenses are recognized in the income statement upon execution of the service or at the date of their origin. Interest expense is recognized on an accrual basis, taking the outstanding principal of the loan and the applicable interest rate into account.

Determining fair value

The Group identifies and values certain financial instruments (such as derivatives, securities, investments and plan assets under IAS 19) at fair value at every closing date in line with applicable guidelines. Financial instruments are also recognized at fair value. Refer to item 29, “Additional information on financial instruments”, in these Notes for further information on fair value. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the business transaction takes place:

- On the principal market for the asset or liability
- Or, in the absence of a principal market, on the most advantageous market for the asset or liability

The Group must have access to the principal market or the most advantageous market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy according to IFRS 13, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1: Prices quoted in active markets (not adjusted)
- Level 2: Evaluation techniques where the lowest-level input significant to the fair value measurement is observable either directly or indirectly on the market
- Level 3: Evaluation techniques where the lowest-level input significant to the fair value measurement is not observable on the market

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between fair value levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The corporate functions responsible (e.g. Corporate Real Estate, Corporate Treasury) in consultation with the Board member responsible determine the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets. The engagement of external valuers is reviewed annually by the relevant corporate functions at the Group on the basis of observed market indicators to determine whether significant changes have occurred in the general conditions. An external valuer is engaged after consultation with and approval from the Board member responsible. Selection criteria include market knowledge, reputation, independence and compliance with professional standards. Valuers are normally rotated every three years. The corporate function managers and Board member responsible decide, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each individual case.

At each reporting date, the Group's corporate functions analyze the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the responsible corporate functions verify the major inputs applied in the latest valuation by aligning the information in the valuation computation with contracts and other relevant documents. The responsible corporate functions, in conjunction with the Group's external valuers, also compare the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are presented to the Audit Committee and the Group's auditor during the year. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Property, plant and equipment
Construction in progress is carried at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated scheduled straight-line depreciation and accumulated impairment losses, if any. An item of property, plant and equipment is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Finance costs are capitalized provided there is a qualified underlying asset.

Investment properties
Land and buildings held for the purpose of generating rental revenue are designated at amortized cost using the acquisition cost method. Straight-line depreciation is calculated using the pro rata temporis method.

Intangible assets
Intangible assets acquired independently of a business combination are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

For subsequent valuations of intangible assets, the useful lives of intangible assets are assessed as either limited or unlimited.

Intangible assets with limited useful lives are subject to scheduled amortization over the useful estimated economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a limited useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with limited useful lives is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with unlimited useful lives are tested for impairment at least once a year, either individually or at the cash-generating unit level. These intangible assets are not subject to scheduled amortization. The assessment of unlimited useful life is reviewed annually to determine whether the unlimited life continues to be supportable. If not, the change in useful life from unlimited to limited is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Finance costs are capitalized provided there is a qualified underlying asset.

Investments recognized using the equity method

Investments in associated companies recognized using the equity method are recognized at acquisition cost in the Consolidated Balance Sheet at the time the significant influence is obtained. The book value of the investment includes, where applicable, assets identified during the purchase price allocation, as well as liabilities incurred and contingent liabilities at the acquisition date, and goodwill as a positive balance. In subsequent periods, the book value is adjusted to reflect the pro rata changes in the equity of the associated company, as well as the effects of the revaluation of the assets and liabilities identified at the time of initial recognition. Losses of an investment recognized using the equity method that exceed the Group's share of the investment are not recognized, unless the Group has entered into a legal or constructive obligation to assume losses or finance them or there are other specific financial assets that relate to the investment in addition to the book value of the investment. Dividends received from investments recognized using the equity method reduce their book value. The pro rata earnings attributable to the Group from the associated company are included in the income statement under “Result from investments accounted for using the equity method”.

Leases

When the Group is the lessee, leases are recognized as right-of-use assets with a corresponding lease liability as at the point in time when the leased object is available for use by the Group. Lease payments are apportioned between reduction of the lease liability and finance charges. Finance charges are recognized in the income statement over the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subject to straight-line depreciation over the shorter period – either the useful life or the term of the lease.

At contract inception, the Group assesses whether an agreement constitutes or contains a lease. This is deemed to be the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Assets and liabilities from leases are initially recognized at present value.

(a) Lease liabilities
Lease liabilities include the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments, net of lease incentives, if any)
- Variable lease payments that depend on an index or interest rate
- Amounts expected to be paid under residual value guarantee by the lessee
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease

When calculating the present value of lease payments, the Group uses its incremental borrowing rate on the commencement date, as the interest rate on which the lease is based cannot be easily determined. After the commencement date, the amount of the lease liability is increased in order to do justice to the higher interest expense and reduced in order to do justice to the lease installments paid. In addition, the carrying amount of the lease liabilities is revalued in the event of changes to the lease, changes to the term of the lease, changes to the lease installments (e.g. changes to future lease installments as a result of a change to the index or interest rate used to determine these payments) or in the event of a change to the assessment of a purchase option for the underlying asset.

(b) Right-of-use assets
Right-of-use assets are designated at cost, which comprises the following:

- The amount of the initial measurement of the lease liability
- All lease payments made at or before the commencement date, net of lease incentives received, if any
- All initial direct costs incurred by the lessee
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Right-of-use assets are subject to scheduled straight-line depreciation over the shorter period – either the expected useful life or the term of the lease.

If ownership of the leased item is transferred to the Group at the end of the term of the lease, or if the costs include exercising a purchase option, the depreciation is calculated based on the anticipated useful life of the leased item.

Right-of-use assets are also reviewed for impairment.

(c) Short-term leases and leases based on a low-value asset
The Group applies the short-term lease recognition exemption to all short-term leases (i.e. leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets (such as IT equipment, bicycles and small pieces of office furniture) that are considered to be of low value.

Lease installments for short-term leases and for leases based on a low-value asset (which is generally an acquisition cost of less than EUR 5,000) are recorded as expenses on a straight-line basis over the term of the lease.

(d) Sale and leaseback
In the past, the Group concluded a sale-and-leaseback agreement with financial institutions where the leaseback was already classified as a finance lease due to the repurchase option, in accordance with IAS 17 regulations at that time. According to IFRS 16, the head lease should continue to be treated as a lease. The contractual conditions are passed on “as is” (also including the purchase option) to selected dealers. From the Group’s perspective, this in turn leads to classification as a finance lease, so the asset is immediately derecognized from the head lease and a lease receivable is recognized at the same time. This sales-supporting measure gives the dealer access to favorable interest conditions.

Further contracts concluded on the basis of the model described above are now accounted for under IFRS 16, and the associated liabilities are reported as financial liabilities. Refer to item 21, “Current and non-current financial liabilities”, in these Notes for further information.

(e) Group as lessor

The Group also acts as a manufacturer lessor. In this case, each lease is classified at contract inception as either a finance or an operating lease. In the case of a finance lease, substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee; in the case of an operating lease, substantially all the risks and rewards remain with the Group.

For a finance lease, the underlying asset is removed from the balance sheet and a lease receivable is recognized accordingly, differentiating between current and non-current. The amount of the lease receivable corresponds to the net investment value of the leased asset at the commencement date. Revenue and cost of sales are recognized for a finance lease at the commencement date. Revenue is recognized at the fair value of the leased asset, reduced by any unguaranteed residual value of assets that are expected to be returned to the Group. Cost of sales is also reduced by unguaranteed residual values. Subsequently, lease payments received are apportioned between interest and principal and shown as interest income and repayment of lease receivables, respectively. Interest income is distributed across accounting periods so that a constant periodic rate of interest is shown over the term of the lease.

In the case of an operating lease, the underlying asset (usually rental equipment) continues to be recognized in the balance sheet and the lease payments received are recorded as revenue in the income statement on a straight-line basis over the term of the corresponding lease.

Rental equipment

Rental equipment is carried at cost net of accumulated scheduled straight-line depreciation (between two and three years) and accumulated impairment losses. The general idea with equipment assigned to the rental fleet is that it will be made available over time to customers looking for short-term rentals. However, such equipment can – similar to inventory stock – also be sold to customers at any time and this option is also supported. Rental equipment is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives and methods of depreciation of rental equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. As a result, rental equipment has been reported under non-current assets since fiscal 2022.

Inventories

Inventories of work in process and finished products, as well as raw materials and supplies, are valued at cost in accordance with IAS 2. To the extent that the cost of inventories is above fair value, they are written down to the lower net realizable value at the balance sheet date. The net realizable value corresponds to the estimated realizable sales price under normal business conditions, net of the estimated manufacturing and sales and service expenses. If the net realizable value of formerly written-down inventories has increased, corresponding write-ups will be made.

In determining acquisition costs, incidental acquisition costs are added and rebates on purchase prices are deducted. Cost of sales includes all expenses that are allocable either directly or indirectly to the manufacturing process.

Costs of inventories were, for the main part, determined on the basis of the FIFO method; in other words, on the assumption that those assets that were acquired first will be consumed first. The moving average cost procedure is also used to simplify valuation. The Group uses derivative financial instruments to hedge against currency risks arising from the purchase of inventories in foreign currencies (see “Derivative financial instruments” for details).

Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less cost to sell. Cost to sell refers to the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale must be expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

Financial instruments and hedge accounting

(a) Financial assets
Financial assets are classified, at initial recognition, as subsequently designated at amortized cost, fair value through other comprehensive income, and fair value recognized in the income statement.

The classification of financial assets in the form of debt instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the simplified approach in calculating ECLs, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value recognized in the income statement, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in the "Revenue and earnings recognition" section for further information.

In order for a financial asset in the form of a debt instrument to be classified and designated at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and designated at amortized cost are held within a business model which has the aim of holding financial assets in order to collect contractual cash flows. Loans, receivables and other debt instruments are allocated to the "hold" business model in order to collect the contractual cash flows consisting of interest and principal.

In contrast, financial assets which are classified and designated at fair value under other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The assessment of whether contractual cash flows on debt instruments are solely payments of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Under IFRS 9, debt instruments are subsequently measured at fair value recognized in the income statement, at amortized cost, or at fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets (debt instruments) measured at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets (equity instruments) measured at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets (equity and debt instruments) measured at fair value recognized in the income statement

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Consolidated Financial Statements.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost are as follows:

- Receivables (extended payment terms) from dealers: Extended payment terms with a maturity of more than 360 days are granted to selected dealers to support sales. These are reported in the balance sheet under "Non-current financial assets", as long as the maturity remains more than 360 days. As soon as the maturity falls below 360 days, the current portion is reclassified to the balance sheet item "Trade receivables". Receivables from prepaid volume bonuses: Volume bonuses are paid in advance to selected US dealers to assist them with market penetration and development. The non-current portion is included under the item "Non-current financial assets". At the same time, the current portion is reported under "Other current financial assets".
- Trade receivables: Financial receivables without a significant financing component from revenue and earnings recognition are reported under the item "Trade receivables".
- Cash and cash equivalents: These financial assets comprise cash on hand, checks and demand deposits.

Financial assets measured at fair value recognized in the income statement
Financial assets measured at fair value recognized in the income statement include financial assets held for trading, financial assets designated upon initial recognition at fair value recognized in the income statement, and financial assets mandatorily required to be designated at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value recognized in the income statement, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be measured at fair value recognized in the income statement on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets measured at fair value recognized in the income statement are carried in the financial statement at fair value with net changes in fair value recognized in the income statement.

This category includes derivative instruments and listed and non-listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. The Group has the following significant financial assets and liabilities, which are measured at fair value recognized in the income statement:

- Derivatives not treated according to hedge accounting criteria: The Group uses currency swaps to hedge the currency risk from loans issued internally between Group companies. The currency effects from the recognition of intra-Group foreign currency loans in the balance sheet are recognized in the financial result. The measurement of the derivatives used at fair value through the income statement means that these valuation results are also recognized in the financial result. Depending on the market value, the derivatives are reported in the balance sheet either under “Other current financial assets” or under “Other current financial liabilities”.
- Minority shareholding in Austria: Disclosure of shares in a non-listed company in the amount of EUR 4.0 million (2022: EUR 4.4 million). The purpose of this company is to invest in innovative startups with the aim of gaining access to new technologies. For more on classification, refer to the information under “Changes to accounting and valuation methods”.

Financial assets measured at fair value through other comprehensive income (equity instruments)
Upon initial recognition, the Group can elect to irrevocably classify equity investments it holds in other companies as equity instruments measured at fair value through other comprehensive income if they meet the definition of equity under IAS 32, Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognized as other comprehensive income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

The Group elected to classify listed equity investments irrevocably under this category.

The Group has the following significant financial assets, which are measured at fair value through other comprehensive income:

- Investments in pension funds: The Group holds investments in pension funds to secure the pension claims of former Executive Board members. These are not defined as plan assets in accordance with IAS 19 and are not netted against pension provisions. The pension fund investments are reported under “Non-current financial assets”.

Derecognition
Within the Group, receivables are sold individually or bundled for financing purposes. A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group’s Consolidated Financial Statements) when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards associated with the asset, or (b) the Group has transferred or retained substantially none of the risks and rewards associated with the asset, but has transferred control of the asset.

If the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates whether and – if so – to what extent it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all of the risks and rewards associated with the asset, nor transferred control over the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are evaluated in due consideration of the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. The Group’s remaining involvement with regard to the receivable after derecognition is reported under “Non-current financial assets” / “Other current financial assets” and the associated liability under “Current liabilities to financial institutions” / “Other current financial liabilities”.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not measured at fair value recognized in the income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in three stages according to the requirements of IFRS 9.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Expenses arising from the allowance for ECLs are allocated to sales and service expenses.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience with trade receivables, adjusted for forward-looking factors specific to the debtors and the economic environment to the extent warranted by the current economic outlook or other macroeconomic factors. Alongside trade receivables, the Group recognizes lifetime ECLs based on a simplified approach for the following financial assets:

- Receivables (extended payment terms) from dealers
- Receivables from finance leases as a lessor

The Group uses a provision matrix to calculate defaults in financial assets and to determine when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This reasonable expectation exists for the Group in the event that the customer files for insolvency. Refer to item 14, “Trade receivables” for more details.

(b) Financial liabilities

Financial liabilities are classified at initial recognition at amortized cost or at fair value recognized in the income statement. All financial liabilities are recognized initially at fair value. In the case of financial liabilities designated at amortized cost, directly attributable transaction costs are deducted upon initial recognition.

The Group’s financial liabilities include trade and other payables, liabilities to financial institutions (including loans and overdrafts), and derivative financial instruments.

Financial liabilities measured at fair value recognized in the income statement include derivative financial instruments entered into by the Group that are not designated as hedge instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognized in the income statement.

The Group uses currency swaps to hedge the currency risk from loans issued internally between Group companies. The currency effects from the recognition of intra-Group foreign currency loans in the balance sheet are recognized in the financial result. The measurement of the derivatives used at fair value through the income statement means that these valuation results are also recognized in the financial result. Depending on the market value, the derivatives are reported in the balance sheet either under “Other current financial assets” or under “Other current financial liabilities”.

After initial recognition, liabilities to financial institutions (from loans and overdrafts) are subsequently designated at amortized cost using the EIR method.

Derecognition

A financial liability is derecognized when the obligation underlying the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

(c) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks. Such derivative financial instruments are initially recognized at fair value at the date on which a derivative contract is entered into and are subsequently redesignated at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. These kinds of financial transactions are concluded centrally and always have a corresponding underlying transaction.

Within the framework of the Group’s risk management strategy and initiatives, various derivatives are used for the economic hedging of risks.

Derivative financial instruments that are not included in hedge accounting are measured at fair value recognized in the income statement. This relates exclusively to the currency swaps used to hedge the currency risk from loans issued internally between Group companies. This is not designated as a hedge, as the underlying transactions are eliminated as part of consolidation procedures and only the earnings effect from the foreign exchange valuation remains in the consolidated earnings. The valuation result of the foreign exchange swaps is then also reported in the financial result and netted against the result from the foreign exchange valuation of the loans issued between the Group companies.

In addition, the Group uses forward exchange contracts to hedge planned internal purchases of goods. These are formally classified as hedges (hedge accounting) on inception of the foreign exchange forward transaction with the corresponding underlying transaction.

The hedge accounting requirements according to IFRS 9 are met in these cases. At the inception of designated hedging relationships, the Group documents the risk management objectives and strategies underlying the hedge. The Group also documents the economic relationship between the underlying hedged transaction and the hedging instrument, and whether changes in the cash flows from the underlying hedged transaction and the hedging instrument are expected to offset each other. In addition, the Group verifies the effectiveness of the hedge at its inception and also thereafter on a continual basis. The foreign exchange forwards utilized by the Group within the framework of its risk management strategy are recognized as cash flow hedges, whereby the effective portion from changes in fair value is reported under other comprehensive income. The hedge-ineffective portion is directly recognized in the income statement. After the underlying transaction has taken place, the valuation results to date recognized through other comprehensive income are allocated to inventories and then affect the cost of sales when the corresponding products are sold in the future. Starting from the date of the underlying transaction, these derivatives are also treated as separate and any further revaluations are recognized in the income statement, netted against the foreign exchange valuation of the Group-internal liability resulting from the originally hedged transaction.

When the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that was allocated to the hedge reserve remains in equity until – for a hedging transaction that results in recognition of a non-financial item – that amount is included in the cost of the non-financial item on initial recognition or – for other cash flow hedges – that amount is reclassified into profit or loss in the period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts that were allocated to the hedge reserve and the hedging cost reserve are directly reclassified to profit or loss.

Research and development
Research costs are expensed as incurred. Development expenditures on an individual project are only capitalized as an intangible asset when the Group can demonstrate compliance with the following six criteria in IAS 38:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the intangible asset
- Its ability and intention to use or sell the intangible asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure attributable to the intangible asset during development

Following initial recognition of the development expenditure as an intangible asset, the asset is carried at cost net of accumulated straight-line amortization and accumulated impairment losses, if any. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the development period, impairment indicators are tested annually and, if applicable, an impairment test is performed.

In addition, the Group tests intangible assets not yet ready for use for impairment every year. When testing property, plant and equipment and other intangible assets for impairment, determining the recoverable amount of the assets involves the use of estimates.

Other non-financial assets
Other non-financial assets are principally recognized at their nominal values. Allowances are recognized in the full amount for other assets for which there is a high probability of default.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, checks and demand deposits. They belong to the “Financial assets designated at amortized cost” category and have original maturities of three months or less. Cash and cash equivalents are converted to the nominal value in the Group’s currency. In the case of liquid funds, this corresponds to the fair value. Since cash and cash equivalents are only held with major international banks with good ratings, the Group considers the need to “calculate” potential losses to be negligible and of minor importance for the Group.

Government grants
Government grants are only recognized if there is reasonable assurance that the relevant criteria are fulfilled and the funding will be approved. Grants for the acquisition of non-current assets are recognized by reducing the book value of the asset. The grant is then recognized as income through a reduced write-down value over the duration of the depreciable asset’s useful life. If the Group receives government grants for costs, these are recognized over the period when the costs arise for which they are intended to compensate. The government compensation payments received are netted against the corresponding expenses for which the compensation was paid. If the government grants were not awarded directly for expenses incurred, they are reported under other operating income.

Pensions and similar obligations
The Group holds defined benefit pension plans, primarily in Germany and Switzerland. Contributions are made to a separately managed fund for these. There are also other pension plans in the USA and Austria, most of which are defined benefit schemes. Provisions for pensions and similar obligations from defined benefit plans are recognized following the projected unit credit method, taking into consideration future adjustments to remuneration payments and pensions in compliance with IAS 19. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the financial statement with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements may not be reclassified to the income statement in subsequent periods.

Unvested past service costs are recognized in the income statement at the earlier of the following points in time:

- The time at which the adjustment or curtailment of the plan takes effect
- The time at which the Group recognizes any costs related to the restructuring

Pension obligations in Germany are calculated using the demographic tables for 2018 G developed by Prof. Klaus Heubeck, taking biometric actuarial assumptions into account. Pension obligations abroad are calculated using accounting principles and parameters specific to the corresponding country.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the defined benefit obligation in the income statement, mainly under administrative and sales and service expenses (by function):

- Service costs, comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Service costs for vested rights to future pension payments result from the changes in the present value of the obligation. The net interest is recognized in the financial result. Payments under defined contribution benefit plans are recognized directly as an expense.

Other provisions
Other provisions are recognized in accordance with IAS 37 when the Group has a present legal or constructive obligation as a result of a past event, which will probably result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. Other provisions include allowances for all identifiable obligations. Valuation is based on estimations of the expected settlement amount on due consideration of all business circumstances. Provisions that are only due after one year and for which the payment amounts and due dates can be reliably estimated are measured at discounted present value. Provisions for assurance-type warranties are calculated on the basis of historical values, warranty lifetimes and product volumes. For the treatment of extended service-type warranties, refer to the “Warranty obligations” subsection in the “Revenue and earnings recognition” section.

Other provisions are made for all identifiable risks as well as for all contingent liabilities in the amount that is expected to be incurred.

Taxes on income
Deferred and current tax is calculated in line with IAS 12.

Deferred tax assets and liabilities are recognized for temporary differences between carrying amounts and corresponding tax bases, for consolidation transactions recognized in the income statement and for tax loss carry-forwards.

Deferred tax assets on tax loss carry-forwards are only recognized if the associated reductions in tax are likely to become effective in the next five years (maximum) and can be applied in subsequent periods. Deferred tax was recognized for loss carry-forwards in the year under review.

Deferred tax is calculated at the tax rate applicable to the company in question that is valid or approved at the balance sheet date and which will then be valid when the reversal effects will probably be applied.

Changes to deferred tax in the balance sheet generally result in deferred tax expense or income. If any movements that necessitate a change in deferred tax are charged directly to equity, the resulting change to deferred tax is also recognized directly in equity.

Current taxes are measured at the amount expected to be recovered from or paid to the tax authorities. The calculation of current taxes is based on the tax rates and tax laws applicable in the respective countries on the balance sheet date.

Share-based payments
Cash-settled share-based payments are measured at the fair value of the equity instrument or liability. The liability is recognized in other (non-current) provisions until settlement. Changes in fair value over time are recognized in the income statement.

Material discretionary decisions, estimates and assumptions

In preparing the Consolidated Financial Statements, it has been necessary to make estimates and assumptions which may influence the carrying amounts of assets and liabilities, income and expenses as well as contingent liabilities as recognized on the balance sheet. The following significant estimates and assumptions, together with the uncertainties associated with the general accounting and valuation methods applied, are crucial in understanding the risks underlying financial reporting and the impact these estimates, assumptions and uncertainties could have on the Consolidated Financial Statements:

(a) Material discretionary decisions
Development costs
The Group capitalizes the costs of product development projects and IT projects for process optimization in the various organizational areas, e.g. production, logistics, etc. Initial capitalization of costs is based on management's judgment that technological and economic feasibility has been established, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash flows generated by the project, discount rates to be applied and the expected period of benefits.

Determining the term of leases with extension or termination options – the Group as a lessee
The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain that the Group will exercise this option, or any periods covered by an option to terminate the lease if it is reasonably certain that the Group will not exercise this option.

The Group has concluded several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not it will exercise the option to renew or terminate the lease. That means that it considers all relevant factors that create an economic incentive for the Group to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate (e.g. construction of significant leasehold improvements or significant customization of the leased asset).

Many lease contracts, especially for real estate, include renewal and termination options. Renewal options for real-estate leases are generally for periods of two to five years. These types of contractual conditions provide the Group with maximum operational flexibility with regard to its existing contracts. The existing renewal and termination options can only be exercised by the Group, not by the lessor.

The Group has included extension periods in the lease term for rented branch offices and warehouses because this kind of real estate is of major importance to its business activities. These rental contracts have relatively short, non-cancellable remaining terms (one to three years) and a significant negative impact on business operations would be expected if the Group were unable to use alternative options. Existing renewal options for contracts with longer terms were not exercised as these were classified as not yet reasonably certain. Twice a year, renewal options are reviewed to establish whether the option has been exercised in advance on rental contracts with longer terms. Renewal options for vehicle leases are not included in the leases as these are only very short term (up to three months) and are only exercised if the replacement vehicle has not yet been delivered.

For details on the possible future lease payments for periods after the exercise date for renewal and termination options which are not considered in the term of the lease, refer to item 26, "Lease liabilities" in these Notes.

(b) Estimates and assumptions
Indications for impairment of tangible and intangible assets and development costs (impairment tests specific to events or circumstances)
At each closing date, the Group determines whether there are any grounds to assume that the book value of a tangible asset or an item under other intangible assets has been impaired. In fiscal 2023, impairment losses were identified and recognized under intangible assets. Refer to item 10, "Intangible assets", in these Notes for further details. No impairment losses were recognized under property, plant and equipment in the year under review.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the financial statement cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a high degree of judgment on the part of

management is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The fair value of pension funds “measured at fair value through other comprehensive income” is derived from quoted prices on active markets. The investments in pension funds are reported in the “Investments” balance sheet line.

The Group has minority shareholdings in the form of non-listed shares, which are allocated to level 3 of the fair value hierarchy. Level 3 involves a valuation technique for which the lowest-level input that is significant to the fair value measurement as a whole is not observable on the market.

The fair values in level 3 were determined using the discounted cash flow method. The valuation requires internal management to make certain assumptions regarding inputs to the model, including forecast cash flows, the discount rate, the default risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in internal management’s estimate of fair value for these non-listed equity investments. The investments were revalued in the current fiscal year due to changed inputs, resulting in a devaluation. Refer to item 29, “Additional information on financial instruments”, in these Notes for further details.

Taxes on income and earnings
At each closing date, the Group determines whether the probability of future tax benefits is sufficient to justify deferred tax assets. The recognized deferred tax assets may be lower if the estimates regarding scheduled taxable income and the tax benefits realizable through available tax strategies are reduced, or should changes to current tax legislation restrict the time frame or feasibility of future tax benefits. In fiscal 2023, the Group did not identify or recognize any grounds for significant adjustments to deferred tax assets in comparison with the previous year. Refer to item 6, “Taxes on income”, in these Notes for further details.

Tax items are calculated in line with local tax laws as applicable and the relevant administrative practices. Due to their complexity, they may be subject to differences in interpretation by tax-paying entities on the one hand, and by local fiscal authorities on the other. Different interpretations of tax laws may lead to retrospective tax payments for previous years; these are taken into consideration based on estimates made by the Group in accordance with IFRIC 23.

Value of goodwill and assets with an indefinite useful life (at least one impairment test per year)
The Group carries out an impairment test on goodwill, intangible assets of indefinite useful life and capitalized development costs at least once per year, or several times within the year if there is any indication that an asset has been impaired. This involves making estimates regarding the forecast and discounting of future cash flows.

For the cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and the Enar Group (Spain), a detailed calculation was taken as a basis for the impairment test performed on December 31, 2023. In the last review, the detailed analysis showed that the recoverable amount significantly exceeds the carrying amount of the respective unit.

Refer to item 10, “Intangible assets”, in these Notes for further information on the calculation of impairment, the assumptions indicating impairment and the sensitivity of these assumptions.

Employee benefits
Pensions and similar obligations are calculated in accordance with actuarial valuations. These valuations are based on a number of factors including statistical values in order to anticipate future events. These factors include actuarial assumptions such as the discount rate, expected salary increases and mortality rates. These actuarial assumptions can deviate considerably from the actual obligations as a result of changed market and economic conditions, resulting in a change to the associated future commitment.

Refer to item 19, “Provisions for pensions and similar obligations”, in these Notes for further details on this and the sensitivity of observations.

Legal risks
Legal risks result from legal action against Wacker Neuson SE or individual Group members. The outcome of these disputes could have a substantial impact on Group assets, financials and profit. Company management regularly analyzes the current information available about these cases and builds provisions to cover probable obligations. Assessments are performed by internal and external experts and lawyers. When reaching a decision on the need to recognize provisions, company management takes sufficient account of the probability of an unfavorable outcome and takes due care to estimate the amount of the obligation sufficiently reliably. Refer to item 28, “Other financial liabilities”, in these Notes for further information.

Deferred revenue from volume bonuses
The Group’s expected volume bonuses are estimated for contracts with a single minimum purchase quantity on a customer-specific basis. The assessment as to whether a customer is likely to qualify for a rebate depends on their historical rebate entitlements and the purchase pattern to date. Any significant changes from historical purchase patterns or historical rebate entitlements will affect the Group’s estimated expected rebate percentages. The Group updates its estimate of expected volume bonuses once a year.

The fiscal 2023 impairment test resulted in no impairment losses being recognized at the 2023 closing date (2022: EUR 0.1 million). Refer to item 11, “Other non-current assets”, in these Notes for further information.

ECL allowances for financial assets
The fiscal 2023 impairment test resulted in the recognition of an impairment expense in the amount of EUR 0.1 million at the 2023 closing date (2022: EUR 2.9 million expense). The Group generally uses a provision matrix to calculate ECLs for selected financial assets. These financial assets mainly comprise:

- Trade receivables
- Receivables (extended payment terms) from dealers
- Receivables from prepaid volume bonuses
- Receivables from finance leases as a lessor

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by criteria such as geography, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The provision matrix is based on the Group’s historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (such as gross domestic product) are expected to deteriorate over the next year, potentially resulting in an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For receivables (extended payment terms) from dealers, historical default rates are applied as the first step. In the second step, this empirical risk provision is adjusted for specific forward-looking factors such as country risk, bulk risk and collateral provided. For this purpose, the Group uses probabilities of default available on the market for companies in specific industries and compares these with the historical analyses. If there are significant changes over time, the historical analyses are adjusted to reflect this forward-looking information. Refer to item 14, “Trade receivables”, in these Notes for details on value adjustments. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs constitutes a significant estimate. The Group already takes account of significant individual risks through adjustments to individual values. Against this backdrop, the receivables adjusted by means of an ECL are no longer associated with a particular risk. In addition, a historical analysis has shown that there is no significant increase based on appropriate estimates of expected default rates. For this reason, the Group refrains from a general, Group-wide requirement for a blanket adjustment of the ECL to reflect forward-looking information from Group Accounting. Instead, local management of the various individual companies received an information letter requesting them to evaluate the need for an adjustment based on their own insights into the business and – if deemed necessary – to factor an individual, objectively estimated forward-looking component into their ECL calculation.

Leases – estimate of the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in a lease. As a result, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR thus reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Transfer of financial assets
Within the Group, receivables are sold individually or bundled for financing purposes. This is achieved via factoring or within the framework of asset-backed transactions. In connection with the derecognition of these sold receivables, estimates or discretionary judgments were applied in the following cases in particular:

- The extent to which the risks and rewards incidental to ownership of receivables have been transferred substantially to the transferee or have been retained by the transferor was ascertained by comparing exposure before and after the transfer, taking into account exposure to variability in the amounts and timing of the future net cash flows from the transferred asset. In this connection, the present value of the future net cash flows from the receivables had to be determined for various states and substantiated with their probability of occurrence.
- If all the risks and rewards have been neither retained nor transferred substantially, the receivables may be (partially) recognized as per the continuing involvement approach or completely derecognized depending on whether control of the transferred receivables has been transferred or retained. This involved assessing in particular whether the transferee has the right by contract and the practical ability to sell or pledge the purchased receivables in their entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this connection, assessment of the concrete impact of individual contractual provisions in particular was subject to discretionary judgments.

The above conditions are reviewed at each reporting date to assess ongoing eligibility for derecognition.

Value adjustment for spare parts
Assumptions and estimates are also required when determining whether spare parts inventories have been impaired. Deployment of a new IT solution in the Group’s spare parts department enables spare parts to be classified into more detailed categories (ABC parts). These clusters provide the basis for the impairment test.

Explanatory comments on the income statement

1 – Revenue

The following table shows revenue generated by the company from contracts with customers and other revenue sources according to product group and site:

IN € MILLION	2023	2022
Geographical segments		
Europe	2,022.4	1,709.9
Americas	556.5	459.1
Asia-Pacific	76.0	83.4
Total revenue	**2,654.9**	**2,252.4**
Business segments		
Light equipment	525.9	520.9
Compact equipment	1,652.9	1,304.6
Services	494.5	441.6
Less cash discounts	-18.4	-14.7
Total revenue	**2,654.9**	**2,252.4**
Source of revenue:		
Revenue generated from contracts with customers	2,443.0	2,062.3
Other revenue	211.9	190.1
Total revenue	**2,654.9**	**2,252.4**

Other revenue (source) mainly includes revenue from flexible rental solutions for equipment and accessories in accordance with IFRS 16 as well as revenue from dealer financing in accordance with IFRS 9.

Revenue from services (business segment) includes revenue from flexible rental solutions for equipment and accessories in the amount of EUR 210.5 million (2022: EUR 189.1 million), which is recognized in the "Europe" segment. The rental period is typically short term, averaging approximately 19 days (2022: 18 days). Revenue from dealer financing was reported at EUR 1.4 million (2022: EUR 1.0 million), which is recognized in the "Americas" segment.

Further information within the framework of IFRS 15 is provided in the relevant notes on the items concerned.

2 – Other income

IN € MILLION	2023	2022
Proceeds from sale of property, plant and equipment and assets held for sale	17.8	0.8
Proceeds from sale of design and technical IP	11.0	11.0
Offsetting of non-cash benefits	2.3	2.0
Rental income on investment properties	2.1	1.7
Income from the sale of scrap	1.9	2.9
Income from change in the consolidation group	1.6	–
Insurance reimbursements	1.1	1.0
Government grant	1.0	2.0
Carry-forwards	–	0.1
Other income	4.5	2.6
Total	**43.4**	**24.1**

Due to the expansion of logistics capacities at the Reichertshofen production site, a developed tract of land and the associated building in Karlsfeld, Germany, previously required for operations, was sold as "non-current assets held for sale" as part of the consolidation of the two sites. The sale took place during the first quarter of 2023. The book value gain from this sale in the amount of EUR 15.5 million is shown in the line "Proceeds from the sale of property, plant and equipment and non-current assets held for sale".

The Wacker Neuson Group and John Deere Construction & Forestry Company, a subsidiary of the John Deere Group, a global leader in the manufacturing of agricultural, forestry and construction equipment, reached a strategic agreement regarding mini and compact excavators in the prior year. The agreement covers a technical collaboration between John Deere and the Wacker Neuson Group in relation to 5 to 9 metric ton excavators. John Deere purchased and incorporated design and technical IP provided by the Wacker Neuson Group, adapting and evolving it to meet its own manufacturing and innovation requirements. As a result of this sale of design and technical IP, the Wacker Neuson Group generated proceeds in the amount of EUR 11.0 million (2022: EUR 11.0 million).

The liquidation of Wacker Neuson Limited i.L., Hong Kong, and Wacker Neuson Manila, Inc. i.L., Philippines, resulted in income from a change in the consolidation group of EUR 0.5 million and EUR 1.1 million respectively.

The government grants primarily comprise research funding for product development. No unfulfilled conditions remain as at December 31, 2023.

3 – Personnel expenses

Personnel expenses comprise the following:

IN € MILLION	2023	2022
Wages and salaries	405.5	343.1
Social security contributions	93.7	77.2
Expenses for pensions	6.5	6.4
Total	**505.8**	**426.7**

The expenses for pensions include the expense for pension benefits without the interest portion of the additions to provisions for pensions, which is recognized in the financial result.

Wages and salaries include expenses for redundancy payments to the following extent:

IN € MILLION	2023	2022
Redundancy payments	2.6	1.3

EUR 1.0 million (2022: EUR 0.9 million) of this is attributable to provisions for redundancy payments required by law for the sites in Austria. The redundancy payments in 2022 also included the reversal of a restructuring measure attributable to the logistics center in Karlsfeld (Germany) recognized in the income statement in the amount of EUR 0.6 million.

The functional costs include the following personnel expenses:

- Cost of sales: EUR 236.8 million (2022: EUR 193.4 million)
- Sales and service expenses: EUR 140.3 million (2022: EUR 127.4 million)
- Research and development expenses: EUR 60.8 million (2022: EUR 51.3 million)
- General and administrative expenses: EUR 67.8 million (2022: EUR 54.7 million)

The average number of employees broken down according to fields of activity is as follows for the period under review (not including staff employed under leasing contracts):

	2023	2022
Production	3,836	3,358
Sales and service	1,505	1,451
Research and development	615	561
Administration	617	546
Total	**6,573**	**5,916**

4 – Other operating expenses

IN € MILLION	2023	2022
VAT risk from tax audits	2.0	–
Losses on the disposal of property, plant and equipment	1.1	0.8
Expenses in relation with customer financing	0.9	0.5
Expense from a change in the consolidation group	0.9	1.1
Marketing/consulting costs for property Karlsfeld	–	0.5
Impairment of real estate	–	0.3
Write-off VAT-receivables	–	0.3
Other expenses	0.6	0.9
Total	**5.6**	**4.4**

The liquidation of subsidiary Wacker Neuson AB, Sweden, in fiscal 2023 resulted in a deconsolidation loss of EUR 0.9 million. In the prior year, the subsidiary Wacker Neuson AS, Norway, was sold at a deconsolidation loss in the amount of EUR 0.9 million as part of the realignment of sales structures in Northern Europe.

5 – Financial result

a) Result from investments accounted for using the equity method

The Wacker Neuson Group holds a 33.3-percent stake (2022: 33.3 percent), which is accounted for using the equity method and is of minor importance to the Group, in Sequello GmbH, based in Vienna, Austria. Sequello GmbH operates a digital platform for core construction logistics processes.

The book value of the investment as at December 31, 2023 amounted to EUR 0.0 million (31.12.2022: EUR 0.2 million). Due to a capital increase in 2023 in the amount of EUR 0.5 million (Wacker Neuson Group share), the book value of the investment increased during the year.

Financing commitments to Sequello GmbH, relating to a loan contract totaling EUR 1.8 million, still amounted to EUR 0.5 million at the balance sheet date. The loan is recognized under non-current financial assets. The book value as at December 31, 2023 amounted to EUR 0.4 million (31.12.2022: EUR 0.0 million).

The Group’s share in Sequello GmbH´s 2023 total comprehensive income amounted to EUR -1.3 million (2022: EUR -0.5 million). EUR 0.6 million (2022: EUR 0.0 million) of this was offset against the book value of the loan in line with IAS 28, as these losses exceed the Group’s share in the investment. In addition, the loan was impaired as at December 31, 2023 in line with IFRS 9, resulting in an expense in the amount of EUR 0.3 million. As a result of this, result from investments accounted for using the equity method resulted in EUR -1.6 million (2022: EUR -0.5 million).

b) Financial income

IN € MILLION

	2023	2022
Foreign exchange gains	24.9	33.3
Interest and similar income	3.9	1.1
Income from foreign exchange contracts	2.7	1.3
Write-up minority shareholding	–	0.6
Other financial income	0.4	–
Total	**32.0**	**36.3**

The Group enters into external swap agreements to counter-finance foreign currency loans extended internally. The results of this included income in the amount of EUR 2,7 million in the period under review (2022: EUR 1,3 million). This is offset by expenses in the amount of EUR 3,5 million (2022: EUR 1,9 million) from internal foreign currency loans, which are hedged as the transaction underlying the swaps in line with the Group's risk management strategy. These hedged foreign exchange losses are included in foreign exchange losses under financial expenses.

c) Financial expenses

IN € MILLION

	2023	2022
Foreign exchange losses	27.2	29.4
Interest and similar expense	18.1	10.7
Expenses from foreign exchange contracts	3.2	4.8
Other financial expense	0.4	0.3
Total	**48.9**	**45.3**

Interest and similar income was netted against interest and similar expenses in the amount of EUR 0,6 million (2022: EUR 0,4 million) in the reporting year. Refer to item 16, "Cash and cash equivalents", in these Notes for further information.

The Group enters into external swap agreements to counter-finance foreign currency loans extended internally. The results of this included expenses in the amount of EUR 3,2 million in the period under review (2022: EUR 4,8 million). This is offset by income from internal foreign currency loans in the amount of EUR 2,0 million (2022: EUR 6,0 million), which are hedged as the transaction underlying the swaps in line with the Group's risk management strategy. These hedged foreign exchange gains are included in foreign exchange gains under financial income.

6 – Taxes on income

Expense for taxes on income comprises the following:

IN € MILLION

	2023	2022
Current tax expense	84.3	52.7
Deferred tax expense	-15.5	-3.0
Total	**68.8**	**49.7**

Current tax expense includes adjustments of EUR 0.5 million as expenses (2022: EUR 3.9 million income) for previous fiscal years. The figure of EUR 0.5 million mainly comprises tax expenses from prior periods relating to risks arising from audits conducted in previous years.

In line with the IAS 12 (Income Taxes) balance sheet liability approach, deferred taxes are generally recognized for all temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS consolidated balance sheet and the tax balance sheet as well as for consolidation changes recognized in the income statement. In addition, deferred tax assets are recognized for expected future tax benefits from losses that can be carried forward for tax purposes.

Deferred taxes are measured at the rate expected to be applicable at the time when temporary differences are reversed and/or tax loss carry-forwards are used. In the event of changes to tax laws, the rate currently valid will be applied pending enactment of such changes. A corporation tax rate of 15 percent and a solidarity surcharge rate of 5.5 percent on this were applied for domestic companies as at December 31, 2023. Trade tax was also measured at the respective rate applied by local municipality. Deferred tax for domestic companies was therefore calculated using an overall tax rate of between 27.03 percent and 30.2 percent (2022: 27.03 percent and 30.12 percent). For foreign companies, the country-specific tax rates were used to calculate deferred taxes.

Deferred income tax from items reported under other comprehensive income during the year under review:

IN € MILLION

	2023	2022
Other comprehensive income to be recognized in the income statement in subsequent periods		
Cash flow hedges	0.9	-1.0
Total	**0.9**	**-1.0**
Other comprehensive income not to be recognized in the income statement in subsequent periods		
Remeasurements from defined pension commitments	1.4	-3.8
Total	**1.4**	**-3.8**
Total	**2.3**	**-4.8**

The tax reconciliation shows the relationship between the expected tax expense and the tax expense actually recognized as reported in the IFRS consolidated earnings (before taxes) applying an income tax rate of 29.57 percent (2022: 29.64 percent).

IN € MILLION

	2023	2022
EBT	254.7	192.3
Tax at the applicable rate: 29.57%	75.4	57.0
(previous year: 29.64%)		
Variance in Group tax rates	-9.3	-7.3
Adjustments to actual income taxes paid in earlier years	0.5	3.9
Tax effects of non-deductible expenses and tax-exempt income	3.1	1.6
Tax rate changes	0.1	0.1
Tax effects of deferred tax assets arising from losses carried forward	0.1	-6.1
Impairment on deferred tax assets	–	–
Other	-1.1	0.5
Total	**68.8**	**49.7**

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

IN € MILLION

	2023 Deferred tax assets	2023 Deferred tax liabilities	2022 Deferred tax assets	2022 Deferred tax liabilities
Recognition and valuation differences: intangible assets	0.8	37.5	3.9	36.5
Valuation differences: tangible assets and rental	24.9	32.2	18.7	30.8
Valuation differences: inventories	22.5	4.8	12.5	4.8
Valuation differences: receivables	2.9	1.0	0.9	0.6
Valuation differences: provisions for pensions	8.1	–	7.5	–
Valuation differences: liabilities	7.5	2.7	7.1	2.6
Loss carry-forwards	1.2	–	0.9	–
Other	3.0	1.0	6.6	8.5
Total	**70.9**	**79.2**	**58.1**	**83.8**
Net	**-16.0**	**-16.0**	**-22.2**	**-22.2**
Balance sheet item	**54.9**	**63.2**	**35.9**	**61.6**

Deferred tax recognized in the consolidated balance sheet aligns with the deferred tax recognized in the balance sheets of individual Group companies. Deferred tax assets and liabilities were netted at the level of the individual company, where the right to net the recognized amounts was in place.

Deferred tax liabilities for intangible assets mainly result from the recognition of brand value in conjunction with the acquisition of Weidemann and Neuson Kramer.

Rental equipment and inventories include deferred taxes resulting from the evaluation of rental equipment and inventories at Group cost of goods manufactured.

Unused tax losses for which no deferred tax receivables were recognized in the balance sheet amount to EUR 28.4 million (2022: EUR 46.6 million). Unused tax loss carry-forwards in the amount of EUR 20.4 million are attributed to the Americas segment (2022: EUR 25.3 million), where they can be carried forward for a period of up to three years. A further EUR 4.4 million (2022: EUR 5.4 million) in unused tax loss carry-forwards are recognized for the Asia-Pacific segment, where they can be carried forward for a period of up to five years. All other loss carry-forwards can be carried forward for an unlimited period of time. Non-recognition of tax losses is due, on the one hand, to the fact that the affiliates do not have sufficient deferred tax liabilities, and, on the other, to the fact that the larger share of the tax losses is attributable to affiliates in South America due to be liquidated as planned during the next two years as part of the company's program to reduce costs and increase efficiency.

Deferred taxes from pension obligations in the amount of EUR 7.3 million (2022: EUR 5.9 million) and from cash flow hedges in the amount of EUR -0.1 million (2022: EUR -0.4 million) were recognized directly in equity. All other deferred tax was recognized in the consolidated income statement.

Deferred taxes on undistributed profits of affiliates were recognized only if distribution is planned based on the Group's internal regulations. Deferred tax liabilities of EUR 1.1 million (2022: EUR 1.1 million) were recognized on this. The amount available for distribution is EUR 125.1 million (2022: EUR 103.8 million).

The Group falls within the scope of the OECD's Two-Pillar Solution. Pillar Two has been adopted in Germany, where the company is headquartered, and legislation to comply with it comes into force on January 1, 2025. As the legislation for Pillar Two was not yet in force at the reporting date, the Wacker Neuson Group is currently not subject to any related tax burden. The Group shall make use of the exemption from recognizing deferred taxes relating to Pillar Two taxes on income that was the subject of an amendment to IAS 12 published in May 2023. According to the legislation, the Group must pay an additional tax per country equal to the difference between the GloBE effective tax rate and the minimum rate of 15 percent.

The Wacker Neuson Group is working on implementing processes aimed at complying with the requirements of Pillar Two regulations in good time. The Group expects to be able to take advantage of the temporary relief structures set up for the introductory period (safe harbours) as much as possible. The effects of the Pillar Two regulations on Group taxes are expected to be negligible at time of reporting (approx. EUR 0.2 million).

7 – Earnings per share

	2023	2022
Earnings of the current year attributable to shareholders in € million	185.9	142.6
Weighted average number of shares outstanding during current period in million	68.01	68.01
Undiluted earnings per share in €	**2.73**	**2.10**
Diluted earnings per share in €	**2.73**	**2.10**

According to IAS 33, earnings per share are calculated by dividing the total earnings for the period attributable to Wacker Neuson SE shareholders by the weighted average number of shares issued.

There was no share buyback program in fiscal 2023, so the number of shares in circulation remained unchanged throughout the fiscal year. For the period from January 1 through December 31, 2023, earnings per share were calculated on the basis of an average number of shares in circulation of 68,015,345.

Explanatory comments on the balance sheet

8 – Property, plant and equipment

a) Property, plant and equipment including right-of-use lease assets

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

IN € MILLION

	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account/Assets under construction	Total
Acquisition costs					
Balance at January 1, 2023	498.5	153.8	149.3	22.7	824.3
Exchange rate differences	0.9	-1.0	-0.4	-0.2	-0.7
Additions	67.6	12.8	34.4	77.4	192.2
Disposals	-8.4	-4.5	-10.0	-0.8	-23.7
Transfers	20.0	15.5	3.6	-39.4	-0.3
Balance at December 31, 2023	**578.6**	**176.6**	**176.9**	**59.7**	**991.8**
Accumulated depreciation					
Balance at January 1, 2023	166.2	111.6	93.0	0.7	371.5
Exchange rate differences	-1.1	-0.8	-0.4	-0.1	-2.4
Additions	27.2	12.3	21.1	–	60.6
Disposals	-7.1	-3.9	-8.7	–	-19.7
Transfers	–	–	-0.1	0.1	–
Balance at December 31, 2023	**185.2**	**119.2**	**104.9**	**0.7**	**410.0**
Book value at December 31, 2022	**332.3**	**42.2**	**56.3**	**22.0**	**452.8**
Book value at December 31, 2023	**393.4**	**57.4**	**72.0**	**59.0**	**581.8**
Useful life in years	16–50	1–10	1–15		

	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account/Assets under construction	Total
Acquisition costs					
Balance at January 1, 2022	427.9	137.4	140.5	22.5	728.3
Exchange rate differences	6.0	1.5	1.0	0.1	8.6
Change in consolidation group	14.2	4.5	0.8	0.1	19.6
Additions	27.6	7.8	22.0	41.1	98.5
Disposals	-11.0	-2.6	-17.1	–	-30.7
Transfers	33.8	5.2	2.1	-41.1	–
Balance at December 31, 2022	**498.5**	**153.8**	**149.3**	**22.7**	**824.3**
Accumulated depreciation					
Balance at January 1, 2022	144.8	98.4	90.6	0.6	334.4
Exchange rate differences	1.6	1.2	0.6	0.1	3.5
Change in consolidation group	4.8	3.6	0.7	–	9.1
Additions	21.8	10.7	17.4	–	49.9
Impairment	0.3	–	–	–	0.3
Disposals	-7.1	-2.3	-16.3	–	-25.7
Balance at December 31, 2022	**166.2**	**111.6**	**93.0**	**0.7**	**371.5**
Book value at December 31, 2021	**283.1**	**39.0**	**49.9**	**21.9**	**393.9**
Book value at December 31, 2022	**332.3**	**42.2**	**56.3**	**22.0**	**452.8**
Useful life in years	16–50	1–10	1–15		

Land is considered to have an unlimited useful life.

Total write-downs and impairment losses on property, plant and equipment, investment properties, goodwill, intangible assets and rental equipment (see item 12, “Rental”, in these Notes) reported in the Consolidated Income Statement amounted to EUR 142.6 million (2022: EUR 120.2 million).

IN € MILLION

	2023	2022
Functional lines		
Cost of sales	91.6	78.0
Sales and service expenses	26.9	22.1
Research and development expenses	4.2	3.7
General and administrative expenses	19.8	16.1
Other operating expenses	–	0.3
Total write-downs and impairment losses	**142.6**	**120.2**

Depreciation and amortization amounted to EUR 87.0 million excluding rental equipment (2022: EUR 72.1 million). The change is largely attributable to an increase in investments in property, plant and equipment compared to the previous year.

The breakdown of impairment losses (intangible assets included) by functional line and region is as follows:

IN € MILLION

	2023	2022
Functional lines		
Cost of sales	0.2	0.5
Other operating expenses	–	0.3
Total impairment losses	**0.2**	**0.8**
Regions		
Europe	0.2	0.8
Total impairment losses	**0.2**	**0.8**

The review of business prospects revealed impairment losses for capitalized product developments in the amount of EUR 0.2 million (2022: EUR 0.5 million).

Investments in property, plant and equipment included an expansion of the production site in Linz, Austria, as well as investments in expanding production and logistics at the site in Kragujevac, Serbia, and the development of equipment in Diemelsee-Flechtdorf. These expansion measures were the main driver behind the higher values for down-payments / assets under construction, recognized at EUR 77.4 million (2022: EUR 41.1 million). Additions to land and buildings in the amount of EUR 67.6 million (2022: 27.6) were significantly influenced by the start of a leasing contract for a logistics center.

Reclassifications of the Payments on account / assets under construction amounted to EUR 39.4 million (2022: EUR 41.2 million). These reclassifications were largely precipitated by the expansion of the company’s production capacities, the construction of a new factory in Serbia, operations commencing at a distribution warehouse and test area in Diemelsee-Flechtdorf, as well as at a high-bay warehouse in Reichertshofen.

b) Right-of-use lease assets

The following tables show the development of right-of-use lease assets, displayed by property, plant and equipment categories.

Refer to item 26, “Lease liabilities”, in these Notes for detailed information on the content of the underlying leases. We refer to this item to avoid duplicating information.

RIGHT-OF-USE LEASE ASSETS

IN € MILLION

	Land and buildings	Machinery and equipment	Office and other equipment	Total
Acquisition costs				
Balance at January 1, 2023	96.9	0.3	32.2	129.4
Exchange rate differences	–	–	–	–
Additions	55.0	0.1	10.7	65.8
Disposals	-7.1	–	-4.1	-11.2
Balance at December 31, 2023	**144.8**	**0.3**	**38.8**	**184.0**
Accumulated depreciation				
Balance at January 1, 2023	41.5	0.2	14.7	56.4
Exchange rate differences	–	–	–	–
Additions	15.7	0.1	7.9	23.8
Disposals	-6.3	–	-3.3	-9.7
Balance at December 31, 2023	**50.9**	**0.3**	**19.3**	**70.5**
Book value at December 31, 2022	**55.4**	**0.1**	**17.5**	**73.0**
Book value at December 31, 2023	**93.9**	**0.1**	**19.5**	**113.4**

	Land and buildings	Machinery and equipment	Office and other equipment	Total
Acquisition costs				
Balance at January 1, 2022	85.1	0.3	33.7	119.1
Exchange rate differences	0.5	–	0.2	0.7
Change in consolidation group	0.7	–	–	0.7
Additions	21.2	–	8.2	29.4
Disposals	-10.6	–	-9.9	-20.5
Balance at December 31, 2022	**96.9**	**0.3**	**32.2**	**129.4**
Accumulated depreciation				
Balance at January 1, 2022	34.9	0.1	17.2	52.2
Additions	13.7	0.1	7.0	20.8
Disposals	-7.1	–	-9.5	-16.6
Balance at December 31, 2022	**41.5**	**0.2**	**14.7**	**56.4**
Book value at December 31, 2021	**50.2**	**0.2**	**16.5**	**66.9**
Book value at December 31, 2022	**55.4**	**0.1**	**17.5**	**73.0**

9 – Property held as financial investment

The table below shows the development of investment properties held during the years 2023 and 2022:

IN € MILLION

	2023	2022
Acquisition costs		
Balance at January 1	40.5	38.2
Additions	2.4	2.3
Transfers	–	–
Balance at December 31	**42.9**	**40.5**
Accumulated depreciation		
Balance at January 1	14.5	14.0
Additions	0.6	0.5
Balance at December 31	**15.1**	**14.5**
Book value at January 1	**26.0**	**24.2**
Book value at December 31	**27.8**	**26.0**

DETAILS ON PROPERTIES

PROPERTY

	Book value as at Dec. 31, 2023 in € MILLION	Fair value as at Dec. 31, 2023 in € MILLION	Calculation method	Depreciation method	Useful life
Germany	25.4	48.2			
Munich	9.5	25.3	German income approach	Straight-line	50 years
Überlingen	13.8	20.7	Survey/German income approach	Straight-line	25–50 years
Reichertshofen	2.2	2.2	German income approach	Straight-line	15 years
Switzerland	2.4	2.4			
Bern	2.4	2.4	Purchase contract	Straight-line	30 years
Total	**27.8**	**50.6**			

	Book value as at Dec. 31, 2022 in € MILLION	Fair value as at Dec. 31, 2022 in € MILLION	Calculation method	Depreciation method	Useful life
Germany	23.3	50.6			
Munich	9.9	27.7	German income approach	Straight-line	50 years
Überlingen	11.2	20.7	Survey/German income approach	Straight-line	25–50 years
Reichertshofen	2.2	2.2	Survey/German income approach	Straight-line	15 Jahre
Total	**23.3**	**50.6**			

The earnings derived from investment properties are shown in the table below:

IN € MILLION

	2023	2022
Rental income	2.0	1.7
Depreciation and impairment	-0.6	-0.5
Other expenses	-1.0	-0.4
Total	**0.4**	**0.8**

These figures are allocated to the European segment.

Investment properties include the land and buildings listed above, which have all been rented to third parties or are intended to be rented to third parties. The reported depreciation methods and useful lives only affect the buildings listed.

The evaluation methods applied are listed in the table above.

The key, unobservable inputs used to evaluate investment properties are as follows (measurement of fair value at hierarchy level 3):

The fair values of properties were determined in some cases by surveyors using the German income approach and discounted cash flow methods. These evaluations are based on the standardized land valuations, standard market rents, estimated running costs and estimated residual useful lives as inputs.

10 – Intangible assets

a) Goodwill

Goodwill developed as follows:

IN € MILLION

	2023	2022
Balance at January 1	232,5	228,6
Change in consolidation structure	–	3,9
Balance at December 31	**232,5**	**232,5**

The increase in goodwill in the amount of EUR 3,9 million in the prior year was due to the acquisition of the Enar Group.

b) Other intangible assets

→ See development on following page.

The expected residual useful lives and residual book values of other intangible assets are as follows:

IN € MILLION

	Book value on Dec. 31, 2023	Book value on Dec. 31, 2022	Useful life
Brands	70.0	70.0	Indefinite
Customer base	2.7	4.3	4 – 10 years
Software development	16.3	16.8	1 – 8 years
Total	**89.1**	**91.1**	

Other intangible assets include EUR 22,0 million for the brand name "Weidemann" resulting from the acquisition of Weidemann GmbH in 2005. Due to the strong market position of Weidemann GmbH, the brand name and trademark are considered to have an unlimited useful life.

EUR 42,8 million was recognized for the brand name in connection with the merger with the Neuson Kramer Group. This is also considered to have an unlimited useful life due to the company's strong market position. Wacker Neuson SE does not own the Neuson logo. This is owned by the PIN Private Trust (PIN Privatstiftung), which is part of the group founded by the Chairman of the Supervisory Board, Johann Neunteufel. Subject to certain guidelines, however, the company has an exclusive, irrevocable and unlimited free-of-charge license to use this brand in conjunction with the name "Wacker".

The acquisition of the Enar Group resulted in the capitalization of the brand name in fiscal 2022 in the amount of EUR 5,2 million. This brand name is also considered to have an unlimited useful life due to its strong market position.

The acquisition of KLC SERVIS s.r.o. in 2018 resulted in a customer base amounting to EUR 1,2 million. This is amortized on a straight-line basis over ten years. The Enar Group's customer base was also capitalized in fiscal 2022 in the amount of EUR 4,7 million. The amortization period is 7 years.

Internally produced intangible assets refer to capitalized development costs. Software developments also refer to capitalized costs for software.

In fiscal 2023, an impairment test on internally produced intangible assets prompted by a change in circumstances indicated grounds for an impairment loss in the amount of EUR 0.2 million (2022: EUR 0.5 million). Assets were individually tested for impairment.

IN € MILLION

	2023	2022
Functional lines		
Cost of sales	0.2	0.5
General and administrative expenses	–	–
Total impairment losses	**0.2**	**0.5**
Regions		
Europe	0.2	0.5
Americas	–	–
Asia-Pacific	–	–
Total impairment losses	**0.2**	**0.5**

The additions in intangible assets under development mainly result from product developments and the capitalization of IT projects.

DEVELOPMENT OF INTANGIBLE ASSETS

IN € MILLION

	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Intangible assets under development	Total
Acquisition costs					
Balance at January 1, 2023	37.2	118.5	108.3	77.0	341.0
Exchange rate differences	-0.3	-0.1	-0.8	0.1	-1.3
Additions	2.5	0.8	-2.4	33.6	34.5
Disposals	-0.3	-1.0	-2.7	-2.1	-6.0
Transfers	0.1	4.7	42.3	-46.9	0.3
Balance at December 31, 2023	**39.2**	**123.0**	**144.6**	**61.7**	**368.5**
Accumulated depreciation					
Balance at January 1, 2023	31.4	27.4	67.4	3.8	130.0
Exchange rate differences	-0.3	-0.1	-0.6	–	-0.8
Additions	1.9	7.6	16.1	–	25.5
Impairment	–	–	0.2	–	0.2
Disposals	-0.2	-1.0	-2.7	-1.6	-5.5
Transfers	–	–	0.7	-0.7	–
Balance at December 31, 2023	**32.8**	**33.9**	**81.2**	**1.4**	**149.4**
Book value at December 31, 2022	**5.8**	**91.1**	**40.9**	**73.2**	**211.0**
Book value at December 31, 2023	**6.3**	**89.1**	**63.4**	**60.3**	**219.1**
Useful life in years	3 – 10	1 – 8	5 – 6		

	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Intangible assets under development	Total
Acquisition costs					
Balance at January 1, 2022	34.6	105.0	94.3	64.1	298.0
Exchange rate differences	0.5	–	0.2	0.1	0.8
Change in consolidation structure	0.4	9.9	1.4	–	11.7
Additions	1.4	0.8	–	31.2	33.4
Disposals	-0.2	-0.8	-2.0	-0.4	-3.4
Transfers	0.5	3.6	14.4	-18.0	0.5
Balance at December 31, 2022	**37.2**	**118.5**	**108.3**	**77.0**	**341.0**
Accumulated depreciation					
Balance at January 1, 2022	29.2	22.0	54.4	3.8	109.4
Exchange rate differences	0.5	–	0.6	–	1.1
Change in consolidation structure	0.3	–	0.6	–	0.9
Additions	1.6	6.1	13.3	–	21.0
Impairment	–	–	0.5	–	0.5
Disposals	-0.2	-0.7	-2.0	–	-2.9
Balance at December 31, 2022	**31.4**	**27.4**	**67.4**	**3.8**	**130.0**
Book value at December 31, 2021	**5.4**	**83.0**	**39.9**	**60.3**	**188.6**
Book value at December 31, 2022	**5.8**	**91.1**	**40.9**	**73.2**	**211.0**

c) Impairment of goodwill and intangible assets with an indefinite useful life

The goodwill and indefinite-lived Weidemann, Neuson and ENAR brands obtained through mergers were allocated for impairment testing to the following cash-generating units within the Europe segment:

- Weidemann GmbH (Germany)
- Wacker Neuson Beteiligungs GmbH (subgroup/Austria)
- Enar Group (subgroup/Spain)

The pro rata book values break down as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Weidemann GmbH		
Book value of goodwill	24.2	24.2
Book value of the indefinite-lived brand	22.0	22.0
Wacker Neuson Beteiligungs GmbH (subgroup/Austria)		
Book value of goodwill	204.4	204.4
Book value of the indefinite-lived brand	42.8	42.8
Enar Group (subgroup/Spain)		
Book value of goodwill	3.9	3.9
Book value of the indefinite-lived brand	5.2	5.2
Book value of goodwill	**232.5**	**232.5**
Book value of the indefinite-lived brand	**70.0**	**70.0**

With the exception of the year when they were first recognized in the balance sheet, the carrying amounts of goodwill and indefinite-lived brands are verified during the annual impairment test or subjected to an additional impairment test if there are indications of asset impairment. For this purpose, the book value is compared with the fair value less cost to sell. The fair value less cost to sell is determined using the discounted cash flow method (measurement of fair value at hierarchy level 3). Future cash flows are discounted to the respective reporting date. Value is impaired if the fair value less cost to sell is lower than the book value.

General economic conditions
Following the very strong business development of the Wacker Neuson Group in fiscal 2022, the dynamic pace of growth initially continued in the first half of 2023. Demand for the Group's products remained at a high level in both the construction and agricultural sectors. From the third quarter, however, signs of a general slowdown in the economy began to emerge in the form of weaker demand. Nevertheless, the Wacker Neuson Group recorded clear growth in revenue and earnings overall compared to the previous year.

Cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and Enar Group (subgroup/Spain)
The Group carries out an impairment test on goodwill once a year or more often if there is indication that an asset has been impaired. With regard to the cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and the Enar Group (subgroup/Spain), the annual impairment test was completed in November 2023.

Cash flow projections are based on financial plans approved by management for a period of three years (through 2026). The discount rate after tax applied to the cash flow projections is 10.3 percent for the Weidemann GmbH and Wacker Neuson Beteiligungs GmbH units (2022: 10,6 percent). For the Enar Group, acquired in fiscal 2022, the discount rate of 11.3 percent was applied (2022: 10.6 percent). Cash flows beyond the three-year period are extrapolated using a growth rate of 1.1 to 3.4 percent (2022: 1.6 to 1.9 percent) for a further two years (through 2028). This growth rate exceeds the average growth forecast for the industry. However, the cash-generating units have already achieved above-average growth in the past. Management expects this trend to continue. The test revealed that the fair value less cost to sell exceeds the carrying value, indicating no need to recognize impairment losses.

A 10.0-percent decrease in operating free cash flows would not result in an impairment for the cash-generating units Weidemann GmbH (Germany) and Wacker Neuson Beteiligungs GmbH (subgroup/Austria), even if accompanied by a 1-percent increase in the discount rate and a reduction in the growth rate to 0 percent for perpetual annuity.

Although management expects free cash flow from operating activities to increase during the forecast period, a drop of 2.0 percent would represent an impairment for the cash-generating unit, the Enar Group (subgroup/Spain).

An increase in the discount rate to 11.56 percent (equal to + 0.26 percentage points) would mean an impairment for the cash-generating unit, the Enar Group (subgroup/Spain).

In addition, a reduction in the perpetual annuity to 0.69 percent (equal to - 0.31 percentage points) would mean an impairment for the cash-generating unit, the Enar Group (subgroup/Spain).

Key assumptions used in calculating fair value less cost to sell and sensitivity to changes in assumptions
The calculation of fair value less cost to sell is based on assumptions, which in turn are dependent on the following uncertain estimates:

- Free cash flow
- Discount rates
- Growth rate used to extrapolate cash flows beyond the forecast period
- Perpetual annuity

Free cash flow after tax: Free cash flow is calculated based on a detailed planning phase from 2024 to 2026. Growth rates for the cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and the Enar Group (subgroup/Spain) are determined for the first three budget years (until 2026) based on the market environment, taking past values into account. Higher growth rates than the forecast average growth for the industry result from above-average growth already achieved by the cash-generating units in the past.

Discount rates: These reflect management's assessment of the risks associated with cash-generating units. In addition to a risk-free interest rate, a risk-weighted rate is also taken into account. The WACC (Weighted Average Cost of Capital) after tax is applied at a rate of 10.3 percent (2022: 10.6 percent) for the cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and at a rate of 11.3 percent for the Enar Group (subgroup/Spain).

Growth rate estimates: Management and affiliates estimate growth rates based on local market dynamics. To extrapolate cash flows beyond the forecast period, growth rates based on average gross domestic product growth rates forecast by the International Monetary Fund were used.

Market capitalization of the Group
The Group considers the relationship between its market capitalization and its book value, among other factors, when checking for indications of impairment. The Wacker Neuson SE share closed the last day of trading for the year at EUR 18.26. At December 31, 2023, market capitalization of the Group was below the book value of its equity. This could be an indicator of goodwill impairment, but the annual impairment test of the cash-generating units was positive.

11 – Non-current financial assets

Non-current financial assets are composed of the following items:

IN € MILLION

	31.12.2023	31.12.2022
Continuing involvement	7.5	5.2
Dilution Reserve (ABS-structure)	5.9	3.3
Investment securities	1.4	1.4
Non-current receivables from finance lease	0.6	1.0
Prepaid volume bonuses to US dealers	–	0.5
Non-current trade receivables	5.4	–
Misc. other non-current financial assets	3.5	2.1
Non-current financial assets	**24.3**	**13.5**
Other non-current non-financial assets	**–**	**–**
Total	**24.3**	**13.5**

Allowances for doubtful receivables on these non-current assets developed as follows:

IN € MILLION

	2023	2022
Balance at January 1	0.4	1.9
Exchange rate differences	–	–
Additions	–	–
Amount used for write-offs	–	–
Reversals	–	-1.5
Balance at December 31	**0.4**	**0.4**

Non-current trade receivables, non-current finance lease receivables and prepaid volume bonuses to US dealers include a financing component that generates income from customer financing and is reported as revenue arising in the course of ordinary activities.

Expenses arising from allowances for doubtful receivables are reported under sales and service expenses. At December 31, allowances were broken down as follows:

IN € MILLION

	2023	2022
Breakdown of allowances		
Non-current trade receivables	5.8	0.3
Allowances for doubtful receivables	-0.4	-0.3
Book value	**5.4**	**–**
Prepaid volume bonuses to US dealers	–	0.6
Allowances for doubtful receivables	–	-0.1
Book value	**–**	**0.5**
Non-current receivables from finance leases	0.6	1.0
Allowances for doubtful receivables	–	–
Book value	**0.6**	**1.0**

For sales support reasons, the Group grants selected dealers payment terms of over one year. The associated non-current receivables are reported in the “Non-current financial assets” balance sheet line as long as the amount is not due within the next year. If the due date falls within the next year, the current portion is moved to the “Trade receivables” balance sheet line.

Non-current receivables from finance leases result mainly from additional finance lease transactions with a wholesaler in Australia and the expiry of sale-and-leaseback agreements as a sales support measure within Europe in fiscal 2019 and fiscal 2018. No significant new transactions for finance leases have been concluded in the interim. This has correspondingly led to a decrease in non-current receivables from finance leases.

If the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates whether and – if so – to what extent it has retained the risks and rewards of ownership. If it has neither transferred nor retained substantially all of the risks and rewards associated with the asset, nor transferred control over the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are evaluated in due consideration of the rights and obligations that the Group has retained. The Group regularly sells receivables individually or (since 2020) in bundles and has determined that opportunities and risks are neither transferred nor retained for these transactions. The non-current portion of the Group’s continuing involvement in the amount of EUR 7,5 million (December 31, 2022: EUR 5,2 million) is reported under other non-current assets. A preliminary dilution reserve risk (ABS structure) in the amount of EUR 5,9 million (December 31, 2022: EUR 3,3 million) was recognized. Refer to item 29, “Additional information on financial instruments”, for further details on these financial transactions.

12 – Rental

IN € MILLION

	2023	2022
Acquisition costs		
Balance at January 1	307.2	276.8
Exchange rate differences	6.5	3.5
Change in consolidation structure	–	-0.3
Additions	145.4	92.9
Disposals	-88.9	-65.9
Transfers	–	0.2
Balance at December 31	**370.2**	**307.2**
Accumulated depreciation		
Balance at January 1	100.9	85.2
Exchange rate differences	2.1	1.4
Change in consolidation structure	–	-0.1
Additions	55.6	48.0
Disposals	-49.3	-33.7
Transfers	–	0.1
Balance at December 31	**109.3**	**100.9**
Book value at January 1	**206.3**	**191.6**
Book value at December 31	**260.9**	**206.3**
Useful life in years	2 – 3	2 – 3

Rental covers equipment kept for use by customers. At the request of the customer, this equipment may also be sold.

In fiscal 2022, this item was reclassified from current assets to non-current assets to accommodate IAS 8 in increasing the reliability and relevance of information outlining the impact of transactions on the assets, financials and profit.

13 – Inventories

IN € MILLION

	Gross value	Allowance	Net value Dec. 31, 2023
Raw materials and supplies	194.2	-4.7	189.5
Work in progress	42.9	-0.2	42.7
Finished goods	558.5	-16.2	542.3
Total	**795.6**	**-21.1**	**774.4**

	Gross value	Allowance	Net value Dec. 31, 2022
Raw materials and supplies	195.5	-4.3	191.2
Work in progress	96.7	-0.2	96.5
Finished goods	405.5	-14.3	391.2
Total	**697.7**	**-18.8**	**678.9**

Inventory levels of machines, raw materials and supplies increased by 14.1 percent by December 31, 2023 to EUR 774.4 million (December 31, 2022: EUR 678.9 million). Inventory of finished machines increased as a result of the challenging economic environment. The stock of raw materials and components was maintained at a high level in 2023 to ensure security of supply. Nevertheless, in view of the significantly higher volume of business, days inventory outstanding decreased from 144 to 141 days. (Refer to “Profit, financials and assets” in the Combined Management Report.)

An expense of EUR 1,633.8 million (2022: EUR 1,414.3 million) was recorded under costs for inventories sold in the fiscal year.

Raw materials and supplies, work in progress and finished goods were valued at cost or at the lower net realizable value. The associated allowances for doubtful accounts increased by EUR 2.3 million compared to the previous year (2022: increase of EUR 4.9 million).

Similar to the previous year, no inventories were pledged as collateral for liabilities during the period under review.

14 – Trade receivables

Trade receivables have the following components:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Trade receivables at nominal value	368.3	321.9
Less allowance	-21.7	-20.6
Total	**346.6**	**301.3**

The increase in trade receivables was primarily attributable to business growth relative to the previous year.

As of December 31, 2023, trade receivables and allowances for doubtful accounts were broken down as follows:

IN € MILLION

	Nominal value Dec. 31, 2023	Allowance Dec. 31, 2023
Not overdue	271.7	1.4
Overdue <30 days	53.7	0.3
Overdue 30–90 days	17.1	0.5
Overdue >90 days	25.8	19.4
Total	**368.3**	**21.7**

	Nominal Value Dec. 31, 2022	Allowance Dec. 31, 2022
Not overdue	241.5	1.4
Overdue <30 days	42.7	0.5
Overdue 30 – 90 days	12.9	0.4
Overdue >90 days	24.8	18.3
Total	**321.9**	**20.6**

Allowance for doubtful accounts developed as follows:

IN € MILLION

	2023	2022
Balance at December 31	20.6	20.5
Exchange rate differences	-0.1	0.1
Additions	2.5	3.0
Amount used for write-offs	-0.3	-1.0
Reversals	-1.1	-2.0
Balance at December 31, 2023	**21.7**	**20.6**

Current trade receivables are non-interest-bearing and are mainly on terms of up to 30 days. The Group uses the provision matrix to assess when financial assets are in default and when contractual payments are 90 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The Group regards the concentration of risk with regard to trade receivables as low in view of the fact that it has a broad customer base distributed across different countries and industries in markets that are largely unconnected. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The following table shows the share of adjusted receivables according to due date at the reporting date:

IN € MILLION

	31.12.2023	31.12.2022
Not overdue	1%	1%
Overdue <30 days	1%	1%
Overdue 30 – 90 days	3%	3%
Overdue >90 days	75%	74%

The main reason for the clearly elevated allowances in the >90 days past due category is an evaluation of individual dealers in South America who had already experienced financial difficulties in previous years. The >90 days category also includes significant allowances in China. In line with this, the allowances for doubtful accounts shown above are not representative of the total portfolio. Excluding these two regions, the credit loss rate was 62.8% (2022: 58,0%).

The fair value is a reasonable approximation of the book value since all receivables are due within less than one year.

15 – Other current assets

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Prepaid volume bonuses to US dealers	2.8	2.9
Receivables from finance leases	0.5	1.6
Government grants	0.4	0.5
Creditors with debit accounts	1.6	1.8
Deposits	0.3	0.5
Continuing involvement	22.0	16.8
Dilution Reserve (ABS-structure)	10.7	8.8
Positive fair value from derivatives	2.0	4.7
Misc. other current financial assets	3.9	3.7
Other current financial assets	**44.2**	**41.3**
Sales tax	20.3	16.2
Advance payments	16.1	13.8
Advances to employees	0.1	0.2
Misc. other current non-financial assets	0.2	1.2
Other current non-financial assets	**36.8**	**31.4**
Total	**80.9**	**72.7**

The fair value of other current financial assets is a reasonable approximation of the book value since all items are due within less than one year.

Other current assets include the current portion of finance lease receivables in the amount of EUR 0.5 million (December 31, 2022: EUR 1.6 million).

The non-current portion of finance lease receivables is reported under the item “Other non-current financial assets” and amounts to EUR 0.6 million (December 31, 2022: EUR 1.0 million).

The advance payments mainly relate to other services to be deferred in the ordinary course of business.

The Group is a contractual partner in a factoring transaction, on the basis of which the bank is obliged, over a period of several years, to purchase trade receivables from fees already due from equipment sales payable over a period of several years. The Group regularly sells receivables individually or (since 2020) in bundles and has determined that opportunities and risks are neither transferred nor retained for these transactions. The current portion of the Group’s continuing involvement in the amount of EUR 22.0 million (December 31, 2022: EUR 16.8 million) is reported under other current assets. Refer to item 29, “Additional information on financial instruments”, for further information on this financial transaction.

Refer to the following overview for allowances relating to the current portion of prepaid volume bonuses to US dealers and finance lease receivables:

IN € MILLION

	2023	2022
Breakdown of allowances		
Prepaid volume bonuses to US dealers	4.0	4.8
Allowances for doubtful receivables	-1.2	-1.9
Book value	**2.8**	**2.9**
Current receivables from finance leases	0.5	1.6
Allowances for doubtful receivables	–	–
Book value	**0.5**	**1.6**

The future minimum lease payments break down as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Within one year	0.5	1.6
In between one and two years	0.4	0.8
In between two and three years	0.2	0.2
In between three and four years	–	0.1
In between four and five years	–	–
After more than five years	–	–
Total	**1.1**	**2.7**

The following table shows the reconciliation of future minimum lease payments to gross and net investment in leases and to the present value of future minimum lease payments:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Future minimum lease payments	1.1	2.7
Plus: Not guaranteed residual value	–	–
Gross investment in leases	1.1	2.7
Less: Unrealized financial income	–	-0.1
Net investment in leases	1.1	2.6
Less: Allowances for doubtful accounts	–	–
Less: Present value of not guaranteed residual value	–	–
Present value of future minimum lease payments	**1.1**	**2.6**

The present value of future minimum lease payments was due as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Within one year	0.5	1.6
Between one and five years	0.6	1.0
After more than five years	–	–
Total	**1.1**	**2.6**

Investments in finance leases resulted primarily from the leasing business with construction equipment.

In 2023, the Group reported no profit on disposal of finance leases (2022: EUR 0.0 million).

In 2023, the Group reported interest income on finance lease receivables in the amount of EUR 0.1 million (2022: EUR 0.1 million).

The Group received no income as lessor from variable lease payments.

Refer to item 25, “Derivative financial instruments”, in these Notes for further information about the positive fair value of foreign exchange forward contracts.

16 – Cash and cash equivalents

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Bank balances	23.9	47.7
Cash deposits	3.7	5.8
Petty cash	0.2	0.2
Total	**27.8**	**53.7**

Daily cash balances held with banks bear interest at floating rates. Depending on the company’s liquidity requirements, surplus cash and cash equivalents are set up as short-term term accounts running from one day to three months. The term accounts yield interest at the agreed interest rates.

Bank balances in the amount of EUR 79.0 million (including cash pool current account balances) (December 31, 2022: EUR 73.4 million) were netted against cash pool current account liabilities amounting to EUR 55.1 million (December 31, 2022: EUR 25.7 million), as a netting (offset) option was agreed with the cash pool bank. Bank balances after netting at December 31, 2023 amounted to EUR 23.9 million (December 31, 2022: EUR 47.7 million).

17 – Non-current assets held for sale

Due to the expansion of logistics capacities at the Reichertshofen production site, a developed tract of land and the associated building in Karlsfeld, Germany, previously required for operations, was classified as “non-current assets held for sale” in fiscal 2022 as part of the consolidation of the two sites. The book value amounted to EUR 8.9 million as at December 31, 2022. The property was sold in the first quarter of 2023, achieving a book value gain of EUR 15.5 million.

There were no further assets held for sale at the December 31, 2023 reporting date.

18 – Equity

As in the previous year, subscribed capital amounted to EUR 70.1 million and is divided into 70,140,000 individual no-par-value registered shares, each representing a proportionate amount of the share capital of EUR 1.00. The share capital was fully paid in at the closing date of the Consolidated Financial Statements.

Other reserves are as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Capital reserves	618.7	618.7
Exchange rate differences	2.8	6.3
Other changes without effect	-18.3	-11.0
Total	**603.2**	**614.0**

The capital reserves primarily result from share premiums in connection with the IPO and the merger with Wacker Neuson Beteiligungs GmbH (formerly Neuson Kramer Baumaschinen AG).

The reserve for exchange differences includes gains from translating the annual financial statements of consolidated affiliates that are prepared in foreign currencies according to the concept of the functional currency to be recognized in equity with no impact on the financial result. In the prior year, the foreign currency loan in US dollars to a foreign business operation, classified as part of a net investment, was repaid. The nominal value amounted to USD 60.0 million and had been issued by the German parent company of the Group to the American sales affiliate Wacker Neuson America Corporation. The translation differences from the outstanding receivable were initially recognized in equity under other income. Due to the premature repayment of the American company’s loan, the effects were reclassified from equity to the income statement. The value recognized in the income statement amounted to EUR 0.7 million in fiscal 2022 and was reported under financial income. The significant change in exchange rate differences is mainly due to the reclassification as well as the movement of the USD rate.

Other changes without effect include reserves for the recognition of gains and losses from revaluations of pensions and similar obligations – primarily actuarial gains and losses – as well as results recognized in equity in connection with reporting of hedge accounting.

The Annual General Meeting (AGM) of Wacker Neuson SE took place on May 26, 2023 as an entirely in-person event again for the first time since AGMs in the preceding years were purely virtual events without shareholders or their proxies being physically present (with the exception of proxies appointed by the company) in line with pandemic-related legislation.

In total, votes were cast for approximately 82 percent of the share capital, similar to the previous year. The increase in the dividend payout proposed by the Executive Board and Supervisory Board to EUR 1.00 per share for the past fiscal year was approved by shareholders. EUR 68.0 million was thus distributed to the shareholders. In fiscal 2022, a dividend of EUR 0.90 per share, corresponding to a total amount of EUR 61.2 million, was distributed to shareholders for fiscal 2021. In fiscal 2024, the dividend payout proposal for fiscal 2023 amounts to EUR 78.2 million (EUR 1.15 per share). Proposed dividend payouts for no-par-value shares that require AGM approval were not recognized as a liability at December 31, 2023. Refer to the consolidated statement of changes in equity for further details on equity.

Authorized capital 2022
At the AGM on May 30, 2017, the Executive Board was authorized to increase the company’s share capital by May 29, 2022, subject to the approval of the Supervisory Board, by issuing up to 17,535,000 new, registered shares against cash contributions and/or contributions in kind, in full or in partial amounts, on one or several occasions, however by a maximum overall total of EUR 17,535,000.00 (Authorized Capital 2017). The period covered by this resolution ended in fiscal 2022 and no new resolution was adopted at the AGM in June 2022. There is therefore no resolution authorizing an increase in capital for the fiscal year.

Treasury shares
In fiscal 2021 a total of 2,124,655 treasury shares (corresponding to 3.03 percent of the company’s share capital) were acquired. The purchase price (excluding incidental acquisition costs) amounted to EUR 53.0 million. These repurchased shares are recorded in equity under the “Treasury shares” item at acquisition cost including transaction costs and less any tax benefits.

Rights, preferential rights and restrictions on shares
There is a pool agreement between a shareholder of the Neunteufel family and Mr. Martin Lehner that permits the Neunteufel family shareholder to exercise the voting rights attributable to Mr. Martin Lehner’s shares. Refer to “Restrictions affecting voting rights or the transfer of shares” in the Combined Management Report for further information.

19 – Provisions for pensions and similar obligations

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Provisions for pension obligations	39.9	37.5
Provisions for other obligations to employees	0.1	0.1
Total	**40.0**	**37.6**

Within the Group, there are various types of employee retirement benefit schemes worldwide for old age and surviving dependents' pensions. Most of the schemes provide for the payment of fixed lump-sum amounts. The others are defined retirement plans with a pension paid from retirement until death. The amounts to be paid are based on the ranking of the employee concerned (with respect to both salary and hierarchy) as well as their years of service to the company.

At the parent company, pension commitments due to enter into effect as of retirement age are primarily in place for Executive Board members, as well as for former executives and Executive Board members.

The foreign affiliate in Switzerland has statutory pension plans in place in accordance with the Federal Law on Occupational Old Age, Survivors' and Invalidity Pensions (BVG), which are accounted for as defined benefit plans according to IAS 19. These defined benefit plans are financed by liability insurance. In this case, the individual company makes contributions to the relevant pension insurance schemes due to legal requirements. Although future pension benefits are generally dependent on the contributions saved, including interest, the guarantees contained in the pension law leave a residual risk for the individual company.

For the remaining domestic and foreign companies, the schemes partly provide for a lump-sum payment which is based on the salary at retirement age multiplied by a factor based on years of service with the company, and partly for pension payments from retirement until death based on the employee's earnings to those who fulfill the time-of-service requirements, which differ from country to country.

The defined benefit plans are partly financed by liability insurance. There are also pension commitments that are not financed by liability insurance or funds, where the Group pledges to make future payments when the pension payouts are due. This primarily refers to pension commitments governed by the legal framework of individual countries (adjustments to pensions, for example).

Domestic and foreign affiliates also have defined contribution plans. In this case, the individual company makes contributions to the relevant pension insurance schemes due to legal requirements or contractual agreements. There is no further obligation for the company beyond these payments. The periodic contributions are recognized as an expense under earnings before interest and taxes (EBIT) in the respective year.

The actuarial valuation is essentially based on the following assumptions, with the exception of the Swiss pension plans (see separate statement):

		2023	2022
Actuarial assumptions[1]			
Discount rate	as a %	2.8	3.4
Salary trends	as a %	0.8	0.8
Pension trends	as a %	1.6	1.7
Retirement age	in years	62	63

Weighted average of the individual benefit schemes

The actuarial valuation for the Swiss pension plans is essentially based on the following assumptions:

		2023	2022
Actuarial assumptions			
Discount rate	as a %	1.5	2.4
Salary trends	as a %	1.2	1.2
Retirement age	in years	65	65

Pension obligations are distributed as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Fair value of pension obligations, funded	56.5	51.2
Fair value of plan assets	-40.3	-36.7
Shortfall in pension obligations, funded	**16.2**	**14.5**
Fair value of pension obligations, not funded	23.8	23.1
Shortfall in all pension obligations	**40.0**	**37.6**
Pension obligations	**40.0**	**37.6**

The changes in the present value of pension obligations and in plan assets are as follows:

IN € MILLION

	2023	2022
Changes in the present value of pension obligations		
Balance at January 1	74.3	88.5
Current service costs	0.8	1.5
Interest expense	2.5	1.0
Contributions by plan participants	2.0	2.5
New valuations:		
Actuarial gains/losses		
- from changes to demographic assumptions	0.1	-1.6
- from changes to financial assumptions	3.6	-20.5
Experience adjustments	1.6	8.0
Changes in exchange rate	1.1	1.1
Paid benefits	-5.4	-5.6
Past service cost	-0.3	-0.6
Balance at December 31	**80.3**	**74.3**

IN € MILLION

	2023	2022
Changes in fair value of plan assets		
Balance at January 1	36.7	33.9
Interest income	1.2	0.4
Changes in exchange rate	1.1	0.8
New valuations:		
From changes to financial assumptions	–	–
Experience adjustments	–	0.3
Employer's contributions	2.4	2.2
Contributions by plan participants	2.0	2.5
Payouts	-3.1	-3.4
Balance at December 31	**40.3**	**36.7**

Plan assets include pension liability insurance with German life insurance schemes where future payments are pledged in favor of the entitled recipient. Pension liability insurance schemes are not listed on an active market. The fair value of plan assets communicated by the life insurance company amounts to EUR 20.9 million (December 31, 2022: EUR 19.4 million). Pension liability insurance is also held with Swiss life insurance schemes where future payments are pledged in favor of the entitled recipient. The Swiss pension liability insurance scheme is not listed on an active market. The fair value of plan assets communicated by the life insurance company amounts to EUR 19.4 million (December 31, 2022: EUR 17.3 million).

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.6 years (December 31, 2022: 12.6 years).

The investment strategy for plan assets, primarily German and Swiss pension liability insurance, is designed to achieve a sufficient return on investment in connection with contributions, with a view to managing the financing risk from pension obligations appropriately. The actual contributions may differ from the investment strategy as a result of changing economic conditions.

Pension expenses are as follows:

IN € MILLION

	2023	2022
Current service costs	0.8	1.5
Interest expense for pension obligations	2.5	1.0
Net interest	-1.2	-0.4
Past service cost	-0.3	-0.6
Total pension expense from defined benefit schemes	**1.8**	**1.5**
Total pension expense from defined contribution schemes	**0.5**	**0.4**
Total contributions to statutory pension insurance schemes	**9.6**	**8.4**
Total pension expense	**11.8**	**10.3**

Interest expense ensuing from pension obligations is recognized in the financial result. The remaining pension expense is part of personnel costs shown in the appropriate functional line of the income statement.

The valuation date for the current value of fund assets and the present value of obligations is December 31 for each year. The base value for the calculation of unaccrued interest concerning pension obligations is the present value of obligations as of January 1. The base value for the anticipated return on fund assets is the current value as at January 1. Transfers during the year are accounted for on a pro rata basis.

The contributions expected to be made to German fund assets in 2023 amount to EUR 1.6 million (2022: EUR 1.4 million).

The following overview shows the projected pension pay-outs for the next five years:

IN € MILLION

Due in 2024	3.9
Due in 2025	4.2
Due in 2026	3.8
Due in 2027	3.9
Due in 2028	4.4

The following overview shows the sensitivity of key actuarial assumptions:

IN € MILLION

	as a %	Sensitivity	Increase in valuation parameters	Decrease in valuation parameters
Discount rate	2.8	+/- 1,00 %	-9.9	11.9
Salary trends	0.8	+/- 0,50 %	0.7	-0.2
Pension trends	1.6	+/- 0,50 %	3.2	-3.0

The sensitivity analysis shows how the value of pension obligations would develop if individual actuarial assumptions changed. The sensitivity is determined solely on the basis of the projected unit credit method. This involves determining and displaying the impact of a change to individual actuarial assumptions, while all other assumptions remain unchanged.

The following risks arise for the Group from pension commitments:

- A reduction in the discount rate results in a rise in pension obligations.
- An increase in life expectancy results in a rise in pension obligations.

The following table shows the effects of a one percentage point increase or reduction in assumed healthcare costs:

IN € MILLION

	Additions	Reversals
2023		
Effect on the present value of pension obligations	0.1	-0.1
2022		
Effect on the present value of pension obligations	0.1	-0.1

The present value of obligations as well as pension pay-outs and reevaluations are distributed as follows across pension obligations and healthcare contributions:

IN € MILLION

	2023	2022
Provisions for pensions recorded in the balance sheet		
Pension obligations	39.0	36.6
Healthcare	1.0	1.0
Total	**40.0**	**37.6**
Pension expenses listed under EBIT		
Pension obligations	0.8	1.5
Healthcare	–	–
Total	**0.8**	**1.5**
New valuations		
Pension obligations	5.4	14.2
Healthcare	0.1	0.4
Total	**5.5**	**14.6**

20 – Other provisions

IN € MILLION

	Balance at Jan. 1, 2023	Currency	Utilization	Additions	Reversals	Balance at Dec. 31, 2023
Provisions						
Warranties	21.1	-0.2	-15.8	24.3	-0.7	28.7
Obligations towards employees	7.3	–	-3.1	2.6	0.1	6.9
Professional fees	0.4	–	-0.2	0.5	–	0.6
Litigation costs	0.5	–	-0.1	0.1	-0.2	0.4
Other provisions	0.3	–	0.1	3.4	-0.1	3.7
Total	**29.6**	**-0.2**	**-19.1**	**30.9**	**-1.0**	**40.2**

	Balance at Jan. 1, 2022	Currency	Utilization	Additions	Reversals	Balance at Dec. 31, 2022
Provisions						
Warranties	18.5	0.5	-4.7	7.3	-0.5	21.1
Obligations towards employees	10.7	–	-5.2	2.7	-0.9	7.3
Professional fees	0.2	–	-0.1	0.3	–	0.4
Litigation costs	0.6	–	-0.1	0.2	-0.2	0.5
Other provisions	0.5	–	-0.2	–	–	0.3
Total	**30.5**	**0.5**	**-10.3**	**10.5**	**-1.6**	**29.6**

Provisions for warranties required by law in the amount of EUR 28,7 million (December 31, 2022: EUR 21,1 million) increased in fiscal 2023 due to higher revenue.

An interest effect of less than EUR 0.1 million was recognized in the provisions for 2023 (December 31, 2022: under EUR 0.1 million).

The due dates of the above provisions are distributed as follows:

IN € MILLION

	Current (< 1 year)	Non-current (> 1 year)	Balance at Dec. 31, 2023
Provisions			
Warranties	22.8	5.8	28.7
Obligations towards employees	1.0	5.9	6.9
Professional fees	0.6	–	0.6
Litigation costs	0.2	0.1	0.4
Other provisions	1.6	2.1	3.7
Total	**26.2**	**14.0**	**40.2**

	Current (< 1 year)	Non-current (> 1 year)	Balance at Dec. 31, 2022
Provisions			
Warranties	18.2	2.9	21.1
Obligations towards employees	1.6	5.7	7.3
Professional fees	0.4	–	0.4
Litigation costs	0.5	–	0.5
Other provisions	0.3	–	0.3
Total	**21.0**	**8.6**	**29.6**

Company obligations from employee work accounts are offset against securities classified as assets, which are created in order to secure these claims. Obligations from employee work accounts came to EUR 11.1 million (December 31, 2022: EUR 10.0 million). The cost of acquiring the securities amounts to EUR 9.6 million (December 31, 2022: EUR 8.6 million) and the fair value at December 31, 2023 was EUR 11.0 million (December 31, 2022: EUR 9.2 million), of which EUR 11.0 million is offset (December 31, 2022: EUR 9.2 million).

The Group's obligations to the members of the Executive Board resulting from the performance share plan is reported in the amount of EUR 3.0 million (December 31, 2022: EUR 1.4 million) under non-current obligations towards employees.

21 – Current and non-current financial liabilities

Financial liabilities comprise the following amounts, recognized under the balance sheet items “Non-current financial borrowings”: EUR 97.3 million (December 31, 2022: EUR 169.5 million), “Current liabilities to financial institutions”: EUR 296.1 million (December 31, 2022: EUR 117.9 million) and “Current portion of non-current borrowings”: EUR 0.2 million (December 31, 2022: EUR 0.8 million).

Non-current financial borrowings include non-current liabilities from sale-and-leaseback transactions in the amount of EUR 0.2 million (December 31, 2022: EUR 0.7 million). The current portion of non-current borrowings includes current liabilities from sale-and-leaseback transactions in the amount of EUR 0.2 million (December 31, 2022: EUR 0.8 million). In 2023, the Group reported no losses from sale-and-leaseback transactions (2022: no losses).

On December 31, 2023, the purchase price commitment for the Enar Group amounting to EUR 3.4 million was recognized under „Other current financial liabilities” (December 31, 2022: EUR 3.4 million recognized under “Non-current financial liabilities).

The book values of financial liabilities developed as follows:

IN € MILLION

	Dec. 31, 2023	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	207.4	204.8	2.0	0.6
Promissory note (Schuldschein)	157.6	70.8	86.8	–
Investment “SpeedInvest”	0.2	0.2	–	–
Liabilities from sale-and-leaseback	0.4	0.2	0.2	–
Continuing involvement	28.0	20.3	7.7	–
Total	**393.6**	**296.3**	**96.7**	**0.6**

	Dec. 31, 2022	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	5.0	2.0	2.2	0.8
Promissory note (Schuldschein)	257.2	100.2	157.0	–
Investment “SpeedInvest”	0.3	0.3	–	–
Liabilities from sale-and-leaseback	1.5	0.8	0.7	–
Continuing involvement	20.8	15.4	5.4	–
Price obligation fron Enar Group acquisition	3.4	–	3.4	–
Total	**288.2**	**118.7**	**168.7**	**0.8**

At December 31, 2023, borrowings from banks up to 1 year largely concerned money market loans, which as part of long-term committed credit lines (to 2027) in the amount of EUR 450 million can be taken out flexibly and also be utilized for short periods.

The following table shows the remaining contractual periods of the financial liabilities at December 31, 2023, together with the estimated interest payments. These are undiscounted gross amounts which include the estimated interest payments.

IN € MILLION

	Dec. 31, 2023	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	208.4	205.5	2.1	0.8
Promissory note (Schuldschein)	160.0	71.5	88.5	–
Outstanding payment investment “SpeedInvest”	0.2	0.2	–	–
Liabilities from sale-and-leaseback	0.4	0.2	0.2	–
Continuing involvement	28.0	20.3	7.7	–
Total	**397.0**	**297.7**	**98.5**	**0.8**

	Dec. 31, 2022	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	5.2	2.0	2.3	0.9
Promissory note (Schuldschein)	262.6	102.3	160.3	–
Outstanding payment investment “SpeedInvest”	0.3	0.3	–	–
Liabilities from sale-and-leaseback	1.5	0.8	0.7	–
Continuing involvement	20.9	15.4	5.5	–
Price obligation fron Enar Group acquisition	3.5	–	3.5	–
Total	**294.0**	**120.8**	**172.3**	**0.9**

Borrowings from banks

Borrowings from banks include the following items:

Borrowings from banks

	Dec. 31, 2023 IN € MILLION	Interest rate as a percentage	Interest rate type	Due dates
Money market loans in EUR	45.2	4.71	fixed	< 1 year
Money market loans in EUR	25.1	4.73	fixed	< 1 year
Money market loans in EUR	20.1	4.62	fixed	< 1 year
Money market loans in EUR	20.0	4.61	fixed	< 1 year
Money market loans in EUR	15.0	4.31	fixed	< 1 year
Overdrafts in EUR	58.5	4.63	variable	< 1 year
Overdrafts in USD	14.4	6.13	variable	< 1 year
Overdrafts in GBP	5.4	5.94	variable	< 1 year
Loans in EUR	0.9	1.50	fixed	< 1 year
Loans in EUR	0.2	–	fixed	< 1 year
Loans in EUR	1.3	1.50	fixed	> 1 year
Loans in EUR	0.7	3.34	fixed	> 1 year
Loans in EUR	0.6	–	fixed	> 1 year
Total	**207.4**			

	Dec. 31, 2022 IN € MILLION	Interest rate as a percentage	Interest rate type	Due dates
Money market loans in USD	0.8	–	variable	< 1 year
Loans in EUR	1.1	1.04-1.15	fixed	< 1 year
Loans in Brazilian reals	0.1	12.0-13.0	variable	< 1 year
Loans in EUR	2.2	1.04-1.15	fixed	>1 year
Loans in EUR	0.8	–	fixed	>1 year
Total	**5.0**			

Refer to item 33, “Risk management”, in these Notes for information on the sensitivity of interest risks associated with variable-interest borrowings.

The following table lists the assured credit lines that were not utilized by Wacker Neuson SE:

IN € MILLION

	2023
First credit line EUR	40.0
Second credit line EUR	20.0
Third credit line EUR	35.0
Fourth credit line EUR	40.0
Fifth credit line EUR	61.0
Sixth credit line EUR	43.7
Seventh credit line EUR	42.4
Eighth credit line EUR	35.0
Ninth credit line EUR	0.7
Tenth credit line EUR	0.6
Eleventh credit line BRL	2.8
Total	**321.2**

	2022
First credit line EUR	50.0
Second credit line EUR	20.0
Third credit line EUR	50.0
Fourth credit line EUR	50.0
Fifth credit line EUR	50.0
Sixth credit line EUR	50.0
Seventh credit line EUR	50.0
Eighth credit line USD	14.1
Ninth credit line EUR	50.0
Tenth credit line EUR	0.3
Eleventh credit line EUR	0.7
Twelves credit line EUR	0.8
Thirteens credit line EUR	1.1
Fourteenth credit line BRL	2.5
Fifteenth credit line ZAR	0.5
Total	**390.0**

Promissory note (Schuldschein)

In light of the economic uncertainty existing at the time related to the COVID-19 pandemic, Wacker Neuson SE further increased its liquidity reserves as a precautionary measure on August 13, 2020. To do this, the company successfully placed a promissory note (Schuldschein) in the amount of EUR 50 million with institutional investors.

On May 6, 2019, Wacker Neuson SE placed a promissory note (Schuldschein) in the amount of EUR 150 million. The promissory note (Schuldschein) was issued in two tranches of five and seven years, each with fixed interest rates and at attractive conditions. This secured the long-term financing basis needed for the Group’s growth plans set out in its Strategy 2022 initiative.

USD 52.5 million was repaid as scheduled in March 2023. In addition, a promissory note (Schuldschein) in the amount of EUR 50.0 million was repaid as scheduled in August 2023.

The fair value for the promissory notes (Schuldschein) in euros and US dollars corresponded to EUR 153.0 million at December 31, 2023 (2022: EUR 246.3 million) (measurement of fair value at hierarchy level 3). All other fair values of financial liabilities largely correspond to the book values.

Liquid funds payable from the promissory note (Schuldschein) in euros refer to annual interest through 2024 on the first tranche in the amount of EUR 0.5 million and a repayment of EUR 70.0 million to be made on May 8, 2024. For the second tranche, annual interest payments in the amount of EUR 0.8 million are to be made through 2026 and a repayment in the amount of EUR 80.0 million is due on May 8, 2026.

Liquid funds payable from the promissory note (Schuldschein) in US dollars refer to annual interest through 2025 on the first tranche in the amount of USD 0.2 million and a repayment of USD 7.5 million to be made on March 3, 2025.

Financial covenants

There are no covenants or collateral for existing financial instruments.

	Dec. 31, 2023 Re-payment amount	Dec. 31, 2023 Transac-tion fees	Dec. 31, 2023 Total nominal value	Dec. 31, 2023 Interest rate as a %	Due date
Promissory note (Schuldschein) in € – Tranche I	70.5	0.5	70.0	0.65	May 2024
Promissory note (Schuldschein) in € – Tranche II	82.4	2.4	80.0	0.99	May 2026
Total, € MILLION	**152.9**	**2.9**	**150.0**		
Promissory note (Schuldschein) in USD – Tranche I	7.7	0.2	7.5	4.24	March 2025
Total, USD MILLION	**7.7**	**0.2**	**7.5**		

22 – Trade payables

As of December 31, 2023, trade payables (at book value) were broken down as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Trade payables	**251.5**	**261.3**
Book value due < 30 days	187.4	196.1
Book value due 30 – 90 days	59.9	65.0
Book value due > 90 days	4.2	0.2

Interest does not accrue on trade payables. In spite of the renewed increase in production volumes, trade payables were lower in 2023 than the previous year at EUR 251.5 million (December 31, 2022: EUR 261.3 million). The recognized carrying amount of trade payables corresponds to fair values due to the short term to maturity.

In the fiscal year, Wacker Neuson SE concluded an Invoice Processing Services Agreement. The objective of the agreement is to perform reverse factoring transactions. The structure of these transactions is as follows: suppliers to Wacker Neuson Group production companies sell their trade receivables via a portal designed for this purpose to one or more Wacker Neuson Group core banks, subject to prior agreement by the Wacker Neuson Group . The sale of these receivables is based on unchanging parameters (such as currency, amount or invoice due date), so there is no change in the recognition of the sale as a trade payable. The balance of trade payables attributable to reverse factoring transactions amounted to EUR 15.0 million at December 31, 2023.

23 – Other current liabilities

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Other accruals/deferrals	48.1	40.0
Servicing for the ABS-program	39.6	34.1
Debtors with credit balances	6.2	5.2
Derivatives	4.5	1.7
Misc. other current financial liabilities	8.5	4.3
Other current financial liabilities	**106.9**	**85.3**
Other tax accruals/deferrals and tax liabilities	5.4	5.6
Personnel accruals/deferrals	51.1	41.8
Sales tax liabilities	15.1	11.8
Other current non-financial liabilities	**71.7**	**59.2**
Total	**178.6**	**144.5**

The other accruals/deferrals mainly consist of outstanding invoices. The fair values of current financial liabilities are reasonable approximations of the book values.

Under the ABS program, the Wacker Neuson Group continues to perform servicing for sold receivables (refer to item 29, "Additional information on financial instruments"). At the reporting date for the fiscal year under review, payments in the amount of EUR 39.6 million (December 31, 2022: EUR 34.1 million) had not yet been transferred to the ABS program's partner bank because of the turn of the year.

24 – Contract liabilities

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Extended warranties	14.4	10.7
Down-payments received	2.6	2.0
Prepaid services	9.1	6.5
Total	**26.2**	**19.3**

IN € MILLION

	Current (< 1 year)	Non-current (> 1 year)	Total Dec. 31, 2023
Contract liabilities			
Extended warranties	5.5	8.9	14.4
Down-payments received	2.6	–	2.6
Prepaid services	1.9	7.3	9.1
Total	**10.0**	**16.1**	**26.2**

	Current (< 1 year)	Non-current (> 1 year)	Total Dec. 31, 2022
Contract liabilities			
Extended warranties	4.0	6.8	10.7
Down-payments received	2.0	–	2.0
Prepaid services	1.5	5.0	6.5
Total	**7.5**	**11.8**	**19.3**

Due to an error correction in connection with the revenue recognition of extended warranty obligations, the extended warranties were adjusted compared to the prior year. For more information, please refer to “Changes in accounting under IFRS”.

Of the contract liabilities reported in the balance sheet in the previous year, EUR 7.5 million have been recognized as revenue in fiscal 2023 (2022: EUR 5.5 million).

25 – Derivative financial instruments

The Group uses FX forwards and forward currency swaps (currency derivatives). Refer to item 29, “Additional information on financial instruments”, for the accounting treatment. The nominal amounts and fair values of derivative financial instruments are recognized as follows:

IN € MILLION

	Dec. 31, 2023 Nominal value	Dec. 31, 2023 Market value	Dec. 31, 2022 Nominal value	Dec. 31, 2023 Market value
Assets				
Currency hedges	108.9	2.0	137.6	4.7
Total	**108.9**	**2.0**	**137.6**	**4.7**
Liabilities				
Currency hedges	107.5	4.5	45.8	1.7
Total	**107.5**	**4.5**	**45.8**	**1.7**

Refer to item 29, “Additional information on financial instruments”, in these Notes for information regarding net profits and losses from these financial instruments.

IN € MILLION

	Up to 1 year Nominal value	1 to 5 years Nominal value	Over 5 years Nominal value
Assets			
Currency hedges	108.9	–	–
Total	**108.9**	**–**	**–**
Liabilities			
Currency hedges	107.5	–	–
Total	**107.5**	**–**	**–**

26 – Lease liabilities

The Group rents various buildings for branch offices and warehouses as well as office buildings, facilities and vehicles. Rental contracts are generally concluded for fixed terms of three to ten years. Some contracts, however, may contain extension options. These are outlined in the “Material discretionary decisions, estimates and assumptions” section below. Rent conditions are negotiated on a case-by-case basis and span a wide range of different terms. Leases do not contain any credit conditions. However, leased assets may not be used as security for taking out loans.

The Group has also entered into lease agreements for leased assets with a term of twelve months or less, and for low-value office equipment. The Group applies to these leases the practical expedients applicable to current leases and to leases involving low-value assets.

A detailed explanation of right-of-use lease assets for fiscal 2023 is provided separately under item 8, “Property, plant and equipment”, in these Notes. We refer to this section to avoid duplicating information.

The following table shows the book values of lease liabilities and the changes during the reporting period:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
As at Jan. 1	**77.2**	**72.6**
Exchange rate differences	0.1	0.7
Change in consolidation structure	–	0.7
Additions	65.8	29.4
Disposals	-1.6	-4.0
Interest expense	3.1	2.2
Payments	-26.5	-24.4
As at Dec. 31	**118.1**	**77.2**
Of which current	29.7	22.6
Of which non-current	88.4	54.6

The book values of lease liabilities by term were as follows:

IN € MILLION

	Dec. 31, 2023	Up to 1 year	1 to 5 years	Over 5 years
Lease liabilities (incl. sale-and-leaseback before 2019)	118.1	29.7	51.9	36.5

	Dec. 31, 2022	Up to 1 year	1 to 5 years	Over 5 years
Lease liabilities (incl. sale-and-leaseback before 2019)	77.2	22.6	40.1	14.5

The Group’s lease liabilities have the following maturities. The figures are based on contractual, undiscounted payments.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Up to 3 months	7.4	5.7
3 to 12 months	22.3	17.0
1 to 5 years	64.3	44.3
Over 5 years	41.0	16.1
Total	**135.0**	**83.1**

The following amounts were recognized in the income statement in the reporting period:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Depreciation expense on right-of-use assets	23.8	20.6
Interest expense on lease liabilities	3.1	2.2
Income from subleasing right-of-use-assets, reported under other operating income	–	0.1
Expense for current leases (included in cost of sales)	–	0.2
Expense for current leases (included in sales and service expenses)	0.1	0.1
Expense for leases on low-value assets (included in cost of sales)	0.2	0.1
Expense for leases on low-value assets (included in sales and service expenses)	0.1	0.1
Expense for leases on low-value assets (included in general and administrative expenses)	0.1	0.2
Variable lease payments	0.3	0.1
Total recognized in the income statement	**27.7**	**23.7**

The Group’s cash outflow for leases in 2023 amounted to EUR 26.2 million (2022: EUR 23.2 million). Furthermore, the Group recorded non-cash additions to right-of-use assets and lease liabilities in 2023 amounting to EUR 65.8 million (2022: EUR 29.4 million).

The following table shows the undiscounted potential future lease payments for periods after the exercise date of extension options not included in the lease term.

IN € MILLION

	Within five years	Over five years	Total Dec. 31, 2023
Extension options where exercise is not expected	12.9	46.2	59.1

	Within five years	Over five years	Total Dec. 31, 2022
Extension options where exercise is not expected	11.9	2.0	13.9

The Group has signed a number of leases that had not yet commenced on December 31, 2023. Future lease payments for these non-cancellable leases amount to EUR 1.6 million for the next year (December 31, 2022: EUR 3.7 million), EUR 11.9 million for years two to five (December 31, 2022: EUR 18.4 million), and EUR 9.7 million thereafter (December 31, 2022: EUR 21.7 million).

Other information

27 – Contingent liabilities

Contingent liabilities, on the one hand, represent possible obligations that may be incurred depending on the occurrence of a future event or events which are of an uncertain nature and not wholly within the control of the company. On the other hand, contingent liabilities represent obligations for which payment is not probable or the amount of the obligation cannot be determined with sufficient reliability.

The Group has undersigned the following guarantees:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Guarantees	2.1	1.5

28 – Other financial liabilities

a) Obligations

The terms of the obligations for service and maintenance contracts are as follows:

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Obligations due within 1 year	35.5	29.3
Obligations due in 1 to 5 years	42.0	17.0
Obligations due in more than 5 years	21.4	–
Total	**99.0**	**46.3**

The increase in obligations is mainly due to a contract for logistics services.

b) Obligations resulting from investment decisions / take-back and purchase commitment obligations

Financial obligations ensuing from construction and investment projects amounting to EUR 7.3 million (December 31, 2022: EUR 2.3 million) and from take-back obligations amounting to EUR 6.1 million (December 31, 2022: EUR 10.4 million) have been recognized. Based on historical experience and on the current market situation, the Group considers the probability of its take-back obligations to be insignificant. Therefore, no refund liabilities or right-of-return assets are recorded.

In addition, unconditional purchase commitments amounting to EUR 257.1 million (2022: EUR 363.8 million) are in place.

c) Legal proceedings and court cases

In the course of its normal activities, the company is exposed to judicial and extrajudicial proceedings from time to time. The outcome of these proceedings often depends on an uncertain future event and cannot be predicted with certainty. The Group is involved in a number of individual cases where the outcomes are considered to be insignificant.

29 – Additional information on financial instruments

The book values and fair values of financial assets and liabilities are presented in the following table. It also shows how the individual items are categorized.

IN € MILLION

	2023 Fair value	2023 Book value	Measured at fair value recognized in the income statement	Measured at fair value with changes recognized in equity	At amortized cost	Leases and others (book value)
Assets						
Other Investments	4.0	4.0	4.0	–	–	–
Non-current financial assets	24.3	24.3	–	1.4	22.4	0.5
Trade receivables	346.6	346.6	–	–	346.6	–
Other current financial assets	44.2	44.2	1.0	1.0	41.7	0.5
Cash and cash equivalents	27.8	27.8	–	–	27.8	–

IN € MILLION

	2023 Fair value	2023 Book value	Measured at fair value recognized in the income statement	Measured at fair value with changes recognized in equity	At amortized cost	Leases and others (book value)
Liabilities						
Non-current financial borrowings	91.1	97.3	–	–	97.3	–
Trade payables	251.5	251.5	–	–	251.5	–
Current liabilities to financial institutions	295.4	296.1	–	–	296.1	–
Current portion of non-current borrowings	0.2	0.2	–	–	0.2	–
Other current financial borrowings	106.9	106.9	3.5	1.0	102.4	–

IN € MILLION

	2022 Fair value	2022 Book value	Measured at fair value recognized in the income statement	Measured at fair value with changes recognized in equity	At amortized cost	Leases and others (book value)
Assets						
Investments accounted for using the equity method*	0.2	0.2	–	–	–	0.2
Other Investments	4.5	4.5	4.5	–	–	–
Non-current financial assets	13.5	13.5	–	1.4	11.1	1.0
Trade receivables	301.3	301.3	–	–	301.3	–
Other current financial assets	41.3	41.3	0.4	4.3	35.0	1.6
Cash and cash equivalents	53.7	53.7	–	–	53.7	–

IN € MILLION

	2022 Fair value	2022 Book value	Measured at fair value recognized in the income statement	Measured at fair value with changes recognized in equity	At amortized cost	Leases and others (book value)
Liabilities						
Non-current financial borrowings	159.9	169.5	–	–	169.5	–
Trade payables	261.3	261.3	–	–	261.3	–
Current liabilities to financial institutions	116.6	117.9	–	–	117.9	–
Current portion of non-current borrowings	0.8	0.8	–	–	0.8	–
Other current financial borrowings	85.3	85.3	1.7	–	83.6	–

* As a result of changes in reporting due to an additional line for investments accounted for using the equity method, the consolidated balance sheet has been adjusted compared to the previous year. Refer to “Changes in accounting under IFRS” for more information.

The following table shows the net profits and losses from financial instruments based on valuation categories. It does not include any effects on income resulting from finance leases as these are not allocated to any valuation categories defined in IFRS 9. Similarly, interest and dividends have not been recognized on the net profits and losses from financial instruments.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
At amortized cost	-0.1	-2.9
Measured at fair value recognized in the income statement	-0.5	-3.6
Financial liabilities measured at amortized cost	-2.6	3.2

The net gain/loss from the category receivables valued “at amortized cost” results from provisions for expected losses on trade receivables.

The gains and losses from adjustments to the fair value of derivatives that do not meet hedge accounting criteria are included in the category of assets “measured at fair value recognized in the income statement”.

Total interest income (EUR 2.1 million; 2022: EUR 0.4 million) and total interest expense (EUR 9.5 million; 2022: EUR 5.6 million) were recognized for financial assets and liabilities (calculated using the effective interest rate method) that were not “measured at fair value recognized in the income statement”.

Financial instruments in the form of foreign currency trade receivables and payables are valued at the relevant spot rates applicable on the balance sheet dates. This results in income in the amount of EUR 0.4 million (2022: EUR 0.9 million income) which is reported in the financial result.

The Group uses derivative financial instruments, such as forward currency contracts, currency swaps and interest rate swaps, to hedge its foreign exchange risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value at the date on which a derivative contract is entered into and are subsequently redesignated at fair value. The Group uses currency swaps to hedge exchange risks from loans issued internally by the holding company to its affiliates. The Group does not apply hedge accounting within the scope of IFRS 9 to this area, as the effects from the hedging relationship are recognized in the financial result. In the period under review, financial assets in the amount of EUR 1.0 million (2022: EUR 0.4 million) were derived from positive market values. For negative market values, the Group recognized a financial liability in the amount of EUR 3.5 million (2022: EUR 1.7 million).

In addition, the Group uses forward currency contracts to hedge the currency risk arising from future purchase transactions in foreign currencies. The Group uses cash flow hedge accounting in accordance with IFRS 9 for this purpose. As a result, EUR -0.1 million (2022: EUR 4.0 million) is recognized directly in equity.

The table below shows the financial instruments subsequently designated at fair value. Refer to the section on accounting and valuation methods for information on how fair value is categorized (into hierarchical levels) in accordance with IFRS 13.

The methods and assumptions used to determine the fair values are as follows:

IN € MILLION

	Level 1	Level 2	Level 3	Dec. 31, 2023
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	1.0	–	1.0
Hedged derivatives	–	1.0	–	1.0
Other Investments	–	–	4.0	4.0
Financial assets categorized "measured at fair value through other comprehensive income"				
Securities	1.4	–	–	1.4
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	3.5	–	3.5
Hedged derivatives	–	1.0	–	1.0

IN € MILLION

	Level 1	Level 2	Level 3	Dec. 31, 2022
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	0.4	–	0.4
Hedged derivatives	–	4.2	–	4.2
Other Investments	–	–	4.5	4.5
Financial assets categorized "measured at fair value through other comprehensive income"				
Securities	1.4	–	–	1.4
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	1.7	–	1.7

Non-current fixed and floating rate receivables/borrowings are evaluated by the Group based on parameters including interest rates, certain country-specific risk factors, the creditworthiness of individual customers and the risk characteristics of the financed project. Based on this evaluation, allowances for doubtful accounts are made to account for the expected losses from these receivables. As of December 31, 2023, the book values of these receivables, less allowances for doubtful accounts, correspond approximately to their calculated fair values.

The fair value of pension funds "measured at fair value through other comprehensive income" is derived from quoted prices on active markets.

The minority shareholding in Austria in the form of non-listed shares is allocated to level 3 of the fair value hierarchy in the amount of EUR 4.0 million (2022: EUR 3.8 million). The fair values of the non-listed shares were determined using the discounted cash flow method. The valuation requires external portfolio management to make certain assumptions regarding the inputs to the model, including forecasted cash flows from shares held within the portfolio, the discount rate, the default risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in external portfolio management's estimate of fair value for these non-listed equity investments. The shareholding is "measured at fair value recognized in the income statement" and reported under Assets, Investments.

The Group concludes derivative financial instruments with various counterparties, principally financial institutions with a high credit rating. Derivatives valued by applying an evaluation process with inputs observable on the market primarily include forward exchange contracts. The most frequently used evaluation methods include forward price models using present value calculations. The models incorporate various inputs including the credit standing of the business partner, spot exchange rates, futures rates and forward exchange rates.

The fair values of the Group's interest-bearing loans are determined using the discounted cash flow method. The discount rate used reflects the borrowing rate of the issuer at the close of the period under review. The Group's own risk of non-performance was classified as low as of December 31, 2023.

Asset-backed transaction

In fiscal 2022, the Group concluded an updated agreement with a German financial institution for the bundled sale of receivables to a maximum volume of USD 200 million (2022: USD 200 million).

In this agreement, the purchase price is to be paid immediately upon sale minus a reserve withheld by the bank. The risks relevant for the risk assessment with regard to the sold receivables correspond to the credit risk (default risk). Wacker Neuson carries the credit risk-related defaults from the various tranches, in each case up to a specified amount; the other credit risk-related defaults are carried by the bank. As a result of the split in the material risks between Wacker Neuson and the banks, practically none of the risks and rewards associated with the sold receivables were transferred or retained (splitting material opportunities and risks between Wacker Neuson and the buyer). As of December 31, 2023, the continuing involvement of Wacker Neuson in this transaction amounted to EUR 28.0 million (2022: EUR 20.8 million). Liabilities to the bank in the same amount were reported as debt under this continuing involvement.

Wacker Neuson continues to perform receivables management (servicing) for the sold receivables. Buyers have the right to transfer servicing to a third party without justification. Although Wacker Neuson is not authorized to otherwise dispose of the sold receivables other than in its role of servicer, it retains the right of disposal for the sold receivables in light of the agreed first loss guarantees, as the acquiring bank does not have the actual ability to re-sell the acquired receivables.

When the receivable is sold, the fair value of the expected losses is expensed as incurred. Anticipated future payments are carried as a component of the associated liability.

Certain components of the purchase price are initially retained and, depending on the amount of the actual default on the receivables, are only paid out to Wacker Neuson at a later date. To the extent that subsequent receipt of such purchase price components is to be expected, they are capitalized at fair value.

Wacker Neuson continues to carry the sold trade receivables related to the above transactions in the amount of its continuing involvement, i.e. at the maximum amount at which the Wacker Neuson Group retains liability for the credit risk and late payment risk inherent in the sold receivables, recognizing this as a liability in the corresponding amount disclosed under borrowings from banks. The receivables and the associated liability are subsequently derecognized to the extent that Wacker Neuson's continuing involvement is reduced (in particular when payments are made by customers). The carrying amount of the receivables is subsequently reduced by the extent to which the actual losses to be borne by Wacker Neuson resulting from the credit risk exceed the losses initially anticipated. This amount is recognized as an expense.

Further details on the initial financial transaction for the transfer of assets are included in the following table; no such transaction was executed in the previous year.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Transferred assets		
End of contractual terms in year	2024	2024
Contractual maximum volume in USD	200	200
Sold receivables volume on balance sheet date	156.6	116.5
Range of sold receivables volume in year under review	156.6	116.5
Entitlements/obligations from receivables management	–	–
Continuing involvement		
Maximum credit risk (before credit insurance)	28.0	20.8
Total carrying amount of transferred receivables	156.6	116.5
Book value of assets still carried	28.0	20.8
Book value of associated liability	28.0	20.8
Fair value of the financial guarantee	0.6	0.5
Purchase price discounts, program fees, and pro-rata loss allocations recognized in income		
Recognized gains/losses	–	–
Income/expense in the current fiscal year	9.0	3.3
Income/expense accumulated since start of contract	13.6	4.8

30 – Events since the balance sheet date

At the start of the new fiscal year 2024, a share was acquired in Torquewerk GmbH amounting to 45.5 percent of the share capital. The company will likely be recognized at equity in future consolidated financial statements.

In addition, a resolution on investing an additional shareholder contribution in the total amount of EUR 2.33 million in Sequello GmbH was adopted in the fourth quarter of 2023. The first installment of EUR 0.5 million was paid out in the first quarter of 2024.

No other events occurred which could have a material impact on the future business development of Wacker Neuson SE.

31 – Segmentation

Division and determination of operating segments

The internal organizational structure and management structure as well as the internal reports to the Executive Board and Supervisory Board, which are based on geographical segments, form the basis for determining the operating segments of the company. For information regarding geographical segmentation of affiliates, refer to the section on consolidation structure (see the general information on accounting standards / consolidation structure). According to this structure, the affiliates are geographically grouped into regional markets (Europe, Americas and Asia-Pacific). Turkey, Russia and South Africa are included in the Europe segment. Beyond geographical segmentation, reporting is also carried out internally according to business segments. This exclusively deals with revenue. Company management will therefore continue to focus on geographical segments. In the period under review, no segmentation changes were made.

Products and services of operating segments

The products and services offered by the geographical operating segments can be divided into light equipment, compact equipment and services.

The light equipment business segment covers the manufacture and sale of light equipment in the three business fields of concrete technology, compaction and worksite technology.

The compact equipment business segment focuses on the manufacture and sale of compact equipment.

The services business segment manages, amongst other things, the company's activities in the spare parts, maintenance and used equipment business fields as well as income from customer financing, rental solutions, the sale of third-party equipment and extended warranties.

Segment valuation methods

The intrasegment business transactions that were reported under EBIT for the individual segments are listed in the consolidation column. Non-current assets are reported according to key countries.

Segment valuation methods are based on the valuation methods used in internal reporting. Internal reporting is carried out exclusively in line with the applicable valid IFRS standard.

Transactions between the individual Group segments are based on prices that also apply to third-party transactions.

Reporting format

Consolidated Segmentation is presented in the Notes to the Consolidated Financial Statements on → page 79 of this Annual Report.

Segment revenue and segment earnings, expressed as EBIT, are derived from internal reporting. Figures from the individual companies are added together to reach this EBIT figure. As the holding company, Wacker Neuson SE is allocated to the Europe segment. Expenses for the corporate services it provides are allocated in full to the individual regional reportable segments.

The consolidation column reflects the elimination of transactions affecting income that took place between operating segments. This primarily refers to the consolidation of intercompany profits and losses from the sale of goods.

Revenue from external customers, categorized according to products and services, is recognized at company level. In addition, revenue and non-current assets are reported according to key countries. No individual customer accounted for more than 10 percent of Group revenue.

32 – Cash flow statement

The consolidated cash flow statement is prepared in accordance with IAS 7. The consolidated cash flow statement reports cash flows resulting from operating activities, from investment activities as well as from financing activities. Insofar as changes in cash and cash equivalents are due to foreign exchange rate fluctuations, these are reported separately.

Current liquid funds comprise liquid funds as reported on the balance sheet. Current borrowings from banks in the notional Group cash pool were offset against liquid funds.

Refer to item 16, “Cash and cash equivalents”, in these Notes to see the breakdown of current liquid funds.

IAS 7.18 allows entities to report cash flows from operating activities using either the direct or indirect method. The Group presents its cash flows using the indirect method.

“Cash flow from investment activities” comprises the cash outflow for intangible assets and for property, plant and equipment less divestments.

“Cash flow from financing activities” contains payments received from shareholders, including interest paid, as well as payments made to them. It also contains payments resulting from borrowing and repayment of debt.

IN € MILLION

	Jan. 1, 2023	Reclassifi-cations	Cash flows	Continu-ing invol-vement	Foreign exchange movement	New leases (incl. sale-and-lease-back)	Change in consolida-tion structure	Other	Dec. 31, 2023
Current liabilities to financial institutions (Note 21)	117.9	70.6	101.6	4.9	1.2	–	–	-0.1	**296.1**
Current portion of non-current borrowings (Note 21)	0.8	0.2	-0.8	–	–	–	–	–	**0.2**
Current lease liabilities (Note 26)	22.6	32.0	-26.5	–	–	–	–	1.6	**29.7**
Non-current financial borrowings (Note 21)	169.5	-74.2	0.1	2.3	-0.4	–	–	–	**97.3**
Non-current lease liabilities (Note 26)	54.6	-32.0	–	–	0.2	65.8	–	-0.2	**88.4**
Total liabilities from financing activities	**365.4**	**-3.4**	**74.4**	**7.2**	**1.0**	**65.8**	**–**	**1.3**	**511.7**

	Jan. 1, 2022	Reclassifi-cations	Cash flows	Continu-ing invol-vement	Foreign exchange movement	New leases (incl. sale-and-lease-back)	Change in consolida-tion structure	Other	Dec. 31, 2022
Current liabilities to financial institutions (Note 21)	138.7	93.9	-125.2	5.5	-2.3	–	7.3	–	**117.9**
Current portion of non-current borrowings (Note 21)	0.9	0.7	-0.8	–	–	–	–	–	**0.8**
Current lease liabilities (Note 26)	22.2	24.6	-24.4	–	–	–	0.1	0.1	**22.6**
Non-current financial borrowings (Note 21)	295.1	-94.6	-35.6	–	3.6	–	1.0	–	**169.5**
Non-current lease liabilities (Note 26)	50.4	-24.6	–	–	0.7	25.3	0.6	2.2	**54.6**
Total liabilities from financing activities	**507.3**	–	**-186.0**	**5.5**	**2.0**	**25.3**	**9.0**	**2.3**	**365.4**

33 – Risk management

Capital management

A key aim of the Group's capital management policy is to maintain a high equity ratio to support its business activities.

The Group actively controls and modifies its capital structure in line with changing market dynamics. The goal of the capital management policy is to secure the Group's business and investment activities in the long term. To maintain a suitable capital structure, the Group can propose changes to dividend payments to shareholders or issue new shares. As at December 31, 2023 and December 31, 2022, respectively, no changes were made to objectives, guidelines or procedures within the framework of the capital structure control policy. The Group monitors its capital using net financial debt resulting from current net financial liabilities and non-current financial liabilities as an indicator.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Current financial liabilities	296.3	118.7
Current liabilities to financial institutions	296.1	117.9
Current portion of non-current borrowings	0.2	0.8
Non-current financial liabilities	97.3	169.5
Total equity before minority interests*	1,499.7	1,392.6
Total capitalization	**1,893.3**	**1,680.8**

* As a result of changes in reporting due to an error correction in connection with the revenue recognition of extended warranty obligations, the consolidated balance sheet has been adjusted compared to the previous year. Refer to "Changes in accounting under IFRS" for more information.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Current net financial liabilities	**268.5**	**65.0**
Current financial liabilities	296.3	118.7
plus liquid funds	-27.8	-53.7
Net financial debt	**365.7**	**234.5**
Current net financial liabilities	268.5	65.0
plus non-current financial liabilities	97.3	169.5

Financial risk factors

Due to the global scope of its operations, the Group is exposed to various financial risks, including foreign currency risks, credit risks, liquidity risks and interest rate risks. The comprehensive risk management policy of the Group is focused on the unpredictability of developments in financial markets and aims to minimize any potential negative impact on the Group's financial position. It is a general policy of the company to reduce these risks by systematic financial management. In particular, the Group employs selective derivative financial instruments to hedge against certain risks.

The Group finance department is responsible for risk management in accordance with the rules and guidelines approved by the Executive Board. It identifies, evaluates and hedges against financial risks in close co-operation with the operating units of the Group. The Executive Board sets guidelines for risk management as well as fixed policies for specific areas of risk. These include dealing with foreign currency risks, interest rate risks and credit risks.

The guidelines also specify how derivative and other financial instruments and liquidity surpluses are to be used.

Currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging at least 50 percent of all transactions that are expected to occur within a maximum 12-month period for hedges of forecasted purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

If the USD/EUR exchange rate increased or decreased by 5 percent, changes in the financial assets and liabilities reported in the balance sheet in US dollars would have the following impact on earnings before taxes and equity:

	2023	2022
USD currency trends as a %	+5.00/-5.00	+5.00/-5.00
Impact on profit before tax (EBT) in € K	-3/3,2	-9,6/10,4
Impact on equity in € K	-3/3,2	-9,6/10,4

In 2023, the average EUR/USD exchange rate was EUR 1 to USD 1.08 (2022: EUR 1 to USD 1.05).

The Group is also subject to currency risks from individual transactions resulting from purchases and sales executed by a Group member in a currency other than the functional currency.

Credit risks

The Group is not exposed to any material credit risks (default risks). Contracts for derivative financial instruments and financial transactions are concluded only with financial institutions with a high credit rating in order to keep the risk of default by the contracting party as low as possible. The book value of financial assets recognized in the Consolidated Financial Statements represents the maximum default risk. Refer to item 29, "Additional information on financial instruments", in these Notes for further information on the book value of financial assets.

Continued weakness on construction and financial markets in some countries may present certain Group customers with financial difficulties, possibly culminating in insolvency. This would lead to a rise in accounts receivable and a subsequent increased risk of default. The Group is counteracting the risk of changes in individual customers' payment patterns through its active accounts receivable management policy, partner "health checks" and tools such as credit hedging. These were in place in fiscal 2023 for a volume of EUR 1,386.3 million and reimburse approx. EUR 41.2 million of the nominal value in case of default.

Interest rate risks

Interest rate risks are caused by market fluctuations in interest rates. On the one hand, they impact the amount of interest payments for which the Group is liable. On the other hand, they influence the fair value of financial instruments.

The following balance sheet items include floating rate cash and cash equivalents, and liabilities which are subject to interest rate risks.

IN € MILLION

	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	27.8	53.7
Non-current financial borrowings	97.3	169.5
Current liabilities to financial institutions	296.1	117.9
Current portion of non-current borrowings	0.2	0.8
	421.4	**341.9**

The following table demonstrates the sensitivity of the Group's earnings before taxes to a reasonably possible change in interest rates based on the impact on floating rate loans and cash and cash equivalents.

The fixed-interest promissory note (Schuldschein) was not included when calculating the impact on earnings. Refer to item 21, "Current and non-current financial liabilities", for further information.

The effects on Group earnings before taxes also reflect the impact on equity.

IN € MILLION

	2023	2022
Increase in interest rates of 0.2%	-0.7	-0.7
Decrease in interest rates of 0.2%	0.7	0.7

The future changes resulting from the IBOR reform are not expected to have any significant impact on the Consolidated Financial Statements due to the fact that all LIBOR financing to the end of fiscal 2021 was redeemed in fiscal 2022.

Liquidity risks

Liquidity risks involve the availability of funds needed to meet payment obligations on time. The company is assured of a supply of liquid funds at all times by lines of credit it is not currently using. Liquidity is managed by the central treasury department using a Group-wide cash pool system. Refer to item 21, "Current and non-current financial liabilities", in these Notes for further information – also on existing credit lines and financial covenants.

34 – Executive bodies

Executive Board

In the year under review, the Executive Board comprised the following members:

- Dr. Karl Tragl, CEO, Chairman of the Executive Board, responsible for strategy, M&A, legal matters & compliance, HR, investor relations, corporate communication, real estate, sustainability and business process management
- Felix Bietenbeck, CTO & COO, responsible for production, quality, supply chain management, procurement and research and development
- Christoph Burkhard, CFO, responsible for finance, controlling & risk management, auditing, IT, sales financing and integrated business planning
- Alexander Greschner, CSO, responsible for sales, service, marketing and aftermarket

The following members of the Executive Board have supervisory board positions or seats on comparable supervisory committees for German or foreign companies:

- Felix Bietenbeck: Wilh. Wülfing GmbH & Co KG, Borken, Chairman of the Advisory Board
- Christoph Burkhard: Member of the Supervisory Board of Advyce & Company GmbH, Munich

Supervisory Board

The following are members of the Supervisory Board of Wacker Neuson SE or were Supervisory Board members during the year under review:

- Johann Neunteufel, Chairman of the PIN Private Trust (PIN Privatstiftung), Linz, Austria; Chairman of the Supervisory Board
- Mag. Kurt Helletzgruber, Chairman of PIN Private Trust, Linz, Austria
- Christian Kekelj, Chairman of the Central Works Council, Chairman of the Works Council, Maisach, Germany
- Prof. Dr. Matthias Schüppen, attorney at law, auditor, tax advisor and partner at the Graf Kanitz, Schüppen & Partner law firm, Stuttgart, Germany
- Elvis Schwarzmair, Chairman of the Works Council, Chairman of the Group Works Council and SE Works Council, Rohrbach, Germany
- Ralph Wacker, civil engineer and managing partner of wacker+mattner GmbH, Munich, Germany; Deputy Chairman of the Supervisory Board

In accordance with the Articles of Incorporation, the terms of office of the Supervisory Board members listed above will run until the close of the AGM that tables a resolution to formally approve the actions taken by Wacker Neuson SE during fiscal 2024. The terms may be no longer than six years.

The following members of the Supervisory Board have additional supervisory board positions or seats on comparable supervisory committees for German or foreign companies:

- Prof. Dr. Matthias Schüppen, Member of the Supervisory Board of Syntellix AG, Hanover, Germany (until August 31, 2023)
- Prof. Dr. Matthias Schüppen: Member of the Advisory Board of Tengelmann Warenhandelsgesellschaft KG, Munich, Germany

Refer to item 35, “Related party disclosures”, in these Notes for information on the remuneration of the Executive Board and Supervisory Board, as well as remuneration of former Board members.

35 – Related party disclosures

For the Group, related party disclosures within the meaning of IAS 24 generally refers to shareholders and entities over which shareholders have control or significant influence (sister companies, members of the Executive Board and members of the Supervisory Board).

Key trade relations with related parties during the period under review were as follows:

IN € MILLION

	Current receivables Dec. 31, 2023	Current payables Dec. 31, 2023	Expenses for business transactions 2023	Income for business transactions 2023
Relations with shareholders	–	0.1	1.0	–
Relations with sister companies	–	–	0.1	0.1
Total	**–**	**0.1**	**1.1**	**0.1**

IN € MILLION

	Current receivables Dec. 31, 2022	Current payables Dec. 31, 2022	Expenses for business transactions 2022	Income for business transactions 2022
Relations with shareholders	–	–	1.0	–
Relations with sister companies	–	–	–	–
Total	**–**	**–**	**1.0**	**–**

Relations with shareholders resulted mainly from goods and services traded with a shareholder; namely Wacker Werke GmbH, a competence center for concrete compaction. The goods and services delivered to this shareholder were valued at EUR 0,0 million (2022: EUR 0.0 million). These were counterbalanced with goods and services received from the shareholder to the value of EUR 1.0 million (2022: EUR 1.0 million). The goods and services were traded under the terms customary in the market, as also agreed with third parties.

Relations with sister companies and entities over which shareholders have control or significant influence result mainly from the delivery of products and services and from rental arrangements between affiliates and entities over which shareholders have control or significant influence. The goods and services were traded under the terms customary in the market, as also agreed with third parties.

Remuneration expenses for active Executive Board members recognized according to IFRS during fiscal 2023 can be broken down as follows:

IN € MILLION

	2023	2022
Current payables	3.4	3.7
Post-employment benefits	0.5	0.7
Other non-current payables	–	0.2
Termination benefits	–	–
Share-based payments	1.6	- 0.1
	5.5	**4.5**

Share-based payments in the form of virtual performance shares were awarded to Executive Board members in fiscal 2023. The fair value of these share-based payments in the fiscal year under review amounted to EUR 1.4 million (2022: EUR 0.6 million) with 118,293 shares awarded (2022: 55,174). The increase in this financial year is mainly due to the addition of Mr. Greschner to the remuneration system with share-based payments, as well as a development in the share price.

At the closing date, current payables to the Executive Board were outstanding in the amount of EUR 1.4 million (2022: EUR 1.5 million), as were other non-current payables in the amount of EUR 3.2 million (2022: EUR 1.8 million).

Pension agreements were agreed upon for members of the Executive Board. The present value of pension obligations at the end of the fiscal year amounted to EUR 0.9 million (2022: EUR 1.0 million).

Total Executive Board remuneration as defined by Section 314 (1) no. 6 a HGB amounted to EUR 5.3 million (2022: EUR 5.4 million).

Former Executive Board members and their surviving dependents received remuneration as defined by Section 314 (1) no. 6 b HGB to the total amount of EUR 1.6 million (2022: EUR 2.0 million).

Pension agreements are also in place for former members of the Executive Board. The value of these pension obligations at the end of the fiscal year came to EUR 37.9 million (2022: EUR 35.9 million).

A total amount of EUR 0.5 million (2022: EUR 0.5 million) was paid in remuneration to Supervisory Board members during the year under review.

Refer to the remuneration report for further information on remuneration payable to active members of the Executive Board and the Supervisory Board.

36 – Share-based payments

In 2021, the Supervisory Board adopted a new remuneration system for the Executive Board, which includes a performance share plan. Under this plan, virtual shares in Wacker Neuson SE are conditionally allocated to the Executive Board members in annual tranches at the beginning of performance periods, each of which lasts four years. At the end of the four-year performance period, payout amounts are determined based on the number of virtual shares allocated in each case, taking into account the current share price of Wacker Neuson SE and the extent to which targets defined in advance were achieved. The first tranche, approved by the Supervisory Board for the Executive Board members on March 18, 2021, commenced retroactively with effect from January 1, 2021.

In accordance with legal requirements, details of the remuneration system and performance share plan are publicly available on the company website at the following address: https://wackerneusongroup.com/en/investor-relations/corporate-governance/remuneration-system-for-the-members-of-the-executive-board. Further information is available in the remuneration report.

The performance share plan is to be classified as a cash-settled share-based payment. It is therefore accounted for at fair value in accordance with IFRS 2: Share-based Payment. The fair value of the cash incentive payable to Executive Board members is remeasured at each reporting date and at the settlement date and recognized as a personnel expense through a corresponding increase or decrease in provisions.

At the reporting date of December 31, 2023, the total carrying amount (fair value) of provisions for the share-based payments component was EUR 3.0 million (previous year: EUR 1.4 million), distributed across 234,854.50 (previous year: 116,561.59) virtual shares.

Simulation of the capital market and share price-oriented indicators required, namely total shareholder return on the SDAX, total shareholder return on the Wacker Neuson SE share, and the future share price required to convert the final performance shares into a payout amount, is based in each case on the same method as the Black-Scholes model for pricing (European) stock options. The extension to include dividend payments during the forecasting window was applied.

At the valuation date of December 31, 2023, the following parameters were used to determine the capital market and share price-oriented indicators:

Interest rate	Based on basis yield curves for instruments with similar terms
Dividend yield	As an arithmetic average of the dividend per share expected for the remaining years of the performance period (based on analyst estimates) in relation to the closing price of the Wacker Neuson SE share on December 29, 2023.
Volatility	Historical volatility patterns of stock market prices based on XETRA rates applied to the relevant remaining term.
Simulation period	Corresponds to the remaining term of the respective performance period. This is generally four years from allocation. The remaining terms cover the periods from January 1, 2023 to December 31, 2024 and/or December 31, 2025 and December 31, 2026.

37 – Auditor’s fee

The fee for the auditor and associated companies is disclosed as an expense in fiscal 2023 and is broken down as follows:

IN € MILLION

	2023 Auditor and associated companies	2023 Of which auditor	2022 Auditor and associated companies	2022 Of which auditor
Auditing services	1.5	1.4	1.3	1.2
Other approval and assessment services	0.1	0.1	–	–
Tax consultation services	-	-	–	–
Other services	-	-	-	-

38 – Declaration regarding the German Corporate Governance Code

The Executive Board and Supervisory Board have issued a declaration stating which recommendations from the Government Commission on the German Corporate Governance Code have been and are being adopted. The declaration can be accessed at any time from the Group website at → www.wackerneusongroup.com.

39 – Availing of exemption provisions according to Section 264 (3) and/or Section 264b HGB

The following fully consolidated domestic affiliates avail of the exemptions set down in Section 264 (3) HGB and/or Section 264b HGB for fiscal 2023:

Company name	City
Kramer-Werke GmbH	Pfullendorf
Kramer-Areal Verwaltungs GmbH	Pfullendorf
Wacker Neuson Produktion GmbH & Co. KG	Munich
Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich
Wacker Neuson Aftermarket & Services GmbH	Munich
Weidemann GmbH	Korbach
Wacker Neuson Immobilien GmbH	Überlingen

Munich, March 21, 2024

Wacker Neuson SE, Munich, Germany

The Executive Board

Dr. Karl Tragl
Chairman of the Executive Board
Chief Executive Officer (CEO)

Felix Bietenbeck
Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Christoph Burkhard
Chief Financial Officer (CFO)

Alexander Greschner
Chief Sales Officer (CSO)

Responsibility statement by the management

“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 assets, financials and profit of the Wacker Neuson Group, and the Consolidated Management Report includes a fair review of the development and performance of the business and the position of the Wacker Neuson Group and of the parent company Wacker Neuson SE, together with a description of the principal opportunities and risks associated with the expected development of the Wacker Neuson Group and of the parent company Wacker Neuson SE.”

Munich, March 21, 2024

Wacker Neuson SE, Munich, Germany

The Executive Board

Dr. Karl Tragl
Chairman of the Executive Board
Chief Executive Officer (CEO)

Felix Bietenbeck
Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Christoph Burkhard
Chief Financial Officer (CFO)

Alexander Greschner
Chief Sales Officer (CSO)

Independent Auditor´s Report

Translation of the German independent auditor's report concerning the audit of the Consolidated Financial Statements and Group Management Report prepared in German. The auditor's report reproduced below also includes a "Report on the assurance in accordance with Section 317 (3b) HGB on the electronic reproduction of the Consolidated Financial Statements and the Group Management Report prepared for publication purposes" ("ESEF Report"). The subject matter underlying the ESEF Report (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or retrieved from the Federal Gazette.

To Wacker Neuson SE

Report on the audit of the Consolidated Financial Statements and of the Group Management Report

Audit opinions
We have audited the Consolidated Financial Statements of Wacker Neuson SE, Munich, and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as of December 31, 2023, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the fiscal year from January 1, 2023 to December 31, 2023, and the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of Wacker Neuson SE, which has been combined with the management report of Wacker Neuson SE, for the fiscal year from January 1, 2023 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the components of the Group Management Report mentioned in the "Other information" section of our audit opinion. 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 International Financial Reporting Standards (IFRS) as adopted by the European Union (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 December 31, 2023 and of its financial performance for the fiscal year from January 1, 2023 to December 31, 2023, and
- the accompanying Group Management Report as a whole provides an appropriate view of the Group's position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group Management Report does not cover the content of the parts of the Group Management Report specified in the appendix to the 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 audit opinions
We conducted our audit of the Consolidated Financial Statements and of the Group Management Report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany: IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the Consolidated Financial Statements and on the Group Management Report.

Key audit matters in the audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the fiscal year from January 1, 2023 to December 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

1) Recoverability of inventory

Related disclosures in the annual financial statements
For the applied accounting and valuation principles for inventories, please refer to the information in the notes in chapter, Accounting and valuation methods – Inventories and to Note 13 - Inventories.

Description of the Audit matter and risks for the audit
Inventories represent a significant part of Wacker Neuson's group assets and have increased compared to the previous year. The valuation of inventories, in particular of semi-finished and finished goods, is complex. Due to the general economic uncertainties, price risks can arise on the procurement and sales markets. Within the framework of the valuation routines, there is scope for discretion in estimating the marketability of certain inventories. Against this background and due to the complexity of the measurement principles for inventories, the valuation of the inventories was a Key audit matter within the scope of our audit.

Audit approach and results
Within the scope of our audit, we analyzed the processes implemented by the legal representatives as well as the accounting and valuation guidelines for the valuation of inventories for possible risks of error and obtained an understanding of the stages of the process. In addition, we assessed the design of the controls implemented by the legal representatives for the valuation of inventories for their basic effectiveness, and we additionally tested certain particularly important controls

for their operational implementation. As part of the audit of the ERP system, we performed a system audit of the automated inventory valuation routines. We also questioned the management of Wacker Neuson SE and other employees regarding the scope for discretion in determining the marketability discounts. In order to identify anomalies, we analyzed the write-downs over the course of the year and in comparison, to the previous year. We also tested the valuation of inventories on a test basis.

We were able to satisfy ourselves that the systems and processes put in place and the accounting policies applied are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently justified and reasonable to ensure the proper valuation of inventories.

2) Revenue recognition and cut-off

Related disclosures in the annual financial statements
With regard to the accounting policies applied for revenue recognition and cut-off , we refer to the disclosures in the “Intangible assets” and “Revenue and earnings recognition” sections under “Accounting and valuation methods”, as well as to Note 1 “Revenue” in the Notes to the Consolidated Financial Statements

Description of the Audit matter and risks for the audit
Group revenue consists of revenue from the sale of light and compact construction equipment including used machines, the rental of machines within Europe as well as the sale of replacement parts and repair services. Distribution is also performed by sales partners; particularly dealers, rental companies and strategic partners with whom cooperation agreements are in place. Due to the wide range of products, various sales channels and service offerings, including a variety of customer financing options and customer bonuses as well as warranty terms, there is a risk of incorrect recognition of revenue both in terms of the amount recognized and the timing. In addition, revenue is a key performance indicator. In light of this, revenue recognition and deferred revenue was considered to be a key audit matter.

Audit approach and results
As part of our audit procedures, we analyzed the accounting policies applied in the Consolidated Financial Statements in accordance with Group accounting guidance for revenue recognition based on the criteria defined in IFRS 15.

We gained an understanding of the processes implemented by the executive directors for the recognition of revenue, the extended warranties and paid volume bonuses by examining individual business transactions from the order through to recognition in the Consolidated Financial Statements. Within the audit of the ERP-systems we have audited automatically applied controls to the revenue recognition.

Based on our understanding of the business and process, we examined the contractually agreed terms and conditions on a sample basis. Our analytical audit procedures comprised the analysis of revenue over the course of the year in comparison with the prior year with regard to any anomalies in the amounts recognized. In order to detect irregularities in the margin development over the course of the year and in comparison with the prior year, we performed analyses of the gross margin on a monthly basis. We examined the key terms and conditions.

We have audited the existence of revenues of the financial year on a sample basis. Furthermore, in order to assess whether revenue was matched to the correct period, we reconciled and recalculated the revenue recognized at the end of the year as well as the deferred revenue based on the agreed terms and conditions on a sample basis.

Further, we reviewed the completeness of the disclosures pursuant to IFRS 15 in the Notes to the Consolidated Financial Statements.

We were able to satisfy ourselves that the systems and processes set up and the accounting and valuation principles applied are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently well-founded and understandable to ensure proper accounting for the revenue recognition and cut-off.

3) Asset-backed securities (ABS)

Related disclosures in the annual financial statements
With regard to the accounting policies applied for asset-backed securities, we refer to the disclosures in “Transfer of financial assets” in the “Material discretionary decisions, estimates and assumptions” section under “Accounting and valuation methods” as well as to Note 29 “Additional information on financial instruments” under the heading “Asset-backed transaction” in the Notes to the Consolidated Financial Statements

Description of the Audit matter and risks for the audit
The Group uses various customer incentives to expand its business in the US, including receivables issued with longer payment terms. ABS are used as a tool to manage liquidity and receivables from dealer financing are sold. In these ABS transactions, the Group retains the risk of default up to a maximum amount. Pursuant to IFRS 9, management assesses whether the Group has transferred its rights to receive cash flows from the assets and whether all risks and rewards have been transferred or retained based on the estimated likelihood of default. In determining the likelihood of default for assessing the complete or partial transfer of risks and rewards and the associated derecognition or partial derecognition as well as the further recognition of the assets to the extent of the Group’s continuing involvement, management estimates have a material effect and are subject to uncertainties and judgment. In light of this, the presentation of economic risks from the business expansion in the US through dealer financing and the related counter-financing was considered to be a key audit matter.

Audit approach and results
We examined the process used in assessing ABS transactions and calculating risk provisions for expected credit losses. With regard to the ABS transactions, we examined, in particular, the relevant agreements as well as internal statements by management and external appraisals as to whether the estimates made concerning the transfer of risks and rewards were in accordance with the provisions of IFRS and in accordance with our other knowledge based on past experience and on the economic environment of the Group and the industry. We compared the parameters used in the calculations against the agreements and other information concerning the industry and dealers and performed recalculations. We also reviewed the disclosures on the ABS transactions in the Notes to the Consolidated Financial Statements.

We were able to satisfy ourselves that the systems and processes set up and the accounting and valuation principles applied are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently well-founded and understandable to ensure proper accounting for the asset-backed securities.

Other information
The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises the following parts of the Group management report that have not been audited:

The corporate governance statement pursuant to sections 289f and 315d of the German Commercial Code (HGB), to which reference is made in the group management report

- the separate non-financial report pursuant to Section 315b (3) HGB, to which reference is made in the Group management report,
- the compensation report pursuant to section 162 of the German Stock Corporation Act (AktG), to which reference is made in the group management report as well as
- the content, which is not typical for the management report and marked unaudited, within section “General background” with regards to paragraph “long term corporate strategy “Strategy 2030”” as well as within section “Other factors that impacted on results” with regards to paragraph “New products and innovations in 2023”.

The other information also includes:

- the assurances pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 of the German Commercial Code (HGB) on the consolidated financial statements and the Group management report
- the report of the Supervisory Board, and
- the other parts of the Annual Report - without further cross-references to external information - with the exception of the audited consolidated financial statements and Group management report and our auditors' report.

The Supervisory Board is responsible for the Report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the group management report do not cover the other information, and accordingly we do not express an audit opinion or any other form of conclusion on it.

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

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

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

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

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

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- identify and assess the risks of material misstatement of the consolidated financial statements and 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 control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group manage-

ment report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance in accordance with Sec. 317 (3a) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file 529900RJL86244E1I652-2023-12-31-de (3).zip (MD5-hash value: 3580ab91d34c1b48d1228be07707dde1) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2023 to 31 December 2023 contained in the "Auditor's report on the consolidated financial statements and on the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned electronic file in accordance with Sec. 317 (3a) HGB, IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (06.2022)) and International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm has applied the quality management system requirements of the International Standard on Quality Management (ISQM 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the balance sheet date.

Further information pursuant to Art. 10 of the EU Audit Regulation
We were elected as group auditor by the Annual General Meeting on 26 May 2023. We were engaged by the Supervisory Board on 31 July 2023. We have been the group auditor of Wacker Neuson SE without interruption since fiscal year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTERS - USE OF THE AUDIT OPINION
Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents The consolidated financial statements and the group management report converted to the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Schönhofer.

Munich, 21 March 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

In the original German version signed by:

Dr. Marcus Borchert Wirtschaftsprüfer (German Public Auditor)	Christian Schönhofer Wirtschaftsprüfer (German Public Auditor)

Financial glossary

C

Capital employed
Capital employed represents the interest-bearing capital tied up in and required by the Group to function.

Cash flow
Refers to a company's ability to finance itself, calculated by the excess of cash revenues over cash outlays in a given period of time (not including non-cash expenses/income).

Cash flow from financing activities
Cash balance resulting from changes to financial liabilities, the issue of shares, cash inflow from the disposal of treasury shares / cash outflow from the acquisition of treasury shares and dividend payments.

Cash flow from investment activities
Cash balance resulting from the acquisition of financial, tangible or intangible assets and the disposal of financial, tangible or intangible assets.

Cash flow from operating activities
Cash balance resulting from operating activities.

D

Deferred taxes
Differences between the tax base and the carrying amounts in the IFRS accounts in order to disclose tax expense and tax entitlement (actual and deferred) according to IFRS.

Discounted cash flow (DCF) method
Valuation method used to estimate the market value by discounting a company's future cash flows to their present value.

E

Earnings per share (EPS)
EPS is defined as Group net profit/loss for the year divided by the number of shares.

EBIT (margin)
Earnings before interest and taxes. The EBIT margin is the ratio of EBIT to revenue.

EBT
Earnings before taxes.

Equity ratio
Ratio of equity to total capital; indicates the financial stability of a company.

F

Free cash flow
Free cash flow refers to the amount of cash readily available to a company. The free cash flow is the result of the cash flow from operating activities minus the cash flow from investment activities.

G

Gearing
Net financial debt as a percentage of equity.

Goodwill
When a company purchases another company for a price that is higher than the fair value (book value) of all assets and liabilities, the difference is recorded as goodwill.

Gross profit margin
Gross profit margin is a measure of operational efficiency, expressing the relationship between gross profit and sales revenue or the percentage by which sales exceed cost of sales.

H

Hedge
Provides protection against risks arising from unfavorable exchange rate fluctuations and changes to raw material and other prices.

I

IFRS (IAS)
International Financial Reporting Standards devised by the International Accounting Standards Board (IASB) in an effort to harmonize accounting standards and principles worldwide.

Impairment test
Intangible assets are subject to an annual impairment test. This involves comparing the book value with the fair value less cost to sell. The fair value less cost to sell is calculated using the discounted cash flow method. Future cash flows are discounted to the respective reporting date. The asset is deemed impaired if the fair value less cost to sell is lower than the book value.

K

Key Performance Indicator (KPI)
KPIs are used to define company targets and measure the extent to which a company is achieving its goals.

N

Net financial debt
The net financial debt level is calculated by adding non-current financial borrowings, current liabilities to financial institutions and the current portion of non-current borrowings together and subtracting cash and cash equivalents.

Net working capital
This refers to total inventory plus trade receivables minus trade payables.

Net working capital to revenue (net working capital ratio)
(Average) net working capital to revenue is the relationship between (average) net working capital and revenue. The average is calculated by adding the opening and closing balances, and dividing this figure by two.

NOPLAT
Net operating profit less adjusted taxes (NOPLAT) refers to earnings before interest and taxes (EBIT) minus adjusted taxes. NOPLAT shows the profit for the period a company would achieve if it were financed purely from equity.
NOPLAT = EBIT less (EBIT x corporate tax ratio)

P

Peer group
Companies active in the same or similar branch or industry.

R

Return on sales (ROS)
The ratio between profit for the period and revenue.

ROCE I (Return on Capital Employed)
ROCE I shows how much return a company realizes on the capital it invests before tax. It is used to measure the long-term operational profitability on total capital employed on average. ROCE indicates the return a company realizes on the capital it invests.
ROCE I = EBIT ratio in relation to (average) capital employed as a %

The average is calculated by adding the opening and closing balances, and dividing this figure by two.

ROCE II (Return on Capital Employed)
ROCE II shows how much return a company realizes on the capital it invests after tax.
ROCE II = NOPLAT in relation to (average) capital employed as a %

The average is calculated by adding the opening and closing balances, and dividing this figure by two.

W

Write-down
Scheduled or one-off write-downs indicating the impairment of an asset.

10-Year-Comparison

IN € MILLION

	2023	2022	2021	2020	2019	2018
Revenue[1]	2,654.9	2,252.4	1,866.2	1,615.5	1,901.1	1,710.0
Revenue Europe	2,022.4	1,709.9	1,477.5	1,289.7	1,379.0	1,248.9
Revenue Americas	556.5	459.1	328.6	270.4	459.5	401.3
Revenue Asia-Pacific	76.0	83.4	60.1	55.4	62.6	59.8
EBITDA	415.9	322.0	313.5	204.6	257.4	239.4
Depreciation and amortization	87.0	72.2	77.4	88.3	63.3	40.5
EBIT[1,2]	273.2	201.8	193.0	75.5	153.1	162.3
EBT[3]	254.7	192.3	187.4	53.8	137.5	203.0
Profit for the period[3]	185.9	142.6	137.9	14.1	88.5	144.6
Number of employees[4]	6,925	6,800	5,992	5,554	6,056	6,190
R&D ratio (incl. capitalized expenses) as a %	3.5	3.5	4.0	4.0	3.3	3.2
Share						
Earnings per share in €[3]	2.73	2.10	1.99	0.20	1.26	2.06
Dividend per share in €[5]	1.15	1.00	0.90	0.60	–	1.10
Book value at Dec. 31 in €[8]	21.38	19.85	18.91	17.37	17.47	17.41
Closing price at Dec. 31 in €	18.26	16.34	25.24	17.51	17.05	16.52
Market capitalization at Dec. 31	1,280.8	1,146.1	1,770.3	1,228.2	1,195.9	1,158.7
Key profit figures						
Gross profit margin as a %	24.4	23.7	25.9	24.8	25.0	26.8
EBITDA margin as a %	15.7	14.3	16.8	12.7	13.5	14.0
EBIT margin as a %	10.3	9.0	10.3	4.7	8.1	9.5
EBT margin as a %	9.6	8.5	10.0	3.3	7.2	11.9
Net return on sales (ROS) as a %[3]	7.0	6.3	7.4	0.9	4.7	8.5
Key figures from the balance sheet						
Balance sheet total	2,644.9	2,323.9	2,320.8	2,126.8	2,196.6	1,914.2
Equity[8]	1,499.7	1,392.6	1,286.2	1,218.1	1,225.0	1,221.4
Equity ratio as a %[8]	56.7	59.9	55.4	57.3	55.8	63.8
Net financial debt	365.8	234.5	-0.8	137.9	439.0	204.7
Net financial debt/EBITDA	0.9	0.7	–	0.7	1.7	0.9
Gearing as a %	24.4	16.8	1.1	10.1	35.8	16.8
Net working capital	869.5	718.9	497.6	497.5	761.9	643.9
Net working capital as a % of revenue	32.8	31.9	26.7	30.8	40.1	37.7
Capital Employed[6,8]	2,076.0	1,781.1	1,449.8	1,396.7	1,699.2	1,416.2
ROCE I as a % (EBIT/Capital Employed)[6]	13.2	11.3	13.3	5.4	9.0	11.5
ROCE II as a % (NOPLAT/Capital Employed)[6]	9.6	8.4	9.8	1.4	5.8	8.2
Cash flow						
Cash flow from operating activities	113.2	-6.4	331.7	420.0	-20.9	-15.5
Cash flow from investment activities	-138.1	5.6	-182.6	-91.0	-94.8	15.2
Investments	163.5	103.8	82.2	86.9	89.2	73.3
Free cash flow[7]	-24.9	-130.8	264.1	344.0	-115.7	-0.3

[1] In 2019, there has been a change in the way income from customer financing is reported. Interest income has been moved from the financial result and other income to the revenue line. FY 2018 was adjusted accordingly.
[2] Currency effects resulting from the evaluation of receivables and payables in foreign currencies and from the evaluation of cash and cash equivalents are recognized in the financial result as of 2017.
[3] 2018: includes a one-off profit of EUR 45.8 million after tax (EUR 54.8 million before tax) from the sale of a real-estate company belonging to the Group.
[4] Incl. temporary workers.
[5] At the AGM on May 15, 2024, the Executive Board and the Supervisory Board will propose a dividend of EUR 1.15 per share for fiscal 2023.
[6] The definition of capital employed was changed as of FY 2017. Values since 2014 have been adjusted accordingly.
[7] Before fixed-term investments in the amount of EUR 15.0 million in fiscal 2020 and EUR 115.0 million in fiscal 2021, as well as inflows in the amount of EUR 130.0 million in fiscal 2022.
[8] Due to an error correction in connection with the revenue recognition of extended warranty obligations, net profit/loss and contract liabilities were adjusted as of January 1, 2022. For more information, please refer to

	2017	2016	2015	2014
	1,533.9	1,361.4	1,375.3	1,284.3
	1,129.8	1,020.7	979.3	921.7
	357.5	291.9	348.5	323.7
	46.6	48.9	47.5	38.9
	207.2	158.1	170.1	190.5
	43.2	40.7	38.8	34.2
	131.4	88.8	102.4	130.4
	125.4	81.4	97.5	130.1
	87.5	57.2	66.7	92.1
	5,546	5,181	5,005	4,990
	3.2	3.5	3.2	3.2
	1.25	0.81	0.94	1.30
	0.60	0.50	0.50	0.50
	15.88	15.50	15.17	14.42
	30.08	15.42	14.23	16.96
	2,109.5	1,081.6	998.1	1,189.2
	28.5	27.6	28.0	29.7
	13.5	11.6	12.4	14.8
	8.6	6.5	7.4	10.2
	8.2	6.0	7.1	10.1
	5.7	4.2	4.8	7.2
	1,621.7	1,580.8	1,552.2	1,447.6
	1,113.7	1,092.5	1,069.1	1,016.2
	68.7	69.1	68.9	70.2
	149.7	205.8	199.1	179.5
	0.7	1.3	1.2	0.9
	13.4	18.8	18.6	17.7
	535.8	569.3	574.5	532.1
	34.9	41.8	41.8	41.4
	1,302.5	1,355.6	1,330.5	1,249.2
	10.1	6.6	7.7	10.4
	7.0	4.6	5.3	7.4
	138.0	79.4	78.5	63.5
	-39.0	-44.0	-54.8	-36.0
	47.4	48.5	60.0	41.0
	99.0	35.4	23.7	27.5

Values since 2014 have been adjusted accordingly.

“Changes in accounting under IFRS”.

Publishing Details/Financial Calendar

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Financial Calendar

March 26, 2024	Publication of Annual Report 2023, Press Conference
May 7, 2024	Publication of Q1 report 2024
May 15, 2024	AGM, Munich
August 13, 2024	Publication of half-year report 2024
November 14, 2024	Publication of Q3 report 2024

Disclaimer

This report contains forward-looking statements which are based on current estimates and assumptions made by corporate management at Wacker Neuson SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Wacker Neuson SE and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside the company's control and cannot be accurately estimated in advance, such as the future economic environment, as well as the actions of competitors and other market players. The company neither plans nor undertakes to update any forward-looking statements.

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