



Wacker Neuson  
Group



# Meet the Future

Annual Report 2022

# FIGURES AT A GLANCE 2022

WACKER NEUSON GROUP AS OF DECEMBER 31

IN € MILLION

	2022	2021	Change
<b>Key figures</b>			
Revenue	2,252.4	1,866.2	21%
According to regions			
Europe	1,709.9	1,477.5	16%
Americas	459.1	328.6	40%
Asia-Pacific	83.4	60.1	39%
according to business areas <sup>1</sup>			
Construction equipment	520.9	399.1	31%
Compact machines	1,304.6	1,063.0	23%
Services	441.6	415.2	6%
EBITDA	322.0	313.6	3%
Depreciation	120.2	120.6	0%
EBIT	201.8	193.0	5%
EBT	192.3	187.4	3%
Result for the period	137.8	137.9	0%
R&D ratio (incl. capitalized expenses) in %	3.5	4.0	-0.5PP
<b>Share</b>			
Earnings per share in € <sup>2</sup>	2.10	1.99	6%
Dividend per share in €	1.00	0.90	11%
<b>Profitability indicators</b>			
Gross profit margin in %	23.7	25.9	-2.2PP
EBITDA margin in %	14.3	16.8	-2.5PP
EBIT margin in %	9.0	10.3	-1.4PP
EBT margin in %	8.5	10.0	-1.5PP
<b>Cash flow</b>			
Cash flow from operating activities	-4.3	331.7	-
Cash flow from investing activities <sup>3</sup>	5.6	-182.6	-
Investments in property, plant and equipment and intangible assets	103.8	82.2	26%
Free cash flow <sup>4</sup>	1.3	149.1	-99%
Cash flow from financing activities	-252.9	-128.9	199%
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>
<b>Balance sheet key figures</b>			
Equity	1,394.5	1,286.2	8%
Equity ratio in %	60.0	55.4	4.6PP
Net financial debt	234.5	-0.8	-2,9412%
Gearing in %	16.8	-0.1	16.9PP
Net working capital	718.9	497.6	44%
Net working capital as % of annualized quarterly revenue	31.9	26.7	5.2PP
Number of employees <sup>5</sup>	6,301	5,506	14%

<sup>1</sup> Revenue before cash discounts.

<sup>2</sup> The Executive Board and Supervisory Board will propose to the Annual General Meeting on May 26, 2023, a dividend of EUR 1.00 per share for the financial year 2022.

<sup>3</sup> Includes investments in a time deposit of EUR 115.0 million in fiscal 2021 and proceeds from time deposits of EUR 130.0 million in fiscal 2022.

<sup>4</sup> Before taking into account outflows in time deposits of EUR 115.0 million in fiscal 2021 and inflows of EUR 130.0 million in fiscal 2022.

<sup>5</sup> Excluding temporary employees. The employee figures as of December 31, 2022 include the total of 131 employees of the Spanish Enar Group.

All figures on Group basis according to IFRS. For better readability, the figures in the management report have been rounded to millions of euros; percentage changes relate to these rounded figures.



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## Dear Readers,

Nobody is perfect, but a team can be! - In 2022, our teams once again demonstrated the special added value that Wacker Neuson generates for our customers. This was particularly evident at Bauma, the world's leading trade fair for construction equipment, construction vehicles and light equipment, which took place in Munich last fiscal year. Among the about 3,200 exhibitors from 60 countries, we were able to showcase the latest additions to our product portfolio, our innovations and our growing zero emission offering to an impressive audience of around half a million visitors.

We can also be proud of our economic achievements in 2022. With EUR 2,252.4 million, our revenue grew strongly by around 20.7 percent, and our earnings before interest and taxes, EBIT, of EUR 201.8 million are also quite respectable against the backdrop of generally difficult conditions. A significant rise in inflation, driven by further increases in material prices, rising personnel costs and rising energy costs, combined with ongoing problems in the supply chains and the many imponderables surrounding the Ukraine war as well as the ongoing COVID 19 pandemic, placed numerous obstacles in the way of our day-to-day business that had to be overcome. The fact that we were ultimately able to master this overall situation so successfully is primarily thanks to our employees, who once again showed great commitment and dedication in their interaction with our customers and business partners, and of whom we are very proud. As already stated: Nobody is perfect, but a team can be!

Although we have successfully mastered the challenges of 2022, we can assume that 2023 will be no less challenging for us. The major political and economic problems of the day are far from resolved and parts of the global economy are on the brink of recession. With this in mind, we are nevertheless looking ahead with confidence. The exceptionally high demand from our customers has resulted in full order books, currently well into 2023 and beyond. Important strategic projects, such as the integration of the Enar Group, the significant expansion of our production capacities and the construction of a new factory in Serbia, were consistently driven forward by us in 2022 and will secure the future viability and success of our Group. In parallel, we are pushing the reduction of our working capital by reducing hardship cases in the form of unfinished machines for which we are repeatedly lacking production-relevant components due to supply chain problems. Last but not least, we are shaping the future of the construction equipment industry through our steadily growing zero emission offering and our modular BatteryOne battery. This is available for several Wacker Neuson light equipment models and is also compatible with light equipment from other manufacturers. This is how we intend to launch the electromobility system of the future for the construction equipment industry, from which our customers will benefit.

In line with our dividend policy, we will be proposing to the AGM that a dividend of between 40 and 60 percent of Wacker Neuson Group earnings per share be paid out again in 2022 to allow our shareholders to participate in this successful development. Together with the Supervisory Board, we accordingly plan to distribute a dividend of EUR 1.00 per share.

For the current fiscal year 2023, we expect to be able to further increase our revenue and EBIT margin despite the difficult environment. We expect Group revenue in a range of EUR 2,300 to 2,500 million and EBIT margin in a range of 9.5 to 10.5 percent. The forecast is based on unchanged raw material prices and exchange rates compared to year-end 2022. We also plan to present our growth strategy for the coming years towards the middle of the year.

We hope that the world's numerous trouble spots will come to rest in 2023. Health and peace are important assets of our civilization. And so we also wish you a healthy and peaceful year and look forward to your continued goodwill towards our team at the Wacker Neuson Group and to knowing that we have you by our side.

### The Wacker Neuson Group Executive Board



from left to right:

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

**Dr. Karl Tragl**  
Chief Executive Officer (CEO)

**Christoph Burkhard**  
Chief Financial Officer (CFO)

**Alexander Greschner**  
Chief Sales Officer (CSO)

## The share in the year 2022

At the beginning of the 2022 stock market year, the focus of the capital markets was still on the course of the COVID 19 pandemic, but this focus shifted abruptly with the Russian invasion of Ukraine on February 24. From then on, the development of the armed conflict and the fear of an expansion of the conflict beyond the borders of Ukraine determined the sentiment on the stock markets. At the same time, the conflict acted as a catalyst for a number of other economic challenges. Supply chain issues became increasingly acute, energy prices rose significantly, and raw material prices - above all steel prices - increased further from a high level. All this led to a rise in inflation worldwide and forced central banks around the globe to raise their key interest rates appreciably. Against the backdrop of numerous negative influencing factors, the Wacker Neuson share price fell by 35 percent.

### The Wacker Neuson share and its indices

Wacker Neuson SE shares have been traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange since 2007 and are listed on the SDAX. Since 2010, it has also been listed in the "DAXplus Family" index, for which 113 German and international companies currently qualify. The criterion for listing in the "DAXplus Family" is that the respective founding family holds at least 25 percent of the voting rights or is a member of the Executive Board or Supervisory Board and at the same time holds at least 5 percent of the voting rights. Weighting within the index is based on the market capitalization of the free float.

### The stock market year 2022

Against the backdrop of Russia's war of aggression against Ukraine and the associated economic turmoil, sentiment on the international stock markets deteriorated noticeably. For much of the year, the leading stock indices fell sharply. Countermovements were only of short duration and intensity in each case.

The negative factors for the global stock markets increased continuously over the year. Triggered by the Ukraine conflict, energy and commodity prices increased significantly and proved to be a major driver of a substantial rise in inflation. In response, both the Federal Reserve Bank in the USA and the ECB in Europe raised key interest rates substantially in several steps.

Consequently, the DAX 40 ended the year down 12.3 percent at 13,923 points. The SDAX lost 27.3 percent and the MSCI World 20.7 percent.

### The Wacker Neuson share in 2022

Wacker Neuson SE shares were also unable to detach themselves from the general negative trend on the stock markets. After closing the previous year at EUR 25.24, the share price fell by 35.3 percent over the course of the year to EUR 16.34 at year-end 2022. The share reached its high at the beginning of the year on January 5 at EUR 26.12. Its low for the year was EUR 13.13 on September 29.

As with the major selection indices, the downward trend was continuous and pronounced. Short periods of recovery in share prices were followed by renewed selling off after a short time. However, as the market as a whole began to recover in the fourth quarter, Wacker Neuson shares were also able to recover from their lows (data based on daily closing prices, Xetra trading platform).

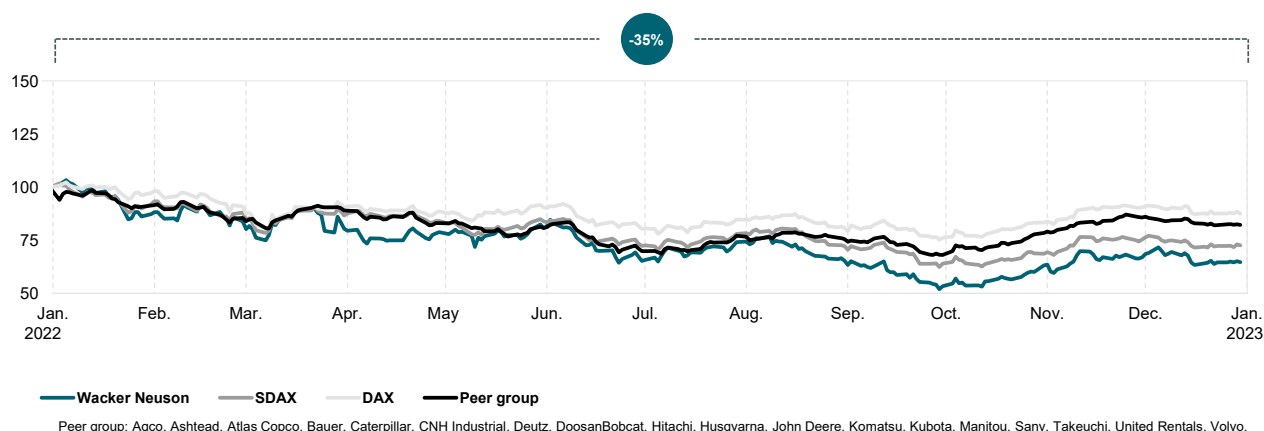
### Development of the peer group

The chart below compares the development of the Wacker Neuson share price with that of its peer group. The index combines the equally weighted French construction and agricultural machinery manufacturer Manitou, the US construction and agricultural machinery manufacturers Caterpillar, John Deere and Agco. The index also includes the Korean construction equipment manufacturer Doosan Bobcat, the Chinese engineering company Sany, the Japanese construction equipment manufacturers Komatsu, Hitachi, Takeuchi and Kubota, the UK-based industrial company CNH, the German specialist civil engineering company Bauer and Deutz, which manufactures engines for the construction equipment industry, among others. Also part of the peer group are the US rental company United Rentals and the British rental company Ashtead.

The share prices of the peer group were also affected by the bear market on the stock exchanges. On average, they fell by 17.7 percent over the course of the year.

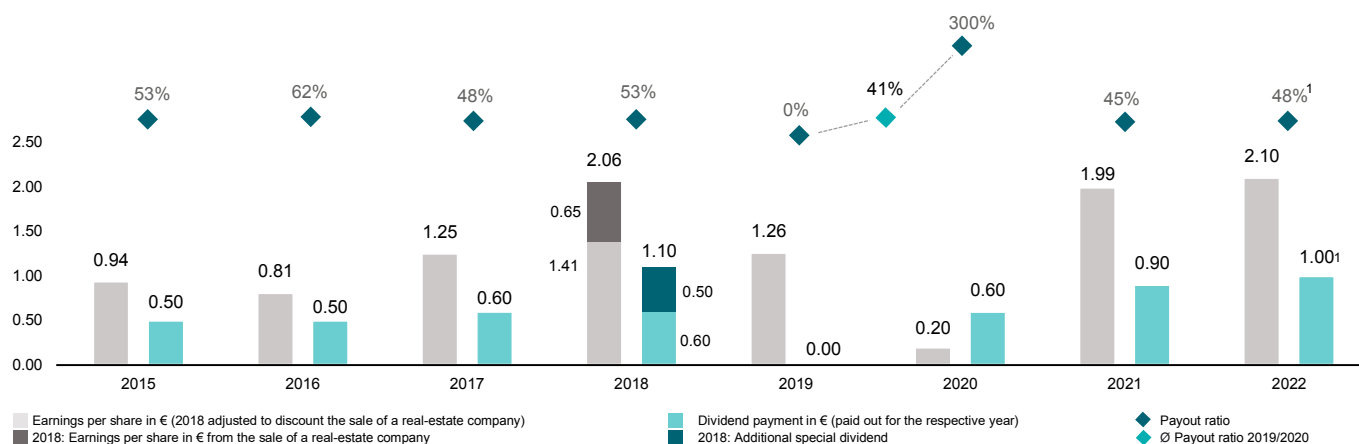
## DEVELOPMENT OF THE SHARE 01.01.2022-31.12.2022

IN %



## EARNINGS PER SHARE, DIVIDEND AND PAYOUT RATIO 2015-2022

IN €



<sup>1</sup> The Executive Board and Supervisory Board will propose to the Annual General Meeting on May 26, 2023, a dividend of EUR 1.00 per share for the financial year 2022.

## KEY FIGURES FOR THE WACKER NEUSON SHARE

IN €

	2022	2021
High	26.12	30.80
Deep	13.13	16.48
Average	18.60	23.29
Year end	16.34	25.24
Average trading volume <sup>1</sup>	43,596	81,386
Earnings per share <sup>2</sup>	2.10	1.99
Book value per share <sup>2</sup>	19.81	18.91
Dividend per share <sup>2,3</sup>	1.00	0.90
Payout ratio in %	47.6	45.2
Market capitalization year-end in € million	1,146.1	1,770.3

<sup>1</sup> Daily closing price, XETRA.

<sup>2</sup> 70,140,000 shares.

<sup>3</sup> The Executive Board and Supervisory Board will propose to the Annual General Meeting on May 26, 2023, a dividend of EUR 1.00 per share for fiscal year 2022.

## BASIC INFORMATION ON THE SHARE

ISIN/WKN	DE000WACK012/WACK01
Stock exchange symbol	WAC
Branch	Industry
Reuters/Bloomberg	WACGn.DE/WAC GY
Share class	No-par-value registered shares (no-par-value shares)
Share capital	EUR 70,140,000
Number of authorized shares	70,140,000 shares
Stock exchange segment	Regulated market (Prime Standard), Frankfurt Stock Exchange
Indexes	SDAX, DAXplus Family, CDAX, Classic All Shares
IPO	May 15, 2007
Designated Sponsor	M.M.Warburg

### Annual General Meeting and Dividend

The Annual General Meeting of Wacker Neuson SE for fiscal 2022 took place on June 3 in Munich. Due to the time required to organize the meeting and the fact that the COVID 19 pandemic could not be predicted with certainty, the event was once again held as a virtual AGM without the physical presence of shareholders and their proxies (with the exception of the Company's proxies).

At the time of voting on the agenda items, around 82 percent of the capital stock was represented at the Annual General Meeting, around 3 percent more than in the previous year. The shareholders approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of 0.90 euros per share for the past financial year. Compared to the previous year, this represented a 50 percent increase in the dividend.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich, was appointed as the auditor of the financial statements and the auditor of the consolidated financial statements for the fiscal year 2022.

### Dividend policy and dividend proposal to the Annual General Meeting 2023

Wacker Neuson SE is committed to attractive shareholder remuneration with the aim of ensuring that shareholders continuously and appropriately participate in Group profits. The earnings situation and securing adequate capital resources for the Wacker Neuson Group provide the framework for this.

Wacker Neuson SE's dividend policy stipulates a payout per share of between 40 and 60 percent of Wacker Neuson Group earnings per share.

This dividend policy reflects the unchanged objectives of the Executive Board and Supervisory Board and may be adjusted in the future. In addition, the dividend payment in each year is subject to corresponding dividend proposals by the Executive Board and Supervisory Board, although each of these bodies may deviate from this dividend policy under the circumstances then prevailing. The Annual General Meeting decides on the dividend.

The Executive Board and Supervisory Board will propose to the Annual General Meeting scheduled for May 26, 2023, a dividend payment of EUR 1.00 per dividend-bearing share.

### Share buybacks

Wacker Neuson SE did not carry out any share buybacks in fiscal 2022. From a share buyback program in 2021, the Company held a total of 2,124,655 treasury shares as of December 31, 2022, which were repurchased at a price of EUR 52,999,971.94 (excluding incidental acquisition costs).

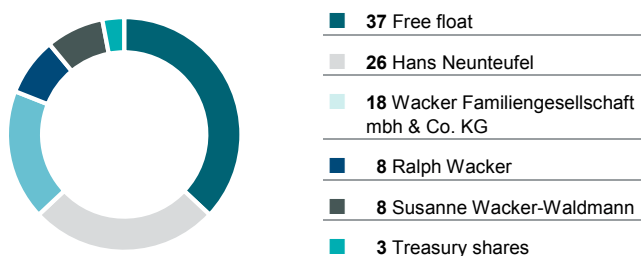
### Ownership

The share consortium of the Wacker and Neunteufel families was dissolved as of May 1, 2022. The shareholder structure of Wacker Neuson SE was adjusted accordingly. → [Disclosures on the consortium and syndicate agreement, page 69](#)

The shares in free float are held by institutional and private shareholders. To the Company's knowledge, the majority of the free float shares (approx. 68 percent) are in the hands of German investors. Investors from other countries account for a further 24 percent.

#### SHAREHOLDER STRUCTURE

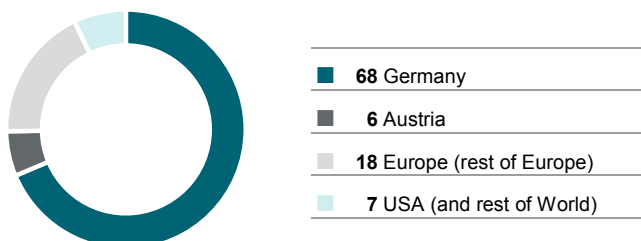
IN %



Status: December 31, 2022. Differences due to rounding. Number of shares: 70.14 million

#### REGIONAL BREAKDOWN OF FREE FLOAT

IN %



Status: December 31, 2022. Differences due to rounding. Share capital/number of shares: 68.02 million



**ANALYST RECOMMENDATIONS**

## NAME OF BANK

	Target price in €	Buy	Hold	Sell	Date
Hauck & Aufhäuser	30.00 €	■			15.02.2023
Metzler	25.00 €	■			06.02.2023
Berenberg	27.00 €	■			16.02.2023
Warburg	25.00 €	■			13.12.2022
Jefferies	26.00 €	■			06.02.2023
Kepler Cheuvreux	16.00 €			■	16.02.2023

As of: March 1, 2022

**Transparent communication with all capital market participants**

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

In 2022, the Wacker Neuson Group therefore once again participated in various investor conferences and roadshows, which were largely held digitally against the backdrop of the pandemic, but also included face-to-face contact. Analysts and investors were given a comprehensive insight into market developments, the Wacker Neuson Group's business activities and the Group's strategic direction.

Comprehensive information is also available to shareholders and interested parties on the website: → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations). In addition to annual and interim reports, quarterly announcements, corporate news and ad-hoc announcements as well as current presentations, the website also tracks the development of the Wacker Neuson share and that of the peer group.

For fiscal 2022, the Wacker Neuson Group has submitted a non-financial Group report in accordance with Section 315b of the German Commercial Code (HGB), which was published at the same time as the Annual Report as a separate non-financial Group report. In this report, the Company reports on environmental, social and employee issues, respect for human rights and the fight against corruption and bribery. The report is available on the Group's website, → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations)

**Analyst recommendations**

Wacker Neuson shares were regularly tracked and evaluated by six analysts in 2022. As of March 1, 2023, five analysts recommended buying the share and one analyst recommended selling it. The average target price was EUR 24.83.

# Corporate Governance Statement

**Corporate governance is a top priority for the Wacker Neuson Group. The Management and Supervisory Boards are committed to the principles of responsible, qualified, sustainable and transparent corporate management as set out in the German Corporate Governance Code. Our actions are geared towards the long-term success and value growth of our company. The corporate mission statement anchored in the Company is an integral part of all business processes.**

## Corporate Governance Statement

In this declaration, the Executive Board reports - also on behalf of the Supervisory Board - on corporate governance. It thus complies with §§ 289f in conjunction with 315d of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code.

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

The German Corporate Governance Code is an important set of rules for the Executive Board and Supervisory Board of Wacker Neuson SE; both bodies are committed to its principles of responsible, qualified, sustainable and transparent corporate management. The boards have therefore addressed the recommendations of the German Corporate Governance Code in detail and most recently issued the following declaration of compliance dated December 13, 2022 :

#### **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 are not being applied and to give reasons for this ("comply or explain").*

*The Executive Board and the Supervisory Board identify with the obligation, made clear by the Code, to ensure the continued existence of the Company and its sustainable value creation in accordance with the principles of the social market economy (corporate interest) 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:*

*Since issuing its last declaration of compliance on December 9, 2021, Wacker Neuson SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on December 16, 2019 ("GCGC 2020") and the recommendations as amended on April 28, 2022 ("GCGC 2022") as published by the German Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020 (since they came into force) and will continue to comply with the recommendations of GCGC 2022 in the future, with the exception of the following deviations:*

**Recommendation A.1 sentences 2 and 3 GCGC 2022:** *The growth strategy "Strategy 2022" presented in March 2018 and still valid in fiscal 2022 has not yet fully taken into account ecological and social objectives. Later in fiscal 2023, the Company plans to present its new medium-term corporate strategy. In the course of this, the Wacker Neuson Group will also make an appropriate statement on its ecological and social objectives, which will then be reflected accordingly in corporate planning. Therefore, the Company does not currently comply with the Code in this respect.*

**Recommendation A.5 GCGC 2022:** *The key features of the Wacker Neuson Group's internal control system and risk management system with regard to the accounting process are described in the Management Report in accordance with statutory requirements. The internal control system and risk management system also include a compliance management system, the key features of which are presented in the Company's non-financial Group report, as is the risk management system with regard to non-financial matters. To this extent, and also to avoid repetition, no further disclosures are made in the management report that are unrelated to the management report. In view of the EU Corporate Sustainability Reporting Directive (CSRD), under which the content of non-financial Group reporting is to become part of the management report in the future, the Executive Board will transfer the relevant disclosures to the management report in the future.*

**Recommendation C.1 GCGC 2020/2022:** *In its election proposals to the Annual General Meeting for the election of shareholder representatives, the Supervisory Board shall take into account the statutory requirements and the recommendations of the Code with regard to the personal requirements for Supervisory Board members.*

*The focus is not on filling out a competence profile or pursuing a diversity concept, but rather - irrespective of nationality and gender - on the professional and personal competence of potential candidates, paying particular attention to the company-specific situation. In assessing competence, the Supervisory Board also takes due account of the international activities of the Company, 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, for elected employee representatives, the special rules of the codetermination laws.*

In this context, the Supervisory Board does not consider the naming of concrete objectives for its composition or the development of a specific competence profile taking into account diversity and expertise in sustainability issues for the entire body otherwise to be necessary, so that the manner or status of implementation of such profiles or concepts - with the exception of the fulfillment of the relevant legal obligations, such as those arising in particular from the Act on the Equal Participation of Women and Men in Leadership 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 members of the Supervisory Board contained in the corporate governance statement, the Supervisory Board also refrains from again explicitly providing information in the corporate governance statement on what it considers to be the appropriate number of members and their names.

**Recommendation C.14 GCGC 2020/2022:** The Supervisory Board considers the information made available to the Annual General Meeting and permanently on the corporate website in accordance with previous practice to be sufficient, so that it will continue to refrain from preparing, publishing and updating detailed curricula vitae for proposed Supervisory Board members or those already in office.

**Recommendation D.5 DCGK 2020 / Recommendation D.4 DCGK 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 for proposing shareholder candidates for the Supervisory Board.

**Section G.I. DCGK 2020/2022:** Section G.I. of the German Corporate Governance Code contains recommendations on the compensation of the Executive Board. Insofar as these recommendations are not yet complied with by the old compensation system for the Executive Board of the Company as applicable to the service contracts of Executive Board members concluded prior to October 1, 2020, no declaration of deviation is necessary, as the German Corporate Governance Code and the transitional provisions of the German Stock Corporation Act regarding the amendments by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) do not require any adjustment of current service contracts in the sense of grandfathering.

In the interests of maximum transparency, it is pointed out as a precaution that this old compensation system for the Executive Board of the Company, which applies to the old service contract of Mr. Alexander Greschner still running until December 31, 2022, does not implement or does not fully implement the following recommendations: G.3 (Vertical comparison), G.4 (Horizontal comparison), G.6 (Predominance of long-term compensation components), G.7 (Determination of variable compensation components), G.10 (Share-based compensation) and G.11 sentence 2 (Possibility of withholding and reclaiming variable compensation components). As of January 1, 2023, the above recommendations will also be implemented for Mr. Alexander Greschner in a new service agreement.

**Recommendation G.18 GCGC 2020/2022:** The current compensation of the Supervisory Board includes a short-term oriented performance-related compensation. This model should be retained, as it is not to be regarded as a steering incentive or bonus for the Supervisory Board for the long-term development of the Company, but rather allows the compensation to breathe in less successful years.

Munich, December 13, 2022

Wacker Neuson SE

Executive Board and Supervisory Board

Dr. Karl Tragl

Chairman of the  
Executive Board

Hans Neunteufel

Chairman of the  
Supervisory Board

The above declaration of compliance is permanently available to shareholders on the Wacker Neuson SE website at → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Investor Relations/Corporate Governance. It is updated as required, but at least once a year. Declarations of compliance that are no longer up to date and corporate governance declarations as part of the respective annual reports remain accessible on our website for a period of at least five years. Further details of our corporate governance practices can be found in the following report section of this corporate governance statement.

## 2. Corporate governance

This section of the report describes the working methods of the Executive Board and Supervisory Board as well as the composition and working methods of the Supervisory Board committees.

Wacker Neuson SE is a listed European public limited company (Societas Europaea) under German law with its registered office in Munich, Germany, entered in the Commercial Register of the Munich Local Court under HRB 177839. When Wacker Neuson SE was founded, its shareholders opted for the dual management system customary under German stock corporation law, which gives the two bodies, the Executive Board and the Supervisory Board, each independent authority. The two bodies work closely together in a spirit of trust to achieve a sustainable increase in the value of the Company.

### Board of Directors

The Executive Board represents the Company vis-à-vis third parties and conducts business in accordance with the law, the Articles of Association and its Rules of Procedure. The Executive Board consisted of four members in the reporting year 2022. The Executive Board manages the Company on its own responsibility and represents the Company in and out of court. The principle of overall responsibility applies: the members of the Executive Board are jointly responsible for the overall management of the Company.

The Executive Board plans the strategic direction of the Company, agrees it with the Supervisory Board and ensures its implementation. It is also responsible for the annual and multi-year planning of the Company and the Group and for preparing the reports required by law, such as the annual and consolidated financial statements and interim financial reports. It also ensures appropriate risk management and controlling and regular, timely and comprehensive reporting to the Supervisory Board; this covers all aspects of strategy, corporate planning, business development, risk situation, risk management and compliance relevant to the Company and the Group.

The Rules of Procedure of the Executive Board govern the responsibilities and cooperation within the Executive Board: Their focus is on the departmental responsibilities of the individual members of the Executive Board, the matters reserved for the Executive Board as a whole, the passing of resolutions (in particular the required majorities for resolutions), and the rights and duties of the Chair of the Executive Board. Executive Board meetings are held regularly and are convened by the Chairman of the Executive Board - also at the request of a member of the Executive Board. As a rule, the Executive Board makes its decisions by simple majority, unless otherwise stipulated by law. In the event of a tie, the Chairman shall have the casting vote.

The Chairman of the Executive Board leads and coordinates the entire Executive Board. He represents the Company and the Group in dealings with the public, in particular with public authorities, trade associations and publications.

The CEO of Wacker Neuson SE, the parent company of the Group, was Dr. Karl Tragl in fiscal 2022; no deputy was appointed. More detailed information on individual Executive Board members, in particular their areas of responsibility within the Executive Board, is presented in the Notes to the Consolidated Financial Statements under Note 34 "Executive bodies of the Company" (Wacker Neuson Group Annual Report 2022).

Measures and transactions of fundamental importance require the approval of the Supervisory Board in accordance with the Rules of Procedure of the Executive Board and the Articles of Association. They

are also communicated to the shareholders and the capital market in good time to ensure that the decision-making processes are also transparent during the year and that capital market participants are kept adequately informed.

### Supervisory Board

The Supervisory Board advises the Executive Board on major decisions, monitors its work and appoints and dismisses the members of the Executive Board; in this context, it has defined an age limit of 62 for Executive Board members.

With the support of the Executive Committee and with the involvement of the Executive Board, the Supervisory Board ensures long-term succession planning for the Executive Board. Within the Supervisory Board, succession planning is discussed internally, above all by the Executive Committee, which continuously assesses the performance of the Executive Board and identifies any need for additions at an early stage. This takes into account the contractual terms of the currently appointed Executive Board members and any renewal options, the areas of responsibility likely to be filled, and the Company's strategic planning for the composition of the Executive Board.

With regard to a subsequent need for new Executive Board members, the Supervisory Board works towards the identification and appropriate internal development by the Executive Board of persons at subordinate management levels within the Company. To this end, regular discussions are held with various executives of the Group in order to evaluate, together with the Executive Board, their suitability for higher-level management tasks and, if necessary, to enable the targeted promotion of such suitable executives.

In this respect, the Supervisory Board and the Executive Board regularly agree on suitable candidates as possible concrete successors. Based on the deliberations of the Supervisory Board and the Executive Board and personal discussions, the Supervisory Board or the Executive Committee develops a profile of requirements with key characteristics and qualifications of potential candidates for upcoming successions. The Chair of the Executive Board is also involved in this process, provided the succession does not involve the Chair of the Executive Board himself/herself. If necessary, the Supervisory Board or the Executive Committee are supported by external consultants in developing the requirements profiles and/or selecting suitable persons. If a need arises at short notice on the Executive Board, internal and external candidates are considered in parallel and selected in a process tailored to the needs of the individual situation. The Supervisory Board consists of six members. In accordance with the agreement on employee participation on the Wacker Neuson SE Supervisory Board, four members are shareholder representatives and two members are employee representatives - as also stipulated by the German One-Third Participation Act. In its composition, the Supervisory Board takes into account the Company's specific ownership structure, the international activities of the Company, potential conflicts of interest, the number of Supervisory Board members it considers to be independent, the age limit of 75 years defined by the Supervisory Board for Supervisory Board members and the principle of diversity.

Reference is made to the following facts, which are also described in the Group Management Report: A consortium agreement existed between some shareholders attributable to the Wacker and Neunteufel families until April 30, 2022. The parties to this consortium agreement jointly held a total of around 58 % of the shares in Wacker Neuson SE and were therefore able to control the Company jointly (but not the individual parties to the consortium agreement) until the aforementioned date. Since May 1, 2022, this consortium tie-up no longer exists. According to the provisions of this consortium agreement, each

party to the consortium agreement had to exercise its voting and proposal rights at the Annual General Meeting in such a way that two shareholder Supervisory Board members nominated by the Wacker family and two nominated by the Neunteufel family were always elected. However, the Supervisory Board members representing the shareholders elected in this way are not and were in no way bound by instructions from individual, several or all parties to this consortium agreement and they continue to base all decisions in the Supervisory Board exclusively on the interests of the Company.

Even if these shareholder representatives on the Supervisory Board always also enjoy the special trust of the parties appointing them to the former consortium agreement, in the opinion of the Supervisory Board they did not and do not have any personal or business relationship with a controlling shareholder that could have given rise to a material conflict of interest. As the consortium agreement has been terminated since May 1, 2022, there has in any case been no controlling shareholder with respect to the Company since that date.

The Supervisory Board continues to consider the definition of the term "dependency" in the GCGC 2020 and the GCGC 2022 as well as the indicators and criteria defined therein for a (presumed) dependency to be factually incorrect. Since, as stated, all shareholder representatives continue to base all decisions in the Supervisory Board exclusively on the interests of the Company, the Supervisory Board considers them to be independent of the Company, the Executive Board and the controlling shareholders in principle - also and in particular in view of the facts described above.

The term of office of all Supervisory Board members runs until the end of the Annual General Meeting that resolves on the formal approval of their actions for the 2024 financial year, but for no longer than six years. The terms of office of the Supervisory Board members are disclosed as follows: Hans Neunteufel (since 10/2007), Mag. Kurt Helletzgruber (since 10/2007, office suspended due to secondment to the Executive Board from 12/2020 to 06/2021), Christian Kekelij (employee representative, since 06/2017), Prof. Dr. Matthias Schüppen (since 05/2014), Elvis Schwarzmair (employee representative, since 08/2002) and Ralph Wacker (since 05/2014). Further information on individual Supervisory Board members is presented in the Notes to the Consolidated Financial Statements under Note 34 "Executive bodies of the Company" (Wacker Neuson Group Annual Report 2022).

The principles of the Supervisory Board's cooperation are governed by its Rules of Procedure, which reflect the recommendations of the German Corporate Governance Code and provide for clear and transparent procedures and structures as one component of the monitoring and control process. The current version of the Supervisory Board's Rules of Procedure is publicly available on the Company's website. The Supervisory Board regularly assesses the effectiveness of its own work and that of its committees, again at the beginning of the reporting year. On the basis of a detailed questionnaire, all members of the Supervisory Board assess various aspects of the work of the committees, also in comparison with the previous year. Areas of work that deteriorate significantly compared with the previous year or are considered unsatisfactory overall are discussed in detail at plenary meetings and any measures for improvement are defined.

Decisions are made by the Supervisory Board by simple majority vote, unless otherwise stipulated by law. In the event of a tie, a resolution or election proposal is rejected; there is no casting vote by the Chairman of the Supervisory Board. The Chairman of the Supervisory Board convenes and chairs the meetings of the Board and otherwise coordinates the work of the Supervisory Board and its committees.

The Supervisory Board defines the Executive Board's information and reporting duties in detail. The main areas of cooperation between the two boards and details of the specific work of the Supervisory Board and its committees can be found in the [→ Report of the Supervisory Board, Wacker Neuson Group Annual Report 2022, p. 14.](#)

#### Composition and functioning of committees

Unlike the Executive Board, the Supervisory Board operates with two committees: the General Committee and the Audit Committee.

The Executive Committee is responsible in particular for preparing proposals for the appointment and dismissal of Executive Board members, for the extension of their mandates, for Executive Board remuneration and the remuneration system, and for preparing measures to conclude, amend and terminate Executive Board contracts. The members of the Executive Committee are Hans Neunteufel, Prof. Dr. Matthias Schüppen and Ralph Wacker. The Chairman of the Executive Committee is Mr. Neunteufel.

The Audit Committee is in close contact with the auditors: It commissions them to audit the annual and consolidated financial statements, determines the focal points of the audit, and receives the audit reports. It also concludes the fee agreement with the auditors, assesses their independence and the additional services they provide, and submits a proposal to the Supervisory Board for the election of the auditors by the Annual General Meeting. The Audit Committee prepares the negotiations and resolutions of the Supervisory Board on the adoption of the annual financial statements, the approval of the consolidated financial statements and the review of the report of the Executive Board on affiliated companies and the non-financial Group report and the compensation report. It supports and monitors the Executive Board in particular in matters relating to the accounting process, the internal control system, the risk management system, the internal auditing system and compliance.

The members of the Audit Committee are Kurt Helletzgruber, Matthias Schüppen, Ralph Wacker and Elvis Schwarzmair; the committee as a whole is familiar with the sector in which the Company operates. In the year under review, the Audit Committee was chaired by Prof. Dr. Matthias Schüppen until March 24, 2022, and again by Kurt Helletzgruber from March 25, 2022. Both have 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, due to their many years of experience as a licensed lawyer, tax advisor and auditor (Prof. Schüppen) and as Chief Financial Officer in various large industrial companies (Mag. Helletzgruber).

The committee chairmen report regularly and promptly from the committees to the Supervisory Board. Decisions within the committees are also made by simple majority; in the event of a tie, a resolution or election proposal is rejected; there is no casting vote by the respective committee chair.

Further details on the work of the Supervisory Board and its committees are provided in the current Supervisory Board report, which also reports on the individual attendance of Supervisory Board and committee members at meetings, the number of meetings held as video or telephone conferences, and any training and development measures for Supervisory Board members. [→ Wacker Neuson Group Annual Report 2022, p. 14.](#)

#### Shareholders and Annual General Meeting

Shareholders exercise their rights and vote at the AGM. Wacker Neuson SE only has registered shares with full voting rights. Each share grants one vote. The agenda for the AGM, including the reports and

documents required for the AGM, are also published in good time on the Company's website, where they can be easily accessed by shareholders.

This year's Annual General Meeting is planned for May 26, 2023 as a purely attendance-based meeting. The Executive Board will facilitate the exercise of shareholders' voting rights by proxies appointed by the Company, to whom shareholders can issue proxies bound by their instructions. Shareholders may also have their rights exercised at the Annual General Meeting by a proxy, e.g. an intermediary, a voting advisor, a shareholders' association or another person of their choice.

In addition, as a service and only in the run-up to the Annual General Meeting, the Company provides shareholders with a password-protected internet service on the Company's website, via which - in addition to registering for the Annual General Meeting and granting proxies - it is also possible to vote by electronic postal vote up to one day before the Annual General Meeting. Participation in the Annual General Meeting by means of electronic communication within the meaning of Art. 118 par. 1 sentence 2 AktG is not possible via the password-protected internet service. Details of this will be explained in the invitation to the Annual General Meeting.

#### Accounting and auditing

The Consolidated Financial Statements of Wacker Neuson SE are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS). The Annual Financial Statements and the combined Management Report for the Company and its Group are prepared in accordance with the provisions of the German Commercial Code (HGB).

The Supervisory Board proposes the auditor to the Annual General Meeting. It does so on the basis of a recommendation by the Audit Committee. Before proposing the auditor, the Supervisory Board obtains a certificate of independence from the proposed auditor.

The Chairman of the Audit Committee has asked the auditors to inform the Audit Committee without delay of all findings and events of importance to their duties that come to their attention during the performance of the audit. In addition, the auditors are to inform the committee and make a note in the audit report if, during the performance of the audit, they discover facts which show that the Declaration of Conformity with the German Corporate Governance Code issued by the Executive Board and Supervisory Board is incorrect.

#### Risk Management

Part of good corporate governance always involves dealing responsibly with business risks faced by the Company and the Group. The Management and Supervisory Boards therefore continuously address internal control and risk management systems within the Wacker Neuson Group and the associated reporting system.

Details on risk management within the Wacker Neuson Group, including a report on the control and risk management system within accounting, can be found in the risk and opportunities report in the combined management report (Wacker Neuson Group Annual Report 2022).

#### Transparency

Regular active dialog with our shareholders and other stakeholders is an integral part of our corporate governance. We inform our shareholders as well as financial analysts, shareholder associations and the media regularly, quickly and as openly as possible about our business situation and major changes in the Company. We are committed to active and open communication.

As required by the German Securities Trading Act (WpHG) and the German Corporate Governance Code, we provide information on the business development and financial situation of our company four times a year - in an annual report, a half-yearly report and two quarterly reports. These reports are discussed by the Supervisory Board or Audit Committee with the Executive Board prior to publication. In addition, the Executive Board answers shareholders' questions at the Annual General Meeting. We also use the internet as a communication platform: At → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Investor Relations, interested parties can find press releases, all ad hoc announcements, financial reports and our financial calendar with the important dates of the year in up-to-date form. Anyone who registers for our distribution list will also receive regular information from us in this way.

#### Reportable securities transactions and significant voting interests

Wacker Neuson SE publishes so-called directors' dealings notifications in accordance with Article 19 of the Market Abuse Regulation (EU) No. 596/2014. In these notifications, we provide immediate information on securities transactions relating to the Wacker Neuson share made by members of the Executive Board and Supervisory Board as well as natural and legal persons closely related to these board members. These disclosures are also published on the Company's website at → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Investor Relations/Corporate Governance. We also provide immediate information under Investor Relations/Financial News on notifications from shareholders regarding the acquisition or sale of significant voting shares pursuant to Section 33 of the German Securities Trading Act (WpHG) or regarding the holding of financial instruments and other instruments pursuant to Sections 38 and 39 of the German Securities Trading Act (WpHG).

#### Remuneration Report

The current remuneration report for the Executive Board and Supervisory Board is published on the Company's website → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Investor Relations/Corporate Governance.

The total remuneration of the Executive Board and Supervisory Board is disclosed both in the above-mentioned section and in the Notes to the Consolidated Financial Statements under item 35 "Related party disclosures" → [Wacker Neuson Group Annual Report 2022](#).

#### Diversity statement on the target figures set for the proportion of women at management level.

When making appointments to the Executive Board and Supervisory Board, the Company focuses on the professional and personal competence of potential female and male candidates, paying particular attention to the Company's specific situation. In assessing competence, the Supervisory Board also takes particular account of the international activities of the Company and the principle of diversity, also with regard to the age, gender and educational or professional background of the candidates. The Company does not pursue an explicit diversity concept as described in the CSR Directive Implementation Act. To avoid repetition, please refer to the explanations in section C.1 of the German Corporate Governance Code in the declaration of conformity shown above.

As a listed company (which is not, however, subject to equal codetermination as defined in Section 96 (2) of the German Stock Corporation Act (AktG)), Wacker Neuson SE is obliged to set targets for the proportion of women on the Supervisory Board, the Executive Board and the two management levels below the Executive Board. The Executive Board and Supervisory Board have already addressed this issue on several occasions.

When selecting and appointing Executive Board members, the Supervisory Board focuses on the individual professional and personal competencies of potential candidates, paying particular attention to the company-specific situation. As a result, the Supervisory Board does not assign any priority decision-making relevance to gender in this context. There are currently no women on the Executive Board of Wacker Neuson SE (actual quota 0 percent). As the Supervisory Board does not wish to be bound by a gender balance in view of the aforementioned relevance of qualifications, it refrained from setting a target figure that deviates from the status quo for the proportion of women on the Executive Board, which it aims to achieve by December 31, 2026, when it passed the corresponding resolution in 2021 (i.e. target quota remains 0 percent).

The Supervisory Board also focuses on the individual professional and personal competence of potential candidates when appointing members to the Supervisory Board, which means that gender is not a priority in this context either. There are currently no women on the Supervisory Board of Wacker Neuson SE, which was appointed in 2020 until the end of the Annual General Meeting in 2025 (actual quota 0 percent). In view of the aforementioned relevance of qualifications and the specific situation of the Company, the Supervisory Board does not wish to commit itself in advance to a gender balance for its composition. Therefore, in its resolution in 2021, the Supervisory Board refrained from setting a target figure that deviates from the status quo for the proportion of women on the Supervisory Board that it intends to achieve by December 31, 2026 (i.e. target quota remains 0 percent).

In 2021, the Executive Board resolved the following targets for the proportion of women in management positions at Wacker Neuson SE, which it aims to achieve by December 31, 2026. As before, these targets relate to employees directly employed by Wacker Neuson SE. The target ratio for the first management level below the Executive Board is 22.3 percent (actual ratio 23.5 percent) and the target ratio for the second management level below the Executive Board is 25.0 percent (actual ratio 37.5 percent).

### 3. Disclosures on corporate governance practices

#### Compliance - Fundamentals of entrepreneurial action and management

Beyond the guidelines and recommendations of the German Corporate Governance Code, the Executive Board of Wacker Neuson SE is committed to acting lawfully and in a socially and ethically responsible manner worldwide. With this in mind, we have developed a strategic mission statement for the entire Wacker Neuson Group that applies equally to everyone - the Executive Board, managers and all Group employees. It clarifies the framework of our entrepreneurial thinking and actions to our shareholders, customers, business partners, the public and our employees.

Our success is built on the dedicated commitment of each individual based on integrity, openness and honesty, respect for people and nature, and the sustainability of our actions. More detailed information is provided in the Group's non-financial report. The report is available on the Group's website. → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations)

A Corporate Compliance Office exists within the Company as part of the Corporate Legal & Compliance department. Within the scope of its responsibilities, it is the point of contact and advisor for compliance

issues and develops the compliance management system at Group level for this purpose. 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 "Principles of our Business Ethics" were defined, which include a commitment to integrity and consistent compliance with legal and regulatory requirements. These principles are defined in more detail by the Code of Conduct for our employees and substantiated by internal policies. The "Principles of our Business Ethics" and the Code of Conduct are available on the internet at → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Group/Code of Conduct.

For us, compliance with our principles is also an essential basis for trusting and sustainable business relationships along the value chain. Our requirements in this respect are set out in the Code of Conduct for Suppliers, which is available at → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Group/Compliance.

#### Corporate Social Responsibility - Responsibility for the Environment and Society

The Wacker Neuson Group assesses the impact of its value creation process on the environment and derives appropriate measures to ensure careful use of given resources. Similarly, reducing the cost of energy consumption and successfully certifying production sites within the European Union in accordance with DIN EN ISO 50001 and DIN EN ISO 14001 is an important aspect of this field of work.

The Wacker Neuson Group's goal is to work on innovative, beneficial products and services of consistently high and reliable quality, using sustainable and environmentally friendly production and work processes.

For 2022 we are issuing a separate non-financial Group report, which will be published at the same time as this Annual Report and will be available on the company website (sections 315c in conjunction with 289c to 289e HGB).

Munich, March 23, 2023

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 of the Supervisory Board

### Dear Shareholders,

The Wacker Neuson Group continued to develop very successfully in 2022. Despite an adverse environment in many respects, our Group was once again able to grow significantly and further increase Group revenue. At the same time, the general supply chain issues, a significant increase in inflation and, not least, the Ukraine conflict presented us with considerable challenges. Against the background of significantly higher costs - above all for energy and personnel - we can therefore also be thoroughly satisfied with our earnings performance in the past fiscal year. On behalf of the Supervisory Board, I would therefore like to take this opportunity to thank our employees, who once again showed great commitment in 2022, and also the Company's management for their efforts.

### Cooperation between the Supervisory Board and the Executive Board

In the year under review, the Supervisory Board performed the duties incumbent upon it by law and under the Articles of Association and monitored the lawfulness, expediency and regularity of the management of the Company by the Executive Board. It regularly advised the Executive Board on the management of the Company and continuously reviewed and monitored the management of the Company. The Supervisory Board continuously exchanged views with the Executive Board on business developments and the strategic direction of the Company and was involved in all decisions of fundamental importance to the Company.

In good time for and at its meetings, the Supervisory Board was informed by the Executive Board in writing and orally about the course of business, the development of the earnings, financial and asset situation, fundamental issues of corporate planning, corporate strategy, internal control and risk management and compliance, as well as significant measures.

The reports to the Supervisory Board were discussed in detail at the Supervisory Board meetings both among the members of the Supervisory Board and with the Executive Board.



**Hans Neunteufel**  
Chairman of the Supervisory Board

The members of the Executive Board attended the meetings of the Supervisory Board on a regular basis; where necessary or where required by law, the Supervisory Board and the committees also met without the Executive Board, in particular when the auditors attended meetings as experts, and on Supervisory Board matters and Executive Board personnel matters.

Attendance at the meetings of the Supervisory Board and its committees was 100% in each case. The following table discloses the attendance in individualized form:

	Supervisory Board plenary meeting attendance	As a %	Presiding Committee attendance	As a %	Audit Committee attendance	As a %
Hans Neunteufel (Chairman)	8/8	100	n/a			
Ralph Wacker (Deputy Chairman)	8/8	100	n/a		4/4	100
Kurt Helletzgruber	8/8	100			4/4	100
Christian Kekelj	8/8	100				
Prof. Dr. Matthias Schüppen	8/8	100	n/a		4/4	100
Elvis Schwarzmaier	8/8	100			4/4	100



In addition, the Executive Board also informed the Supervisory Board regularly, comprehensively and promptly between meetings - by means of written reports, but also in individual discussions - about current business developments and about special and urgent projects, in particular also about deviations of the actual development from previously reported targets as well as the course of business from the planning, to which the Supervisory Board paid particular attention in view of the economically challenging situation in many respects.

The Supervisory Board discussed and examined in detail with the Executive Board measures requiring its approval and gave its approval to individual business transactions where this was required for the Executive Board by law, the Articles of Association or the Rules of Procedure. The Supervisory Board passed resolutions in this regard at scheduled meetings and by written procedure.

The Executive Board also submitted monthly reports to the Supervisory Board on the key financial indicators. In addition, the Executive Board, in particular the Chairman of the Executive Board, was in regular contact with the Chairman of the Supervisory Board to provide information on the current business and financial situation of the Company and its investees and on significant business transactions.

The work of the Supervisory Board and the committees in the reporting year was also characterized by the implementation of new statutory requirements, such as the first-time preparation of a remuneration report for the members of the Executive Board and Supervisory Board.

The members of the Supervisory Board also undertook the training and development measures required for their duties on their own responsibility and were supported in this by the Company.

#### **Main topics of the Supervisory Board meetings in fiscal 2022**

The full Supervisory Board held eight meetings (including one by conference call) and the Audit Committee four meetings (including one by conference call) in the 2022 financial year; the General Committee did not meet in the reporting year. In six cases, the Supervisory Board passed resolutions outside meetings, e.g. by circular resolution or by telephone. All members of the Supervisory Board also took part in the resolutions adopted outside meetings.

The Supervisory Board regularly reviewed the current course of business at the Wacker Neuson Group and planning by the Executive Board. In particular, global economic developments were discussed in depth, especially in light of the COVID 19 pandemic and the Ukraine conflict, the energy crisis, related supply chain problems and their impact on business development and the organizational structures of the Company and the Group. Revenue, costs, earnings and the financial situation were analyzed and discussed in detail. The Executive Board provided comprehensive answers to questions from Supervisory Board members arising from the written reports submitted regularly and the oral explanations given at the meetings. Executive Board matters were also regularly on the agenda.

In addition to these ongoing reports, the deliberations and reviews of the Supervisory Board at its meetings and resolutions related primarily to the following topics:

In the circulation procedure of February 4, 2022, a resolution was passed on the scope of the audit of the compensation report by the auditor.

In a further circular on February 16, 2022, a resolution was passed on the extension of the appointment of a member of the Executive Board.

In an extraordinary Supervisory Board meeting (held by telephone) on March 9, 2022, the Supervisory Board approved the acquisition of the Enarco Group of companies (Spain).

At the Supervisory Board meeting on March 24, 2022, the focus was on the audit of the Annual Financial Statements, the Consolidated Financial Statements and the combined Management Report for Wacker Neuson SE and the Group, the non-financial Group report and the dependent company report for fiscal 2021, including the Supervisory Board report and corporate governance reporting, following preparations by the Audit Committee. In preparation, the Audit Committee had discussed these documents in detail with the Executive Board at its previous meeting and posed questions to the auditor, who was present in person, and discussed these in detail with him. This was done in addition to the Supervisory Board's original auditing activities as part of its own preparations for the Supervisory Board meeting on the financial statements. On this basis, the annual financial statements and consolidated financial statements together with the combined management report were approved. The meeting also approved the Executive Board's proposal for the appropriation of net income, the recommendation to the Supervisory Board on the election of the auditor, the agenda for the Annual General Meeting and the report of the Supervisory Board, and the non-financial Group report. Topics relating to the Compensation Report 2021 were also discussed in advance. The aforementioned documents were distributed by the Executive Board to the Supervisory Board in good time in advance. Another focus of this meeting was the Supervisory Board's approval of the financing concept 2022 ff. and the associated borrowing.

Other topics discussed at this meeting included the implementation of the virtual Annual General Meeting, the updating of the Rules of Procedure for the Supervisory Board, the evaluation of the results of the efficiency review in the Supervisory Board, and a possible strategic cooperation with the John Deere Group focusing on North America.

By circular resolution dated April 14, 2022, the Supervisory Board approved the compensation report for the 2022 Annual General Meeting, the content of which had previously been reviewed by the auditor in addition to the statutory requirements.

At the extraordinary meeting on April 26, 2022, the Supervisory Board approved the key points of the strategic cooperation with the John Deere Group in the form of a resolution in principle.

On May 5, 2022, the Supervisory Board dealt intensively with the upcoming quarterly statement. In addition, the current status of the business in North America was discussed, as was the possible marketing and sale of a logistics property.

In a circular resolution on June 3, 2022, the Supervisory Board adopted a resolution on the amendment of the Articles of Association due to the expiry of the authorized capital.

At an extraordinary meeting on June 14, 2022, the Supervisory Board approved the implementation of the strategic cooperation with the John Deere Group and the conclusion of the corresponding agreements.

At the meeting on August 4, 2022, the agenda included the Company's business in China, topics relating to the sales structure, the Supervisory Board's approval of the expansion of the existing ABS program in North America, and preparations for the 2023 budget. In addition,

the Executive Board provided information on the upcoming half-year report.

In a resolution passed by telephone on November 8, 2022, the sale of a logistics property no longer required for operations was approved.

On November 14 and 15, 2022, the Supervisory Board discussed the further development of the corporate strategy up to 2025 with the Executive Board at the annual strategy meeting. Regional, product and location strategies in particular were on the agenda for discussion, but also the zero emissions program, digitization, possible strategic cooperations and the Group's M&A activities.

In a further circulation procedure on November 25, 2022, a resolution was passed on Executive Board matters.

Finally, at its meeting on December 13, 2022, the Supervisory Board focused its review activities on the Executive Board's corporate planning for fiscal 2023 and the medium-term and financial planning. The Supervisory Board reviewed the planning and discussed the opportunities and risks contained therein in detail with the Executive Board - also in view of the global economic environment, which remains difficult to assess. In addition, resolutions were adopted on the approval of the plant expansion at a foreign production site, the issuance of the Declaration of Conformity with the German Corporate Governance Code in accordance with § 161 of the German Stock Corporation Act (AktG), the updating of the Supervisory Board's Rules of Procedure to reflect new provisions in the law and the Corporate Governance Code, and various Executive Board matters.

The Supervisory Board also reviewed the respective monthly reports of the Executive Board on an ongoing basis.

#### **Deliberations in the committees of the Supervisory Board in fiscal 2022**

The work of the two committees formed within the Supervisory Board, the Executive Committee and the Audit Committee, was continued in the past fiscal year, effectively supporting the Supervisory Board as a whole by preparing Supervisory Board resolutions and other issues to be dealt with by the full Supervisory Board. The members of the Executive Committee were in constant contact with each other, but did not hold any meetings in the reporting year. All other Supervisory Board members also regularly attended the meetings of the Audit Committee as guests. The corporate governance statement shows the composition of the two committees and their chairmen. At the Supervisory Board meetings, the committee chairmen reported to the full Supervisory Board on the work of the committees where necessary and appropriate. In addition, the Chairman of the Audit Committee maintained a regular exchange of information with the Chief Financial Officer and the auditors between meetings, particularly in view of the change of auditor for the reporting year 2022.

At its meeting on March 23, 2022, the Audit Committee discussed the Annual Financial Statements, the Consolidated Financial Statements and the combined Management Report for Wacker Neuson SE and the Group as of December 31, 2021 with the Executive Board and the auditor, and dealt with the dependent company report and the non-financial Group report. The Audit Committee focused in particular on the key audit matters described in the auditor's report, including the audit procedures performed, and discussed the auditor's reports on the Annual and Consolidated Financial Statements, the combined Management Report and the Dependent Company Report in the absence of the Executive Board and in the presence of the auditor. The Audit Committee then approved the Company's report on the selection

process for the new auditor carried out under the supervision of the Committee in the course of the legally required re-tendering of the audit mandate for the reporting year 2022 and resolved to propose two candidates to the Supervisory Board, with a justified preference for Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, for election. Finally, the Audit Committee dealt with the appropriateness and effectiveness of the risk management and internal control systems and their effectiveness, as well as internal auditing issues. In addition, the provision of certain non-audit services by the auditor of the 2021 financial statements was discussed.

At its meeting on May 5, 2022, the Audit Committee dealt mainly with the quarterly statement due for publication.

At the meeting on August 4, 2022, the committee dealt with the upcoming half-year report and the review of the non-financial Group report 2022. In addition, the current risk report, the half-year report on the work of the internal audit department, and the review of the future compensation report were discussed.

In the (telephone) meeting on November 8, 2022, the agenda included the upcoming quarterly statement, information on the preparation of the 2023 budget, and the so-called EMIR mandatory audit pursuant to section 32 of the German Securities Trading Act (WpHG).

#### **Personnel changes in the executive bodies**

At the end of the Audit Committee meeting on March 23, 2022, Prof. Dr. Matthias Schüppen handed over the office of Chairman of the Audit Committee, which he had held on an interim basis since December 1, 2020, back to Kurt Helletzgruber. The latter had previously suspended the office due to his secondment from the Supervisory Board to the Executive Board, which lasted from December 1, 2020 to June 30, 2021, in order to avoid possible conflicts of interest with regard to the preparation and audit of the financial reports for the reporting year 2021.

#### **Risk assessment and compliance**

The Supervisory Board has satisfied itself that the Company's internal control system and risk management comply with the requirements of Section 91 (2) of the German Stock Corporation Act (AktG), that insurable risks are adequately insured, and that operational, financial and contractual risks are subject to sufficient control within approval procedures and organizational processes. A detailed risk reporting system has been installed throughout the Group and is continuously maintained and developed. The internal control and risk management systems were also reviewed by the elected auditors. The auditors confirmed that the Executive Board has taken the measures required under Art. 91 par. 2 of the German Stock Corporation Act (AktG) and set up a monitoring system capable of identifying at an early stage any developments that might jeopardize the continued existence of the Company. At the Supervisory Board meetings and in individual discussions, the Executive Board informed the Supervisory Board about the current risk situation. All risk areas identifiable from the point of view of the Supervisory Board and the Executive Board were discussed. The Supervisory Board and the Audit Committee also dealt with compliance issues.

#### **Corporate Governance**

The Supervisory Board and the Executive Board are aware that good corporate governance in the interests of the shareholders is an important basis for the success of the Company. The Supervisory Board has continuously monitored the further development of the German

Corporate Governance Code and dealt with the framework conditions under capital market and company law. At the meeting on December 13, 2022, the Executive Board and Supervisory Board issued a declaration of conformity with the German Corporate Governance Code for the 2022 reporting period in accordance with Section 161 of the German Stock Corporation Act (AktG). The full text of the declaration of conformity is permanently available on the Company's website under Investor Relations in the Corporate Governance section and is also made available on the internet as part of the corporate governance statement pursuant to Section 289 f HGB in conjunction with Section 315 d HGB and printed in the annual report.

There were no conflicts of interest involving members of the Executive Board or Supervisory Board that should have been disclosed to the Supervisory Board pursuant to letter E, Principle 19 of the German Corporate Governance Code. Prof. Dr. Matthias Schüppen, who had assumed the chairmanship of the Audit Committee for the period during which Mr. Kurt Helletzgruber was seconded, continued to hold this office until the adoption of the annual financial statements for 2021. Mr. Helletzgruber did not participate in any resolutions of the Supervisory Board or the Audit Committee relating to matters or financial reports that fell within the period of his activity as a delegated member of the Executive Board, and did not resume the chairmanship of the Audit Committee until after the adoption of the annual financial statements for 2021.

#### **Annual and consolidated financial statements 2022**

At the Annual General Meeting on June 3, 2022, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich ("Mazars") was elected for the first time as auditor for the Company and the Group for the fiscal year 2022. The Supervisory Board's proposal to the Annual General Meeting was preceded by a selection process in accordance with statutory requirements, as a result of which the Audit Committee recommended two audit firms to the Supervisory Board and informed the Supervisory Board of its preference for Mazars. The Chairman of the Audit Committee received written confirmation from the audit firm that there were no circumstances that could impair its independence as auditors or give rise to doubts about its independence. The audit firm was commissioned in writing by the Chairman of the Audit Committee to audit the financial statements.

The annual financial statements of the Company prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements of the Company prepared by the Executive Board in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union and the additional requirements of German commercial law pursuant to Section 315 e HGB, both as of December 31, 2022, were audited by Mazars, including the accounting records. The audit did not lead to any reservations, so that an unqualified audit opinion was issued for both the annual financial statements and the consolidated financial statements. The auditors also found that the Executive Board has set up an appropriate information and monitoring system, the design and operation of which are suitable for identifying at an early stage developments that could jeopardize the continued existence of the Company.

After each member of the Supervisory Board had received the audit documents in good time for review, the Audit Committee and the full Supervisory Board examined the separate and consolidated financial statements, the combined management report for the Company and the Group, and the dependent company report, taking into account the audit reports, and critically reviewed all documents. The documents were discussed in detail with the Executive Board and the auditors at

the meetings of the Audit Committee and the full Supervisory Board on March 22 and 23, 2023 respectively. The auditor took part in the Audit Committee's discussions, reported on the main findings of the audit, answered supplementary questions and was available to provide information to the members of the Supervisory Board. Following its own detailed examination of the documents, the Supervisory Board raised no objections and concurs with the results of the audit by the auditors. The Supervisory Board also agrees with the combined (Group) management report and in particular with the assessment of the further development of the Company.

Based on the final results of its own examination, the Supervisory Board had no objections to raise. On March 23, 2023, the Supervisory Board approved the annual financial statements prepared by the Executive Board and on March 27, 2023, the consolidated financial statements, in each case together with the combined management report for the Company and the Group, as of December 31, 2022. The annual financial statements for 2022 are thus adopted. The Supervisory Board also examined the Executive Board's proposal for the appropriation of net income for fiscal year 2022, in particular from the point of view of dividend policy, the impact on the Group's liquidity, and shareholder interests, and raised no objections to this. The Supervisory Board endorsed the proposal of the Executive Board.

As part of its review, the Supervisory Board also examined the non-financial Group report 2022 in accordance with Section 315 b HGB. Previously, Mazars was commissioned to conduct an audit of the non-financial consolidated report to obtain limited assurance in accordance with ISAE 3000, whereupon Mazars prepared a corresponding report and presented it to the Supervisory Board. The Supervisory Board took note of the result of the limited assurance review by Mazars and, following its own in-depth review, came to the conclusion that the non-financial Group report meets the existing requirements and that no objections are to be raised.

The Remuneration Report 2022 for presentation to the Annual General Meeting was also separately audited by the auditor in accordance with the statutory requirements of Section 162 (1) and (2) AktG. The compensation report will be part of the notice convening the Annual General Meeting 2023 and will also be published on the Company's website under Investor Relations/Corporate Governance.

**Review of the report of the Executive Board on relations with affiliated companies (dependency report)**

The Executive Board has prepared a report on relationships with affiliated companies ("dependency report"), which was only required to be prepared for the period from January 1 to April 30, 2022 due to changes in the shareholder structure. In this report, the Executive Board states in particular that, according to the circumstances known to the Executive Board at the time the legal transactions were conducted, Wacker Neuson SE received appropriate consideration for each legal transaction listed in the dependency report. As the elected auditor, Mazars audited the dependency report and issued the following audit opinion:

" Following our statutory audit and assessment, we confirm that.

1. the actual disclosures made in the report are correct,
2. in the legal transactions listed in the report, the performance of Wacker Neuson SE was not unreasonably high."

The Audit Committee and the full Supervisory Board took note of the report of the Executive Board on relations with affiliated companies - which was submitted in good time - and the result of the audit of this report by the auditors, examined both reports and discussed both results with the Executive Board and the auditors. The Supervisory Board concurs with the result of the audit of the dependent company report by the auditors. Following the final outcome of the discussions and the Supervisory Board's own review of the dependent company report, the Supervisory Board is of the opinion that the findings of the Executive Board are accurate and that there are therefore no objections to the Executive Board's final declaration.

During the year under review, management and all Wacker Neuson Group employees made a significant personal contribution to the positive development of the Group. The Supervisory Board would like to expressly thank all employees and members of the Executive Board for their commitment and dedication in challenging times.

Munich, March 27, 2023

On behalf of the Supervisory Board

**Hans Neunteufel**  
**Chairman of the Supervisory Board**

# Combined Management Report

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The graphs reproduced below are provided for further information. Market statistics and page references are unaudited and therefore not part of the combined management report. Definitions and calculations of key figures and other terms used are described in more detail in the glossaries at the end of this annual report. In some cases, due to rounding differences, the totals of individual figures may not add up exactly to the totals provided. Likewise, the addition of percentages may not add up exactly to 100.0 percent. There may also be minor discrepancies with the figures in the notes to the consolidated financial statements. The contents of websites or publications referred to in the management report are not part of the management report, but are merely provided for further information. This does not apply to the corporate governance statement pursuant to sections 289f and 315d of the German Commercial Code (HGB).

# Combined Management Report of Wacker Neuson SE and its Group for fiscal 2022

The information contained in this Management Report relates to Wacker Neuson SE and the Wacker Neuson Group (the Wacker Neuson Group), unless otherwise stated. These Consolidated Financial Statements comply with International Financial Reporting Standards (IFRS), which are to be applied in the EU in addition to the provisions of German commercial law specified in Section 315e (1) of the German Commercial Code (HGB).

The individual financial statements of Wacker Neuson SE (which is structured as a holding company) have been prepared in accordance with the principles of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG). In accordance with Section 315 (5) of the German Commercial Code (HGB), the Management Report of the individual company is included in this Group Management Report. Details can be found in the section "Profit, financials and assets of Wacker Neuson SE (condensed version according to HGB)" → Page 43. The risks and opportunities facing Wacker Neuson SE are inextricably linked to those of its Group companies.

## The Wacker Neuson Group

The Wacker Neuson Group is an internationally active corporation. As a manufacturer of light and compact equipment, the Group offers its customers a broad product portfolio and comprehensive service solutions. Production takes place at eight locations worldwide. The production plants are located in Germany, Austria, Serbia, Spain, the USA and China. Worldwide sales are handled by subsidiaries with their own sales and service locations and by a network of sales partners.

Segment reporting is divided geographically into the regions Europe (EMEA)<sup>1</sup>, Americas and Asia-Pacific.

In addition, revenue is reported by the three business areas (segments) light equipment, compact equipment and services.

### BUSINESS AREAS (SEGMENTS)

Construction equipment	Compact machines	Services
<ul style="list-style-type: none"> <li>▪ Concrete technology</li> <li>▪ Compaction-technology</li> <li>▪ Site technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Crawler excavator, wheeled excavator</li> <li>▪ Wheel loader, tele wheel loader</li> <li>▪ Telescopic loader</li> <li>▪ Skid steer loader</li> <li>▪ Wheel and chain dumper</li> </ul>	<ul style="list-style-type: none"> <li>▪ Repair, maintenance, spare parts</li> <li>▪ Digital service solutions</li> <li>▪ e-Business</li> <li>▪ Renting</li> <li>▪ Leasing, financing</li> <li>▪ Used-machines</li> <li>▪ Training</li> </ul>

### Brands

The Wacker Neuson Group umbrella brand is used for overarching Group communications. The Group distributes products and services via the Wacker Neuson, Kramer, Weidemann and Enar brands. The broadest product portfolio, comprising light and compact equipment and services, is offered worldwide under the Wacker Neuson brand. Under the Kramer brand, the Group sells all-wheel steer wheel loaders, tele wheel loaders and telescopic handlers along with associated services for the construction and agricultural sectors. Sales are conducted via two dealer networks, currently mainly in the EMEA region. The Weidemann brand is mainly active in the European agricultural sector and sells compact, articulated farm tractors<sup>®</sup> as well as wheel loaders, tele wheel loaders and telescopic handlers via a specialized dealer network. The Enar Group, which was acquired in 2022, is currently being continued as the Enar product brand in the light equipment segment.

<sup>1</sup> Including Turkey, Russia, Africa, Middle East

GROUP BRANDS



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

Agriculture, horse stables, municipal services, tree nurseries

Industries

The Group's service package is aimed primarily at customers in the main construction, gardening and landscaping, agricultural, municipal and recycling sectors, as well as rail operators and industrial companies.

CUSTOMER 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 public limited company (Societas Europaea) headquartered in Munich, Germany, entered in the commercial register at Munich Local Court under HRB 177839. The Company's shares have been listed on the stock exchange since May 2007.

In the consolidated financial statements, which comply with International Financial Reporting Standards (IFRS) as adopted by the EU, 56 companies are fully consolidated (including the holding company). In addition, one further company is accounted for using the at-equity method.

Wacker Neuson SE acts as a management holding company with a centralized management structure. It directly or indirectly holds the shares in its affiliates, which are predominantly sales and production companies. The Executive Board of the holding company manages the Group. Group functions are also located within Wacker Neuson SE.

The management bodies of the subsidiaries report either directly to the Group Executive Board or to regional or sales cluster managers, who in turn report directly to the Group Executive Board.

For detailed information on the legal structure, please refer to the section → [General information on accounting](#) in the notes to the consolidated financial statements.

## KEY PERFORMANCE INDICATORS (5-YEAR PERIOD)

	2022	2021	2020	2019	2018
Revenue in € million	2,252.4	1,866.2	1,615.5	1,901.1	1,710.0
EBIT margin in %	9.0	10.3	4.7	8.1	9.5
EBT margin in %	8.5	10.0	3.3	7.2	11.9
Net working capital as of the reporting date in % of revenue	31.9	26.7	30.8	40.1	37.7
ROCE I <sup>1</sup> in %	11.3	13.3	5.4	9.0	11.5
Equity ratio in %	60.0	55.4	57.3	55.8	63.8
Net financial debt in € million	234.5	14.2	122.9	439.0	204.7
Gearing in %	16.8	1.1	10.1	35.8	16.8
Free cash flow in € million	-0.8	149.1	329.0	-115.7	-0.3
Investments in property, plant and equipment and intangible assets in € million	103.8	82.2	86.9	89.2	73.3

<sup>1</sup> ROCE I = EBIT/Capital Employed as of December 31, see page 39. For further definitions, see Financial Glossary.

## Corporate Management

The controlling department of the holding company is responsible for the Group's internal management in its central function. It monitors target/actual deviations primarily on the basis of the development of revenue, earnings figures and the net working capital of the subsidiaries. It also prepares the most important key performance indicators at Group level. The management system is adapted to changes within and outside the Company as required. Decisions on projects with which the Company responds to changing market and customer requirements, for example, are generally taken in management bodies. These committees are made up of members of the Executive Board and first- and second-level managers.

The overriding objective is to sustainably increase the value of the Company. The most important target and performance indicators for the Group and its subsidiaries are revenue, earnings before interest and taxes as a percentage of revenue (EBIT margin), the net working capital ratio, and investments in property, plant and equipment and intangible assets.

In order to focus more strongly on the financial result, profitability analyses at Group level are also based on earnings before taxes (EBT). The financial stability of the Group is a high priority. Other financial performance indicators include the equity ratio, net financial debt and its ratio to equity (gearing). Alternative performance measures (APMs) include operating cash flow and free cash flow, which are important indicators of the Company's internal financing potential. In addition, the financing structure, the dividend policy and the profitability of the capital employed (return on capital employed before taxes = ROCE I) are managed.

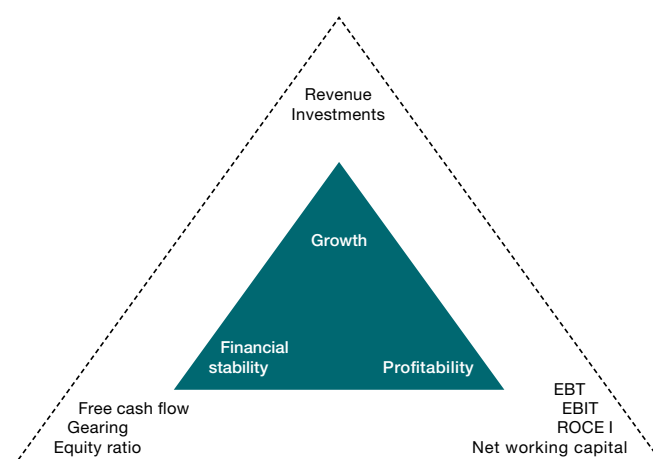
The above table shows the development of these key figures in a multi-year comparison. Definitions of the key figures can be found in the → [Financial glossary](#).

In fiscal 2023, the Wacker Neuson Group plans to introduce non-financial performance indicators against the backdrop of expanding its non-financial reporting. In the reporting period 2022, such indicators were not yet part of corporate management.

In addition to the key performance indicators, significant operational leading indicators are regularly monitored and analyzed. Important indicators for the construction industry include, for example, future investment by the construction equipment and rental industries, the number of building permits, and the development of real estate prices. Operational leading indicators for European agriculture include milk, food and feed prices.

Based on the development of the leading indicators, the Group's focus is continuously and promptly adjusted to global economic changes.

## KEY PERFORMANCE INDICATORS





## General Framework

### Macroeconomic environment

- Ukraine war and further course of COVID 19 pandemic cloud global economic climate
- Historically high inflation and continuing tight supply chain situation; ongoing raw material shortages

After the upturn in 2021, which was driven by easing of the Corona restrictions, the global economy experienced a significant downturn in 2022. The Russian war of aggression in Ukraine, historically high inflation levels and the persistence of the COVID-19 pandemic represent the causes of this negative trend, according to the assessment of the International Monetary Fund (IMF). World gross domestic product (GDP) recorded an increase of 3.4 percent in 2022, a significantly lower growth rate than in the previous year (2021: 5.9 percent). Growth in the industrialized nations amounted to 2.7 percent (2021: 5.4 percent) and in the emerging and developing countries to 3.9 percent (2021: 6.7 percent). While high inflation rates and unabated supply chain problems prevented more dynamic growth in the industrialized nations, the appreciation of the U.S. dollar increased price pressure and the cost of living in emerging and developing countries. According to the IMF, the latter are on the verge of a wave of crises triggered by excessive government debt. Likewise, inflation and energy supply issues are key challenges for fiscal policymakers, it said. According to the IMF, debt restructuring and a change in climate policy are essential for restoring macroeconomic balance.

With growth of 3.5 percent in 2022, the euro zone outperformed the USA (2.0 percent). In the previous year, the increase in the euro zone had been even higher, but at that time comparatively lower than that of the USA (euro zone: 5.2 percent; United States: 5.6 percent).<sup>1</sup> Falling real disposable income continued to affect consumer demand in the U.S., and higher interest rates had a strong impact on increased housing costs, the IMF said.<sup>2</sup>

In its fall projection, the German government cited the halt in gas supplies from Russia and continued high energy prices as the main reasons for the comparatively weak growth in Germany. In contrast to the IMF, it expected growth of just 1.4 percent in 2022 and even a slight downturn of 0.4 percent in 2023. Industrial production is being adversely affected by high energy prices, and the loss of purchasing power is depressing private consumption.<sup>3</sup>

### REAL GDP (CHANGE VERSUS PREVIOUS YEAR)

IN %	2022	2021
World	3.4	5.9
Eurozone	3.5	5.2
Germany	1.9	2.7
USA	2.0	5.6
Latin America	3.9	6.8
China	3.0	8.1
Russia	-2.2	4.5
Middle East and Central Asia	5.3	4.2
South Africa	2.6	4.6

Source: IMF, January 2023

China's economic growth in 2022 was only 3.0 percent, which, according to information from the company Germany Trade and Invest (GTAI), resulted primarily from the zero-covid policy and high debt. The strict pandemic control measures continuously led to supply chain dysfunctions, both at home and abroad. In the late fall of 2022, the incidence of infection increased noticeably. The first easing steps were implemented in November, but they were not a major breakthrough. The bursting of the real estate bubble, which had been inflating for decades, by the insolvent major Evergrande had also caused uncertainty. According to the GTAI, the willingness of foreign investors to invest and the previously booming foreign trade are likely to decline.<sup>4</sup>

### Currency developments

The Russian invasion of Ukraine sent the euro on a downward slide in the spring of 2022. Just when the trend seemed to be reversing in the summer, news of the impending gas freeze by Russia sent the European single currency down further - temporarily even below the significant mark of parity with the US dollar. Compared with currencies of other leading economies, the euro gained against the United Kingdom and Canada in 2022 and lost against Switzerland and Australia. When compared with currencies of countries such as China, India and South Africa, the euro experienced an appreciation. While the U.S. Federal Reserve corrected its course of aggressive key interest rate increases toward the end of the year to more moderate hikes, the European Central Bank (ECB) responded to inflationary events in December with a 0.5 percent rate hike. The ECB announced further steps for 2023, as well as the reduction of its bond holdings.

### CHANGE IN MAJOR CURRENCIES AGAINST THE EURO (YEAR-END VALUES)

1 Euro equals	2022	2021	Change in %
US Dollar (USD)	1.0666	1.1326	-5.8
Swiss franc (CHF)	0.9847	1.0331	-4.7
British pound (GBP)	0.8869	0.8403	5.6
Japanese yen (JPY)	140.6600	130.3800	7.9
Australian dollar (AUD)	1.5693	1.5615	0.5
Brazilian Real (BRL)	5.6386	6.3101	-10.6
Chinese yuan (CNY)	7.3582	7.1947	2.3
Indian rupee (INR)	88.1710	84.2292	4.7
Canadian dollar (CAD)	1.4440	1.4393	0.3
Russian ruble (RUB)	78.4218	85.3004	-8.1
South African Rand (ZAR)	18.0986	18.0625	0.2

Source: Notes to the consolidated financial statements, see page 89.

<sup>1</sup> Source: IMF, October 2022 and January 2023, World economic outlook.

<sup>2</sup> Source: World Bank, December 2022, Global Monthly

<sup>3</sup> Source: BMWi, press release dated 12.10.2022

<sup>4</sup>Source: GTAI, China Economic Outlook as of 25.11.2022

**Construction and agriculture industries at a glance**

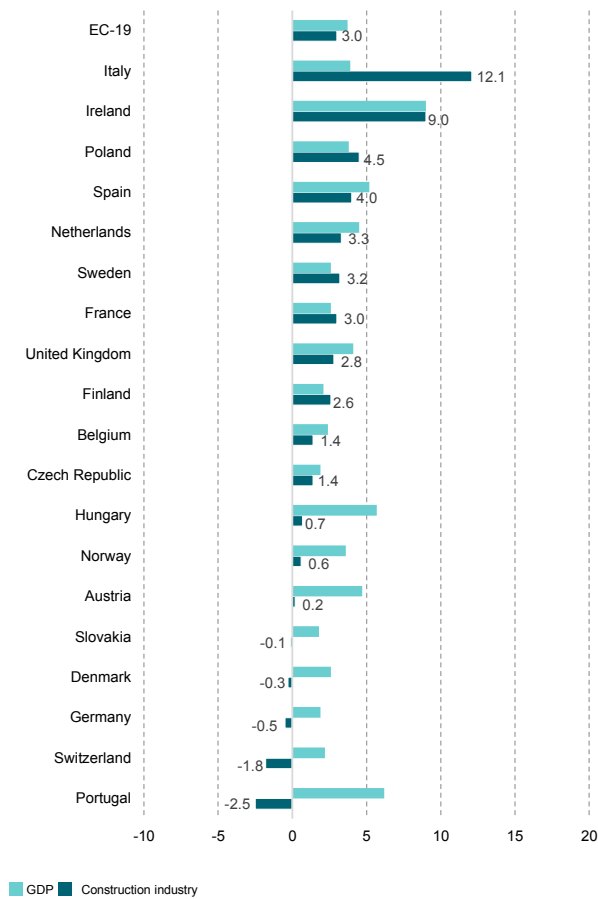
- Construction machinery sector with overall decline in sales
- Order volumes in the agricultural machinery sector remain at record levels

Business development at the Wacker Neuson Group is largely dependent on developments in the global construction and agricultural sectors. According to a study by data provider Research and Markets, the construction industry recorded year-on-year growth of 12 percent in 2022.<sup>1</sup>

in succession. The entire DACH region saw growth rates close to the zero mark in 2022, with Austria in particular recording significant losses compared with the previous year. In the overall view of the 19 countries surveyed by Euroconstruct, the number of construction starts and permits decreased, whereas more projects were completed than in 2021. In non-residential construction, industrial and commercial buildings in particular showed positive growth rates, while the agricultural buildings sector developed negatively.<sup>2</sup> The U.S. construction industry grew 6.5 percent in 2022, driven by residential construction and remodeling, according to data from Research and Markets. Mortgage rates, still low for much of the year, and an unbroken strong trend toward larger housing drove demand for new construction and home improvements.<sup>3</sup>

**CHANGES IN GDP AND THE EUROPEAN CONSTRUCTION INDUSTRY 2022E**

IN %



Sources: Construction industry data: Euroconstruct, November 2022.  
 Data GDP: International Monetary Fund, October 2022, includes updated values from January 2023 update for Germany, France, the United Kingdom, Italy and Spain.

According to Euroconstruct, the European construction sector grew by 3.0 percent, following growth of 5.6 percent in 2021, with the situation in the individual European countries varying considerably. While business in Italy flourished due to numerous modernization projects in housing and building construction, important markets such as the UK, France and Belgium reported significantly lower growth rates than in the previous year. Germany suffered a downturn for the second year

According to market researchers, the construction equipment industry recorded a global decline in sales in 2022. In a September 2022 estimate, the market research institute Off-Highway Research assumes that around 7 percent less construction equipment was sold worldwide in 2022 than in the previous year. In 2021, growth had still been 11 percent. China was the only major construction machinery market to record a significant decline of 37 percent. The market had already lost 6 percent of its volume in 2021. For North America and Europe, Off-Highway Research forecasts growth of +5.4 and +0.3 percent respectively.<sup>4</sup> For German suppliers, the German Engineering Federation (VDMA) puts growth for 2022 at 3 percent.<sup>5</sup>

**Order volumes in the agricultural machinery sector remain at record levels**

After the business climate index of the umbrella organization of the European agricultural machinery industry (CEMA) had already shown a downward trend in the second half of 2021, it was finally pushed towards the bottom in spring 2022 by the outbreak of the Russia-Ukraine war and reached its lowest value of +12 points in October (December 2021: +56 points). Despite the general trend, according to CEMA, new orders were robust, which at the same time led to a record order backlog amid ongoing problems in supply chains. In November, this corresponded to 6.8 months of production, marking the highest level ever reported in the sentiment barometer. Dealer inventories of new and used equipment, already low in 2021, remained below optimal levels in 2022. The industry was concerned about price increases and continued bottlenecks on the supplier side, although these slowly eased in the second half of the year. Whereas in June, 40 percent of respondents expected production to be halted due to a shortage of parts, by November this figure had fallen to just 28 percent. In view of the easing situation on the reference side, sentiment brightened from November and the business climate index closed at +30 points in December. In June, respondents expected growth of 5 percent for 2022 as a whole. While confidence prevails for the major markets of Germany and France, the outlook for other European markets such as Austria and Poland is assessed less optimistically.

<sup>1</sup> Source: Research and Markets, February 2022, Construction Global Market Report  
<sup>2</sup> Source: Euroconstruct, November 2022, Construction Industry Information  
<sup>3</sup> Source: Research and Markets, December 2022, United States Construction Industry Report 2022

<sup>4</sup> Source: Off-Highway Research, September 2022, Global Construction Equipment Markets  
<sup>5</sup> Source: VDMA, December 2022, Economic Situation, Construction Equipment and Building Material Machinery, Frankfurt

**Legal framework**

- Ongoing implementation of new technical requirements
- China IV emissions directive comes into force at the end of 2022
- EU taxonomy requires conformity information for the first time

As a global provider of light and compact equipment, the Wacker Neuson Group must comply with a wide range of national and international laws on environmental and user protection, particularly those relating to exhaust emissions, ergonomics, noise and vibration levels.

The product portfolio is therefore continuously reviewed in the light of additional requirements, harmonized standards and regulations, and adapted accordingly where necessary. The aim is always to integrate new regulations into processes and products as quickly as possible.

**Exhaust emission standards for light and compact equipment**

Sales of compact equipment are strongly influenced by statutory exhaust emission regulations. These relate to diesel engines in so-called non-road applications, i.e. construction machinery, industrial trucks and agricultural machinery. The strictest standards worldwide are currently the Tier 4 final emissions regulations in the USA (EPA - Environmental Protection Agency) and Stage V in Europe (97/68 EC). In other markets, however, similar or older, generally less stringent emissions standards still apply.

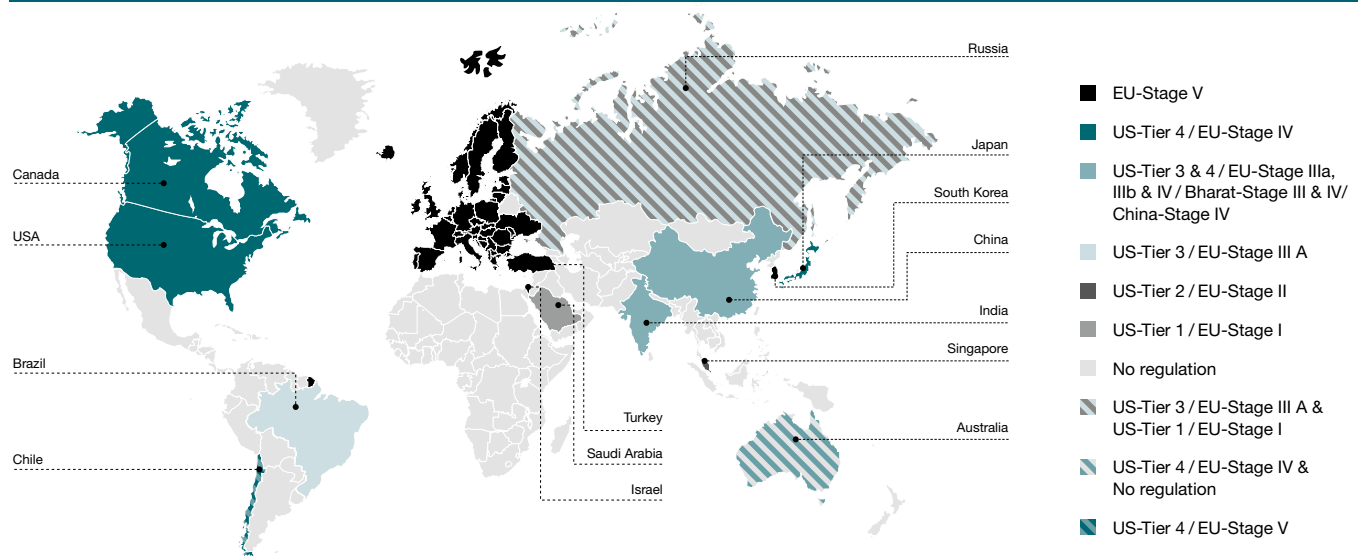
The entry into force of the China IV emissions directive at the end of 2022 led to a tightening of emissions legislation in China.

**EU taxonomy requires compliance disclosures in reporting for the first time for fiscal year 2022**

Through the Paris Climate Agreement in 2015, the global community set itself the goal of limiting global warming in the 21st century to well below two degrees Celsius and, if possible, to no more than 1.5 degrees Celsius. Among other things, steering global financial flows toward sustainable activities is intended to support the achievement of this goal. In this context, the EU taxonomy is intended to help increase transparency with regard to "environmentally sustainable" business activities. In particular, by classifying which business activities are considered "environmentally sustainable," it is intended to create certainty for investors and avoid greenwashing. When the Taxonomy Regulation came into force on July 12, 2020, the EU Commission was tasked with issuing delegated acts to define technical assessment criteria. On December 9, 2021, the delegated act on the environmental objectives of climate change mitigation and adaptation was finally adopted. 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 2022 are the taxonomy-compliant economic activities in relation to the first two environmental objectives and the share of revenue, capital expenditures (capex) and operating expenses (opex) associated with these economic activities in the respective total value of the Group. For fiscal year 2022, in addition to the reporting requirements from the previous year, taxonomy compliance must also be reported. In all likelihood, from 2023 onwards, the reporting requirement of taxonomy-compliant economic activities will be extended in relation to four further and thus all environmental targets determined by the EU. Detailed information on the EU taxonomy and the result of the evaluation for the 2022 financial year can be found in the Group's non-financial report. The report is available on the Group's website. → [www.wackemeusongroup.com/investor-relations](http://www.wackemeusongroup.com/investor-relations)

Beyond this, there are currently no known changes in the legal framework that would have a material impact on the Company's business performance.

**PROGRESSIVE TIGHTENING OF EXHAUST GAS LEGISLATION FOR DIESEL ENGINES**



The chart shows a simplified representation of the globally non-harmonized exhaust emission regulations for diesel engines in non-road applications and is intended to provide an indication of technology levels or similarities between emission levels. Europe and North America are the most strictly regulated countries. The tightening of emissions legislation requires the reduction of nitrogen oxides (NOx) and carbon monoxides (CO) as well as the reduction of particulate emissions.

## Competitive position

- Differentiation from the competition through innovation and wide product variety
- Broad range of battery-powered light and compact equipment

### Differentiation from the competition through innovation and wide product variety

The Wacker Neuson Group operates in the construction equipment market with its Wacker Neuson, Kramer and Enar brands. The global construction equipment market is highly heterogeneous in terms of markets and products: The product offering of most competitors is limited either primarily to light construction equipment, compact equipment or heavy construction equipment (machines weighing over 15 tons). Some competitors offer both compact and heavy construction equipment. The Wacker Neuson Group differentiates itself from the competition primarily through its combined offering of light equipment and compact equipment up to 15 tons. The product portfolio is aimed at professional users.

There are a large number of competitors in the light equipment segment. These include Ammann, Bomag, Mikasa, Husqvarna and Weber. In compact equipment, the competition includes manufacturers such as Doosan Bobcat, Kubota, Takeuchi, Yanmar, Manitou and JCB. However, global companies focusing on heavy construction equipment - such as Komatsu, Liebherr, Case New Holland, Caterpillar, Volvo CE, Sany or XCMG - also offer compact equipment and are therefore among the competition.

The Wacker Neuson Group is also active in the agricultural machinery market with its Weidemann and Kramer brands. Weidemann is a manufacturer of articulated wheel loaders and telescopic handlers. Kramer has greatly expanded its sales of agricultural machinery in recent years through its partnership with John Deere (see → [Strategic cooperations, page 26](#)) and supplies this industry with its portfolio of all-wheel drive machines. In this sales market, the Group competes with companies such as Schäffer, Manitou, Tobroco-Giant and JCB, among others.

### Broad range of battery-powered light and compact equipment

Part of our strategy - and firmly anchored in our technology roadmap for the coming years - is electromobility. With its "zero emission" product range, Wacker Neuson offers a wide range of electrically powered compact equipment and light equipment. In addition to battery-powered rammers and vibratory plates for soil compaction and internal vibrators for concrete compaction, the product portfolio also includes a track and a wheeled dumper, a hybrid mini excavator, an all-electric mini excavator, as well as telehandlers and wheel loaders for construction and agriculture. Construction sites in emission-sensitive environments, such as residential areas, tunnels, underground garages or building interiors, can be operated without exhaust emissions and at low noise levels with the zero emission product portfolio. At the same time, the products offer special protection for users and the environment, are easier to operate, require less maintenance, and demand lower operating costs than products with conventional drives.

The Wacker Neuson Group believes that alternative drive concepts will play a significant role in the future of the construction and agricultural machinery industry and is continuing to invest disproportionately in this area. In view of the ambitious goals of the EU Green Deal, the Group anticipates that the construction industry will also face stricter

regulation in the coming years. Combined with anticipated technological leaps in the field of battery technology, battery-powered light and compact equipment is therefore likely to become much more important. The Wacker Neuson Group therefore aims to systematically continue on its chosen path and further increase the pace of development for new electrically powered machines (see also → [Research and development, page 55](#)).

### Significant market position with in some cases double-digit market shares

The Group's significant market position in some core product groups has been achieved mainly through its innovative strength and customer focus, high product and service quality, extensive expertise in product development and manufacturing, and efficient sales and service. For some core products, the Group has clear double-digit market shares.

### Strategic cooperations

The Group enters into cooperative ventures with industry-leading companies in order to expand its market position more rapidly with the help of established sales networks or to selectively supplement its product portfolio under OEM agreements.

### BatteryOne

Over the past two years, several bilateral agreements have been signed between Wacker Neuson and other light equipment manufacturers in the area of modular BatteryOne batteries for light equipment. The modular BatteryOne solution developed by Wacker Neuson, which is currently used in ten Wacker Neuson concrete and compaction technology products, is now also available for products from other light equipment manufacturers. This means that customers of other brands will also benefit from simplified site logistics and savings on their investment in battery-powered equipment. The aim of the BatteryOne solution is to further promote the use of zero-emission equipment on construction sites, which is why the aim is to make the BatteryOne 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. The compact and powerful machines are available as track and wheel models with various attachments.

### John Deere Agriculture

In fiscal 2017, the Group subsidiary Kramer and John Deere entered into a strategic alliance for the sale of telescopic handlers and wheel loaders for agriculture. It relates to compact equipment from the Kramer brand's green line. The machines are sold under the Kramer brand through the John Deere dealer network. Since the start of the cooperation, annual sales volumes have increased consistently, even in 2020, which was heavily impacted by the COVID 19 pandemic, with Kramer significantly expanding its market shares for both wheel loaders and telescopic handlers. In the Central European markets as well as in Southern Europe, the UK and Scandinavia, Kramer has been able to win numerous dealers in recent years. In addition, further dealers have been developed in the Eastern European region. Due to the positive response to the Strategic Alliance in Europe, the cooperation was extended to other regions of the world. In 2021, dealers in South Africa, Australia and New Zealand were also added to the alliance.

The agricultural machinery market is a growth market. John Deere recommends Kramer to its distributors as a preferred supplier for compact wheel loaders, tele wheel loaders and telescopic handlers. Through

long-term cooperation with John Deere dealers, Kramer aims to achieve sustainable and broad market access.

#### John Deere Construction

A strategic cooperation agreement was concluded with John Deere in the field of mini excavators in fiscal 2022. The agreement covers a long-term, exclusive OEM supply contract for mini and compact excavators weighing less than five tons and also includes battery-powered excavators. In future, the excavators will be developed and manufactured at Wacker Neuson's production plants in Menomonee Falls (USA) and Linz (Austria) in line with John Deere's requirements, primarily for the North American market, and distributed under the John Deere brand via John Deere's global dealer network. The plan is to gradually complete the product portfolio. Wacker Neuson models in the same product category will continue to be offered under the Wacker Neuson brand via the Company's own sales network.

Furthermore, there is a cooperation with John Deere's construction equipment division for the sale of mini and compact excavators under the "Deere" brand in Australia and selected Southeast Asian countries, although the latter are not currently being addressed in connection with the COVID 19 pandemic.

#### Trackunit

The Group's digital offering is being increasingly expanded. Topics such as the digital networking of products and services are of great importance in order to increase customer benefits (→ [Segment report: Services business segment, page 53](#)). In this context, the Wacker Neuson Group has maintained a strategic cooperation for the development and use of telematics systems and mobile apps for compact equipment with Danish telematics specialist Trackunit since 2018.

#### Wirtgen/Hamm

Hamm AG, a Wirtgen Group company acquired by John Deere in 2017, produces tandem rollers and single-drum compactors to Wacker Neuson's technical specifications and design as part of a strategic cooperation agreement signed in 2015. This long-term cooperation will complement the Wacker Neuson Group's product portfolio in the field of earth and asphalt compaction for target customer segments.

#### Zeppelin

Since 2018, Wacker Neuson has been producing mobile excavators in the 6.5 and 11-ton weight classes for Zeppelin Baumaschinen GmbH as part of a cooperation agreement. The mobile excavators are manufactured according to Zeppelin's design specifications at the plant in Hörsching near Linz and sold via Zeppelin subsidiaries in selected European countries.

## Business development

- Double-digit percentage revenue growth despite generally adverse economic environment
- Supply chain issues and price dynamics on the procurement market remain the biggest challenge
- Cash flow impacted by higher working capital requirements

### Overall statement on business performance

Having recovered noticeably from the effects of the COVID 19 pandemic in the previous year, the Wacker Neuson Group initially got off to a good start in fiscal 2022. Despite the outbreak of the war in Ukraine and the resulting increase in the impact of the economic environment over the course of the year, the Group was able to continue on its growth path. Revenue increased accordingly compared to the previous year by 20.7 percent to EUR 2,252.4 million (2021: EUR 1,866.2 million). In addition to organic growth, the revenue growth was significantly influenced by the price increases that the Company had to pass on to its customers due to the significant rise in procurement prices. The disruptions to the supply chains, which were already clearly noticeable time and again in the previous year, continued to have an impact on business development in 2022 and to an increasing extent. Persistent availability bottlenecks for raw materials and components, as well as continued sharply reduced transport capacities, led to delays in the completion and delivery of products and to increased inventories of work-in-process. In addition, the increasing strength of the US dollar against other currencies had a noticeable impact on revenue performance. Adjusted for exchange rate effects, revenue increased by 17.8 percent. The order backlog reflects the continuing high level of demand and robustness of the business model despite the gloomy economic environment. Thanks to unbroken momentum in order intake, this reached an all-time high at the end of the year.

Revenue in the Europe (EMEA) region increased by 15.7 to EUR 1,709.9 million (2021: EUR 1,477.5 million). In addition to the domestic German market, the main growth drivers were the major European construction equipment markets of the UK and France, which also recorded double-digit growth rates. The success of the innovative dual-view dumper in the UK continues unabated. The Eastern European countries and the majority of the Northern European countries also recorded double-digit growth rates. Southern Europe, on the other hand, showed a mixed picture.

Business with Kramer and Weidemann compact equipment for the agricultural sector continued to develop dynamically. In a positive market environment, revenue increased by 30.9 percent to EUR 456.0 million in 2022 (2021: EUR 348.4 million). In addition to farmers' overall high propensity to invest, market share gains in the three core markets of Germany, the UK and France contributed to growth.

The Americas region performed above average as a result of the dynamic economic development in the USA. Revenue here grew by 39.7 percent to EUR 459.1 million (2021: EUR 328.6 million). Demand in the North American market increased across all sales channels. End-customer demand for new equipment and rental machines was high among Wacker Neuson dealers, independent dealers and key accounts. As part of the diversification of its sales strategy, the Wacker Neuson Group gained additional authorized dealers in North America during the first half of 2022. Once again, business in Canada developed particularly well against the backdrop of a strong housing market.

In Asia-Pacific, revenue rose year on year by 38.8 percent to EUR 83.4 million (2021: EUR 60.1 million). As in the previous year, Australia was the main driver of growth in the region. Here, an expansion of the dealer network, a sharpened focus on independent rental companies, and the adaptation of the product portfolio to local needs contributed to success. As a result, the Group was also able to significantly increase its sales in 2022. Australia also made a significant contribution to the positive earnings development in the region.

In China, the Group continues to face a difficult market environment with high price pressure and a declining construction machinery market. By contrast, business in Southeast Asia and India developed well. The Group is now increasingly selling the machines produced at its Chinese plant in export markets such as Africa and South America.

The Wacker Neuson Group also grew its earnings over the past fiscal year. Earnings before interest and tax (EBIT) rose by 4.6 percent to EUR 201.8 million (2021: EUR 193.0 million). The EBIT margin declined slightly to 9.0 percent (2021: 10.3 percent). Accordingly, earnings growth was also disproportionately low compared to revenue growth. This was mainly due to higher procurement costs. The Company adjusted selling prices on several occasions in the past fiscal year and introduced flexible pricing models. However, the resulting increases in selling prices only partially offset the rise in production costs. In addition, the price protection of older orders from the order backlog reduced profitability.

### Cash flow development characterized by expansion of working capital

Gross cash flow amounted to EUR 276.4 million, significantly lower than in the previous year (2021: EUR 375.2 million). This development was mainly due to two special effects in the previous financial year 2021, which no longer had an impact in 2022: On the one hand, the decrease in non-current financial assets at that time due to the sale of non-current receivables in connection with the divestment of a minority interest in the USA (inflows of EUR 49.1 million). On the other hand, gross cash flow in the previous year benefited from early payment receipts of non-current receivables amounting to EUR 67.9 million.

At the same time, cash flow from operating activities (after investments in net working capital) also decreased by 101.9 percent to EUR -6.4 million (2021: EUR 331.7 million) as a result of increased inventories and higher trade receivables → [Development of net working capital and its components, page 39](#).

Before cash inflows and outflows from financial investments, free cash flow for the current financial year was EUR -128.7 million (2021: EUR 264.1 million). Taking into account these cash inflows and outflows, free cash flow decreased as a result to EUR -0.8 million (2021: EUR 149.1 million).

Against the backdrop of the general economic environment, the Executive Board assesses business performance as good overall.

### Comparison of actual and forecast business performance

In its forecast for fiscal 2022 published on March 29, 2022, the Executive Board assumed revenue of between EUR 1,900 and 2,100 million and an EBIT margin in a range of 9.0 to 10.5 percent. Net working capital as a percentage of revenue was forecast at up to 30 percent. Capital expenditures on property, plant and equipment and intangible assets were expected to amount to around EUR 100 million for the full year.

Following the presentation of preliminary figures for the first half of the year, the Executive Board on July 25 specified its expectations for the EBIT margin at 9.0 to 10.0 percent. The other key forecast figures remained unchanged.

In the financial year 2022, revenue amounted to EUR 2,252.4 million, 7.3 percent above the upper end of the annual forecast. In addition to the good operating business performance, this is mainly attributable to price increases as a result of higher inflation. The EBIT margin developed positively at 9.0 percent, was disproportionately lower due to the aforementioned effects and was at the lower end of the forecast range.

Net working capital as of December 31, 2022 amounted to EUR 718.9 million and was thus significantly higher than in the previous year. The net working capital ratio was 31.9 percent, was above but still close to the forecast range. Against the backdrop of the generally prevailing supply chain problems, the Company opted for increased inventory levels in order to ensure the best possible delivery capability. In addition, the limited availability of production-relevant input products was reflected in increased inventories of work in progress. This resulted in a higher net working capital ratio than planned at the beginning of 2022.

Capital expenditures for property, plant and equipment and intangible assets amounted to EUR 103.8 million were also in line with expectations.<sup>1</sup>

#### Equity further improved

In fiscal 2022, the Wacker Neuson Group's total assets amounted to EUR 2,323.9 million, almost on a par with the previous year (Dec. 31, 2021: EUR 2,320.8 million). As of the reporting date, Group equity amounted to EUR 1,394.5 million (Dec. 31, 2021: EUR 1,286.2 million) and was thus 8.4 percent above the previous year. Consequently, the equity ratio increased to 60.0 percent (Dec. 31, 2021: 55.4 percent). As a result of the increased investment in working capital, the gearing ratio increased and, at 16.8 percent, significantly above the level of the previous year (Dec. 31, 2021: -0.1 percent).

#### Strengthening of concrete technology business through acquisition of Enar Group

The Wacker Neuson Group acquired 100 percent of the shares in Enarco S.A. at the closing on June 1, 2022. Based in Zaragoza, Spain, the Company is the parent company of the Enar Group, which comprises a total of nine affiliates. The Group is a manufacturer of light construction equipment and a specialist in concrete compaction. Its product portfolio includes a wide range of concrete internal vibrators as well as vibratory plates, rammers and hand-operated rollers for soil and asphalt compaction. The transaction is aimed at further strengthening the market position of the Wacker Neuson Group, particularly in the field of concrete technology, and expanding it internationally. Enar is one of the leading companies in this sector and has a strong market presence in Southern Europe and Latin America in particular. The company operates globally and generated revenue of EUR 22 million in 2021. It produces its equipment in Zaragoza, Spain, and employs around 130 people. The purchase price was settled with cash, → [Notes to the Consolidated Financial Statements, Changes in accounting under IFRS.](#)

#### Long-term cooperation with John Deere in the segment Mini and compact excavators

In mid-June, the Company announced a strategic cooperation with John Deere Construction & Forestry Company, a company of the John Deere Group, a leading global manufacturer of machinery for the agricultural, forestry and construction industries. The agreement covers a long-term, exclusive OEM supply contract for mini and compact excavators weighing less than five tons and also includes battery-electric excavators. The excavators will be developed and manufactured at Wacker Neuson's production plants in Menomonee Falls (USA) and Linz (Austria) in line with John Deere's requirements, primarily for the North American market, and distributed under the Deere brand via John Deere's global dealer network. The plan is to gradually complete the product portfolio. Wacker Neuson models in the same product category will continue to be offered under the Wacker Neuson brand via the Company's own sales network. The Wacker Neuson Group Executive Board expects this cooperation to significantly accelerate the Group's profitable growth trajectory in the medium term. However, significant contributions to revenue and earnings are not yet expected over the next three to four years. The Group is planning to invest a low double-digit million euro amount to expand production capacity accordingly.

The cooperation also provides for technical collaboration between John Deere and Wacker Neuson on excavators in the five- to nine-ton weight classes. John Deere has acquired design and technical expertise from Wacker Neuson and continues to develop it in line with its own production requirements and its commitment to innovation. These models will be produced and launched on the market by John Deere itself. Irrespective of this, Wacker Neuson will continue to develop and produce its own excavators in the 5 to 9 ton weight class and market them under its own brand.

#### Investment in Sequello GmbH

Optimal process management and smart construction logistics lead to more productivity in the construction process. The SEQUELLO construction logistics platform digitizes and simplifies processes along the entire value chain that were previously handled in paper form. In the first half of the year, Wacker Neuson joined this joint venture between PORR Equipment Services GmbH and Umdasch Group Ventures GmbH as a third, equal partner with the know-how and expertise of a manufacturer, seller and renter of construction equipment and machinery. The aim is to simplify everyday construction site work for customers and suppliers, to ensure greater efficiency and to create an industry solution with Sequello.

#### Product innovations

The topic of "zero emission" is part of the corporate strategy and firmly anchored in the technology roadmap for the coming years. Wacker Neuson is one of the first manufacturers worldwide to offer a wide range of electrically powered compact equipment and light equipment. The product portfolio includes battery-powered rammers and vibratory plates for soil compaction, an internal vibrator backpack system for concrete compaction, track and wheel dumpers, mini excavators and wheel loaders for construction and agriculture. In the first half of 2022, the existing portfolio was further developed and new solutions were added. In the soil compaction segment, Wacker Neuson had already launched three new forward-running vibratory plates each with electric and conventional drives in the form of the APS and BPS series in 2021. This range was expanded in 2022 to include two more battery-powered plates, as well as their gasoline-powered counterparts, and supplemented by a diesel-powered model.

<sup>1</sup> Investments in property, plant and equipment and intangible assets (investments in the Group's own rental portfolio and shareholdings are not included).

The cloud-based software solution EquipCare Pro, which was launched in the first half of the year, helps Wacker Neuson customers to significantly increase the productivity of their machinery. The software enables customers to manage, schedule and evaluate all machines, equipment and volume items, regardless of manufacturer or brand.

In the first half of the year, the Kramer Group brand expanded its range of telescopic handlers by two models. The telescopic handler portfolio for the construction industry now comprises 12 models ranging from 4.30 meters to 9.50 meters stacking height and from 1.45 to 5.5 tons payload. In addition, the agricultural telescopic handler portfolio has been expanded to include the two new KT144 and KT3610 models and now consists of a total of 13 models.

In May 2022, the Weidemann brand, which specializes in the agricultural and equine sectors, received the IF Design Award in the "Product" category for its 7-meter telescopic handlers. In addition, the new electric Hoftrac 1190e, which was launched in the second half of 2022, received the Equitana Innovation Award in the Vehicles and Trailers

category. The machine was also awarded the French Sommet d'Or innovation prize for agricultural machinery.

#### **New credit lines secure long-term financing and increase financing flexibility**

At the beginning of August, the Company signed agreements with its principal banks on long-term committed credit lines at attractive conditions. This involved increasing the existing credit volume from EUR 150 million to EUR 300 million. The credit agreements give the Wacker Neuson Group greater financing flexibility thanks to variable draw-down options and ensure financial stability in a volatile market environment.

Alongside current promissory bills, the new agreement is a key financing component. In the first half of 2022, the Wacker Neuson Group repaid a EUR 125 million promissory note due and made an early partial repayment of a USD 40 million promissory note.

	<b>Guidance February 9, 2022</b>	<b>Guidance concretization July 25, 2022</b>	<b>2022 actual</b>
Revenue	€ 1,900 to 2,100 million	unchanged	€ 2,252.4 million
EBIT margin	9.0 to 10.5	9.0 to 10.0%	9.0 %
Net working capital in % of revenue	up to 30%	unchanged	31.9 %
Investments <sup>1</sup>	around € 100 million	unchanged	€ 103.8 million



## Profit, financials and assets

The presentation of the results of operations, financial position and net assets, including the holding company Wacker Neuson SE, comprises a total of 53 consolidated Group companies (2021: 46) plus one company accounted for using the at-equity method (2021: 0).

### Profit

- Further double-digit revenue growth with slightly lower profitability
- Ongoing supply chain issues continue to have a dampening effect

### Continued dynamic growth despite difficult political and economic environment<sup>1</sup>

After business development at the Wacker Neuson Group recovered noticeably from the effects of the COVID 19 pandemic in 2021, the Ukraine war and its manifold political and economic repercussions presented the Company with new challenges in 2022. Nevertheless, the Company reported positive business development in 2022, benefiting from continued strong demand in the construction and agricultural sectors. While revenue was consistently buoyant in the first quarter, with growth of 20.2 percent, higher procurement costs could only be passed on to the market through higher selling prices with a time lag. In the second quarter, growth slowed slightly to 11.5 percent. At the same time, material bottlenecks and increased inventory levels to generally ensure supply capability led to an increase in working capital and a corresponding reduction in free cash flow. The environment also had a dampening effect on profitability, which ultimately led to the annual forecast being concretized in this respect. In the third quarter, revenue growth increased to 23.2 percent. Net working capital continued to rise in connection with the increasing momentum of revenue development, which once again gained considerable intensity, particularly towards the end of the third quarter. At the same time, there was still no improvement in the supply chain problem and thus no reduction in the level of work in progress. At 28.3 percent, revenue growth in the fourth quarter was again at a high level.

Revenue for the full year 2022 amounted to EUR 2,252.4 million. Compared to the previous year, this corresponds to growth of 20.7 percent (2021: EUR 1,866.2 million). Adjusted for foreign exchange, revenue increased by 17.8 percent. Once again, business with customers in the agricultural sector developed particularly well. From an already high level in the previous year, revenue in this area again increased significantly by 30.9 percent to EUR 456.0 million in 2022 (2021: EUR 348.4 million).

### Profitability slightly weakened due to higher procurement costs

Against the backdrop of higher material costs, mainly due to increased raw material, energy and logistics costs, which could only be passed on to customers in part and with a time lag via price increases, the Wacker Neuson Group was unable to match the previous year's profitability level in fiscal 2022. Although earnings before interest and taxes (EBIT) rose by 4.6 percent to EUR 201.8 million (2021: EUR 193.0 million). EBIT margin decreased to 9.0 percent (2021: 10.3 percent). The main reason for this was the increase in input costs. In the previous year, adjustments to valuation allowances in connection with risk provisions for possible bad debts also had a significant positive effect on earnings. This resulted in a special effect on EBIT of EUR +13.5 million in 2021, which no longer had an impact in 2022.

<sup>1</sup> All figures for the individuals quarters are unaudited.

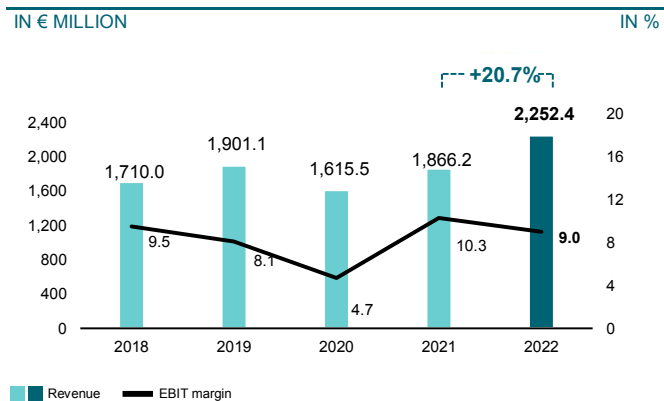
### Development of cost of sales

The cost of sales increased by 24.3 percent to EUR 1,718.1 million in 2022 (2021: EUR 1,382.7 million). Gross profit amounted to EUR 534.3 million (2021: EUR 483.5 million). Accordingly, the gross profit margin was 23.7 percent, below the prior-year level of 25.9 percent.

The increase in the cost of sales was also largely due to the further significant rise in sales and the associated increase in production and logistics expenses. In addition, however, there was also an increase

in the cost of materials for the precursors used in production. This increase was due on the one hand to significantly higher raw material prices. On the other hand, massive increases in energy prices increased the costs of precursor products and logistics. The sharp rise in inflation and higher interest rates also contributed to further cost increases. In addition, repeated material bottlenecks led to an increase in inventories of work-in-process and the increased need for rework in production, which placed an additional burden on productivity at the plants.

### REVENUE AND EBIT MARGIN DEVELOPMENT 2018 - 2022



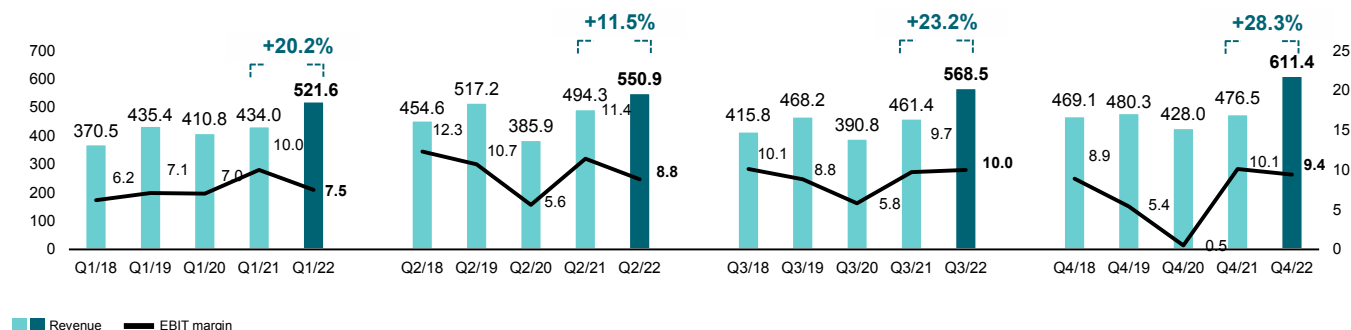
In fiscal year 2019, there was a change in presentation in connection with income from customer financing. Interest income was reclassified from the financial result and other operating income to the revenue line item. Figures for 2018 have been adjusted accordingly.

- Following double-digit growth rates in both fiscal 2018 and 2019, Wacker Neuson Group revenue declined significantly in 2020 in connection with the impact of the Corona crisis, but recovered quickly and sustainably in 2021 and 2022.
- Against the backdrop of increased input costs and the need for rework due to ongoing material bottlenecks, the EBIT margin of 9.0 percent, slightly lower than in the previous year.

## QUARTERLY COMPARISON: REVENUE AND EBIT MARGIN 2018 - 2022 (QUARTERLY FIGURES UNAUDITED)

IN € MILLION

AS A %



In fiscal year 2019, there was a change in presentation in connection with income from customer financing. Interest income was reclassified from the financial result and other operating income to the revenue line item. Figures for 2018 have been adjusted accordingly.

### Development of operating costs

While the cost of sales is mainly directly related to the sales volume generated, the operating costs for selling, research and development, and administration are generally less variable in nature. However, due to special effects, these were significantly lower in fiscal 2021 than in fiscal 2022, mainly as a result of significantly lower selling expenses, which in fiscal 2020 were significantly impacted by valuation allowances in the amount of EUR 33.3 million in connection with risk provisions for possible bad debts, which in turn led to an offsetting positive effect of EUR +13.5 million from allowances for bad debts in the 2021 financial year (→ [Annual Report 2021, page 89](#)). Accordingly, selling expenses in 2022 increased by 23.5 percent and amounted to EUR 221.6 million (2021: EUR 179.4 million). The share of selling expenses in revenue increased slightly to 9.8 percent (2021: 9.6 percent).

At EUR 50.1 million, research and development expenses were above the previous year's level (2021: EUR 45.5 million). Increased personnel costs in connection with the strategically planned increase in the number of employees in the area of research and development in order to safeguard innovative strength had a negative impact on R&D costs, but were largely offset by lower write-downs on research and development projects. In the previous year, write-downs on individual development projects amounting to EUR 3.0 million were included in research and development costs. Capitalized expenses amounted in total to EUR 28.5 million (2021: EUR 29.3 million). In relation to revenue, the research and development ratio - including capitalized R&D expenses - amounted to 3.5 percent below the previous year (2021: 4.0 percent). New products, product enhancements and innovations are described in more detail in the section → [Other factors that impacted on results, page 55 et seq.](#)

General and administrative expenses increased due to higher costs for personnel, consultancy and buildings by 8.8 percent to EUR 80.5 million (2021: EUR 74.0 million). Against the backdrop of the significant increase in revenue, however, the administrative expense ratio decreased further to 3.6 percent (2021: 3.9 percent). Capitalized expenses for IT amounted to EUR 2.4 million in 2022 (2021: EUR 3.6 million). The useful life of intangible assets relating to IT capitalization is six years.

### Other operating income and expenses

Other operating income included income from the sale of intangible assets. In the reporting period 2022, they amounted to EUR 24.1 million, significantly higher than in the previous year (2021: EUR 12.6 million). Other operating expenses amounted to EUR 4.4 million above the previous year (2021: EUR 4.2 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 322.0 million, compared to EUR 313.6 million in the previous year. The EBITDA margin amounted to 14.3 percent (2021: 16.8 percent).

With a total of EUR 120.2 million, depreciation and amortization in 2022 was slightly lower than in the prior-year period (2021: EUR 120.6 million). Depreciation and amortization of property, plant and equipment and intangible assets amounted to EUR 72.2 million (2021: EUR 77.4 million). Depreciation and amortization of the Group's own rental portfolio amounted to EUR 48.0 million above the previous year's level (2021: EUR 43.2 million).

### Development of EBIT, financial result and profit for the period

Earnings before interest and taxes (EBIT) increased in the reporting period by 4.6 percent to EUR 201.8 million (2021: EUR 193.0 million). Due to the proportionately much stronger increase in revenue, the EBIT margin decreased to 9.0 percent (2021: 10.3 percent). The main reason for this was the increase in input costs.

The financial result in 2022 was EUR -9.5 million lower than in the previous year (2021: EUR -5.6 million). In the previous year, negative currency effects in connection with intercompany liabilities had a significant impact on this item. At EUR -9.6 million, net interest expense included in the financial result was almost on a par with the previous year (2021: EUR -9.7 million). → [Notes to the Consolidated Financial Statements, Note 5](#)

Earnings before taxes (EBT) amounted to EUR 192.3 million by 2.6 percent above the level of the previous year (2021: EUR 187.4 million). Tax expense amounted to EUR 49.7 million (2021: EUR 49.5 million), bringing the Group tax rate to 25.8 percent (2021: 26.4 percent).

In fiscal 2022, the Wacker Neuson Group generated net profit of EUR 142.6 million (2021: EUR 137.9 million). Earnings per share (diluted and basic) amounted to EUR 2.10 (2021: EUR 1.99). The calculation of basic earnings per share is based on the weighted average number of shares outstanding during the period. Shares repurchased during the period are only considered to be outstanding on a pro rata basis until their repurchase and are weighted accordingly. In fiscal year 2022, earnings per share were calculated using a weighted average number of shares outstanding of 68,015,345 (2021: 69,154,959 shares).

### Financial position

- Financing structure secured for the long term by new credit lines
- Free cash flow impacted by higher working capital requirements

### Principles and objectives of financial management

Financial management at the Wacker Neuson Group covers the planning, management and control of all measures relating to the procurement (financing) and utilization (investment) of funds. The main focus is on securing and maintaining liquidity in the form of sufficient credit lines or financial resources. The aim of financial management is also to optimize the risk/return position of the Company, i.e. profitability, while weighing up investment or financing risks. The Group manages its financing on the basis of defined balance sheet ratios and balance sheet ratios. Important indicators here are net financial debt and the equity ratio. → [Consolidated Financial Statements](#), [Financial Glossary](#).

Current operations are to be financed from operating cash flow. Surplus funds are invested safely and close to liquidity and accordingly earn interest at standard market conditions. To minimize risk, the Wacker Neuson Group uses standard derivative financial instruments such as forward exchange contracts and FX swaps to hedge against exchange rate, interest rate and commodity price risks. Such trading transactions are concluded centrally and are always related to the underlying transaction.

As part of the risk management strategy and measures, various derivatives are used to economically hedge risks.

Derivative financial instruments that are not included in an effective hedging relationship (hedge accounting) are exclusively currency swaps used to hedge the currency risk arising from loans granted between Group companies. In addition, the Group uses forward exchange contracts to hedge planned intercompany purchases of goods. These are formally designated as a hedge with the related hedged item of a hedging relationship when the forward exchange contract is entered into.

The hedge accounting requirements of IFRS 9 are met in these cases. At the inception of the designated hedge relationship, the Group documents its risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, and whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other. The Group also assesses hedge effectiveness at inception of the hedge and on an ongoing basis thereafter. The forward exchange contracts used by the Group as part of its risk management strategy are accounted for as cash flow hedges.

### Development of refinancing conditions

The Wacker Neuson Group benefits from its credit rating confirmed by banks. Wacker Neuson SE's eligibility for central bank funding was again confirmed by the German Bundesbank in 2022. One of the Company's objectives is to obtain direct and broadly diversified refinancing on the market, irrespective of external influences.

### Provision of funds in line with requirements is the main objective of liquidity management

The main aim of liquidity management is to ensure that funds are available within the Wacker Neuson Group on schedule. To this end, the Group maintains cash pools involving all major Group companies. From these cash pools, Wacker Neuson SE provides all participants with the required financial resources at individually fixed and market-based conditions. Deposits and withdrawals by participants are subject to interest in line with market conditions for the respective currency and company. In addition to these loans of a highly short-term nature, Group companies are provided with intercompany loans.

#### SIGNIFICANT FINANCING INSTRUMENTS AS OF DECEMBER 31, 2022

	Amount in million €/USD	Maturity	Interest rate in %
Promissory note loan 2018 in USD million (1st tranche)	52.5	2023	3.96
Promissory note loan 2018 in USD million (2nd tranche)	7.5	2025	4.24
Promissory note loan 2019 in € million (1st tranche)	70.0	2024	0.65
Promissory note loan 2019 in € million (2nd installment)	80.0	2026	0.99
Promissory note loan 2020 in € million	50.0	2023	1.20
Other current liabilities to banks in € million	2.0	n/a	variable

### Temporary increase in working capital requirements impacts cash flow development over the course of the year

Gross cash flow, i.e. cash flow from operating activities before investments in net working capital, amounted to EUR 276.4 million, significantly below the level of the previous year (2021: EUR 375.2 million). This was mainly due to two special effects that had a positive impact on gross cash flow in fiscal 2021 and no longer had an effect in 2022: firstly, the decrease in non-current financial assets at that time due to the sale of non-current receivables in connection with the divestment of a minority interest in the USA (inflows of EUR 49.1 million). On the other hand, gross cash flow in the previous year benefited from early payment receipts of non-current receivables amounting to EUR 67.9 million. Further information on the ABS program can be found in the notes to the consolidated financial statements → [.Note 29.](#)

After investments in net working capital, cash flow from operating activities decreased in the reporting period to EUR -6.4 million, which was significantly below the level of the previous year (2021: EUR 331,7 million). The main reasons for this are an increase in inventories - both of production-related pre-products and of work-in-process machinery - and higher trade accounts receivable.

Cash flow from investing activities in 2022 amounted to EUR 5.6 million euros (2021: EUR -182.6 million). The prior-year figure includes net investments in fixed-term deposits with a term of between three and twelve months totaling EUR 115.0 million, which were made to optimize the cash position. In the opposite direction, fiscal year 2022 includes inflows from fixed-term deposits totaling EUR 130.0 million. Excluding the effects from fixed-term deposits, the investment cash flow would have been EUR -124.4 million (2021: EUR -82.6 million). In addition, cash flow from investing activities includes the investments in the acquisition of the Enar Group in the first half of the year. In the previous year 2021, the item included the proceeds from the sale of a minority interest in the USA as an offsetting effect. Furthermore, in addition to replacement investments, investments were also made in the second half of 2022 in expansions to the Group's European production network.

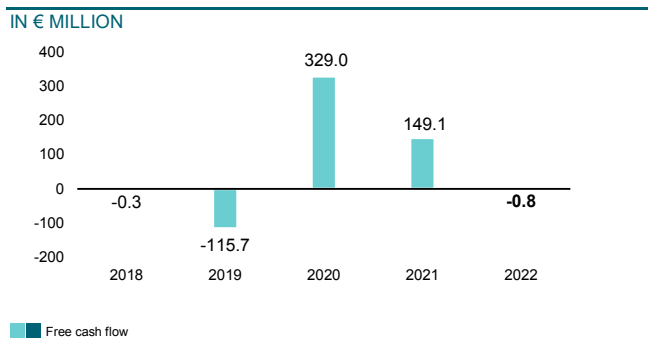
In total, 2022 investments were made in the total amount of EUR 103.8 million, an increase of 26.3 percent compared with the previous year. 26.3 percent (2021: EUR 82.2 million). EUR 71.3 million was spent on property, plant and equipment (2021: EUR 46.0 million). Capital expenditure on intangible assets amounted to EUR 32.5 million due to lower capitalization of IT and development projects (2021: EUR 36.2 million).

Investments in the Group's own rental portfolio in 2022 amounted to EUR 92.9 million (2021: EUR 113.7 million). In the reporting period,

there was a change in the presentation of the balance sheet item "Rental stock". The presentation in cash flow remains unchanged.

Free cash flow, i.e. cash flow from operating activities less cash flow from investing activities, amounted to EUR -0.8 million (2021: EUR 149.1 million). Without the inflows from the aforementioned fixed-term deposit of EUR 130.0 million, free cash flow would have amounted to EUR -130.8 million.

#### FREE CASH FLOW 2018-2022<sup>1,2</sup>



<sup>1</sup> For further information on the cash flow statement, please refer to Note 32 to the consolidated financial statements.

<sup>2</sup> Before taking into account fixed-term deposits of EUR 15.0 million in fiscal 2020, EUR 115.0 million in fiscal 2021 and returns from fixed-term deposits of EUR 130.0 million in fiscal 2022.

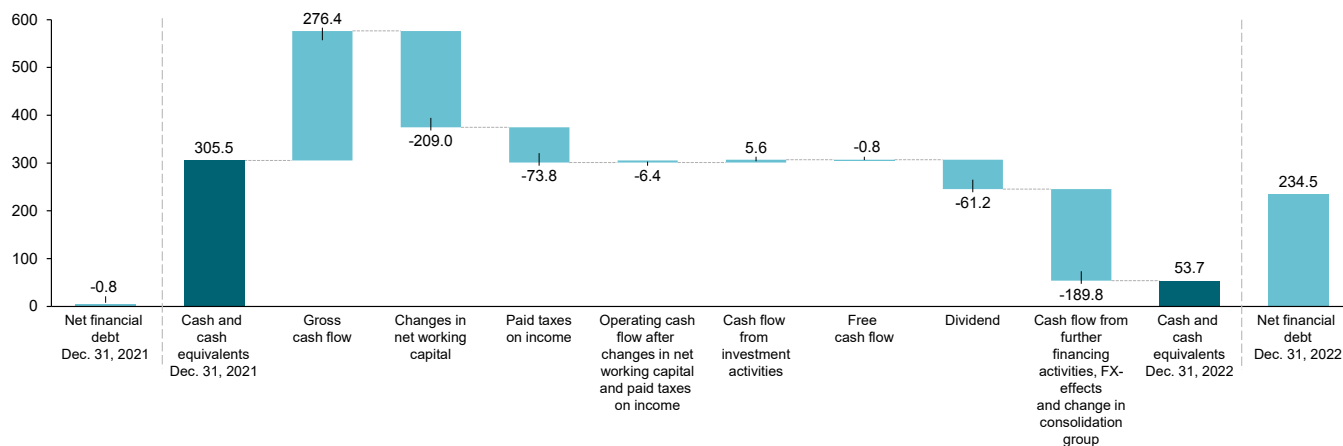
**CASH FLOW DEVELOPMENT**

IN € MILLION

	2022	2021	2020	2019	2018
<b>Cash flow from operating activities</b>	<b>-6.4</b>	<b>331.7</b>	<b>420.0</b>	<b>-20.9</b>	<b>-15.5</b>
Investments in property, plant and equipment	-71.3	-46.0	-48.0	-50.5	-37.3
Investments in intangible assets	-32.5	-36.2	-38.9	-38.7	-36.0
Investments in company acquisition	-1.4	-0.6	-0.6	-9.3	-
Proceeds from the sale of investments	2.2	8.6	-	-	-
Cash inflows from financial investments	130.0	-	-	-	-
Cash outflows due to financial investments	-	-115.0	-15.0	-	-
Proceeds from sale of property, plant and equipment, intangible assets and non-current assets held for sale	0.8	6.6	9.5	3.7	28.5
Proceeds from the sale of a real estate company	-	-	-	-	60.0
Proceeds from disposals from the scope of consolidation	-	-	2.0	-	-
<b>Cash flow from investing activities</b>	<b>5.6</b>	<b>-182.6</b>	<b>-91.0</b>	<b>-94.8</b>	<b>15.2</b>
<b>Free cash flow</b>	<b>-0.8</b>	<b>149.1</b>	<b>329.0</b>	<b>-115.7</b>	<b>-0.3</b>

## LIQUIDITY SITUATION

IN € MILLION



In 2022, the Company paid a dividend of EUR 0.90 per dividend-bearing share for the financial year 2021. The total dividend payout thus amounted to EUR 61.2 million. Compared to the previous year, this represents a 50 percent increase in the dividend payout. Against the backdrop of increased net working capital requirements, net financial debt increased compared to 2021.

Cash flow from financing activities amounted to EUR -250.8 million (2021: EUR -128.9 million) and was largely characterized by the repayment of the promissory note loans described above (→ [Development of liabilities, page 35](#)) and the dividend payment of EUR -61.2 million (2021: EUR -41.7 million). The Annual General Meeting followed the proposal of the Executive Board and the Supervisory Board to pay a dividend of EUR 0.90 per dividend-bearing share for the past financial year. Further information can be found in the notes to the consolidated financial statements → [Note 32](#).

## Liquidity situation

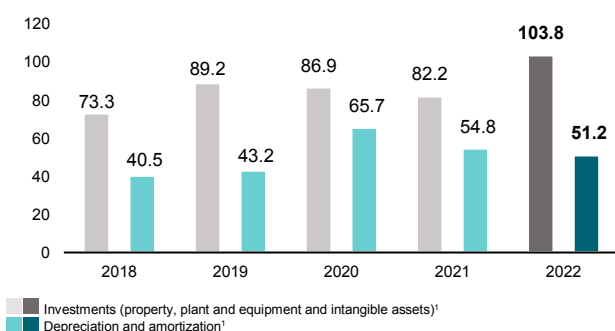
With the ability to generate cash inflows from operating activities as well as the undrawn credit lines, the Company believes it has sufficient flexibility to meet its capital requirements.

The Wacker Neuson Group was able to cover its liquidity requirements in 2022 with existing cash reserves. In addition, credit lines provided by the Group's principal bankers were available to secure liquidity. A detailed presentation of the terms and conditions of the credit lines can be found in the Notes to the Consolidated Financial Statements → [Note 21](#).

As a result of the cash flow, which was significantly impacted by the increase in net working capital, the Group's net financial position was negative at the end of the reporting period (see also → [Assets, page 41](#)). At December 31, 2022, free cash and cash equivalents amounted to EUR 53.7 million (Dec. 31, 2021: EUR 305.5 million). These funds are held by Wacker Neuson SE and affiliates that cannot participate in the existing cash pooling structures for legal reasons. The Wacker Neuson Group continues to strive to optimize this within the scope of legal options.

CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AND DEPRECIATION AND AMORTIZATION 2018-2022<sup>1</sup>

IN € MILLION



- In 2022, capital expenditure on property, plant and equipment and intangible assets amounted to EUR 103.8 million were in line with expectations. Against the backdrop of the general supply chain problems, securing customer deliveries continued to be prioritized and individual investment projects were postponed.
- Investments in property, plant and equipment amounted to EUR 71.3 million; EUR 32.5 million related to intangible assets.

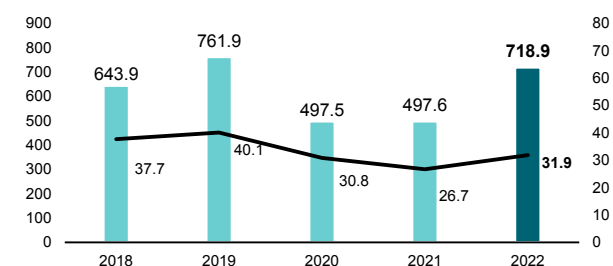
<sup>1</sup> Excluding effects from IFRS 16. The figures relate to property, plant and equipment and intangible assets. Assets. The Group's own rental portfolio and investments in affiliated companies are not included.



## NET WORKING CAPITAL 2018-2022

IN € MILLION

IN %

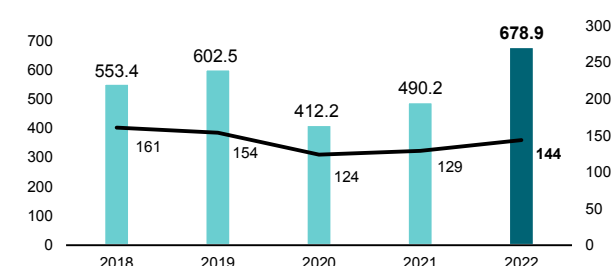


■ Net working capital at December 31  
 ■ Net working capital as a % of revenue at December 31

## INVENTORIES AND DAYS INVENTORY OUTSTANDING 2018-2022

IN € MILLION

IN DAYS



■ Inventory at December 31  
 ■ Days inventory outstanding (= 365 \* inventory at December 31 / cost of sales)

Against the backdrop of intensifying supply chain problems, net working capital increased significantly compared with the previous year. The ratio to revenue rose accordingly to 31.9 percent and was thus slightly above the strategic target range of less than or equal to 30 percent (2021: 26.7 percent).

## Supply chain situation impacts net working capital ratio

As a steering element, 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 and part of the Group forecast. After the previous year's ratio of 26.7 percent, it rose significantly over the course of the fiscal year to reach a level of 31.9 percent. In absolute terms, net working capital amounted to EUR 718.9 million, an increase of 44.5 percent higher than in the previous year (December 31, 2021: EUR 497.6 million). The individual components of net working capital developed as follows:

Inventories of machinery, raw materials and supplies increased in the past financial year by 38.5 percent to EUR 678.9 million (December 31, 2021: EUR 490.2 million). Inventories of finished machines increased only slightly. However, inventories of work in progress increased significantly as a consequence of the further deterioration in the supply chain situation as a result of the Ukraine war. Inventories of raw materials and components were significantly increased in the prior year to secure supply capability and remained at a high level in 2022. Accordingly, inventories at the balance sheet date amounted to 144 days (June 30, 2021: 129 days).<sup>1</sup>

In the second half of 2022, the Company began implementing measures to reduce inventory levels. On the one hand, the inventory of raw materials and components was again slightly reduced. On the other hand, the finishing processes for the completion of unfinished machines were further optimized. Compared with the reporting date of June 30, 2022, a reduction in inventories and net working capital has already been achieved in this way.

As a result of the strong revenue growth in the past financial year, trade accounts receivable rose by 26.6 percent to EUR 301.3 million (December 31, 2021: EUR 237.9 million). The range of receivables was 49 days, slightly above the previous year (December 31, 2021: 47 days).<sup>2</sup>

Against the backdrop of the increased production volume, trade accounts payable were higher at 261.3 million higher than the comparative figures for the previous year (December 31, 2021: EUR 230.5 million). Thereby, the range increased from 56 days at the end of the previous year to 61 days.<sup>3</sup>

## DEVELOPMENT OF NET WORKING CAPITAL AND ITS COMPONENTS

IN € MILLION

	2022	2021	2020	2019	2018
Inventories as of the reporting date Dec. 31	678.9	490.2	412.2	602.5	553.4
Stock range in days	144	129	124	154	161
Trade accounts receivable as of Dec. 31	301.3	237.9	222.4	309.3	303.3
Days sales outstanding	49	47	50	59	65
Trade accounts payable as of Dec. 31	261.3	230.5	137.1	149.9	212.8
Payables range in days	56	61	41	38	62
Net working capital as of Dec. 31	718.9	497.6	497.5	761.9	643.9
Net working capital in relation to revenue in %.	31.9	26.7	30.8	40.1	37.7

<sup>1</sup> Note on calculation: Inventories as of 12/31 / cost of sales \* 365 days.

<sup>2</sup> Note on calculation: Trade accounts payable as of Dec. 31 / cost of sales \* 365 days.

<sup>3</sup> Note on calculation: Trade receivables as of Dec. 31 / sales \* 365 days.

### Return on capital employed

In the financial year 2022, the capital employed by the Company continued to increase and amounted to EUR 1,783.0 million (December 31, 2021: EUR 1,449.8 million). Return on capital employed before tax (ROCE I) was 11.3 percent, compared with 13.3 percent in the previous year, due to the slight decline in earnings.

Return on capital employed after taxes (ROCE II) was also down on the previous year at 8.4 percent (2021: 9.8 percent). The ROCE figures relate to capital employed as of December 31.

### CALCULATION OF ROCE I AND II (RETURN ON CAPITAL EMPLOYED)

IN € MILLION

	2022	2021	2020	2019	2018
<b>EBIT</b>	<b>201.8</b>	<b>193.0</b>	<b>75.5</b>	<b>153.1</b>	<b>162.3</b>
<b>NOPLAT = EBIT - (EBIT x Group tax rate)</b>	<b>144.6</b>	<b>142.0</b>	<b>19.8</b>	<b>98.5</b>	<b>115.6</b>
<b>Non-current assets</b>	<b>1,182.7</b>	<b>1,079.1</b>	<b>971.2</b>	<b>1,023.9</b>	<b>838.1</b>
Non-current financial assets	-13.5	-19.0	-109.7	-144.7	-91.5
Non-current contractual liabilities <sup>1</sup>	-10.2	-6.8	-5.0	-3.9	-
Deferred tax liabilities	-61.6	-49.8	-43.9	-36.8	-34.6
<b>Operating fixed assets</b>	<b>1,097.9</b>	<b>1,003.5</b>	<b>812.6</b>	<b>838.5</b>	<b>712.0</b>
<b>Current assets</b>	<b>1,141.2</b>	<b>1,241.7</b>	<b>1,155.6</b>	<b>1,172.7</b>	<b>1,076.1</b>
Other current financial assets	-41.3	-158.4	-45.5	-23.6	-16.2
Cash and cash equivalents	-53.7	-305.5	-283.1	-46.3	-43.8
Trade accounts payable	-261.3	-230.5	-137.1	-149.9	-212.8
Current provisions	-20.9	-20.5	-19.0	-17.6	-15.7
Income tax liabilities	-12.0	-22.8	-32.8	-19.0	-29.2
Other current non-financial liabilities	-59.2	-52.2	-48.9	-50.1	-47.3
Current contract liabilities	-7.2	-5.5	-5.1	-5.5	-6.9
<b>Net working capital in the broader sense</b>	<b>685.6</b>	<b>446.3</b>	<b>584.1</b>	<b>860.7</b>	<b>704.2</b>
<b>Capital employed</b>	<b>1,783.0</b>	<b>1,449.8</b>	<b>1,396.7</b>	<b>1,699.2</b>	<b>1,416.2</b>
Average capital employed	1,616.4	1,423.3	1,548.0	1,557.7	1,359.4
<b>Derivation via liabilities</b>					
Equity	1,394.5	1,286.2	1,218.1	1,225.0	1,221.4
Non-current financial liabilities	169.5	295.1	411.6	372.4	214.7
Non-current lease liabilities	54.6	50.4	57.1	66.9	2.6
Accrued pension and similar obligations	37.6	54.6	64.8	61.8	52.3
Non-current provisions	8.7	10.0	9.8	7.9	5.9
Current liabilities to banks	117.9	138.7	9.2	112.4	33.8
Current portion of non-current financial liabilities	0.8	0.9	0.2	0.5	-
Current lease liabilities	22.6	22.2	25.7	25.2	1.4
Other current financial liabilities	85.3	74.6	38.5	41.7	35.6
Non-current financial assets	-13.5	-19.0	-109.7	-144.7	-91.5
Cash and cash equivalents	-53.7	-305.5	-283.1	-46.3	-43.8
Other current financial assets	-41.3	-158.4	-45.5	-23.6	-16.2
<b>Capital employed</b>	<b>1,783.0</b>	<b>1,449.8</b>	<b>1,396.7</b>	<b>1,699.2</b>	<b>1,416.2</b>
Capital employed in relation to revenue	79.2%	77.7%	86.5%	89.4%	82.8%
Average capital employed in relation to revenue	71.8%	76.3%	95.8%	81.9%	79.5%
<b>ROCE I</b>	<b>11.3%</b>	<b>13.3%</b>	<b>5.4%</b>	<b>9.0%</b>	<b>11.5%</b>
(EBIT/Capital Employed)					
<b>ROCE I</b>	<b>12.5%</b>	<b>13.6%</b>	<b>4.9%</b>	<b>9.8%</b>	<b>11.9%</b>
(EBIT/average capital employed)					
<b>ROCE II</b>	<b>8.4%</b>	<b>9.8%</b>	<b>1.4%</b>	<b>5.8%</b>	<b>8.2%</b>
(NOPLAT/Capital Employed)					
<b>ROCE II</b>	<b>9.3%</b>	<b>10.0%</b>	<b>1.3%</b>	<b>6.3%</b>	<b>8.5%</b>
(NOPLAT/average capital employed)					

<sup>1</sup> Reported as a separate line item in the statement of financial position beginning in 2020; 2019 has been retroactively restated.

## Assets

- Equity further increased in difficult environment
- Financial strength of the Group ensured

The Wacker Neuson Group maintained a solid balance sheet position in fiscal 2022. Despite cash flow being burdened by general supply chain issues and as a result of increased working capital requirements, the Company's equity base continued to improve.

### Non-current assets

Total non-current assets as of the reporting date amounted to EUR 1,182.7 million and was therefore higher than the comparative figure for the previous year (December 31, 2021: EUR 1,079.1 million). The main reason for the increase was the expansion of property, plant and equipment to EUR 452.8 million (December 31, 2021: EUR 393.9 million) and other intangible assets to 211.0 (December 31, 2021: EUR 188.6 million) in connection with the acquisition of the Enar Group (for details, see Notes → [Changes in accounting under IFRS](#)). In addition, the increase in property, plant and equipment resulted from new construction measures at the Serbian site, where production facilities including an administration building are being built. This was offset by an increase in non-current financial assets of EUR 13.5 million (December 31, 2021: EUR 19.0 million).

Goodwill increased only slightly to EUR 232.5 million (December 31, 2021: EUR 228.6 million). The main reason for the slight change is the acquisition of the Enar Group (for details, see Notes → [Changes in accounting under IFRS](#)).

### Current assets

Current assets in the financial year 2022 showed a decrease to EUR 1,141.2 million (December 31, 2021: EUR 1,241.7 million). The main reason for the decrease since the beginning of the year was cash outflows in connection with the repayment of promissory note loans. In February 2022, a euro promissory note loan in the amount of EUR

125.0 million was repaid as scheduled, and in March 2022, USD 40 million of the USD promissory note loan was repaid early. Cash and cash equivalents decreased accordingly compared with the previous year from EUR 305.5 million to EUR 53.7 million. This was offset by inventories of EUR 678.9 million (December 31, 2021: EUR 490.2 million) and trade accounts receivable at EUR 301.3 million (December 31, 2021: EUR 237.9 million).

### Non-current liabilities

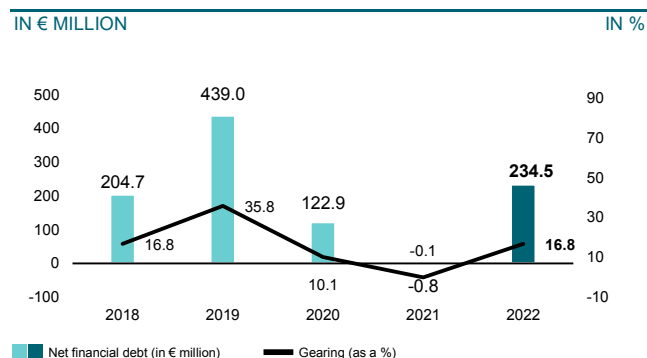
Total non-current liabilities as of the balance sheet date amounted to EUR 342.2 million, and was therefore significantly lower than in the previous year (December 31, 2021: EUR 466.7 million). This was due to the early partial repayment of the USD promissory note loan in the amount of USD 40 million outlined in the previous paragraph and the reclassification of the remaining USD 52.5 million from non-current to current financial liabilities due to the maturity date of March 2023.

Deferred tax liabilities at the end of the year amounted to EUR 61.6 million (December 31, 2021: EUR 49.8 million). The increase is mainly due to deferred taxes on intangible assets in connection with development costs.

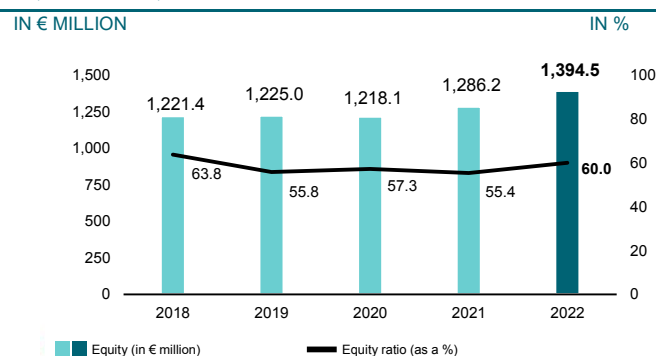
Non-current lease liabilities increased to EUR 54.6 million as of the balance sheet date (December 31, 2021: EUR 50.4 million). The increase is mainly due to the extension options taken out on leases.

Provisions for pensions and similar obligations at the reporting date amounted to EUR 37.6 million (December 31, 2021: EUR 54.6 million). Further information on pension provisions can be found in the Notes to the Consolidated Financial Statements → [Note 19](#).

## NET FINANCIAL DEBT AND GEARING 2018 - 2022



## EQUITY AND EQUITY RATIO 2018 - 2022



The acquisition of the Enar Group and the repayment of promissory note loans led to a decrease in financial assets in the Group in 2022. At the same time, however, equity and the Company's overall financial strength were strengthened.

**Current liabilities**

Current liabilities at the end of the financial year amounted to EUR 587.2 million, almost at the level of the previous year (December 31, 2021: EUR 567.9 million). By contrast, trade payables recorded an increase to EUR 261.3 million, mainly in connection with the expansion of production volumes (December 31, 2021: EUR 230.5 million).

Income tax liabilities amounted to EUR 12.0 million (December 31, 2021: EUR 22.8 million). The previous year's figure was higher because prepayments were deferred due to tax relief in light of the pandemic situation.

Current leasing liabilities were at EUR 22.6 million (December 31, 2021: EUR 22.2 million).

Other current financial liabilities in the reporting period of EUR 85.3 million increased mainly in connection with the increased volume of receivables transferred to an asset-backed securities (ABS) program under which the Group acts as servicer (December 31, 2021: EUR 74.6 million).

**Net financial debt increased, but equity strengthened**

The need to expand inventories and thus working capital due to the environment was reflected in a significant increase in net financial debt<sup>1</sup> in 2022 in the amount of EUR 234.5 million (December 31, 2021: EUR -0.8 million). The gearing ratio<sup>2</sup> amounted to 16.8 percent (December 31, 2021: 0.1 percent).

The continuing good liquidity and financial position will enable the Group to continue to make important growth investments in the future and to actively shape technological change in the industry.

At the end of the year, total assets amounted to EUR 2,323.9 million, almost at the level of the previous year (December 31, 2021: EUR 2,320.8 million).

Group equity increased to EUR 1,394.5 million (December 31, 2021: EUR 1,286.2 million), with the equity ratio improving to 60.0 percent (December 31, 2021: 55.4 percent), also as a result of the increase in total assets. As part of the share buy-back program 2021, shares acquired in the amount of EUR 53 million were deducted from equity.

As in the previous year, the subscribed capital (share capital) of the Company amounted to EUR 70.1 million.

**Financing structure**

For details on the financing structure and corresponding conditions, please refer to the explanations on "Non-current and current financial liabilities" in the notes to the consolidated financial statements → [Note 21](#).

**Unrecognized assets and off-balance-sheet financing instruments**

In addition to the assets recognized in the consolidated statement of financial position, the Group also uses assets that cannot be recognized in the statement of financial position to a minor extent. These are mainly leased assets that are not capitalized in the lessee's balance sheet due to the short-term nature of the lease or the low valuation in accordance with IFRS 16. Under factoring programs and the

above-mentioned ABS program, certain receivables are derecognized in full in accordance with IFRS 9 and recognized only at the amount of the continuing involvement.

**Accounting judgements**

Information on the use of estimates, assumptions and judgments - particularly in connection with the measurement of property, plant and equipment, intangible assets, goodwill, research and development expenses and investments - receivables, pension obligations, provisions and contingent liabilities, as well as information on tax expense, can be found in the notes to the consolidated financial statements at → [Accounting and valuation methods](#).

<sup>1</sup> Net financial debt = non-current and current financial liabilities + current portion of non-current liabilities - cash and cash equivalents - fixed-term deposits with maturity < 1 year. The definition of net financial debt for the Wacker Neuson Group does not include lease liabilities in accordance with IFRS 16.

<sup>2</sup> Gearing = net financial debt/equity.

**NET FINANCIAL DEBT**

IN € MILLION

	2022	2021	2020	2019	2018
Non-current financial liabilities	169.5	295.1	411.6	372.4	214.7
Current liabilities to banks	117.9	138.7	9.2	112.4	33.8
Current portion of non-current liabilities	0.8	0.9	0.2	0.5	-
Cash and cash equivalents	53.7	305.5	283.1	46.3	43.8
Time deposits with a term < 1 year	-	130.0	15.0	-	-
<b>Net financial debt</b>	<b>234.5</b>	<b>-0.8</b>	<b>122.9</b>	<b>439.0</b>	<b>204.7</b>
Gearing	16.8%	-0.1%	10.1%	35,8%	16.8%

**Overall statement on the economic situation**

While business development at the Wacker Neuson Group in 2021 was still characterized by a noticeable recovery from the effects of the COVID 19 pandemic, in 2022 it was mainly the Ukraine war and its many political and economic repercussions that presented the Company with new challenges. Nevertheless, the Company benefited from continued strong demand in the construction and agricultural sectors and can thus look back on a successful fiscal year overall. For example, both revenue and order intake reached new record levels. At the same time, however, persistent supply bottlenecks for raw materials and components as well as reduced logistics capacities continued to cause delays in the completion and delivery of products and weighed on earnings performance.

Group revenue increased by EUR 2,252.4 million by 20.7 percent compared to the previous year (2021: EUR 1,866.2 million). Earnings also grew significantly, albeit at a lower rate than Group revenue. The EBIT margin was correspondingly 9.0 percent, slightly lower than in the previous year (2021: 10.3 percent).

Following the noticeable recovery in business performance from the effects of the COVID 19 pandemic, the dividend payment for fiscal 2021 was significantly higher than in the previous year. At EUR 0.90 per no-par value share entitled to dividend, the total dividend payout in 2022 was EUR 61.2 million (2021: EUR 0.60 and EUR 41.7 million, respectively).

Against the background of increased net working capital requirements and the resulting significant decline in free cash flow, the net financial position also declined. Accordingly, gearing increased significantly to 16.8 percent (December 31, 2021: -0.1 percent). In view of the secured liquidity, the Company was able to meet its financial obligations without restriction also in 2022. The equity ratio improved to 60.0 percent (December 31, 2021: 55.4 percent).

As part of its dividend policy, Wacker Neuson SE focuses on attractive shareholder remuneration with the aim of ensuring that shareholders receive a continuous and appropriate share of Group profits. The earnings situation and securing adequate capital resources for the Wacker Neuson Group are key factors in this regard.

Wacker Neuson SE's dividend policy envisages a payout per share of between 40 and 60 percent of Wacker Neuson Group earnings per share. This dividend policy reflects the current objectives of the Executive Board and Supervisory Board and may be adjusted in the future. In addition, the payment of dividends each year is subject to corresponding dividend proposals by the Executive Board and the Supervisory Board, although each of these bodies may deviate from this dividend policy in the circumstances prevailing at the time. The Annual General Meeting decides on the dividend.

## 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 principles of the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG). The Management Report for fiscal 2022 is combined with the Group Management Report.

The Annual Financial Statements reflect the results of the business development of Wacker Neuson SE in fiscal 2022, taking into account that the company is a management and holding company with Group service functions, in particular Marketing,

Human Resources, Information Technology, Finance Services, operational real estate management and indirect purchasing.

The purpose of Wacker Neuson SE is to hold and manage investments in companies that are directly or indirectly active in the development, manufacture and sale of machines, equipment, tools and processes, particularly for the construction and agricultural industries, as well as in the provision of all associated services.

As the holding company, Wacker Neuson SE is responsible for strategic Group management. In addition to the Group Executive Board, it is responsible for the following central, Group-wide departments: Group Controlling, Group Accounting, Group Treasury, Legal (including property rights management), Group Internal Audit, Compliance, Real Estate Management, Strategy, Mergers & Acquisitions, Investor Relations, Sustainability, Corporate Communications, Group IT, Group Marketing, Process Consulting, Sales Development and Controlling, Sales Financing, Group Taxes and Group Human Resources. In fiscal 2022, the company had an average of 203 employees (2021: 205).

In its function as a management and functional holding company, the company also provides paid administrative, financial, commercial and technical services for the investees and charges them on an arm's length basis. Some of these services are also reciprocal service agreements.

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code as amended at the balance sheet date. The income statement has been prepared using the cost of sales method.

Revenue in 2022 amounted to EUR 47.4 million (2021: EUR 50.2 million). Revenue comprises the provision of services by Wacker Neuson SE to its affiliates. The services taken over mainly comprised IT services of EUR 23.3 million (2021: EUR 22.3 million), management services of EUR 13.5 million (2021: EUR 16.3 million), services relating to marketing of EUR 1.9 million (2021: EUR 4.5 million), and services relating to the sale of products. (2021: EUR 4.5 million), expenses for the Wacker Neuson Training Center of EUR 0.0 million (2021: EUR 0.5 million) and other sales and administrative services of EUR 7.0 million (2021: EUR 4.0 million).

In addition, rental income of EUR 1.7 million (2021: EUR 1.7 million) from the leasing of premises at the Munich location to the resident subsidiaries and from an external tenant is included.

Broken down by region, revenues comprise revenue in Europe of EUR 42.0 million (2021: EUR 45.4 million), in the Americas of EUR 4.6 million (2021: EUR 4.0 million), and in Asia-Pacific of EUR 0.8 million (2021: EUR 0.8 million).

Cost of sales amounted to EUR 44.6 million (2021: EUR 47.3 million) and gross profit reached EUR 2.8 million (2021: EUR 2.9 million).

### INCOME STATEMENT FOR WACKER NEUSON SE (CONDENSED VERSION)

IN € MILLION		
	2022	2021
Revenue	47.4	50,2
Cost of sales	-44.6	-47,3
<b>Gross profit</b>	<b>2.8</b>	<b>2,9</b>
General and administrative expenses	-42.0	-30,8
Other income	33.9	43,0
Other expenses	-10.9	-5,8
Income from participating investments	94.0	28,9
Income from profit transfer agreements	59.7	57,5
<b>EBIT</b>	<b>137.5</b>	<b>95,7</b>
Interest and similar income	9.9	9,1
Write-ups on financial assets	21.7	7,0
Write-downs on financial assets	-5.7	-6,8
Interest and similar expenses	-4.2	-6,8
Taxes on income and earnings	-23.7	-12,9
<b>Profit after tax</b>	<b>135.5</b>	<b>85,3</b>
Other taxes	-0.1	-0,1
<b>Net profit/loss</b>	<b>135.4</b>	<b>85,2</b>
Profit/loss carried forward	186.6	162,6
<b>Retained earnings</b>	<b>322.0</b>	<b>247,8</b>

General and administrative expenses amounted to EUR 42.0 million in fiscal 2022 (2021: EUR 30.8 million). The increase in 2022 is mainly due to pension expenses of EUR 9.8 million for active and former members of the Executive Board (2021: EUR 0.3 million). In the area of provisions for pensions and similar obligations, the increase is mainly due to the higher pension trend in connection with the inflation trend.

Other operating income amounted to EUR 33.9 million (2021: EUR 43.0 million). This mainly includes income from allocations of IT and marketing services provided by subsidiaries amounting to EUR 13.9 million (2021: EUR 10.1 million), currency translation gains of EUR 18.7 million (2021: EUR 9.9 million), and income from write-ups of impaired receivables amounting to EUR 0.0 million (2021: EUR 21.3 million). In the previous year, reversals of impairment losses on receivables from affiliated companies had already been made due to the sustained positive corporate developments in the past.

Other operating expenses amounted to EUR 10.9 million in the financial year (2021: EUR 5.8 million). This figure mainly includes currency losses of EUR 10.5 million (2021: EUR 5.6 million) in connection with non-current and intra-Group loans and receivables from affiliated companies.

Wacker Neuson SE is dependent on the development and profit distribution of its affiliates. In 2022, Wacker Neuson SE received dividends from affiliates amounting to EUR 94.0 million (2021: EUR 28.9 million) from the Group.

Dividends from affiliates to the holding company were suspended in the previous year against the backdrop of the unforeseeable consequences of the COVID 19 pandemic in order to strengthen their financial performance and resilience.

Income from investments (sum of dividends and income from profit transfer) amounted to EUR 153.8 million (2021: EUR 86.4 million). Income from profit transfer is attributable to profit transfer agreements concluded with subsidiaries.

Write-ups on financial assets increased to EUR 21.7 million in the current financial year (2021: EUR 7.6 million). Due to ongoing positive business developments in the past and future earnings prospects, impairment losses were reversed on various shares in affiliated companies in 2022.

Wacker Neuson SE generated earnings before interest and tax (EBIT) of EUR 137.5 million (2021: EUR 95.7 million). Due to the aforementioned effects on dividend income and write-ups on financial assets, earnings after tax were positive at EUR 135.5 million (2021: EUR 85.3 million). As a result, net income for the reporting period amounted to EUR 135.4 million (2021: EUR 85.2 million).

#### Assets and financials

Group software licenses, primarily for the ERP (Enterprise Resource Planning) system and the operating systems and office applications used throughout the Group, are capitalized at Wacker Neuson SE and made available to various Group companies at a charge. In terms of intangible assets, Wacker Neuson SE reported EUR 7.3 million for licenses and similar rights as of December 31, 2022 (2021: EUR 9.0 million). The decrease is mainly due to a significantly lower investment volume compared to the previous year.

The land owned by Wacker Neuson SE relates to the Group headquarters site in Munich-Milbertshofen. As of December 31, 2022, Wacker Neuson SE reported property, plant and equipment totaling EUR 25.5 million (2021: EUR 26.6 million).

Financial assets comprise shares in affiliated companies amounting to EUR 656.7 million (2021: EUR 611.5 million), loans to affiliated companies amounting to EUR 20.2 million (2021: EUR 75.9 million) and investments amounting to EUR 3.8 million (2021: EUR 3.0 million).

On June 01, 2022, the Group acquired 100% of the shares and voting rights in Enarco S.A. The company, based in Zaragoza, Spain, is the parent company of the Enar Group, which comprises nine subsidiaries. The consideration to be transferred comprises exclusively cash and amounts provisionally to EUR 25.6 million. Of this, an amount of EUR 22.2 million has already been paid and an amount of EUR 3.4 million has initially been retained as collateral and recognized as other non-current liability.

The other change in shares in affiliated companies results on the one hand from capital increases of EUR 7.8 million (2021: EUR 18.6 million), disposals of shares of EUR 4.1 million (2021: EUR 2.4 million) and impairment losses pursuant to Section 253 (3) Sentence 4 of the German Commercial Code (HGB) of EUR 5.7 million (2021: EUR 6.8 million) and write-ups of EUR 21.7 million (2021: EUR 2.9 million).

The reduction in loans is mainly due to the repayment of a loan with a nominal volume of USD 60.0 million by the US affiliate Wacker Neuson America Corporation.

As of the reporting date, Wacker Neuson SE's total fixed assets amounted to EUR 713.5 million (2021: EUR 726.0 million).

#### BALANCE SHEET OF WACKER NEUSON SE (CONDENSED VERSION)

IN € MILLION

	31.12.2022	31.12.2021
Intangible assets	7.3	9.0
of which: licenses for industrial property rights and similar	6.9	8.7
of which: payments on account/assets	0.4	0.3
Property, plant and equipment	25.5	26.6
of which: land, land titles and buildings on third-party land	24.1	25.2
of which: office and other equipment	1.4	1.4
Financial assets	680.7	690.4
of which: shareholdings in affiliated companies	656.7	611.5
of which: loans to affiliated companies	20.2	75.9
of which: investments	3.8	3.0
<b>Assets</b>	<b>713.5</b>	<b>726.0</b>
Trade receivables	-	-
Receivables from affiliated companies	514.0	365.2
Other assets	20.2	6.3
Liquid funds	22.2	391.9
<b>Current assets</b>	<b>556.4</b>	<b>763.4</b>
<b>Deferred items</b>	<b>2.2</b>	<b>2.5</b>
Deferred tax assets	16.4	14.5
<b>Balance sheet total (assets)</b>	<b>1,288.5</b>	<b>1,506.4</b>
<b>Equity</b>	<b>1,005.9</b>	<b>931.7</b>
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	322.0	247.8
<b>Special tax-free reserves</b>	-	-
<b>Other provisions</b>	<b>51.7</b>	<b>38.0</b>
<b>Liabilities</b>	<b>230.9</b>	<b>536.7</b>
of which: borrowings from banks	204.3	326.6
of which: trade payables	2.9	2.5
of which: payables to affiliated companies	18.1	197.0
of which: payables to companies in which an equity investment is held	0.3	0.9
of which: other liabilities	5.3	9.7
<b>Prepaid expenses</b>	-	-
Deferred tax liabilities	-	-
<b>Balance sheet total (liabilities)</b>	<b>1,288.5</b>	<b>1,506.4</b>

Trade accounts receivable from domestic and foreign customers or sales partners are also almost entirely attributable to the operating Group companies. Receivables from affiliated companies increased to EUR 514.0 million (2021: EUR 365.2 million), mainly as a result of short-term loans from subsidiaries. The increased financing requirements of Group affiliates were mainly due to the rise in operating business compared with the previous year.

At Wacker Neuson SE, this mainly relates to receivables resulting from shareholder status, in particular short-term loans and receivables in the cash pool. Wacker Neuson SE's cash and cash equivalents amounted to EUR 22.2 million as of December 31, 2022 (2021: EUR 391.9 million).

Total current assets amounted to EUR 556.4 million as of the reporting date (2021: EUR 763.4 million). Total assets amounted to EUR 1,288.5 million (2021: EUR 1,506.4 million).

## DIVIDEND DEVELOPMENT

	2022	2021	2020	2019	2018
Shares entitled to dividend in millions	68.02	68.02	70.14	70.14	70.14
Dividend per share in € <sup>1</sup> (in parentheses: special dividend) <sup>2</sup>	1.00	0.90	0.60	-	0.60 (0.50)
Total disbursement in € million	68.0	61.2	41.7	-	77.2
Payout ratio in % (based on earnings per share of the previous year)	47.6	45.2	300.0	-	53.4

<sup>1</sup> The Executive Board and Supervisory Board will propose a dividend of 1.00 euros per share for fiscal 2022 to the Annual General Meeting on May 26, 2023.

<sup>2</sup> For fiscal 2018, in addition to a dividend of EUR 0.60 per share, a special dividend of EUR 0.50 per share was distributed in connection with the proceeds from the sale of one of the Group's real estate companies.

As in the previous year (2021: EUR 14.5 million), the deferred tax assets of EUR 16.4 million as of December 31, 2022 consist mainly of temporary differences in the carrying amounts of investments in partnerships and pension provisions, while the deferred tax liabilities mainly result from the recognition of reserves in accordance with Section 6b of the German Income Tax Act (EStG). The surplus of deferred tax assets is subject to a distribution ban in accordance with Section 268 (8) HGB.

As of December 31, 2022, the company reported equity of EUR 1,005.9 million (2021: EUR 931.7 million). Wacker Neuson SE's share capital remained unchanged at EUR 70.14 million. There are 70,140,000 registered shares with a notional value of EUR 1.00 per share.

Provisions amounted to EUR 51.7 million (2021: EUR 38.0 million). The difference compared with the previous year resulted mainly from increased tax provisions of EUR 3.6 million (2021: EUR 0.0 million) and the effect of increased provisions for pensions and similar obligations of EUR 23.7 million (2021: EUR 15.1 million). The development of the tax provision is mainly due to the risks from previous years. In the area of provisions for pensions and similar obligations, the increase is mainly due to the increase in the pension trend in connection with the inflation trend.

Due to cash pools and other financing agreements concluded with Group companies, Wacker Neuson SE has significant external financial liabilities. These are managed by the Corporate Treasury department, which is responsible for centralized liquidity procurement and management within the Group. Liabilities to banks fell to EUR 204.3 million (2021: EUR 326.6 million). This was due to the repayment of a debt loan in the amount of EUR 125.0 million (2021: EUR 0.0 million).



Wacker Neuson SE's liabilities to affiliated companies include trade payables and current liabilities from the cash pool. As of the reporting date, liabilities to affiliated companies amounted to EUR 18.1 million (2021: EUR 197.0 million). The reduction resulted mainly from liabilities from cash pooling, as some subsidiaries reduced the credit balance from the previous year due to the increased net working capital in the current fiscal year.

Other liabilities amounted to EUR 5.3 million (2021: 9.7 million). The reduction is mainly due to the payment of the trade tax advance notice for 2021 amounting to EUR 8.3 million (2022: EUR 0.0 million) in the current fiscal year. The counter-effect in 2022 is the security in the amount of EUR 3.4 million (2021: EUR 0.0 million) in connection with the acquisition of Enarco S.A. in Spain.

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

#### **Dividend policy and proposal**

Wacker Neuson SE is committed to attractive shareholder remuneration with the aim of ensuring that shareholders continuously and appropriately participate in Group profits. The earnings situation and securing adequate capital resources for the Wacker Neuson Group provide the framework for this.

Wacker Neuson SE's dividend policy envisages a payout per share of between 40 and 60 percent of Wacker Neuson Group earnings per share.

This dividend policy reflects the current objectives of the Executive Board and Supervisory Board and may be adjusted in the future. In addition, the payment of dividends each year is subject to corresponding dividend proposals by the Executive Board and the Supervisory Board, although each of these bodies may deviate from this dividend policy in the circumstances prevailing at the time. The Annual General Meeting decides on the dividend.

The Executive Board and Supervisory Board will propose a dividend of EUR 1.00 per share for fiscal year 2022 at the upcoming Annual General Meeting on May 26, 2023.

**Complete Annual Financial Statements of Wacker Neuson SE**

The complete Annual Financial Statements of Wacker Neuson SE, which have been issued with an unqualified audit opinion by the auditors Mazars GmbH & Co KG Wirtschaftsprüfungsgesellschaft, Munich, are published in the electronic Federal Gazette. They are also available on the Internet at → [www.wackerneusongroup.com](http://www.wackerneusongroup.com) under Investor Relations.

**Wacker Neuson SE forecast**

Wacker Neuson SE's dividend policy envisages a payout per share of between 40 and 60 percent of Wacker Neuson Group earnings per share. This dividend policy reflects the current objectives of the Executive and Supervisory Boards and may be adjusted in the future.

**Declaration of the Executive Board pursuant to § 312 AktG**

The report of the Executive Board on relations with affiliated companies is concluded by the following statement:

"Our company received appropriate consideration for each legal transaction carried out with affiliated companies. The Company was not disadvantaged by the legal transactions. There were no reportable measures in the fiscal year. This assessment is based on the circumstances known to us at the time of the reportable transactions."

**The Executive Board**

## Segment reporting – Development in the regions

- Double-digit revenue growth in all regions
- Americas region further expands importance in the Group as a whole
- Demand for compact equipment for agriculture continues unabated

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 presents developments in the Europe (EMEA)<sup>1</sup>, Americas and Asia-Pacific regions. The Company is managed on the basis of these geographical segments.

### Development in the Europe region (EMEA)

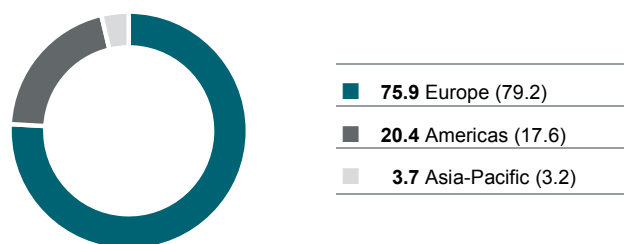
#### European markets develop positively despite crisis environment

Following the noticeable upturn in key European markets in the aftermath of the first year of the COVID 19 pandemic, the European markets important to the Wacker Neuson Group once again developed positively in 2022. This was despite the general economic uncertainties triggered by the Ukraine conflict.

Revenues in the Europe (EMEA) region<sup>1</sup> increased to EUR 1,709.9 million, representing an increase of 15.7 percent (2021: EUR 1,477.5 million). This means that revenues were once again at a record level. After adjusting for foreign exchange, the increase was 15.6 percent. The region's share of total revenues decreased once again and, due to the disproportionately high revenue growth in the other reporting regions, above all the Americas, amounted to 75.9 percent (2021: 79.2 percent).

### 2022 REVENUE DISTRIBUTION BY REGION

AS A % (PREVIOUS YEAR)



In addition to the home market of Germany, key revenue drivers included the major construction equipment markets of France and the UK. The latter again saw high demand for the innovative dual-view dumper. However, the Eastern European countries and most of the Northern European countries also recorded double-digit growth. The markets in Southern Europe did not perform quite as strongly on average, but still showed a pleasing overall trend, having grown at a significantly disproportionate rate in the previous year in the wake of the first waves of the pandemic.

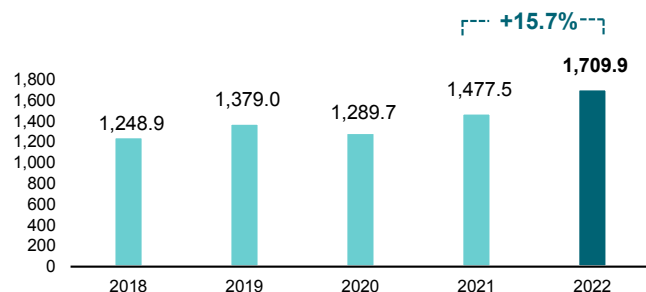
Business with compact equipment for agriculture under the Kramer and Weidemann brands remained dynamic. After the products of the two manufacturers were already in high demand in the previous year, revenues increased again by 30.9 percent to EUR 456.0 million (2021: EUR 348.4 million).

Operating profit (EBIT) in the region before consolidation amounted to EUR 188.6 million and were 7.2 percent above the previous year (2021: EUR 175.9 million).

In total, the main investments in the Europe (EMEA) region amounted to EUR 78.4 million. The main investments are shown in the table "Major investments in fiscal year 2022" on page 49.

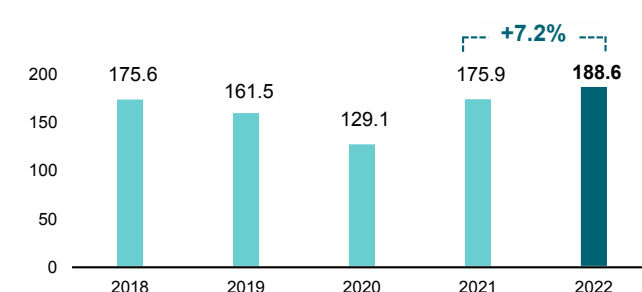
### REVENUE DEVELOPMENT IN THE EUROPE REGION (EMEA)<sup>1</sup>

IN € MILLION



### EBIT DEVELOPMENT IN THE EUROPE REGION (EMEA)<sup>1,2,3</sup>

IN € MILLION



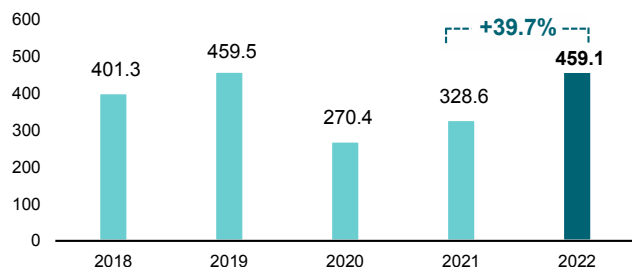
<sup>1</sup> Including Turkey, Russia, Africa, Middle East.

<sup>2</sup> Before consolidation.

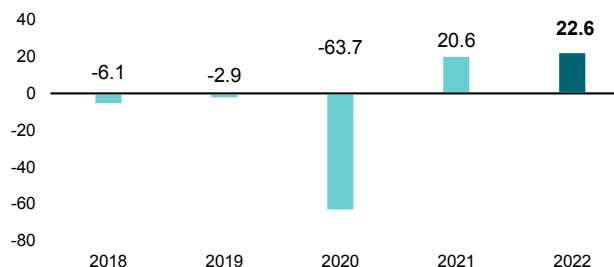
<sup>3</sup> As of the 2019 financial year, there was a change in presentation in connection with income from customer financing. Interest income was reclassified from the financial result and other operating income to the revenue line item. Figures for 2018 have been adjusted accordingly.

## REVENUE DEVELOPMENT IN THE AMERICAS REGION

IN € MILLION

EBIT DEVELOPMENT IN THE AMERICAS REGION<sup>1,2</sup>

IN € MILLION

<sup>1</sup> Before consolidation.<sup>2</sup> As of the 2019 financial year, there was a change in presentation in connection with income from customer financing. Interest income was reclassified from the financial result and other operating income to the revenue line item. Figures for 2018 have been adjusted accordingly.

## Development in the Americas region

## Americas region again expands share of total revenue

Revenues in the Americas region increased particularly significantly in the past fiscal year 2022 by 39.7 percent to EUR 459.1 million (2021: EUR 328.6 million) and thus almost returned to its pre-COVID 19 pandemic level of around EUR 460 million. As a result, the share of total revenue increased again and amounted to 20.4 percent (2021: 17.6 percent). Adjusted for foreign exchange, revenue growth amounted to 25.5 percent.

In the region, the individual markets of the USA and Canada are regularly of importance for the Company in terms of revenue. Demand in the North American market developed positively across all sales channels. End customer demand for new machines and rental equipment was high, both among Wacker Neuson dealers and independent dealers and key accounts. As part of the diversification of its sales strategy, Wacker Neuson 2022 was able to attract additional authorized dealers in North America. Once again, business in Canada developed particularly well against the backdrop of a strong residential market.

Wacker Neuson offers its dealers in the US and Canada flexible financing programs to enable them to continue expanding their dealer network. Since fiscal 2020, the Group has been using accounts receivable securitization programs to manage liquidity and improve working

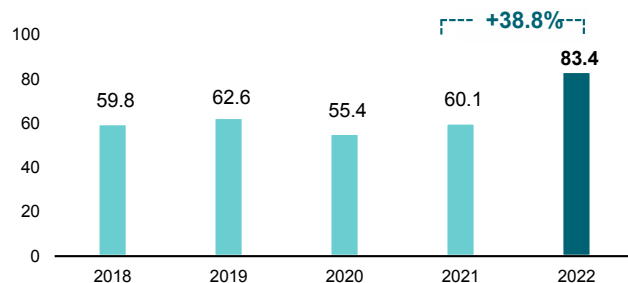
capital. For this purpose, an asset-backed securities (ABS) program is available for the revolving sale of trade receivables with a financing volume of EUR 200 million (2021: EUR 150 million). As of December 31, 2022, trade receivables with a carrying amount of EUR 116.5 million (2021: EUR 86.2 million) had been sold under the ABS program after deduction of the retained default risks. The maximum credit risk as of the reporting date amounts to EUR 20.8 million (2021: EUR 15.2 million). In this way, the Group is strengthening its competitiveness in financial services in the important North American growth market, particularly in the compact equipment segment.

Even after an improvement in the pandemic situation, the Latin American market remains more difficult overall, not least due to political uncertainties. The Mexican business operated via the Group's own subsidiary continued to develop solidly in 2022. Against the backdrop of a continued focus on core markets, the Group had transferred its sales activities in Brazil, Chile and Peru to external local partners in fiscal 2020. In 2021, this resulted in a positive net effect from allowances for doubtful accounts of EUR +15.5 million. There was no such special effect in the past fiscal year 2022.

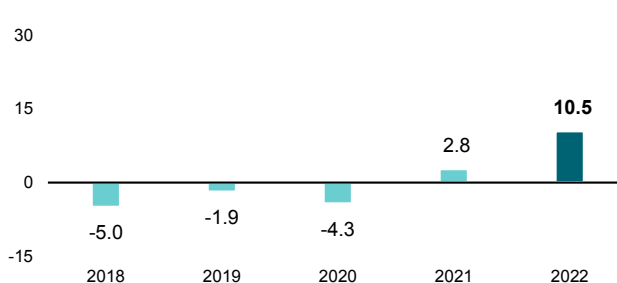
In total, the main investments in the Americas region amounted to EUR 3.3 million. The main investments are shown in the table "Major investments in fiscal year 2022" on page 49.

**REVENUE DEVELOPMENT IN THE ASIA-PACIFIC REGION**

IN € MILLION

<sup>1</sup> Before consolidation.<sup>2</sup> As of the 2019 financial year, there was a change in presentation in connection with income from customer financing. Interest income was reclassified from the financial result and other operating income to the revenue line item. Figures for 2018 have been adjusted accordingly.**EBIT DEVELOPMENT IN THE ASIA-PACIFIC REGION<sup>1,2</sup>**

IN € MILLION

**Development in the Asia-Pacific region****Australia remains the region's revenue driver**

In 2022, the Asia-Pacific region contributed EUR 83.4 million to Group revenues in 2022 and thus 38.8 percent more than in the previous year (2021: EUR 60.1 million). Adjusted for foreign exchange, the increase compared to the previous year still amounted to 32.3 percent. Overall, the region accounted for 3.7 percent of total revenue (2021: 3.2 percent).

As in the previous year, growth in the region was mainly driven by business development in Australia. Here, the dealer network was expanded, the focus on independent rental companies sharpened, and the product portfolio adapted to local needs. As a result, the Group was again able to significantly increase its revenues in the past fiscal

year. Australia also made a significant contribution to the positive earnings performance in the region.

In China, the Group continues to face a difficult market environment with high price pressure and a declining construction machinery market. By contrast, business in Southeast Asia and India developed well. The Group is now increasingly selling the machines produced at its Chinese plant in export markets such as Africa and South America.

EBIT in the Asia-Pacific reporting region grew significantly to EUR 10.5 million (2021: EUR 2.8 million). In the previous year, inventory write-downs of EUR +0.9 million were recognized.

No significant investments were made in the Asia-Pacific region in the reporting period.

**MAJOR INVESTMENTS IN FISCAL YEAR 2022**

	Europe (EMEA)	Americas	Asia Pacific (APAC)
Land	1.8	-	-
Building	39.1	-	-
Tools	4.3	1.5	-
Office equipment and other devices	7.6	-	-
Capitalized development projects	25.5	1.8	-
<b>Total</b>	<b>78.4</b>	<b>3.3</b>	-

## Segment reporting - development of business areas

- Unchanged high demand despite generally difficult environment
- Double-digit revenue growth in both product-side business units

In addition to the geographical segmentation used for management purposes, consolidated revenue is also broken down into the light equipment, compact equipment and services business segments.

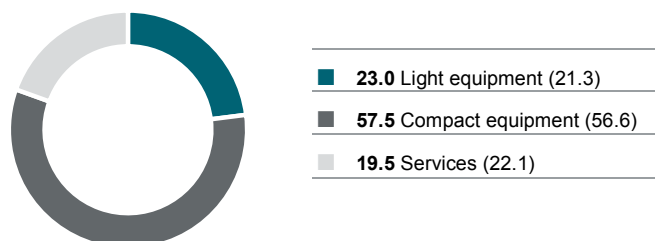
### Light equipment

The light equipment business segment covers the Wacker Neuson Group's activities in the concrete, compaction and construction site equipment business fields. The Group's production is demand-driven with typically short delivery times. However, as a result of general supply chain issues, delivery times for the Wacker Neuson Group have also increased significantly and are now up to one year. Light equipment is manufactured in Germany, the US, China and, since 2022, Spain.

In Asia and other emerging markets such as Latin America and Africa, the Group sells a range of light equipment tailored to local needs (Value Line). Since mid-2018, these machines have mainly been produced at the Pinghu plant in China.

#### DISTRIBUTION OF REVENUE BY BUSINESS AREA IN 2022<sup>1</sup>

AS A % (PREVIOUS YEAR)



<sup>1</sup> Consolidated revenue before cash discounts, differences due to rounding.

Revenue in the light equipment segment in 2022 increased by 30.5 percent to EUR 520.9 million (2021: EUR 399.1 million)<sup>1</sup>. Adjusted for foreign exchange, growth amounted to 23.9 percent. The business unit's share of total revenue<sup>1</sup> increased to 23.0 percent (2021: 21.3 percent). The business unit's revenues include revenue from the Enar Group acquired in fiscal 2022 for the period from June to December amounting to EUR 13.2 million.

In the area of compaction technology, revenue increased significantly, particularly with rammers and rollers. There was also strong growth in the construction equipment sector with pumps, generators and light towers, driven mainly by growth in the North American market.

Demand for the products in the zero emission portfolio continued to develop positively. As of the end of 2022, this portfolio comprised more than 15 product solutions, including rammers, compaction plates and the ACBe battery-powered internal vibrator, which can be carried as a backpack. Even though zero emission's share of total revenue is currently still in the single digits, zero emission light equipment is already achieving double-digit revenue shares in individual product groups. In particular, as in the previous year, the share of zero emission rammers and plates in comparable product categories was clearly in the double digits in 2022, with demand rising continuously. Revenue growth was in the double-digit percentage range compared to the previous year. The supply chain issues, particularly with regard to battery components, also made themselves felt in this area.

### Compact equipment

The compact equipment business area includes machines for the construction, agricultural, gardening and landscaping, municipal, recycling and manufacturing sectors. It offers excavators, wheel loaders, telescopic wheel loaders, skid steer loaders, telehandlers, wheel and track dumpers, and backhoe loaders weighing up to 15 tons. In addition, there are special attachments and accessories. Most of the machines are produced in Germany and Austria, skid steer loaders in the USA. Since the beginning of 2018, excavators have also been manufactured in China in addition to Austria. In the compact equipment business, financing programs for customers remain a key success factor. The Wacker Neuson Group is becoming increasingly international in its approach and works with strong, independent financing partners.

Continued high demand in the construction and agricultural sectors ensured further strong revenue growth in the compact equipment business of 22.7 percent to EUR 1,304.6 million (2021: EUR 1,063.0 million). The business unit's share of total revenue<sup>1</sup> increased in the reporting period to 57.5 percent (2021: 56.6 percent).

In the construction industry, the Group recorded growth across all major product groups. Worthy of particular mention is the strong growth in wheel loaders and the continuing success of the innovative dual-view dumper, which generated further growth in the reporting period, especially in the UK.

In the zero emission portfolio, a total of 19 compact equipment models were offered in fiscal 2022, 17 for construction and 2 for agriculture. The share of revenue accounted for by all-electric machines in the product categories in which there is both an electric and a combustion engine version was once again in the double-digit range with an upward trend. Revenue growth was also once again well into double digits, and in some product groups even into the upper double digits.

Business with Kramer and Weidemann compact equipment for the agricultural sector was particularly dynamic in the past fiscal year. In a market environment that remained positive, revenue rose by 30.9 percent to EUR 456.0 million (2021: EUR 348.4 million). In addition to the overall high propensity of farmers to invest, market share gains in the three core markets of Germany, the United Kingdom and France contributed to the growth. The share of total revenue accounted for by the agricultural machinery business<sup>1</sup> rose to 20.2 percent (2021: 18.6 percent).

Agriculture is a target market for compact equipment that is becoming increasingly important for the Wacker Neuson Group. Increasingly global competition for agricultural produce requires farmers to invest

<sup>1</sup> Before cash discounts.

with a view to boosting the efficiency of their operations. The Weidemann Group brand already has an established and dense dealer network - particularly in Central Europe. In addition, Weidemann is to be established as a strong brand for the agricultural industry in Canada. Weidemann was also able to expand its dealer structure in the past fiscal year. Similarly, Kramer's agricultural sales network continues to expand. In 2017, Kramer entered into a cooperation agreement with the US-based John Deere Group for the sale of telescopic handlers and wheel loaders for the agricultural industry. Since the start of the cooperation, annual sales volumes have increased consistently, even in 2020, which was heavily impacted by the COVID 19 pandemic, with Kramer increasing its market shares for both wheel loaders and telescopic handlers. In the Central European markets as well as in Southern Europe, the UK and Scandinavia, Kramer has been able to win numerous dealers in recent years. In addition, the first dealers have been acquired in Eastern Europe. Due to the positive response to the Strategic Alliance in Europe, the cooperation has been extended to other regions of the world. (for more information, see [→ Strategic co-operations, page 26](#)).

## Services

Customer-focused service with individual and intensive support is highly relevant to the Wacker Neuson Group. In addition to selling new equipment, the Group offers comprehensive services for its products. These include the business fields of repair, service and spare parts, used equipment, financing, telematics solutions, e-business and, in some European markets, flexible rental solutions. In addition, the Services business area also includes the sale of machines from third-party suppliers to a limited extent, including for example the resale of trade-ins.

Demand for rental equipment developed particularly dynamically in 2022, with sales from the Group's own rental portfolio being reduced in order to ensure machine availability in the rental fleet. In addition, the service business with services such as maintenance and repair, as well as the high-margin spare parts business, showed accelerated growth in the reporting period. In order to further optimize global spare parts availability and offer its customers even better service, the Group is currently having a new logistics center with a total of 55,000 square meters of warehouse space built near Koblenz, Germany, which in the future will serve as a central European location for future-proof spare parts supply. Construction will be completed in 2023, with move-in and full commissioning planned for 2024. A total of around 130 jobs are to be created at the CO2-neutral facility.

Revenue<sup>1</sup> of services increased by 6.4 percent to EUR 441.6 million (2021: EUR 415.2 million). After adjusting for foreign exchange, revenue increased by 3.3 percent. Due to the strong performance of the light and compact equipment segments, the share of services in total revenue<sup>1</sup> decreased to 19.5 percent (2021: 22.1 percent).

The growth in the spare parts business resulted, among other things, from the optimization of spare parts availability for customers. To this end, the centralization of spare parts and the implementation of a global inventory management system had already taken place in 2020. In addition, the ePartner ordering platform is being rolled out systematically, enabling almost all trading partners and major customers to place their orders for new equipment and spare parts electronically.

One of the Group's goals is to offer its customers maximum flexibility in product selection. The Group's own rental fleet in some European countries means that required machines can be made available quickly wherever they are needed. Above all, however, medium- and longer-term solutions, re-rental, rental purchases and a well-equipped fleet of young used machines are also part of the range of solutions. In the used equipment business, the Group also offers trade-in services. Used machines and equipment taken back from customers are reconditioned where appropriate and returned to the used equipment market. The rental business again recorded growth in fiscal 2022. As a result of the long delivery times for new machines, demand for used machines from the rental portfolio also increased significantly.

The traditional repair and service business continued to develop stably in 2022. Customers focused on investing in new equipment, while demand for services such as maintenance and repair stagnated.

Financing programs are becoming increasingly important for customers, particularly as compact equipment business develops. The Wacker Neuson Group is increasingly aligning its activities in this area

on an international scale and working with high-performance, independent financing partners.

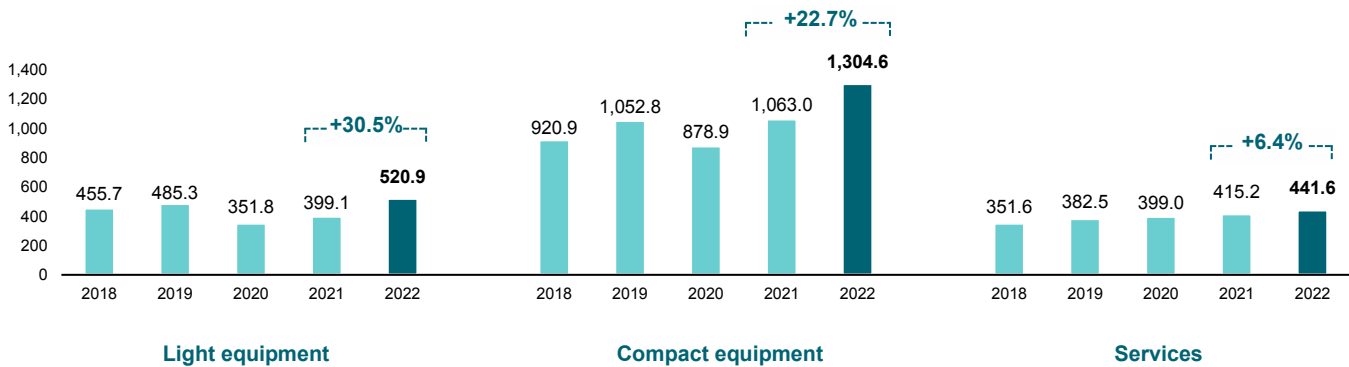
#### Growing importance of digital services

The Group's digital service offering is being increasingly expanded. Topics such as the digital connection of customers in the various business processes are of great importance in order to further increase the benefits of the machines. In the area of digital servicing, the EquipCare telematics solution was supplemented with further features and services and the roll-out across all brands and regions was driven forward (→ [Other factors that impacted on results: Sales, service and marketing, page 58](#)).

In the first half of the year, Wacker Neuson also acquired a stake in Sequello GmbH, a joint venture between PORR Equipment Services GmbH and Umdasch Group Ventures GmbH, as a third equal partner with the know-how and expertise of a manufacturer, seller and lessor of light equipment and machinery (→ [Business development, page 28](#)).

#### DEVELOPMENT OF THE BUSINESS AREAS 2018-2022<sup>1</sup>

IN € MILLION



<sup>1</sup> Revenue before cash discounts



## Other factors that impacted on results

### RESEARCH AND DEVELOPMENT

	2022	2021	2020	2019	2018
Research and development expenses in € million	50.1	45.5	32.5	36.9	35.9
Research and development expenses as % of revenue	2.2	2.4	2.0	1.9	2.1
Capitalized expenses in € million	28.5	29.3	31.7	26.3	18.4
Activation rate in %	36.3	39.2	49.4	41.6	33.9
Amortization of and impairment losses on capitalized development costs in € million	13.8	16.7	15.9	11.2	9.0
Research and development expenses including capitalized expenses in € million	78.6	74.8	64.2	63.2	54.3
Research and development ratio including capitalized expenses as % of revenue	3.5	4.0	4.0	3.3	3.2

### Research and development

- Research and development remain key success factor
- Continuous expansion of the range of battery-powered light and compact equipment

#### Research and development as the basis for long-term success

Research and development play a key role in the success of the Wacker Neuson Group. In fiscal 2022, research and development expenses (including capitalized expenses) amounted to EUR 78.6 million, once again exceeding the previous year's figure (2021: EUR 74.8 million). The R&D ratio as a percentage of sales was at 3.5 percent in view of the significant increase in revenue (2021: 4.0 percent).

The Wacker Neuson Group actively protects its innovative products and processes from unwanted imitation through patents and utility models. Worldwide, the Group applied for 60 new patents and utility models in fiscal 2022 (2021: 35) and 70 patents and utility models were granted (2021: 15). In total, the Wacker Neuson Group has 251 patents and utility models worldwide (2021: 216).

#### Focus on environmentally friendly products, reduction of exhaust emissions in focus

The Wacker Neuson Group is convinced that its products can make a contribution to reducing exhaust emissions. Irrespective of its obligation to continuously adapt and develop its product portfolio in line with regulatory requirements, the Wacker Neuson Group has made a conscious decision to offer a comprehensive range of environmentally friendly products and services.

In addition to reducing exhaust emissions, the Wacker Neuson Group is giving high priority to eco and energy efficiency activities in order to meet the requirements for an even more environmentally friendly and safer product range in the future. These include the development of new control systems that optimize machine travel drives. Functions such as energy-saving mode reduce fuel consumption and increase energy efficiency. Engineers are also working on new drive concepts and standardizing components across different models, modules and product groups.

#### Broad range of battery-powered compact equipment and light equipment

Part of our Strategy 2022 - and firmly anchored in our product and technology roadmap also for the coming years - is zero emission products. With its "zero emission" product line, Wacker Neuson offers a wide range of electrically powered compact equipment and light equipment. In addition to battery-powered rammers and vibratory plates for soil compaction and internal vibrators for concrete compaction, the

product portfolio also includes track and wheel dumpers, a hybrid mini excavator and an all-electric mini excavator and wheel loader for construction and agriculture. A new generation of electrically driven reversible vibratory plates (APU) with direct drive went into series production in fiscal 2022. Construction sites in emission-sensitive environments, such as residential areas, tunnels, underground parking garages or building interiors, can be operated without exhaust emissions and at low noise levels with the zero emission product portfolio. At the same time, the products offer special protection for users and the environment, require less maintenance, and demand lower operating costs than products with conventional drives.

For end customers, but also for rental companies, zero emission solutions are already an attractive addition to the machine fleet. Sales of battery-powered products are growing strongly, although they still account for a comparatively small share of total Group revenue. The Wacker Neuson Group believes that alternative drive concepts will play a significant role in the future of the construction and agricultural equipment industry and has continued to invest substantially in this area in 2022. The Group anticipates that, in light of the ambitious goals of the EU Green Deal, the construction industry will also face stricter regulation in the coming years. Combined with anticipated technological leaps in the field of battery technology, battery-powered light and compact equipment is therefore likely to become much more important. 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.

When developing new products, the Group attaches great importance to modularization. For example, the battery for the electric vibratory plates and rammers available today, as well as the high-frequency internal vibrator, can be used in modular form. This solution not only offers added financial value for the customer, but also reduces the burden on the environment, as fewer batteries are needed overall.

#### High importance of product safety, user protection and ergonomics

The safety of its customers plays a key role for the Wacker Neuson Group. Machines should be easy to operate without risk of danger and provide users with the best possible support in their work. The Wacker Neuson Group is continuously improving the user safety of its products, whether through technical adjustments to existing series or the development of new, innovative products, such as the new EW100 wheeled excavator. The equipment design has been developed specifically to meet the operator's needs in terms of optimum visibility. For example, the right tire is very easy to see in the normal sitting position, which significantly increases safety for the operator and the surrounding area. The optimized visibility around the machine makes the

EW100 safer and more maneuverable, especially in road traffic and in tight conditions on the construction site.

In addition to function-oriented design, ergonomics for the operator also play a major role in development. For example, Wacker Neuson is the only supplier to offer six excavator models with Vertical Digging System (VDS). It is used wherever different height levels need to be compensated for, e.g. when working on slopes or over sidewalk edges. It is designed to enable the operator to work without fatigue, as he can compensate for gradients of up to 27% by continuously tilting the upper carriage at the push of a button and maintain his usual sitting position.

### New launches and innovations 2022

In 2022, the Wacker Neuson Group launched numerous innovations on the market that are geared to the diverse needs of customers worldwide and meet the specific requirements of each country.

#### Wacker Neuson brand

With the zero emission portfolio from Wacker Neuson, an entire inner-city construction site can be operated without direct exhaust emissions. Wacker Neuson is also expanding its zero emission program in 2022.

As early as 2021, Wacker Neuson launched three new forward-moving vibratory plates each with electric and conventional drives in the form of the APS and BPS series. This year, the range was supplemented by two more battery-powered plates, APS1550e and APS2050e, as well as their gasoline-powered counterparts. Wacker Neuson also unveiled the APU3050e, a world first - the first reversible battery plate with direct drive. Another special feature is the DireX direct drive developed by Wacker Neuson, which ensures greater efficiency. The vibratory plate does not require any V-belts. As a result, there are no transmission and friction losses, the plate requires very little maintenance and offers a longer runtime.

The WL20e e-wheel loader has already been in series production since 2015 and was launched in its third generation with a powerful lithium-ion battery in the fall of 2022. Customers now have the option of choosing between three battery variants. Also new is the option of a cab. This allows the machine to be used all year round.

For Wacker Neuson, the focus is on the entire emission-free construction site, which includes not only the machines and equipment, but also the charging infrastructure, for example. That is why Wacker Neuson presented the Charging Box, a powerbank for the construction site. This mobile energy storage device based on lithium-ion batteries enables a continuous supply of energy. It has already been field-tested and will be available from spring 2023.

Since fall 2022, Wacker Neuson Finance has been offering the new ECO Lease financing for selected construction machines to offset their CO<sub>2</sub> emissions during use. To this end, Wacker Neuson Finance has purchased carbon removal units (CRUs) from Rabobank's Acorn project, which are used to offset the estimated emissions generated by the use of the machines during the term of the financing agreement.

With Operate Lease, a financing solution for selected zero emission compact equipment, customers use the machine for the agreed term at a low monthly rate and do not commit to purchasing it. This allows them to see for themselves how the machines perform in practice and over a longer period of use.

Also new since 2022 is Battery One, a standardized and user-friendly battery system that focuses on CO<sub>2</sub>-free and sustainable use of light

equipment. The battery can be used in all battery-powered equipment from Wacker Neuson as well as equipment from other manufacturers. Forward-looking battery technology is a key incentive to drive the development of sustainable products with high customer benefits. Wacker Neuson therefore intends to leverage the positive experience gained to date with the Battery One battery to establish an open standard for batteries in construction site equipment together with other manufacturers. The focus here is on the idea that customers can benefit from cost savings when investing in battery-powered equipment - a strong impetus for the further spread of zero-emission equipment on construction sites.

Also on display at the leading trade fair for the industry, Bauma, to be held in October 2022, were the first electric roller and the first Wacker Neuson TH412e electric telescopic handler, which will be available from 2023. → [www.wackerneuson.com/zeroemission](http://www.wackerneuson.com/zeroemission)

A novelty in the compact equipment segment is the 10-ton EW100 wheel excavator, which has been available since fall 2022. The development of the machine focused on Construction Site 4.0: Intelligent attachment management and various assistance systems and interfaces are just a few examples. When changing attachments via the 10-inch display, the machine supports the operator. For example, it automatically adjusts the machine dynamics to the attached tool. In addition, the excavator scores in the area of safety thanks to good visibility and a high level of stability, even when rotating 360 degrees with a lifted load. Furthermore, the development of the excavator focused on user-friendliness and efficiency. This means that the machine can also be used for tasks that would otherwise require a 14-ton excavator.

In addition, Wacker Neuson has been offering customers new digital solutions since 2022 that make their day-to-day work easier. These include the cloud-based software solution EquipCare Pro. It enables customers to manage, schedule, and evaluate all machines, equipment, and volume items regardless of manufacturer or brand, thus boosting fleet productivity. In addition, the ConcreTec assistance system for concrete compaction, initially launched in Germany in 2022, makes it possible to compact concrete components simply, transparently and reproducibly in high quality. The data-based assistance system provides the plant operator with objective information on the compaction process and real-time information on compaction progress.

The SM100 miniloader was launched in North America. The versatile, maneuverable and compact machine for gardening and landscaping as well as light construction site work, grading and material handling has an overall width of only around 90 centimeters and fits through doorways and gates. The series complements the range of skid steer loaders, which play an important role for the North American market.

At Bauma, Wacker Neuson presented further innovations such as revised and new Dual View dumper models. With these, the operator can look in the working or driving direction as required and has a clear view in each case.

#### Kramer brand

Kramer presented the successor to the successful 5055e model in 2022, the all-wheel drive e-wheel loader, which Kramer was the first manufacturer to introduce in 2016. The new 5065e model is equipped with a lithium-ion battery that provides a runtime of up to four hours without intermediate charging. Also newly introduced in the zero emission segment was the ultra-compact 1445e electric telehandler. Both the performance parameters, off-road capability and its ease of operation match the characteristics of the conventional Kramer diesel telehandler 1445. The counterparts for agriculture, KL25.5e and the

KT144e, were also presented in 2022. These are powered by a lithium-ion battery.

Kramer's telehandler series from 3 to 5.5 tons payload received a facelift in 2022. With a focus on safety, Kramer can score with a new engine hood design, which is applied to a total of five models for both agriculture and construction.

Since fall 2022, Kramer Finance, like Wacker Neuson Finance, has been offering the new ECO Lease financing for construction equipment to offset the CO2 emissions caused by the use of the machines. To this end, Kramer Finance has purchased carbon removal units (CRUs) from Rabobank's Acorn project, which are used to offset the estimated emissions generated by the use of the machines during the term of the financing agreement.

With Operate Lease, a financing solution for selected zero emission compact equipment, customers use the machine for the agreed term at a low monthly rate and do not commit to purchasing it. This allows them to see for themselves how the machines perform in practice and over a longer period of use.

#### Weidemann Brand

Weidemann launched the electric Hoftrac® 1190e in 2022. The electrically powered 1160 eHoftrac® had already been in successful series production since 2015. Now Weidemann launched the 1190e, a complete revision of the model. A total of three maintenance-free lithium-ion batteries are available. The 1190e is available with a choice of different driver's cabs to suit different applications. In particular, the newly developed cab with differentiated heating concept enables the loader to be used in all weathers.

## Production, purchasing and logistics

- Continuing supply chain problems complicate production processes worldwide
- Prices for materials, components and transport continue to rise
- Cross-linking of production and supply chain stays in focus

### Continuing supply chain problems complicate production processes worldwide

The Wacker Neuson Group produces at a total of eight locations worldwide:

- Reichertshofen, Germany (construction equipment),
- Pfullendorf, Germany (compact equipment),
- Korbach, Germany (compact equipment),
- Hörsching, Austria (compact equipment),
- Saragossa, Spain (compact equipment),
- Menomonee Falls, USA (light and compact equipment),
- Pinghu, China (light and compact equipment),
- Kragujevac, Serbia (internal subcontracting plant for structural steel components).

Production processes were repeatedly disrupted in 2022 due to continued overstretched and repeatedly interrupted supply chains. In order to lose as few production slots as possible, production programs had to be repeatedly adjusted at short notice depending on material availability. In the process, machines were also produced for which not all the required parts were in stock in time. As a result, the inventory of unfinished machines increased significantly compared to the previous year.

### Prices for materials, components and transport continue to rise

Within the cost of sales, the cost of materials and purchased services are significant items. Production requires components and raw materials - first and foremost steel and aluminum, but also structural steel components, castings, forged parts, engines, electrics/electronics and hydraulic and chassis components. The Wacker Neuson Group continued to face significant price increases for raw materials and components in 2022. Price trends for steel, energy and engines remain of major importance to the Group. These continued to rise significantly in 2022. Prices for transportation in 2022 were also at a high level and noticeably higher than a year earlier.

### Further focus on cross-linking production and the supply chain

The increase in the number of variants, the tightening of emissions regulations, the introduction of new systems and components, and the internationalization of procurement, production and spare parts supply have significantly increased the demands on the supply chain.

In recent years, extensive adjustments have been made to the planning processes and the underlying IT systems in order to optimize the entire supply chain, from purchasing to delivery. A key milestone here was the introduction of SAP IBP (Integrated Business Planning), which is intended to enable integrated sales and production planning across all of the Group's operating companies in stages. In a first step, the module for sales, revenue, inventory and budget planning was put into operation in 2020. The precise sales planning, which is transparent across all sales companies, enables high visibility of global inventory development. Deviations from planned target values can be identified

more quickly than before and countermeasures can be initiated if necessary. In a second step, work began at the end of 2020 on introducing the supply and operations planning module, which directly links Group-wide production planning with sales planning. The Pfullendorf and Korbach production sites were connected in summer 2021, followed by the Hörsching plant at the end of 2021. In 2022, the production company in Menomonee Falls, USA, was successfully connected. The integration of production in Reichertshofen is planned for 2023.

The systematic combination of sales requirements and production and supplier capacity is intended to increase the Group's ability to deliver and meet deadlines, while at the same time optimizing the average level of inventories held. Intensified supplier management and targeted supplier training and development are also designed to continuously improve the links between production and the supply chain.

#### Sustainable development of suppliers

To ensure the quality of supplied parts and high delivery reliability from new and existing suppliers, the Group attaches great importance to continuous supplier qualification. The Group's suppliers are closely supported and developed from selection and nomination through to series production. For new projects, those suppliers are selected that optimally meet requirements in terms of quality, delivery capability and costs. To meet the high standards of the Wacker Neuson Group, the Group conducts regular supplier audits.

The Wacker Neuson Group and its employees have committed to legally and ethically correct business conduct in a code of conduct. The Group's suppliers are also expected to comply with the law and the principles of the Wacker Neuson Group's corporate ethics. These are described in a code of conduct for suppliers. → [www.wackerneusongroup.com/de/konzern/compliance/verhaltenskodex-fuer-lieferanten/](https://www.wackerneusongroup.com/de/konzern/compliance/verhaltenskodex-fuer-lieferanten/)

#### Investments in further growth

The Group also invested in capacity expansions for its production network in 2022: An automated warehouse for its finished products from the light equipment business segment was commissioned at the Reichertshofen site in 2022. The distribution of light equipment for the European region is thus to be consolidated at the Reichertshofen site. In Kragujevac, Serbia, where the Group operates an internal supplier plant for steel components, construction work on the production hall and administration building was completed at the end of the year. Full commissioning is planned for the second quarter of 2023.

#### Digitization in the plants

The use of new technologies in production is an important component of the Group's digitization efforts, which are firmly anchored in Strategy 2022. The initiatives launched in connection with the "Smart Factory" include, for example, the use of assistance systems in assembly, production and intralogistics, as well as a digital error and quality management system. In addition, digital objects and models are increasingly being used to map physical reality via a "digital twin" and thus bring about improvements in planning projects and in machine utilization and availability.

## Sales, service and marketing

- Marketing via diversified sales channels
- Digital solutions with growing importance

For the Wacker Neuson Group, the customer is at the center of its thoughts and actions. Accordingly, marketing and sales activities in each business segment are geared toward the respective needs of the target groups.

#### Worldwide distribution network - diversified sales channels

The corporate culture of the Wacker Neuson Group enables decentralized responsibility and fast, unbureaucratic cooperation for sales partners and customers. Sales structures are aligned with the requirements of individual markets. The Group's products, spare parts and services are marketed via different brands and distribution channels. While the Weidemann and Kramer brands are sold almost exclusively via dealers and importers, the Wacker Neuson Group has a direct sales network in some European countries for the Wacker Neuson brand in addition to dealer sales. During the Corona pandemic, the Group benefited in particular from this direct sales network and the ability to offer its customers a wide range of flexible rental, sales and service solutions.

New dealers were also established and qualified worldwide in 2022. In addition, large rental companies and retail chains are also among the sales channels.

In numerous markets, the Group has local sales subsidiaries to serve and support customers and dealers. In order to consolidate and further expand its position in the various markets, the Group is continuously working on optimizing its market- and customer-specific sales network.

#### Cross-industry sales

In order to broadly diversify cyclical risks and continue to grow, the Group addresses a broad customer base with its products and services. The Group's end customers include construction companies, gardening and landscaping companies, rental companies, agricultural businesses, municipalities, recycling companies, railroad companies, and industrial companies. This makes the Group less dependent on cycles typical of the industry.

#### Partnerships with market leaders

Sales partnerships exist between the Wacker Neuson Group and selected market leaders to ensure further market penetration. Detailed information on the Group's cooperations can be found in the section → [Strategic cooperations, page 26](#).

#### Digitization in sales

The Wacker Neuson Group aims to make everyday work easier for its customers through digital solutions. Customers and dealers can use the ePartner or eStore online ordering and information platform to find out about products, spare parts, accessories and their delivery availability at any time, configure compact equipment and place orders for machines and spare parts. The implementation of ePartner for the Weidemann brand was successfully completed in fiscal 2021 and for the Kramer brand in fiscal 2022. Roll-outs for the Wacker Neuson brand continued, for example in Italy, Switzerland, the Netherlands and Australia.

In 2022, the cloud-based software solution EquipCare Pro was introduced: It enables customers to manage, schedule, and evaluate all

machines, equipment, and quantity items regardless of manufacturer or brand, thus increasing the productivity of the machine fleet.

Both end customers and dealers can benefit from further developments by the Group in the area of digital servicing. The EquipCare telematics solution ensures transparency in fleet management. EquipCare-equipped machines report maintenance needs, operational malfunctions, or unexpected location changes in real time to the customer's end device. Through the tool, customers have a comprehensive overview of their machines, their location, the number of operating hours, downtime and upcoming services. EquipCare enables customer and dealer technical support and Wacker Neuson Service to work hand in hand - and thus particularly efficiently. The aim is to provide customers with a smoother process, shorter downtimes, less time spent and therefore a more efficient way of working. In May 2022, the Wacker Neuson Group became the third partner to participate in Sequello: To simplify day-to-day construction site operations for customers and suppliers, PORR Equipment Services GmbH and Umdasch Group Ventures GmbH jointly designed a platform for digitizing core construction logistics processes and founded the joint venture Sequello, Austria, to this end. The Wacker Neuson Group is participating in this joint venture as an equal partner with the know-how and expertise of a manufacturer, seller and lessor of light equipment and machinery.

#### Individuality and customer orientation

The Wacker Neuson Group offers its customers worldwide a range of training courses for service, products and sales. The offering is aimed at the Group's own sales and service staff as well as dealers, rental companies and end customers from various industries. Service, product and sales training courses are held at the academies in Reichertshofen and Menomonee Falls, USA, at the production sites in Pfullendorf, Korbach and Pinghu, China, and increasingly also virtually.

The economic success of customers is at the forefront of the development of new products and services. The Group attaches great importance to close cooperation with its customers in order to gain a precise understanding of their requirements. Customers are invited to so-called "Voice of Customer" workshops at an early stage of product development and to accompany the product development process. In these workshops, the equipment and machines are tested under practical conditions and optimization potential is identified.

## Employees

- Employees as the backbone of the Company's success
- Number of employees continues to rise, also due to acquisitions

#### Employees as the backbone of the Company's success

The around 6,300 employees of Wacker Neuson, Kramer and Weidemann worldwide form the backbone of the Group's success and sustainable growth. To foster their professional and social skills and maintain their enthusiasm, the Group seeks to create optimum working conditions and promotes an appreciative and open corporate culture.

The Wacker Neuson Group is convinced that satisfied and committed employees are more productive and perform better. The Company is committed to ensuring that employees feel comfortable in their workplace. In this way, the Group aims to retain employees in the long term, even in times of a shortage of skilled labor.

The Wacker Neuson Group supports employees in balancing their private and professional lives and takes measures to protect employee health - especially in light of the ongoing pandemic. To ensure that employees feel able to cope with technological, methodological or organizational changes in their working lives and see change as an opportunity, the Company strives to identify and implement potential for optimization in the areas of workplace conditions, health and well-being at an early stage.

To remain competitive in the future, the Wacker Neuson Group relies on committed and qualified employees. A wide range of training and development opportunities offers the chance for lifelong learning. Detailed information on training and development as well as the Wacker Neuson Group's understanding of its role as a responsible employer can be found in the non-financial Group report 2022, which is available on the company website → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations).

#### NUMBER OF EMPLOYEES GROUP<sup>1</sup> AS OF DECEMBER 31

	2022	2021	2020	2019	2018	2017	2016
Employees	6,301	5,506	5,200	5,654	5,370	5,064	4,792
incl. temporary workers	6,800	5,992	5,554	6,056	6,190	5,546	5,181

<sup>1</sup> Number of full-time equivalents (FTE). Differences due to rounding.

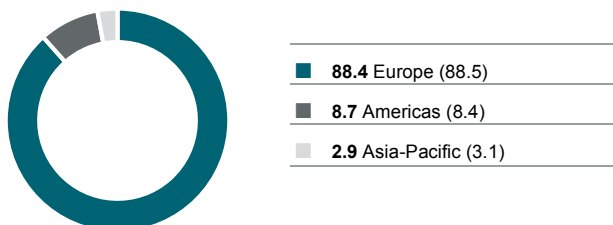
As of the reporting date December 31, 2022, the Group had 6,301 employees (2021: 5,506). The number of temporary employees increased slightly year-on-year to 499, corresponding to a ratio<sup>1</sup> of 7.3 percent (2021: 486; 8.1 percent). The employee figures presented in this management report have been converted to full-time equivalents.

Of the employees, 5,572 or 88.4 percent were employed in Europe as of the balance sheet date (2021: 4,874). 547 employees worked in the Americas region (2021: 461), 182 in the Asia Pacific region (2021: 171). In the past fiscal year, 57.9 percent of employees worked in production, 23.6 percent in sales and service, 9.3 percent in administration and 9.3 percent in research and development.

Total personnel expenses in 2022 amounted to EUR 426.7 million (2021: EUR 385.3 million). Detailed information on personnel expenses can be found in the notes to the consolidated financial statements → [Note 3](#).

#### EMPLOYEES BY REGION

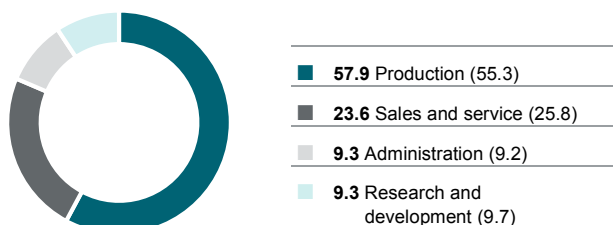
IN %



Differences due to rounding.

#### EMPLOYEES BY SECTOR

IN %



Differences due to rounding.

<sup>1</sup> Calculation: number of temporary employees (in FTEs) / total workforce (in FTEs)

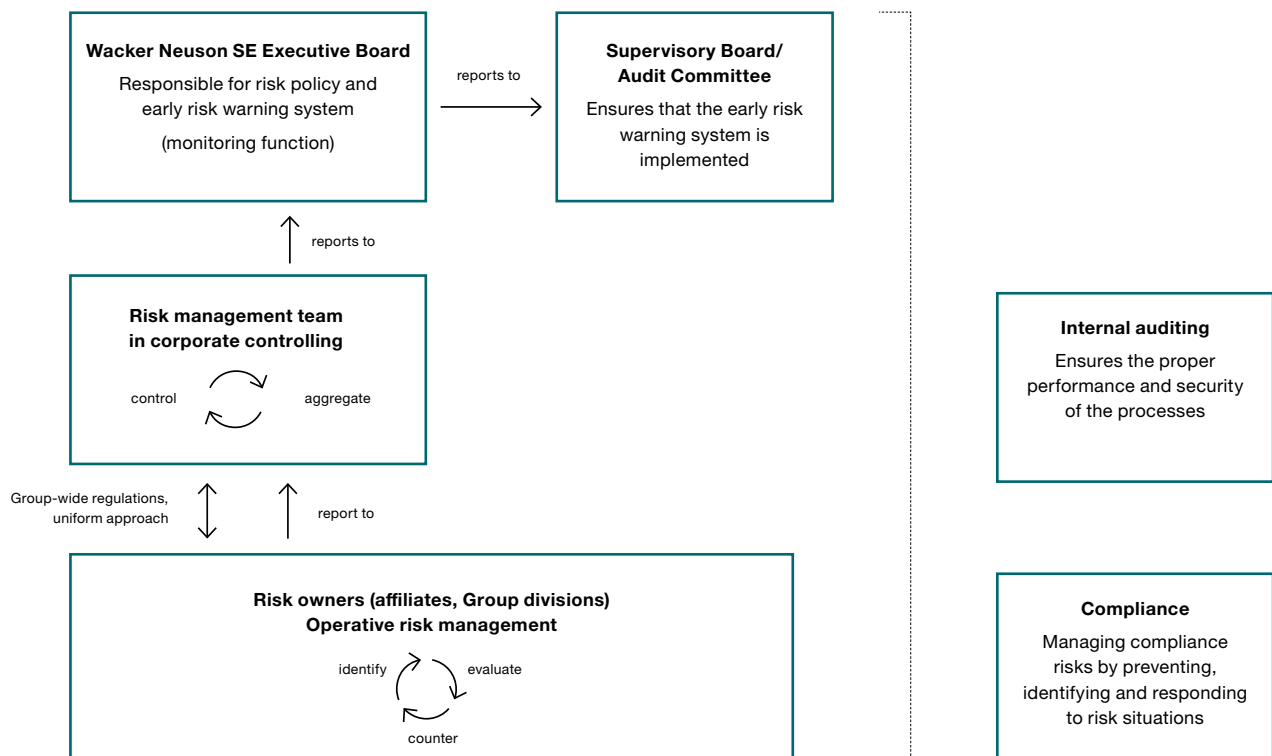
### Risks and opportunities report

As Wacker Neuson SE is fully linked to Wacker Neuson Group companies through direct and indirect investments in affiliated companies, the risk situation of Wacker Neuson SE is largely dependent on the risk situation of the Wacker Neuson Group. To this extent, the statements on the overall assessment of the risk situation by the Executive Board also apply as a summary of the risk situation of Wacker Neuson SE.

### Presentation of the internal control and risk management system, including the disclosures pursuant to Section 315 (4) and Section 289 (4) of the German Commercial Code (HGB) and an explanatory report by the Executive Board on the same

Part of the risk reporting is the presentation of the Company's risk management objectives and methods in the management report. In addition, pursuant to Section 315 (4) and Section 289 (4) of the German Commercial Code (HGB), the main features of the internal control and risk management system must be described in more detail with regard to the (Group) financial reporting process. As the internal control system is an integral part of the general risk management system, the Executive Board has opted for a summarized presentation. This information is explained in more detail - also with regard to the accounting process.

#### CONTROL AND RISK MANAGEMENT



## Risk management system

The Group-wide risk management system is designed to identify risks in good time, assess them, communicate them appropriately and initiate appropriate countermeasures at an early stage. A prerequisite for this is the reliable identification, assessment and monitoring of all risks that could conflict with this objective. Risks are assessed on the basis of a rolling twelve-month view, taking into account further years if the risk exists beyond this. The risk management system includes a planning process for all major business areas, as well as comprehensive Group reporting for all subsidiaries, which is regularly analyzed, commented on and evaluated and made available to all decision-makers. In addition, process descriptions for all business areas, Group Internal Audit and Compliance are part of this system.

The risk management manual sets out the Company's risk policy in terms of defining, assessing and quantifying any risks, as well as the structure and process of the risk management system. It also regulates the responsibilities and accountabilities both in the risk identification process and in the analysis, monitoring and communication of identified risks. In this way, suitable measures can be taken to actively counter identified risks. The risk officers report the identified risks directly to the Corporate Controlling department. After being checked for completeness, interdependencies and plausibility, the risks identified are recorded in a risk database and communicated to the persons responsible. Risk aggregation is carried out by consolidating the reported individual risks and transferring them to Group risks. In cases of high risk relevance, the Executive Board takes note by signing the risk report. The Executive Board informs the Supervisory Board at regular intervals about the identified risks.

For risk assessment, the Company uses both quantitative and qualitative methods that are uniformly designed throughout the Group, thus making the assessments comparable across different business areas.

The Group's risk-bearing capacity is measured against the equity position in the consolidated statement of financial position and reviewed and adjusted if necessary by means of the quarterly forecast. 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 compared with the risk-bearing capacity at least once a quarter and at the end of the financial year.

Further information on the risk management system can be found in the notes to the consolidated financial statements → [Note 33](#).

### Key features of the internal control system (ICS) and the risk management system with regard to the financial reporting process, and explanatory notes thereto

The ICS comprises principles, procedures and measures to ensure the effectiveness and efficiency of accounting, to guarantee the correctness of accounting and to ensure compliance with the relevant legal requirements. This context also includes the internal auditing system insofar as it relates to accounting. As part of the risk management system, the ICS, like the auditing system for financial reporting, relates to the corresponding control and monitoring processes - above all in the case of commercial balance sheet items that record the Company's risk hedges.

The following features characterize the Wacker Neuson Group's internal control system and risk management system with regard to accounting:

The areas of responsibility for accounting processes are clearly defined at Wacker Neuson SE and its affiliates: The Group departments responsible are Accounting, Controlling, Audit and Treasury. The Executive Board bears overall responsibility for the accounting process. In principle, there is a strict separation between recording and controlling in accounting. All employees involved in the accounting process are highly qualified.

The Group has adequate systems and processes for planning as well as for reporting, controlling and risk management and works with these throughout the Group. Quarterly or monthly reports - also in the area of accounting - enable a rapid response to unexpected negative developments.

The Group-wide work instructions of the Accounting Manual, the Tax Manual and the Treasury Manual are accessible to all employees of the Group involved at all times. Further regulations, for example valuation guidelines or the mandatory application of the dual control principle in defined cases, are applied. The work instructions ensure that similar transactions are processed identically throughout the Group. If necessary, they are updated and adapted to new circumstances and requirements.

Accounting is carried out using tried-and-tested standard software. All systems used are secured against unauthorized access by third parties. Appropriate controls (including the dual control principle and analytical checks) are in place for processes relevant to accounting (for example, payment runs).

Accounting-relevant processes are regularly audited by the internal audit department. Various internal corporate bodies, such as Internal Auditing or the Audit Committee of the Supervisory Board, regularly review and assess the functionality of the ICS and risk management system with regard to the financial reporting process.

With regard to the financial reporting process, the internal control and risk management system serves to ensure that business issues are correctly recorded, prepared and evaluated in the balance sheet and included in the financial reporting. This largely prevents errors in the accounting process.

With its efficient control process, the Group ensures that business transactions are recorded, processed and documented in the Company's and the Group's accounts in accordance with commercial law and other legal requirements, international accounting standards, the Articles of Association and internal Group guidelines, and that they are entered in the accounts promptly and correctly. The risk management system in place ensures that risks are identified at an early stage, dealt with appropriately and communicated quickly. At the same time, it ensures that assets and liabilities are accurately recognized, reported and measured in the annual and consolidated financial statements. This provides stakeholders with reliable and relevant information in a timely manner.

To the extent possible and economically viable, insurance programs cover insurable risks.



## Risks

The following section outlines all significant risks identified for the Group that, from today's perspective, could impact the net assets, financial position and results of operations and/or the reputation of Wacker Neuson SE.

Unless otherwise stated, the risks presented relate to all segments presented in the consolidated financial statements. If individual risk categories or parts thereof only have an impact on individual segments, this is explained in the corresponding section.

The extent of risk (= expected loss value) is calculated by multiplying the possible loss value by the probability of occurrence:

### EXTENT OF RISK

	Expected loss value
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	Harmful effects, > € 10 million EBIT risk

As of December 31, 2022, the following individual risks with a high or very high expected loss value exist at Group level:

### LARGEST INDIVIDUAL RISKS AS OF 31.12.2022

	Extent of risk	Change from previous year
Cyber Risks	high	increased
Material price risks	high	decreased
Material availability risks	high	increased

According to the Company's assessment, none of the individual risks exceed 10 percent of Group EBIT in terms of expected loss value. Aggregate risks for the Wacker Neuson Group are significantly below the defined risk-bearing capacity.

The individually assessed risks are assigned to the following categories with their percentage share of the total risk:

### RISK DISTRIBUTION BY RISK CATEGORY

IN %	Percentage share of total risk
Operational risks	52
Information technology risks	18
Financial risks	13
Legal and regulatory risks	7
Technical and development risks	6
Personnel risks	2
Other risks	2

### Operational risks - macroeconomic risks, risks resulting from sales and procurement markets

At 52 percent, the "operational risks" risk category accounts for the largest share of total risk (2021: 65 percent). After countermeasures and accounting precautions, the expected loss (net) decreased by 28 percent.

The risks of higher manufacturing costs as a result of material price and transport cost increases remain high, also in view of the fact that it may only be possible to pass these on to customers in part by raising selling prices. The Group is not exposed to any specific risks from rising energy prices over and above the risks associated with material prices, due to the fact that production is generally considered to be less energy-intensive. Risks also continue to arise from shortages on the procurement markets and ongoing supply chain interruptions. Sales risks decreased again compared to the previous year as a result of Corona-related declines in demand.

### Macroeconomic risks

The Group is dependent on the general economic situation and developments in the international construction industry. The subsidiaries Weidemann GmbH and Kramer Werke GmbH are also subject to developments in the agricultural sector. Due to the international nature of its business activities, the Group is exposed to political and economic risks. The ongoing Russia-Ukraine crisis is having a significant impact on overall economic development in many respects and is exacerbating the already tense situation on procurement and energy markets. There is also a risk that the Group's customers will be less willing to invest due to higher interest rates.

While mobility restrictions associated with the spreading of the Corona virus have declined significantly, there is a residual risk from a renewed flare-up of the pandemic. At the same time, persistent supply bottlenecks, significantly higher interest rates and energy prices, high inflation rates and geopolitical uncertainties are further clouding global macroeconomic growth prospects. Nevertheless, according to sentiment barometers of relevant industry associations, the prospects for the construction equipment industry and the agricultural machinery sector are good for 2023 following a good year overall in 2022, also due to high order backlogs (→ [Outlook report, page 70 et seqq.](#)).

### Material price risks

Price increases for raw materials, particularly for steel, but also for components, caused by rising demand, speculation on the raw material markets, increased energy prices, exchange rate effects, capacity bottlenecks and international trade policy can increase material expense. In particular, additional risks arise from transport costs rising above budget and a lack of transport capacity. In addition, high inflation is reflected in many aspects such as rising personnel costs. As a result, there is a risk that suppliers will demand higher prices. These

price increases on the procurement market can lead to higher manufacturing costs. Already since 2020, the instability of global supply chains has led to increased risks in this regard. The Company is countering this risk by increasing the flexibility and diversification of its international procurement strategy, as well as through strict cost controlling and continuous productivity improvements. In regular dialog with its business partners and suppliers, the Group jointly develops viable solutions. In principle, the Group succeeds to some extent in passing on increased procurement costs to the sales market in a timely manner, but is generally subject to a certain time lag. In addition, increasing volatility on the procurement markets increases the risk that higher purchasing costs cannot be passed on in full or at all.

#### Other sales risks

The Wacker Neuson Group operates in cyclical and volatile markets. Falling demand, particularly in the core markets of Europe and North America, could impact Group revenue and profitability. However, this sales risk is still considered to be low for 2023 due to the continued high order backlog. Significant order cancellations by customers are not apparent at present. However, the sales risk may worsen due to recessionary trends in the general economic environment. In addition, demand is subject to seasonal fluctuations which may affect sales during the year. The Group counters these risks through deliberate diversification into different sectors and through its international positioning. In addition, focused market penetration in mature markets, targeted expansion into new markets and the launch of new products are designed to offset cyclical fluctuations in individual countries and sectors. The Group regularly monitors relevant leading indicators so that - in the event of fluctuations - it can initiate needs-based countermeasures in good time. In addition, the Group uses flexible working time and production models within the organization as well as leased personnel to cushion any fluctuations in capacity utilization.

The Wacker Neuson Group faces intense international competition. The Group is countering the risk of losing market share by continuously expanding its global sales activities via qualified sales partners and sales alliances and aligning services and product innovations to customer needs. In particular, the Wacker Neuson Group is responding to the demands of digitalization and the resulting changes in customer and business relationships by increasingly aligning its business processes accordingly. Nevertheless, there is a slight risk of a changing competitive environment in individual markets. Following significant price increases in 2022, mainly due to the marked rise in inflation, there is a risk of increased price competition in 2023 against the backdrop of weakening inflation. Major customers in particular could demand price discounts and rebates, which would have a negative impact on profitability. The Company is attempting to counter the risk of increased pressure on margins through an adjusted procurement strategy and efficiency improvements in production.

Customer structures vary from country to country. In individual countries, the loss of major customers due to insolvency or market consolidation can have a severe impact on demand for the products and services of the respective subsidiary. The Company counters this risk by diversifying its customer base, continuously acquiring new customers, actively maintaining customer relationships, and developing new competitive products.

In many markets, consolidation at customer level is continuing as a result of mergers and acquisitions. This development may have a negative or positive impact on Wacker Neuson Group sales and revenue.

#### Other procurement risks

In manufacturing its products, the Group is dependent on the availability, timely delivery and price development of raw materials and components - first and foremost steel, aluminum, but also structural steel components, castings, engines, electrics/electronics, and hydraulic and chassis components. Since the end of 2020, the Group has been increasingly exposed to capacity bottlenecks in container shipping and increasingly also in other areas of logistics, which can have a negative impact both on the timely delivery of raw materials and components and on the costs associated with transportation. The Group remains dependent on raw materials and vendor parts being free of defects and meeting the relevant specifications and quality standards. Quality defects in upstream products can lead to quality problems for Wacker Neuson Group customers on the one hand, and to production delays on the other, resulting in delayed delivery of products to customers. These cases can damage the brand and corporate image and, under certain circumstances, result in contractual penalties, claims for damages and loss of market share. The Company counters this risk with the preventive qualification of key suppliers with regard to the metrics of quality, time and costs. Key suppliers are supported by qualified personnel on site from the nomination stage through the first prototypes to the start of series production. To ensure delivery capability, the Group pays attention to short lead times in order to be able to respond to fluctuations in demand. To avoid supply bottlenecks at suppliers, the Group works closely and intensively with its suppliers, concludes binding supply agreements and, where necessary, taps new sources of supply to cover higher short-term requirements and stabilize the supplier base. To further reduce supplier risk, a code of conduct has been introduced that requires suppliers to comply with the law and the principles of Wacker Neuson's corporate ethics and is designed to prevent the risk of reputational damage from suppliers.

One fundamental risk is the loss of suppliers, for example due to insolvency, which would jeopardize delivery capability and thus sales targets. The Wacker Neuson Group counters this risk by defining product group strategies designed to ensure that only individual product groups are affected in the event of a supplier default and not an entire production plant. In addition, efforts are being made to further counter this risk through intensive supplier partnerships and special framework agreements that ensure suppliers' ability to deliver to a certain extent.

**Financial risks - risks from currency transactions/foreign currency risks, earnings risks from loss carryforwards that cannot be used for tax purposes, from impairment of assets, from losses on receivables, from buy-back obligations and leasing transactions, capital commitment risks**

Compared with 2021, the percentage of the Group's total risk accounted for by financial risks decreased from 20 percent to 13 percent. Countermeasures and balance sheet precautions reduced the expected loss value (net) by 10 percent.

The reason for the decrease is, on the one hand, the elimination of the risk from non-capitalizable loss carryforwards and significantly lower risks from foreign currencies in the liquidity portfolio and repurchase obligations. On the other hand, the risks from possible bad debt losses have increased to a manageable extent.

Foreign currency risks are also related to the level of foreign currency inventories and purchasing volumes denominated in foreign currencies. If exchange rates develop to the disadvantage of the Company with regard to foreign currency liabilities, the amount of the liabilities measured in euros increases. The Group monitors the relevant currencies on an ongoing basis. In order to counteract devaluation risks, hedging instruments are used on a targeted basis at Group level.

The financial risks continue to be related to the ongoing devaluation risk that the Group sees in the currencies of some emerging markets against the production currencies, the euro and the US dollar. Revenue and earnings in these countries lose value as a result when consolidated into the Group's financial statements denominated in euros. The Group counters this risk by monitoring currencies on an ongoing basis and, in some cases, agreeing prices for business transactions with customers in countries outside the euro or US dollar area that are denominated in euros or US dollars.

A stronger euro, especially against the US dollar, has a negative impact on exports of products manufactured in the euro zone.

Essentially, no deferred tax assets have been recognized on the existing tax loss carryforwards, as the loss history in accordance with IAS 12 argues against capitalization. Tax loss carryforwards that cannot be used for tax purposes may have a negative impact on the Group's future results of operations if the existing tax burden is not sufficiently reduced by the use of tax loss carryforwards. The Group counters the risk by continuously reviewing the usability of these amounts for tax purposes, taking into account the applicable tax law criteria, and by defining and implementing appropriate measures.

Impairment losses on assets may have a negative impact on the consolidated net profit for the year. Possible extraordinary write-downs of intangible assets, in particular capitalized development projects, represent the main risks in this context. The risk policy of uniform, tight project management for product development worldwide with targeted verification of a positive business contribution counteracts the risk from asset impairments.

With regard to customer receivables, the Group is exposed to the risk of individual customers defaulting on payment. In addition, it is also apparent that partial receivables, particularly in relation to contractually agreed energy price surcharges, are not recoverable in some cases. The Wacker Neuson Group counters the risk of bad debt losses through efficient receivables management systems with checks on customer creditworthiness and credit limits, the legal institution of extended retention of title, the partial sale of receivables to financing

companies without recourse, financial guarantees from the owners of dealer organizations and higher balance sheet risk provisioning.

Compared to some competitors, the Group's inventory of finished machines is relatively high as Wacker Neuson also sells its products via affiliates with a direct sales approach. The Group counters the resulting capital commitment risks with strict company-specific inventory targets. These are monitored on an ongoing basis and any necessary adjustment measures initiated.

Further information on financial risks can be found in the notes to the consolidated financial statements at → [note 25 and 33](#).

**Information technology risks - risks from system failures, cyber attacks, and unauthorized access to IT systems.**

Due to the significant increase in cybercrime, particular attention has been paid to risks from this category since 2021. The percentage share of this risk category in relation to total risk increased to 18 percent (2021: 9 percent). The expected loss value (net) decreased by 33 percent as a result of countermeasures and balance sheet provisions.

The Company uses IT systems in various areas. A failure of these systems could impair the flow of production and goods and lead to a loss of sales. The Company counters this risk through technical and organizational measures, the use of standardized software, and the identification and treatment of vulnerabilities. To minimize the risks associated with the introduction of global IT systems and avoid additional costs, the Wacker Neuson Group works with a professional project management team. The global threat level remains high in the area of cybercrime. This is primarily due to an increase in the number of cases and, in particular, the quality and thus effectiveness of criminal acts, despite generally improved industry defenses. In addition to attempted identity theft, these cooperative attacks based on the division of labor also target the confidentiality, integrity and availability of data, IT systems and networks of all kinds and continue to pose a risk to the security of Wacker Neuson Group systems and data. Finally, the pandemic situation and the increasing level of digitalization of products and processes are creating greater challenges for information security, for example through the increasingly decentralized use of IT-based resources.

**Personnel risks - risks arising from the loss of key employees, changes to employment contracts, fraudulent acts by Wacker Neuson Group employees**

The share of personnel risks in the overall risk decreased slightly to 2 percent in 2022 (2021: 3 percent). Due to countermeasures and balance sheet provisions, the expected loss value (net) decreased by 33 percent.

The main reason for the decline is the significantly lower probability of pandemic-related production losses.

The Wacker Neuson Group's corporate success is largely based on its qualified and motivated workforce. A loss of highly qualified employees in key positions could have a negative impact on the planned growth course. The Wacker Neuson Group counters this risk by ensuring employees remain closely tied to the Company - for example, through attractive remuneration and long-term personal development opportunities.

There is a risk that changes to labor contracts could have a negative impact on Group profitability. Demands made by collective bargaining partners in the face of currently low unemployment and rising inflation could lead to cost increases in the Wacker Neuson Group that exceed normal levels.

As a result of its ambitious expansion strategy, the Group has a need for qualified employees, particularly in mechanical and electrical engineering, which may not be met or not met at all due to the labor market situation and demographic change. The Company is countering this risk with a targeted search for skilled workers in Germany and abroad as well as attractive compensation systems and interesting areas of responsibility with a high degree of individual responsibility.

There is a risk that Wacker Neuson Group employees could cause financial damage and damage the Group's image through corrupt or fraudulent behavior. By clearly communicating compliance rules in the Code of Conduct for Employees and by means of a whistleblower system open to employees and business partners, the Wacker Neuson Group seeks to prevent unfair behavior and uncover it at an early stage if necessary.

**Technical and development risks - risks from disruptive business models or technologies, from development of new products or processes, from product development projects**

The share of risks in this category in the total risk increased to 6 percent in 2022 (2021: 2 percent). Due to countermeasures and balance sheet provisions, the expected loss value (net) decreased by 28 percent.

The reason for the increase is the increased risk due to local development and production by competitors in the APAC region. Risks from delays in product launches and competitor products also increased slightly compared to the previous year.

Research and development as well as the timely market launch of new products make a decisive contribution to the success of the Wacker Neuson Group. Increasingly stringent international and national laws and regulations must be complied with and taken into account in product development. New regulations, such as those relating to noise, environmental and user protection, may result in additional costs for the Wacker Neuson Group. Failure to implement new regulations on an ongoing basis could temporarily diminish the Company's competitive position and growth opportunities. The research and development

departments are therefore continuously working on new products and on revising and maintaining the product range. In doing so, the Wacker Neuson Group always focuses on the needs of the market, taking into account applicable directives, laws and regulations.

The establishment of disruptive business models or technologies by competitors or new market participants could have a significant negative impact on the Wacker Neuson Group's ability to achieve its strategy, unless it succeeds in leveraging and further developing these new developments for the Wacker Neuson Group itself. The Group therefore closely monitors the development and application of new technologies in the industry and uses these for its own products where appropriate. The Group's own development activities also aim to create competitive advantages for the Group through its own market-ready new technologies, particularly in the field of electromobility.

**Legal and regulatory risks - risks from violations of regulations/guidelines/laws, from product liability, from tax proceedings/back payments, from trade restrictions, from loss of intellectual property, and from other pending proceedings**

Risks in this category increased significantly to a share of 7 percent of total risk in 2022 (2021: 1 percent). Due to countermeasures and balance sheet provisions, the expected loss value (net) decreased by 24 percent.

This increase mainly results from an increased risk of back tax payments due to non-recognition of tax results by the tax authorities in subsidiaries.

Trade restrictions in individual countries on the import or marketing of Group products could have a negative impact on revenue and profitability for the Wacker Neuson Group. The Group attempts to influence this through committee work and lobbying. Legal measures to prevent possible trade restrictions are also examined and applied where necessary. Political developments with regard to the regulation of internal combustion engines and their use in urban areas are closely monitored and, if necessary, taken into account in a timely manner in the planning of the research and development departments. In the event of individual bans on the use of diesel-powered construction machinery and equipment in cities, the Group can already offer a portfolio of zero-emission products, which is being steadily expanded. → [Broad range of battery-powered compact equipment and light equipment, page 53 et seq.](#)

Warranty and product liability claims can lead to claims for damages and injunctive relief. The Group minimizes these risks by taking the utmost care in the development and manufacture of its products and by taking out appropriate insurance policies.

The Wacker Neuson Group's global business activities and the associated tax obligations in various countries mean that there is a risk of the Group tax rate developing to the Group's disadvantage, depending on regional revenue trends. There is also a risk of changes to the tax framework in individual countries. In the event of tax audits, the Group reviews the risk after considering all circumstances and recognizes provisions if audit findings are mandatory and a reliable estimate can be made, or reports provisions under contingent liabilities in the event of potential obligations that are probable. To minimize tax risks, the Group has established a tax compliance policy.

Market-leading products are sometimes copied by other manufacturers. This can lead to a loss of sales. If the Company were no longer able to adequately protect its intellectual property, this would have a detrimental effect on competitiveness. The Group reduces this risk

with an intensive patent and intellectual property rights system and by enforcing its property rights. The Wacker Neuson Group prevents disputes with third parties over property rights in advance by conducting appropriate investigations and research.

New regulatory measures and changing customs regulations can have a negative impact on the sales of the Group's products and their manufacturing costs and thus lead to an increase in the legal risk situation. The Group takes measures at an early stage in order to comply with the regulatory framework and thus to secure product sales.

There are currently no pending or threatened legal disputes that could have a significant impact on the financial position of the Wacker Neuson Group. To the extent possible, the Wacker Neuson Group has taken out insurance policies worldwide to cover any significant liability risks remaining within the Company from potential damage claims.

#### **Other risks from strategic risks - risks from a lack of or inadequate strategies and from adverse changes in the competitive environment**

Compared to the previous year, the share of other risks in the Group's total risk increased to around 2 percent (2021: 0.5 percent). The expected loss value (net) decreased insignificantly as a result of countermeasures and balance sheet provisions.

While the risk from existing dealer cooperations in the Russian market no longer exists due to the sanctions imposed on Russia, the risk from increased competition in the APAC segment region and the resulting rise in price pressure has increased.

In line with its strategic development, the Group is continuously expanding its business areas and its sales and service network. In this context, there are risks that selected strategies and business models may not lead to the desired result and that adjustments may be necessary as a result. As a risk policy, the Group regularly draws up strategic plans using modern planning methods. Action plans and fall-back positions are developed and business models are regularly reviewed.

Adverse changes in the competitive and customer environment, e.g. in the form of mergers, could have a negative impact on the achievement of the Group's strategic goals. Dependence on major customers could also have a negative impact on the achievement of strategic objectives if the business relationship were to be terminated. The extent of risk is limited by close monitoring and observation of market and customer changes and the development of adjustment measures.

In order to gain market share or expand its product portfolio, the Wacker Neuson Group also considers alliances and acquisitions, which it examines carefully. There is a fundamental risk that the effects hoped for by entering into an alliance or making an acquisition may fail to materialize and that integration into ongoing business operations may cause problems. If the Group incorrectly assesses the risks associated with such alliances and acquisitions, this may have a negative impact on business development and growth prospects for the Wacker Neuson Group. The Company counters such risks with professional project management and the deployment of integration teams.

#### **Overall statement on the risk situation of the Group - Assessment of the risk situation by the Executive Board**

The main risks - as a percentage of total risk - are operational risks, information technology risks, and financial risks. These three categories together account for around 83 percent of total risk (2021: 94 percent).

Overall risk decreased significantly compared with the previous year. The main reason for this change is the decrease in operating risks. This is mainly due to the significant reduction in material price risks. The main risks have been explained in this risk report.

From the Company's perspective, there are currently no other significant risks. Nor has the Wacker Neuson Group currently identified any risks that could jeopardize its continued existence: Aggregate risks for the Wacker Neuson Group are significantly below the defined risk-bearing capacity.

There is no external analysis and assessment of the Wacker Neuson Group's risk profile - for example by rating agencies.

#### **Material non-financial risks**

The EU Directive 2014/95/EU on non-financial reporting requires that companies also report on material non-financial risks arising from their business activities that have an impact on environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery. The Group reports on these material non-financial risks in its non-financial Group report, which is published separately.

#### **Opportunity Management System**

Opportunities are internal and external developments that can have a positive impact on the Group. Direct responsibility for the early identification and management of opportunities is not borne by individuals but by corporate bodies. These decide, for example, on strategic projects with which the Company responds to new market and customer needs. These committees are made up of experts and high-ranking decision-makers in the Group. When it comes to decision-making, the Wacker Neuson Group adopts an opportunity-driven approach without losing sight of the risks involved. Opportunities are to be identified and adapted at an early stage in order to increase the likelihood of opportunities being realized.

#### **Opportunities**

The following section outlines opportunities that the Group has identified for itself based on the current environment and its own competitive position and which, from today's perspective, could impact the net assets, financial position and results of operations and/or reputation of Wacker Neuson SE.

#### **Megatrends support business development**

Global megatrends are leading to a sustained increase in worldwide demand for compact equipment and light equipment. Key drivers of Group growth are:

**Population growth:** In 2050, there will be almost ten billion people on earth instead of just under eight billion today. This will increase the need for food and supplies worldwide. In addition, there will be further investment in road, rail and telecommunications networks, as well as in the modernization of buildings and the expansion of infrastructure for e-mobility, which will lead to increased demand for light and compact equipment.

**Growing prosperity:** Particularly in developing and emerging countries, rising purchasing power and demand from new consumer strata are increasing construction activity. At the same time, the rise in wage levels will further drive mechanization in construction and agriculture.

**Urbanization:** By 2050, around two-thirds of the world's population will live in cities. The biggest challenges for construction, housing and infrastructure will arise in the so-called "mega cities" with more than ten million inhabitants. As a result, global demand for agile and compact construction machinery will continue to rise.

**Climate change:** atmospheric warming and air pollution are increasingly perceived as a global problem that is being tackled with growing determination at national and international level. The ambitious goals of the EU Green Deal mean that the importance of renewable energies and the focus on electric mobility are also becoming increasingly important issues for the construction and agricultural machinery sector.

The aforementioned trends represent long-term growth opportunities for the Wacker Neuson Group. As one of the leading manufacturers of light and compact equipment, the Group will expand its business worldwide through innovative products and services tailored to customer needs.

While compact equipment has been established in Europe for many years, the markets in North America and Asia are still at a comparatively young stage. They therefore tend to promise higher growth rates. The Group intends to take advantage of this and gain market share with its innovative machines.

In the field of electrically powered light and compact equipment, the Wacker Neuson Group is already able to offer its customers a wide range of products. All three Group brands have zero-emission products that have been well received by customers. Their share of total Group revenue is currently still comparatively low. However, in view of the ambitious goals of the EU Green Deal, the construction industry will also face stricter regulation in the coming years. Combined with anticipated technological leaps in the field of battery technology, purely electrically powered light and compact equipment is therefore likely to become much more important. The Group will therefore continue to invest specifically in expanding its portfolio of all-electric machines.

## TRENDS FAVORABLE TO THE BUSINESS OF THE GROUP

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### Construction industry

- Modernization, maintenance and expansion of infrastructure in mature markets and emerging economies
- Growing residential and commercial construction in cities (urbanization)
- Construction in existing buildings (renovation, modernization)
- Growing affluence and demand from new consumer groups, especially in emerging markets
- Expansion of broadband networks, expansion of e-charging stations
- Increased use of electrically powered machines
- Digitization of products and services

### Agriculture and other industries

- Rising global demand for food and feed as population grows
  - Larger companies (especially in Europe) with growing demand for machinery
  - Increasing mechanization of agriculture, also in emerging markets
  - Efficiency in material handling in industrial plants
  - Increased use of electrically powered machines
  - Digitization of products and services
-

## Disclosures pursuant to § 315a HGB and § 289a HGB and explanatory report by the Executive Board pursuant to § 176 (1) sentence 1 AktG

Pursuant to Section 315a of the German Commercial Code (HGB), listed stock corporations are required to disclose in the Group management report, among other things, information on the composition of the capital, shareholder rights and restrictions on these rights, shareholdings, and the bodies of the Company that constitute takeover-relevant information. The same information must also be provided in the management report of the Company in accordance with Section 289a HGB. Pursuant to Art. 176 par. 1 sentence 1 AktG, the Executive Board must also submit an explanatory report on this information to the Annual General Meeting. The disclosures pursuant to § 315a HGB and § 289a HGB are summarized below with the corresponding explanatory notes pursuant to § 176 (1) sentence 1 AktG.

### Composition of the subscribed capital

As of December 31, 2022, the share capital of Wacker Neuson SE amounts to EUR 70,140,000.00 and, in accordance with Section 3 (2) of the Company's Articles of Incorporation, is divided into 70,140,000 no-par value registered shares with a notional share in share capital of EUR 1.00 per share. As of December 31, 2022, the Company holds a total of 2,124,655 treasury shares from which the Company has no rights in accordance with Section 71b AktG. Less the Company's treasury shares not carrying voting or dividend rights, the 70,140,000 no-par value shares as of December 31, 2022 thus grant a total of 68,015,345 votes. There are no different classes of shares; subject to the above-mentioned non-voting treasury shares of the Company, all shares generally carry the same rights and obligations, which are set out in detail in particular in sections 12, 53a, 133 et seq. and 186 of the German Stock Corporation Act (AktG). In this context, the provisions of the German Stock Corporation Act apply to Wacker Neuson SE in accordance with Art. 9 (1) c) ii), Art. 10 of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE), hereinafter: "SE Regulation", unless otherwise stipulated in specific provisions of the SE Regulation.

### Restrictions affecting voting rights or the transfer of shares

The following disclosures are based on information provided to the Executive Board by the parties to the (former) consortium agreement, the partnership agreement of Wacker Familiengesellschaft mbH & Co. KG and the syndication agreement.

#### Expiry of the consortium agreement

The previous consortium agreement, under which a total of around 58 percent of the Company's share capital was tied up and under which some shareholders and companies attributable to the Wacker family (Wacker shareholders) and Mr. Johann Neunteufel and companies attributable to him (Neunteufel shareholders) undertook to jointly exercise voting rights at the Company's Annual General Meeting, ended on April 30, 2022. Accordingly, there has no longer been a consortium agreement since May 1, 2022. Previously existing restrictions on the transfer of shares bound by the syndicate agreement have therefore also ceased to apply since May 1, 2022.

### Information on the Articles of Association of Wacker Familiengesellschaft mbH & Co. KG

Some of the 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. The shares are economically attributable to the Wacker shareholders.

Prior to each Wacker Neuson SE AGM, a shareholders' meeting of Wacker Familiengesellschaft mbH & Co. KG is held at which the participating Wacker shareholders determine voting behavior and the exercise of proposal rights.

Acquisition and pre-emption rights take effect in the event of sales by a Wacker shareholder to third parties. If a Wacker shareholder withdraws from Wacker Familiengesellschaft mbH & Co. KG by giving notice, the remaining shareholders of Wacker Familiengesellschaft mbH & Co. KG have a pre-emptive right to the shares for a period of two years from the date of withdrawal. In addition, the Shareholders' Meeting can resolve that the Wacker shareholder leaving Wacker Familiengesellschaft mbH & Co. KG receives his settlement credit not in cash but in the Wacker Neuson SE shares economically attributable to him. Each Wacker shareholder leaving Wacker Familiengesellschaft mbH & Co. KG can demand that he receives his settlement credit in the shares economically attributable to him.

### Syndicate agreement between Mr. Martin Lehner and Neunteufel shareholders

A syndicate agreement exists between a Neunteufel shareholder and Mr. Martin Lehner, under which the Neunteufel shareholder exercises the voting rights from all of Mr. Martin Lehner's shares in the Company acquired in the course of the merger between the Company and Neuson Kramer Baumaschinen AG (now Wacker Neuson Beteiligungs GmbH). Voting rights are exercised independently, free of instructions and always in accordance with the shares held by the Neunteufel shareholder himself. With regard to transfers to shareholders other than the Neunteufel shareholder, the Neunteufel shareholder has a right of first refusal.

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

### Direct or indirect shareholdings in the capital exceeding ten out of one hundred of the voting rights

In accordance with the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in Wacker Neuson SE as a listed company must notify the German Federal Financial Supervisory Authority (BaFin) and Wacker Neuson SE.

The following direct or indirect shareholdings in the capital exceeding 10 percent of the voting rights have been notified to the Executive Board of the Company.

The following information is based on notifications pursuant to Sections 33 et seq. WpHG regarding corresponding changes in voting rights up to and including the balance sheet date December 31, 2022, which Wacker Neuson SE has received from shareholders. These notifications are detailed in the Notes to the Annual Financial Statements of Wacker Neuson SE under the section "Notifications and publications of changes in voting rights pursuant to Sections 33 ff. WpHG" in detail. The Executive Board is not aware of any other direct or indirect

shareholdings in the Company's share capital that exceed 10 percent of voting rights.

#### DIRECT/INDIRECT SHAREHOLDING OF MORE THAN TEN OUT OF ONE HUNDRED OF THE VOTING RIGHTS

##### NAME/COMPANY

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 Ltd, Linz, Austria	Indirect
PIN Private Foundation, Linz, Austria	Indirect
Johann Neunteufel, Austria	Indirect

Until the end of April 2022, voting rights totaling around 58 percent of share capital were reciprocally attributed and bound between certain shareholders under a consortium or syndicate agreement (→ [Restrictions affecting voting rights or the transfer of shares, page 67](#)). These mutual attributions under the syndicate agreement ceased to apply as of May 1, 2022, as explained above, which is why numerous Wacker shareholders notified the Company in the reporting year that they had fallen below the threshold of 10 percent of voting rights.

#### Holders of shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

#### Type of voting rights control if employees have an interest in the capital and do not exercise their control rights directly

Employees of the Company may exercise the control rights to which they are entitled from shares directly in the same way as other shareholders in accordance with the statutory provisions and the Articles of Association.

#### Statutory provisions and provisions of the Articles of Association on the appointment and dismissal of Executive Board members and on amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board is governed by Sections 84, 85 AktG. According to Section 6 (1) of the Articles of Incorporation of Wacker Neuson SE, the Executive Board must consist of at least two persons. Otherwise, the Supervisory Board determines the number of Executive Board members (Section 6 (2) Sentence 1 of the Articles of Association). The appointment of Executive Board members and the revocation of their appointment are also made by the Supervisory Board, which decides on this by simple majority.

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

In the case of amendments to the Articles of Association, sections 179 et seq. AktG must be observed. The Annual General Meeting must decide on amendments to the Articles of Incorporation (sections 119 (1) no. 6, 179 (1) AktG). In the case of a Societas Europaea (SE) such as Wacker Neuson SE, resolutions amending the Articles of Incorporation must generally be passed by a majority of no less than two-thirds of the votes cast, unless the legal provisions for stock corporations in the country in which the SE has its registered office provide for or permit a larger majority (Art. 59 (1) SE Regulation). However, each Member State may determine that a simple majority of the votes cast is sufficient, provided that at least half of the subscribed capital is represented (Art. 59 para. 2 SE Regulation). The German legislator has made use of this in Section 51 sentence 1 SE Implementation Act. This does not apply to the amendment of the corporate purpose, to a relocation of the registered office and to cases for which a higher capital majority is mandatory by law (Section 51 sentence 2 SE Implementation Act). Accordingly, Section 21 (1) of the Articles of Association stipulates that amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory statutory provisions provide otherwise.

The Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording (Art. 179 par. 1 sentence 2 AktG, Art. 15 of the Articles of Association).

#### Powers of the Executive Board in particular with regard to the possibility of issuing or buying back shares

##### Own shares

By resolution of the Annual General Meeting on May 30, 2017, the Executive Board was authorized to acquire a total of 7,014,000 treasury shares with the prior consent of the Supervisory Board. This authorization expired without replacement on May 29, 2022. The Executive Board is therefore currently no longer authorized to acquire treasury shares.

The Executive Board made use of the aforementioned authorization to acquire treasury shares for the last time in the financial year 2021. The Company acquired a total of 2,124,655 treasury shares by 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. In total, treasury shares were thus repurchased at a total price of EUR 52,999,971.94 (excluding incidental acquisition costs). The share buyback program ended on November 19, 2021.

##### Expiry of the Authorized Capital 2017

The authorization previously granted to the Executive Board under Section 3 (3) of the Articles of Association to increase the Company's share capital with the approval of the Supervisory Board (Authorized Capital 2017) expired without replacement on May 29, 2022. As a result, the Company currently no longer has any authorized capital.



### **Significant agreements of the Company that are conditional upon a change of control following a takeover bid, and the effects resulting therefrom**

The promissory note loans taken out by Wacker Neuson SE in February 2017 (repaid in February 2022), May 2019 and August 2020 with terms of between three and seven years, still outstanding as of today's date in March 2023 in the amount of EUR 200 million, provide for termination options for the respective creditors if third parties acquire at least 50 percent of the voting rights in the Company. The promissory note loans with terms of between five and seven years, outstanding as of March 2023 and totaling USD 7.5 million, which Wacker Neuson America Corporation, USA, a wholly owned affiliate of the Company, took out in February 2018, also contain corresponding provisions.

In 2022, the Company has entered into six bilateral credit agreements with house banks, each with a term of five years and a credit volume of EUR 50 million each, totaling EUR 300 million. If third parties acquire more than 50% of the voting rights in the Company, the parties to the respective loan agreements must negotiate bilaterally to reach a mutually satisfactory agreement on the continuation of the respective loan agreement. If an agreement on the continuation of the loan agreement is not reached within an agreed period, the bank concerned has the right to terminate its loan for cause.

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

The Group company Kramer-Werke GmbH and the John Deere Group have entered into an agreement on the international distribution of agricultural wheel loaders and telehandlers. This agreement contains a provision under which John Deere is entitled to terminate the agreement under certain conditions if one of John Deere's competitors, as defined in more detail in the agreement, directly or indirectly holds a stake of more than 25 percent in Kramer-Werke GmbH or Wacker Neuson SE or if such a competitor has the right to appoint the majority of members of the executive bodies of Kramer-Werke GmbH or Wacker Neuson SE. John Deere has also taken a financial stake in Kramer-Werke GmbH as part of this cooperation. Should a direct competitor of John Deere in the agricultural or construction machinery sector acquire a stake of more than 25 percent of the shares in Wacker Neuson SE, the Wacker Neuson Group must negotiate with John Deere, to the extent legally permissible, on the sale of its shares in Kramer-Werke GmbH to John Deere.

### **Compensation agreements of the Company entered into with the members of the Executive Board or employees in the event of a takeover bid**

Such agreements do not exist.

### **Concluding remarks**

In the reporting period, there was no reason for the Executive Board to deal with questions relating to a takeover or the particularities of the disclosures to be made under the Takeover Directive Implementation Act. The Executive Board therefore does not consider it necessary to provide further explanations beyond the above disclosures.

### **Corporate Governance Statement pursuant to Section 289f HGB in conjunction with Section 315d HGB**

On March 23, 2023, the Executive Board of Wacker Neuson SE issued a corporate governance statement in accordance with Section 289f in conjunction with Section 315d of the German Commercial Code (HGB) and made it available to the public on the Wacker Neuson SE website at → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations).

### **Non-financial Group report 2022**

In accordance with the German CSR Directive Implementation Act (CSR-Richtlinie-Umsetzungsgesetz), Wacker Neuson SE is required to report annually on environmental, social and employee issues, respect for human rights and the fight against corruption and bribery. To this end, the Wacker Neuson Group has prepared a separate non-financial Group report for fiscal 2022 in accordance with sections 315c in conjunction with 289c to 289e of the German Commercial Code (HGB), which was published at the same time as the Annual Report. The non-financial Group report 2022 can also be found on the Wacker Neuson SE website at: → [www.wackerneusongroup.com/investor-relations](http://www.wackerneusongroup.com/investor-relations).

### **Remuneration Report**

The Act Implementing the Second Shareholder Rights Directive (ARUG II) stipulates that the Executive Board and Supervisory Board of listed companies must prepare an annual remuneration report in accordance with section 162 of the German Stock Corporation Act (AktG) and submit it to the Annual General Meeting for a resolution on its approval. The remuneration report for the financial year 2022, which since 2021 has no longer been part of the combined management report in accordance with legal requirements, is published on the Company's website under Investor Relations/Corporate Governance.

### **Supplementary report**

For events occurring after the balance sheet date of December 31, 2022, please refer to the disclosures in the notes to the consolidated financial statements → [Note 30](#).

## Outlook Report

### Outlook for the macroeconomic environment

- Inflation and Ukraine conflict likely to remain defining issues for the global economy in 2023
- Resilience of many economies supports development
- Slight decline in growth expected for 2023 expected

According to the International Monetary Fund (IMF) in its January 2023 World Economic Outlook, the global fight against inflation, Russia's war in Ukraine and the resurgence of COVID-19 in China weighed on global economic activity in 2022. And at least for the first two factors, this would also be true for 2023.

The strength of GDP in many economies had been surprisingly strong, including the United States, the euro area and key emerging and developing economies, and had ebbed in the fourth quarter of 2022. Prior to that, in many cases, pronounced private consumption and investment amid tight labor markets, as well as higher-than-expected fiscal support, had supported development.

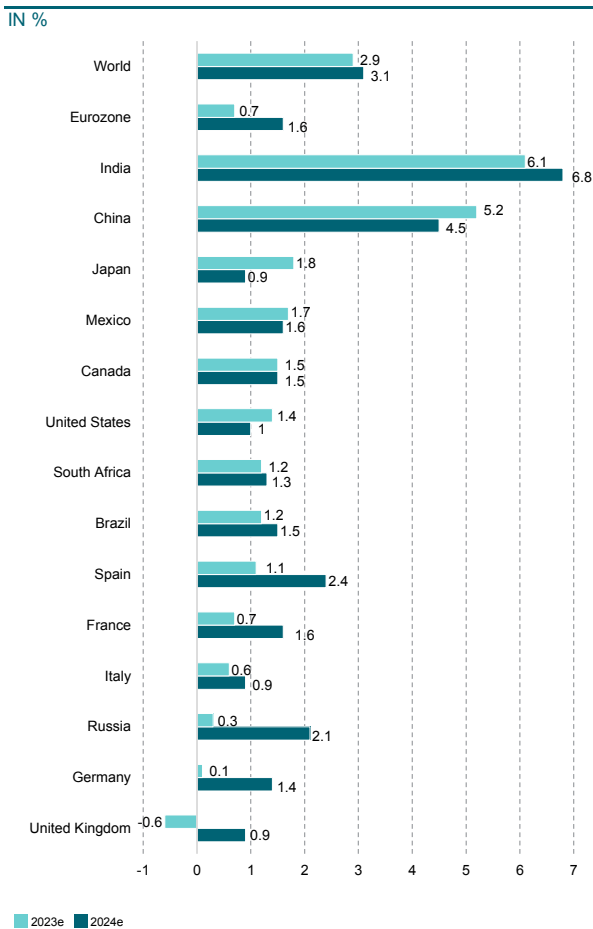
Global growth, estimated at 3.4 percent in 2022, is projected to fall to 2.9 percent in 2023 before rising again to 3.1 percent in 2024. Compared with the IMF's October forecast, the estimate for 2022 and the forecast for 2023 were both raised by about 0.2 percentage points, due to positive surprises and higher-than-expected resilience in many economies. Negative growth in global GDP or global GDP per capita - as is often the case in a global recession - is not expected.

The forecast of low growth in 2023 reflects the increase in central bank interest rates to fight inflation - especially in advanced economies - and the war in Ukraine. The decline in growth in 2023 compared with 2022 is due to advanced economies and growth in emerging and developing economies is expected to bottom out in 2022. Growth in China is expected to pick up with the removal of key pandemic restrictions in 2023.

About 84 percent of countries will have lower headline inflation in 2023 than in 2022, according to the IMF, with global inflation falling from an annual average of 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024 - still above pre-pandemic levels of about 3.5 percent. The projected disinflation would be due in part to the decline in international prices for energy and many commodities due to weaker global demand.

It also reflects the cooling effects of monetary tightening on underlying inflation, which is expected to decline overall from 6.9 percent in the fourth quarter of 2022 (year-on-year) to 4.5 percent in the fourth quarter of 2023. Nonetheless, the disinflation process will take some time, he said: By 2024, projected average annual headline and core inflation are still expected to be above pre-pandemic levels in 82 percent and 86 percent of economies, respectively.

### GLOBAL GDP GROWTH 2023E AND 2024E



Source: International Monetary Fund, January 2023

**Outlook for construction and agriculture industries**

- High order backlog should support construction equipment industry in weaker environment in 2023
- US and European rental industry optimistic for 2023 even in the event of recessionary influences
- Overall positive mood in the European agricultural machinery sector

**Global construction industry expected to weaken**

Following the rapid recovery in the first year after the start of the pandemic, the construction industry continued to grow significantly in 2022. This development was driven by the European and North American markets as well as some emerging and developing countries. For the period from 2021 to 2026, the data provider Research and Markets expects an average annual growth rate of 11 percent for the global construction industry<sup>1</sup>.

The forecasts for the European construction industry for the current year are based on subdued development: According to Euroconstruct, production output in the main construction sector is expected to decline from 3.0 to 0.2 percent in 2023. The decline is expected in almost all European markets. Only in Germany and selective smaller markets do the market researchers expect slight growth.

The experts at the German Engineering Federation (VDMA) believe that order intake in the construction machinery industry as a whole will be well below the levels of the previous year. Based on their September survey, their forecast for 2022 and 2023 among the association's members assumes nominal but not real sales growth. The experts see the greatest risks in continuing supply chain disruptions and logistical bottlenecks, the economic impact of the Ukraine war, and shifts in public budgets toward defense. At the same time, opportunities lie in a prolonged upswing due to delayed machine deliveries and positive effects of economic stimulus programs. The energy transition and the reconstruction of Ukraine also require infrastructure investments.

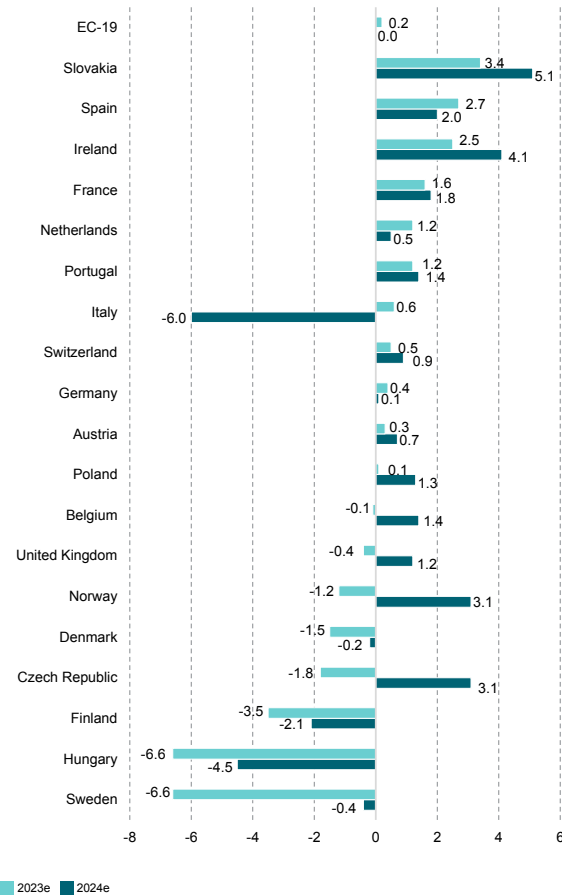
The business climate index of the Committee for European Construction Equipment (CECE) remained at a high level in January 2023. Revenue growth in Europe is not yet at an end. Order intake was roughly at the level of a year ago. The momentum on the international markets, above all in North America, continues to be somewhat stronger than in Europe, after sales of construction equipment in Europe remained at a high level.

After two years of rapid revenue growth in 2021 and 2022, the rental industry is expected to settle into a steady pattern of single-digit increases over the next four years, according to the latest forecast released by the American Rental Association (ARA) in November 2022. The forecast calls for equipment rental revenue - which includes the construction, industrial and general tool segments - to increase 3.4 percent to nearly USD 57.7 billion in 2023, after growing 11 percent to nearly USD 55.8 billion in 2022.

The European Rental Association (ERA) predicts the market will remain strong until mid-2023, following 4.1 percent growth in 2022. In the longer term, it says the European rental market will benefit from economic uncertainty, as rental will support demand for machinery

due to increasing price pressure and constant changes in technologies and regulations.

**EXPECTATIONS FOR THE DEVELOPMENT OF THE EUROPEAN CONSTRUCTION INDUSTRY IN 2022E AND 2023E**



Source: Euroconstruct, November 2022.

**Sentiment in the European agricultural machinery sector improved further after the start of the war**

The general business climate index for the agricultural machinery industry published by the European Agricultural Machinery Association (CEMA) has consolidated its first significant upward trend since the sharp declines in the wake of the Russian war on Ukraine. In December, the index rose from 23 to 30 points (on a scale of -100 to +100). According to the association, expectations for the coming order intake, which are not included in the general business climate index and had been predominantly negative in recent months, had also improved.

However, supply bottlenecks in the production of tractors and harvesters were intensifying, while manufacturers in many other areas of the industry were increasingly able to fulfill their orders. For 2023 as a whole, survey participants expected their companies' sales to grow by an average of 5 percent, with expected sales losses in Eastern Europe more than offset by continued growth in the rest of the world, particularly in Oceania and South America, as well as in Northern, Central and Western Europe.

<sup>1</sup> Source: Research and Markets, February 2023, Construction Global Market Report

After a long dry spell and poor sentiment, farmers are again assessing their economic situation as better at the beginning of 2023, the German Farmers' Association (DBV) describes the situation in its January edition of the Economic and Investment Barometer for Agriculture. The index climbed from 8.4 to 14.9 points. This level was last reached in mid-2021. According to the association, the planned investment volume for the next 6 months was still a moderate EUR 5.8 billion. Although the number of farms willing to invest declined slightly, the planned investment volume increased. Investments in renewable energies and land purchase are planned to increase, while investments in machinery/equipment and farm buildings are less frequent and tend to stagnate in volume.

In the medium and long term, fundamental trends such as the growth in the world's population and the resulting steady increase in demand for food are likely to continue to have a positive impact on the agricultural machinery sector. In the future, increasing productivity will have to be achieved with significantly fewer resources, and environmental and climate protection will also have to be placed at the center of all developments. At the same time, emerging and developing countries are still lagging far behind in the mechanization of their agriculture. The fundamental need for modern and compact machinery, especially for more efficient work on farms, should therefore continue to increase. Falling market prices for agricultural goods in particular could increase the pressure on farmers to invest in high-performance machinery.

## Guidance on business development

### Expected development of revenue and profitability

According to the International Monetary Fund (IMF) in its January 2023 World Economic Outlook, the global fight against inflation, Russia's war in Ukraine and the resurgence of COVID-19 in China weighed on global economic activity in 2022. And at least for the first two factors, the same would hold true for 2023. The forecasts for the European and North American construction equipment industry are moderately positive. Growth will weaken slightly, but the upswing is not yet at its end.

Over the course of 2022, the Wacker Neuson Group recorded steady growth in order intake. At the beginning of 2023, the order backlog was once again at a peak and extended into large parts of fiscal 2023.

Uncertainties remain regarding the development of the Ukraine conflict, ongoing global supply chain issues for the Wacker Neuson Group and high inflation worldwide. For 2023, however, the Executive Board anticipates an overall improvement in the tense supplier situation, albeit with continued low visibility. Resulting inefficiencies and input and transport costs, which remain high compared to the previous year, are likely to continue to weigh on earnings, albeit not to the same extent as in 2022. The Group is therefore expected to see a slight year-on-year improvement in profitability levels as revenue increases.

The forecast for business development in 2023 was prepared on the basis of data available at the time of publication. However, against the backdrop of numerous imponderables relating to the economic and geopolitical environment in 2023, the Executive Board sees an increased risk of sudden and significant changes in the economic environment.

The Executive Board remains positive about the fundamental prospects for the Wacker Neuson Group. A record order backlog and continued high demand for light and compact equipment for the construction and agricultural industries provide the Company with a solid foundation for further solid operational development despite adverse conditions. Taking into account the aforementioned macroeconomic and industry-specific conditions as well as the opportunities and risks arising for the Wacker Neuson Group, the Executive Board is forecasting revenue of between EUR 2,300 and 2,500 million for fiscal 2023, corresponding to growth rates of 2 to 11 percent compared to fiscal 2022. (2022: EUR 2,252.4 million). EBIT margin is expected to be in the range of 9.5 to 10.5 percent (2022: 9.0 percent). This includes an extraordinary effect on earnings in the low double-digit million euro range from the sale of non-current assets no longer required for operations, which was completed in January 2023 and, according to original planning, should have been completed in 2022.

## GUIDANCE ON BUSINESS DEVELOPMENT

	2023e	2024e
Revenue	€ 2,300 to 2,500 million	Growth
EBIT margin	9.5% to 10.5%	constant or slightly increasing
Net working capital in % of revenue	around 30 percent	around 30 percent
Investments	around € 120 million	Adjusted to market development

### Expected development of the segments

For fiscal 2023, the Executive Board anticipates growth in all three reporting regions as well as in the three business segments of light equipment, compact equipment and services. The Americas and Europe (EMEA) are again expected to be the main growth drivers in the reporting regions. In the business segments, the light and compact equipment segments will be the main contributors to revenue growth.

### Forecast development of capital expenditure and net working capital

The Group will continue to invest in promising projects in the future and steadily develop its subsidiaries. Investments in property, plant and equipment and intangible assets of around EUR 120 million are planned for fiscal 2023 (2022: EUR 103.9 million)<sup>1</sup>. In addition to replacement investments, this primarily includes expansion investments in the production network, with which the Group is preparing for further growth.

For the net working capital ratio (net working capital as a percentage of revenue), the Executive Board assumes a value of around 30 percent, in line with the strategic objective (2022: 31.9 percent).

The Wacker Neuson Group's financial and asset position and the strong market positions of its brands provide a good basis for gaining market share and achieving profitable growth over the coming years. The Executive Board plans to maintain an equity ratio of over 50 percent (2022: 60.0 percent). The Group also remains open to cooperations and acquisitions.

### Outlook until the year 2024

Taking into account the aforementioned general conditions, opportunities and risks, and assuming that there are no significant changes in the economic environment, the Executive Board currently expects further revenue growth in 2024, with profitability remaining unchanged or increasing slightly.

<sup>1</sup> Capital expenditures related to property, plant and equipment and intangible assets (investments in the Group's own rental portfolio and shareholdings are not included).

## Overall statement on the expected development of Wacker Neuson SE and the Group

Global megatrends continue to offer a promising environment for the Wacker Neuson Group business model. The Group plans to participate in these trends by focusing on its core markets and offering innovative products and services, among other things. In the short term, however, risks may arise from developments in the global economy, the functioning of global supply chains and customer demand in key target markets.

For fiscal 2023, the Executive Board expects revenues in the range of EUR 2,300 to 2,500 million and an EBIT margin of between 9.5 and 10.5 percent. For 2024, revenues are expected to grow while profitability will remain unchanged or increase slightly.

The actual development of the Group may deviate either positively or negatively from the forecasts due to 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 23, 2023

Wacker Neuson SE, Munich

### 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)

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# Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION			
	Notes	Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
Revenue	(1)	2,252.4	1,866.2
Cost of sales		-1,718.1	-1,382.7
<b>Gross profit</b>		<b>534.3</b>	<b>483.5</b>
Sales and service expenses		-221.6	-179.4
Research and development expenses		-50.1	-45.5
General administrative expenses		-80.5	-74.0
Other income	(2)	24.1	12.6
Other expenses	(4)	-4.4	-4.2
<b>Earnings before interest and tax (EBIT)</b>		<b>201.8</b>	<b>193.0</b>
Financial income*	(5a)	36.3	33.0
Financial expenses*	(5b)	-45.8	-38.6
<b>Earnings before tax (EBT)</b>		<b>192.3</b>	<b>187.4</b>
Taxes on income	(6)	-49.7	-49.5
<b>Profit for the period</b>		<b>142.6</b>	<b>137.9</b>
Of which are attributable to:			
Shareholders in the parent company		142.6	137.9
<b>Earnings per share in € (diluted and undiluted)<sup>1</sup></b>	(7)	<b>2.10</b>	<b>1.99</b>

\*Foreign exchange gains and losses are recognized as gross figures under financial income and financial expenses in the fiscal year (previously: netted). Prior-year figures have been adjusted accordingly. Refer to item 5, "Financial result", for further information.



# Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Notes	Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
<b>Profit for the period</b>		<b>142.6</b>	<b>137.9</b>
<b>Other income</b>			
Income to be recognized in the income statement for subsequent periods			
Exchange differences		11.1	14.1
Cash flow hedges		6.0	1.5
Effect of taxes on income		-1.0	-0.4
<b>Income to be recognized in the income statement for subsequent periods</b>		<b>16.1</b>	<b>15.2</b>
Income not to be recognized in the income statement for subsequent periods			
Actuarial gains/losses from pension obligations		14.6	7.4
Effect of taxes on income		-3.8	-2.0
Financial assets measured at fair value through other comprehensive income		-	4.3
<b>Income not to be recognized in the income statement for subsequent periods</b>	<b>(18)</b>	<b>10.8</b>	<b>9.7</b>
<b>Other comprehensive income after tax</b>		<b>26.9</b>	<b>24.9</b>
<b>Total comprehensive income after tax</b>		<b>169.5</b>	<b>162.8</b>
Of which are attributable to:			
Shareholders in the parent company		169.5	162.8

# Consolidated Balance Sheet

BALANCE AT DECEMBER 31

IN € MILLION			
	Notes	Dec. 31, 2022	Dec. 31, 2021
<b>Assets</b>			
Property, plant and equipment	(8)	452.8	393.9
Property held as financial investment	(9)	26.0	24.2
Goodwill	(10a)	232.5	228.6
Other intangible assets	(10b)	211.0	188.6
Investments	(29)	4.7	3.8
Deferred tax assets	(6)	35.9	29.4
Non-current financial assets	(11)	13.5	19.0
Rental equipment*	(12)	206.3	191.6
<b>Total non-current assets</b>		<b>1,182.7</b>	<b>1,079.1</b>
Inventories	(13)	678.9	490.2
Trade receivables	(14)	301.3	237.9
Tax offsets	(6)	25.7	15.1
Other current financial assets	(15)	41.3	158.4
Other current non-financial assets	(15)	31.4	23.5
Cash and cash equivalents	(16)	53.7	305.5
Non-current assets held for sale	(17)	8.9	11.1
<b>Total current assets</b>		<b>1,141.2</b>	<b>1,241.7</b>
<b>Total assets</b>		<b>2,323.9</b>	<b>2,320.8</b>
<b>Equity and liabilities</b>			
Subscribed capital	(18)	70.1	70.1
Other reserves	(18)	614.0	587.1
Net profit/loss		763.4	682.0
Treasury shares		-53.0	-53.0
<b>Equity</b>		<b>1,394.5</b>	<b>1,286.2</b>
Long-term financial borrowings	(21)	169.5	295.1
Long-term lease liabilities	(26)	54.6	50.4
Deferred tax liabilities	(6)	61.6	49.8
Provisions for pensions and similar obligations	(19)	37.6	54.6
Long-term provisions	(20)	8.7	10.0
Long-term contract liabilities	(24)	10.2	6.8
<b>Total non-current liabilities</b>		<b>342.2</b>	<b>466.7</b>
Trade payables	(22)	261.3	230.5
Short-term liabilities to financial institutions	(21)	117.9	138.7
Current portion of long-term borrowings	(21)	0.8	0.9
Short-term lease liabilities	(26)	22.6	22.2
Short-term provisions	(20)	20.9	20.5
Short-term contract liabilities	(24)	7.2	5.5
Income tax liabilities	(6)	12.0	22.8
Other current financial liabilities	(23)	85.3	74.6
Other current non-financial liabilities	(23)	59.2	52.2
<b>Total current liabilities</b>		<b>587.2</b>	<b>567.9</b>
<b>Total liabilities</b>		<b>2,323.9</b>	<b>2,320.8</b>

\* In fiscal 2022, rental equipment (December 31, 2022: EUR 206.3 million; December 31, 2021: EUR 191.6 million; January 1, 2021: EUR 159.5 million) was reported under non-current assets for the first time. The prior year has been adjusted (for further details, refer to the "Changes to accounting and valuation methods" section of the Notes).

# Consolidated Statement of Changes in Equity

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

Note (18)	Subscribed capital	Capital reserves	Exchange differences	Other neutral changes	Net profit/loss	Treasury shares	Equity attributable to shareholders in the parent company
<b>Balance at January 1, 2021</b>	70.1	618.7	-18.9	-37.6	585.8	-	1,218.1
Profit for the period	-	-	-	-	137.9	-	137.9
Other income	-	-	14.1	10.8	-	-	24.9
<b>Total comprehensive income</b>	-	-	14.1	10.8	137.9	-	162.8
Dividends	-	-	-	-	-41.7	-	-41.7
Purchase of treasury shares	-	-	-	-	-	-53.0	-53.0
<b>Balance at December 31, 2021</b>	70.1	618.7	-4.8	-26.8	682.0	-53.0	1,286.2
<b>Balance at January 1, 2022</b>	70.1	618.7	-4.8	-26.8	682.0	-53.0	1,286.2
Profit for the period	-	-	-	-	142.6	-	142.6
Other income	-	-	11.1	15.8	-	-	26.9
<b>Total comprehensive income</b>	-	-	11.1	15.8	142.6	-	169.5
Dividends	-	-	-	-	-61.2	-	-61.2
<b>Balance at December 31, 2022</b>	70.1	618.7	6.3	-11.0	763.4	-53.0	1,394.5

# Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € MILLION

	Notes	Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
<b>EBT</b>		<b>192.3</b>	<b>187.4</b>
<b>Adjustments to reconcile profit before tax with gross cash flows</b>			
Depreciation, amortization and impairment of non-current assets		72.2	77.4
Unrealized foreign exchange gains/losses		0.3	-1.9
Financial result	(5)	9.5	5.6
Gains from the sale of intangible assets and property, plant and equipment		0.3	-0.2
Changes in rental equipment, net		-12.7	-30.2
Changes in misc. assets		-9.7	91.8
Changes in provisions		-4.1	-4.1
Changes in misc. liabilities		28.3	49.4
<b>Gross cash flow</b>		<b>276.4</b>	<b>375.2</b>
Changes in inventories		-177.8	-65.9
Changes in trade receivables		-56.7	-11.9
Changes in trade payables		25.5	91.3
<b>Changes in net working capital</b>		<b>-209.0</b>	<b>13.5</b>
<b>Cash flow from operating activities before income tax paid</b>		<b>67.4</b>	<b>388.7</b>
Income tax paid		-73.8	-57.0
<b>Cash flow from operating activities</b>		<b>-6.4</b>	<b>331.7</b>
Purchase of property, plant and equipment	(8)	-71.3	-46.0
Purchase of intangible assets	(10)	-32.5	-36.2
Purchase of investments		-1.4	-0.6
Cash outflows for additions to the consolidation structure		-22.2	-
Proceeds of investments		2.2	8.6
Cash inflow from financial investments		130.0	-
Cash outflow from financial investments		-	-115.0
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale		0.8	6.6
Proceeds from disposals from the consolidation group		-	-
<b>Cash flow from investment activities</b>		<b>5.6</b>	<b>-182.6</b>
<b>Free cash flow</b>		<b>-0.8</b>	<b>149.1</b>
Dividends	(18)	-61.2	-41.7
Cash outflow from share buyback program		-	-53.0
Cash receipts from short-term borrowings		2.7	-
Repayments from short-term borrowings		-126.0	-2.4
Repayments from long-term borrowings		-35.6	-
Repayments from lease liabilities	(26)	-21.0	-22.2
Interest paid		-10.8	-10.6
Interest received		1.1	1.0
<b>Cash flow from financial activities</b>		<b>-250.8</b>	<b>-128.9</b>
<b>Change in cash and cash equivalents before effect of exchange rates and changes in consolidation group</b>		<b>-251.6</b>	<b>20.2</b>
Effect of exchange rates on cash and cash equivalents		-1.0	3.5
Change in Disposal group		-	-1.3
Change in consolidation group		0.8	-
<b>Change in cash and cash equivalents</b>		<b>-251.8</b>	<b>22.4</b>
<b>Cash and cash equivalents at the beginning of the period</b>	(16)	<b>305.5</b>	<b>283.1</b>
<b>Cash and cash equivalents at the end of period</b>	(16)	<b>53.7</b>	<b>305.5</b>

# 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 (GEOGRAPHICAL SEGMENTS)

IN € MILLION

	Europe	Americas	Asia-Pacific	Consolidation	Group
<b>2022</b>					
<b>Segment revenue</b>					
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
<b>Revenue from external customers</b>	<b>1,709.9</b>	<b>459.1</b>	<b>83.4</b>		<b>2,252.4</b>
<b>EBIT</b>	<b>188.6</b>	<b>22.6</b>	<b>10.5</b>	<b>-19.9</b>	<b>201.8</b>
	Europe	Americas	Asia-Pacific	Consolidation	Group
<b>2021</b>					
<b>Segment revenue</b>					
Total revenue	2,342.4	380.6	87.0		2,810.0
Less intrasegment sales	-748.5	-38.2	-16.9		-803.6
	1,593.9	342.4	70.1		2,006.4
Intersegment sales	-116.4	-13.8	-10.0		-140.2
<b>Revenue from external customers</b>	<b>1,477.5</b>	<b>328.6</b>	<b>60.1</b>		<b>1,866.2</b>
<b>EBIT</b>	<b>175.9</b>	<b>20.6</b>	<b>2.8</b>	<b>-6.3</b>	<b>193.0</b>

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

	2022	2021
<b>Segment revenue from external customers</b>		
Light equipment	520.9	399.1
Compact equipment	1,304.6	1,063.0
Services	441.6	415.2
	2,267.1	1,877.3
Less cash discounts	-14.7	-11.1
<b>Total</b>	<b>2,252.4</b>	<b>1,866.2</b>

## Geographical areas

### REVENUE ACCORDING TO COMPANY LOCATION

IN € MILLION

	2022	2021
Germany	1,035.3	875.6
USA	328.9	239.2
Austria	148.2	142.3
Other	740.0	609.1
<b>Wacker Neuson overall</b>	<b>2,252.4</b>	<b>1,866.2</b>

As of fiscal 2022, rental equipment is reported under non-current assets (previously: reported under current assets). Prior-year figures have been adjusted accordingly. Refer to item 12, "Rental equipment", for further information.

### NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	2022	2021
Germany	508.3	482.7
Austria	406.6	392.3
USA	40.7	39.0
Other	173.0	112.9
<b>Wacker Neuson overall</b>	<b>1,128.6</b>	<b>1,026.9</b>

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 2022 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 2022 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 2022 (which include prior-year figures) were approved for publication by the Executive Board on March 23, 2023.

## 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, 2022:

Name	Description	Mandatory <sup>1</sup>
<b>EU endorsement issued by the date of release for publication</b>		
IFRS 3, IAS 16, IAS 37	IFRS 3: Business Combinations IAS 16: Property, Plant and Equipment IAS 37: Provisions, Contingent Liabilities and Contingent Assets Annual improvements (2018–2020)	Jan. 1, 2022

<sup>1</sup> For fiscal years that start on or after this date. Initial application in line with EU law.

### Amendments to IFRS 3, IAS 16 and IAS 37, annual improvements 2018–2020

IFRS 3 has been updated so that the references now relate to the current 2018 financial reporting framework. For obligations that fall within the scope of IAS 37, the amendments also include a requirement for the acquirer to apply IAS 37 to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy within the scope of IFRIC 21, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit clarification that the acquirer must not recognize contingent assets acquired in a business combination.

The amendments to IAS 16 now explicitly prohibit the deduction of any net proceeds from the cost of an item of property, plant and equipment. If goods are manufactured while an item of property, plant and equipment is being brought to the location or condition necessary for it to be capable of operating in the manner intended by management, an entity recognizes the proceeds from the sale of such goods and the cost of the goods in the income statement in accordance with the relevant standards. The requirements of IAS 2 apply to the measurement of production costs. Costs for testing to check whether the asset is functioning properly continue to be an example of directly attributable costs. The amendments now clarify that assessment of the technical and physical performance of an asset means assessing whether the asset is capable of producing or delivering goods or services, of being rented to third parties, or being used for administrative purposes. Fur-

thermore, additional disclosures are now required in the Notes regarding income and costs recognized in the income statement from the disposal of goods produced during testing that are not incurred in the ordinary course of the entity's activities. The respective amounts must be disclosed, as well as the items in which they are included. This is only not required if they are disclosed separately in the statement of comprehensive income. The amended requirements apply retrospectively only to property, plant and equipment placed in the location or condition necessary for it to be capable of operating in the manner intended by management at or after the beginning of the earliest comparative period to the reporting period in which the amendments are first applied. An entity recognizes the cumulative effect of initial application in retained earnings (or another appropriate component of equity) in the opening balance sheet of the earliest reporting period presented.

The amendments to IAS 37 specify the scope of fulfillment costs for onerous contracts. All directly attributable costs are to be considered as fulfillment costs, i.e. the incremental costs of fulfilling the contract (such as directly attributable labor and material costs) and an allocation of other costs that relate directly to fulfilling the contract (such as pro rata depreciation of property, plant and equipment used to fulfill multiple contracts). The amendments are applicable to contracts for which not all obligations have been settled at the effective date. The comparative information is not to be restated; instead, the cumulative effect of initial application is recognized in retained earnings (or another appropriate equity item) in the opening balance sheet.

The amendments to IAS 37 apply prospectively to contracts in existence at the date of initial application of the amendments. The Group has analyzed all contracts in existence as at January 1, 2022, and determined that no contract would be classified as onerous under the amended accounting policy. Accordingly, the amendments to IAS 37 have no impact on equity in the opening balance sheet as of January 1, 2022.

The IASB issued annual improvements to IFRS 2018–2020 on May 14, 2020, and amended the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards, with specific guidance on accounting for subsidiaries.
- IFRS 9 Financial Instruments, with amendments to the “10% test” relating to derecognition of financial liabilities. In the “10% test”, an entity considers only fees paid or received between that entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16, with clarifications on accounting for lease incentives.
- IAS 41 Agriculture.

Initial application of the amendments to the IFRS standards above did not have a material impact on the accounting and valuation methods used by the Group.

### 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 <sup>1</sup>
<b>EU endorsement issued by the date of release for publication</b>		
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	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	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
<b>EU endorsement still outstanding</b>		
IFRS 16	Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback	Jan. 1, 2024

<sup>1</sup> For fiscal years that start on or after this date. Initial application in line with EU law provided already endorsed under 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 Group believes that initial application of IFRS 17 and the amendments to IFRS 17 will not have any material impact on its accounting and valuation methods.

### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

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

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

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

#### **Changes to accounting and valuation methods**

With regard to the amendments to accounting and valuation methods published in the previous year, we refer to the Notes to the Consolidated Financial Statements of December 31, 2021.

There were no other changes to accounting and valuation methods in fiscal 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, 2022, through December 31, 2022.

#### **Consolidation structure**

In addition to the parent company, Wacker Neuson SE, the Consolidated Financial Statements as at December 31, 2022, 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 <sup>1</sup>	Country	Wacker Neuson SE shareholding as a %		Equity IN € K	Segment
					direct	indirect		
<b>Germany</b>								
1	Wacker Neuson Produktion GmbH & Co. KG	Reichertshofen	PXX	Germany	100		74.800	Europe
2	Wacker Neuson PGM Verwaltungs GmbH	Reichertshofen	Other	Germany		100	39	Europe
3	Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich	SXX	Germany	100		55.683	Europe
4	Wacker Neuson SGM Verwaltungs GmbH	Munich	Other	Germany		100	38	Europe
5	Wacker Neuson Aftermarket & Services GmbH	Munich	Logistics	Germany	100		31.910	Europe
6	Weidemann GmbH	Diemelsee-Flechting	PXX	Germany	100		76.091	Europe
7	Kramer-Werke GmbH	Pfullendorf	PXX	Germany	5	90	88.034	Europe
8	Kramer-Areal Verwaltungs GmbH	Pfullendorf	Other	Germany		95	6.311	Europe
9	Wacker Neuson Immobilien GmbH	Überlingen	Other	Germany		95	3.160	Europe
<b>Rest of Europe</b>								
10	Wacker Neuson S.A.S.	Brie-Comte-Robert (near Paris)	SXX	France	100		9.096	Europe
11	Wacker Neuson Ltd.	Stafford (near Birmingham)	SXX	UK	100		14.333	Europe
12	Wacker Neuson srl con socio unico	San Giorgio	SXX	Italy	100		3.275	Europe
13	Wacker Neuson B.V.	Amersfoort	SXX	Netherlands	100		3.359	Europe
14	Wacker Neuson Belgium BVBA	Asse-Mollem	SXX	Belgium		100	2.996	Europe
15	Wacker Neuson Beteiligungs GmbH	Hörsching (near Linz)	Holding	Austria	100		162.112	Europe
16	Wacker Neuson Linz GmbH	Hörsching (near Linz)	PXX	Austria		100	216.094	Europe
17	Wacker Neuson Kragujevac d.o.o.	Kragujevac	PXX	Serbia	100		15.913	Europe
18	Wacker Neuson GmbH	Vienna	SXX	Austria	100		18.064	Europe
19	Wacker Neuson Sp. z o.o.	Jawczyce (near Warsaw)	SXX	Poland	100		8.243	Europe
20	Wacker Neuson GmbH	Moscow	SXX	Russia	100		1.744	Europe
21	Wacker Neuson AB	Arlöv (near Malmö)	SXX	Sweden	100		586	Europe
22	Wacker Neuson AG	Volketswil (near Zurich)	SXX	Switzerland	100		29.908	Europe
23	Wacker Neuson, S.A.	Torrejón de Ardoz (near Madrid)	SXX	Spain	100		3.417	Europe
24	ENARCO S.A.	Zaragoza	PXX, SXX	Spain	100		11.436	Europe
25	Malcom Auxen Iberia S.A.	Zaragoza	Other	Spain		100	220	Europe
26	Mecanization Auxen S.A.	Zaragoza	Other	Spain		100	162	Europe
27	Montaje Auxen S.A.	Zaragoza	Other	Spain		100	77	Europe
28	Sage 21 S.A.	Zaragoza	Other	Spain		100	336	Europe
29	ENARPOL Sp Z.O.O.	Krakau	SXX	Poland		100	573	Europe
30	ENARCO Colombia	Bogotá	SXX	Colombia		100	24	Europe
31	MOPYCSA S.A. de CV.	Queretaro	SXX	Mexico		100	710	Europe
32	ENAR (Shanghai) Manufacture C.O. Ltda	Shanghai	Other	China		100	164	Europe
33	ENAR (Haimen) Manufacture C.O. Ltda	Nantong City	PXX, SXX	China		100	354	Europe
34	Wacker Neuson (Pty) Ltd.	Florida (near Johannesburg)	SXX	South Africa	100		3.529	Europe
35	Wacker Neuson s.r.o.	Prague	SXX	Czech Republic	100		5.885	Europe
36	Wacker Neuson s.r.o.	Lučenec	SXX	Slovakia	100		443	Europe
37	Wacker Neuson Makina Limited Şirketi	Tuzla (near Istanbul)	SXX	Turkey	100		1.473	Europe
38	Wacker Neuson Kft.	Törökbálint (near Budapest)	SXX	Hungary	100		1.346	Europe
<b>Americas</b>								
39	Wacker Neuson Máquinas Ltda.	Itaiba (near São Paulo)	SXX	Brazil	100		280	Americas
40	Wacker Neuson Ltda.	Huechuraba (near Santiago)	SXX	Chile	100		-4.425	Americas
41	Wacker Neuson Ltd.	Mississauga (near Toronto)	SXX	Canada	100		13.925	Americas
42	Wacker Neuson S.A. de C.V.	Mexico City	SXX	Mexico	100		3.626	Americas

## CONSOLIDATION STRUCTURE (FULLY CONSOLIDATED COMPANY)

Company name	City	Type of company <sup>1</sup>	Country	Wacker Neuson SE shareholding as a %		Equity IN € K	Segment
				direct	indirect		
43 Wacker Neuson America Corporation	Menomonee Falls <sup>2</sup>	SXX	USA	100		91.330	Americas
44 Lightning Rod Investments LLC	Menomonee Falls <sup>2</sup>	Other	USA		100	9.755	Americas
45 Wacker Neuson Bogotá S.A.S.	Bogotá	SXX	Colombia	100		-6.982	Americas
46 Wacker Neuson Lima S.A.C. i.L.	Lima	SXX	Peru	99	1	-2.829	Americas
<b>Asia-Pacific</b>							
47 Wacker Neuson Pty Ltd.	Springvale (near Melbourne)	SXX	Australia	100		10.097	Asia-Pacific
48 Wacker Neuson Limited i.L.	Hong Kong	SXX	Hong Kong	100		12	Asia-Pacific
49 Wacker Neuson Machinery (China) Co., Ltd.	Pinghu	PXX	China	100		11.179	Asia-Pacific
50 Wacker Neuson Machinery Trading (Pinghu) Co., Ltd.	Pinghu	SXX	China		100	2.373	Asia-Pacific
51 Wacker Neuson (Singapore) PTE. LTD	Singapore	SXX	Singapore	100		1.973	Asia-Pacific
52 Wacker Neuson Equipment Private Ltd.	Bangalore	SXX	India	100		1.904	Asia-Pacific
53 Wacker Neuson Manila, Inc. i.L.	Dasmariñas (near Manila)	PXX	Philippines	100		7.210	Asia-Pacific

<sup>1</sup>SXX = Sales company / PXX = Production company / Other = generally refers to real-estate companies or general partners (Komplementär) in KG companies.

<sup>2</sup> Near Milwaukee.

The following changes were made to the consolidation structure in fiscal 2022:

- An equity holding in Sequello GmbH was acquired.
- The ENAR Group was acquired.
- ENAR France was liquidated.
- ENAR USA LLC was liquidated.
- Wacker Neuson Shanghai Ltd. was liquidated.
- Wacker Neuson AS in Norway was sold.

The companies of the acquired Enar Group are reported under the Europe segment regardless of where they are registered or their principal place of business.

### Sequello

In May 2022, Wacker Neuson SE acquired a stake in Austria-based Sequello GmbH, which operates a digital platform for core construction logistics processes. Antitrust approval followed on July 11, 2022, at which point Sequello GmbH was incorporated in the consolidation structure using the equity method with an investment book value of EUR 0.8 million. The pro rata annual deficit for fiscal 2022 amounted to EUR 0.6 million. The book value of the investment as at December 31, 2022 therefore amounted to EUR 0.2 million. The shares are reported under investments for reasons of materiality.

### Enar Group

On June 1, 2022, the Group acquired 100 percent of the shares and voting rights in Enarco S.A. Headquartered in Zaragoza, Spain, it is the parent company of a total of nine subsidiaries that make up the Enar Group. As a result of its voting majority, the Group gained control of Enarco S.A. and thus also of the remaining Enar Group companies.

The Enar Group manufactures light construction equipment and specializes in concrete technology. Alongside 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 help to further strengthen the Wacker

Neuson Group's market position and extend its international reach, particularly in the field of concrete technology.

Since the acquisition date in June 2022, the Enar Group contributed revenue amounting to EUR 13.2 million and a loss in the amount of EUR 1.0 million to consolidated earnings. Earnings were significantly impacted by acquisition-related amortization, in particular of other intangible assets identified in the course of purchase price allocation, and other expenses.

If the acquisition had taken place on January 1, 2022, management estimates that Group revenue would have been EUR 2,264.7 million and Group profit EUR 138.7 million for fiscal 2022. In determining these amounts, management proceeded under the assumption that the preliminary fair values as calculated at the acquisition date would also have been valid in the event of an acquisition on January 1, 2022.

The consideration to be transferred shall consist solely of liquid funds and is initially estimated to amount to EUR 25.6 million. Of this, a sum of EUR 22.2 million has already been transferred and a sum of EUR 3.4 million was initially retained as collateral and recognized under other non-current liabilities. This sum will be paid out no later than two years after the acquisition date, provided no claims are asserted.

To date, costs of EUR 0.3 million were incurred in connection with this business combination. These costs have been included under general administrative expenses.

The following is a summary of the provisional amounts recognized for key assets acquired and liabilities incurred at the acquisition date:

IN € MILLION	
	Jun. 1, 2022
Property, plant and equipment	10.5
Goodwill	3.9
Intangible assets	10.8
Inventories	6.2
Trade receivables	4.8
Other current non-financial assets	0.7
Cash and cash equivalents	1.0
Long-term financial borrowings	3.9
Deferred tax liabilities	3.1
Trade payables	3.3
Current portion of long-term borrowings	1.0
Income tax liabilities	0.5
Other current non-financial liabilities	0.3

Trade receivables comprise gross amounts of EUR 4.9 million, of which EUR 0.1 million was assessed as unlikely to be recoverable at the acquisition date.

If new information comes to light within one year of the acquisition date regarding facts and circumstances that existed at the acquisition date and would have resulted in revisions to the above amounts, accounting for the acquisition will be adjusted.

The provisional goodwill recognized as part of the acquisition is not deductible for tax purposes and is calculated as follows:

IN € MILLION	
	Dec. 31, 2022
Transferred consideration	25.6
Fair value of identifiable net assets	21.7
<b>Goodwill</b>	<b>3.9</b>

The goodwill is mainly derived from consolidation of the Group's business position in concrete technology and access gained to new customer segments.

### 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, 2022. 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 the Philippines, 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		2022	2021	2022	2021
		Annual average rates		Rates at balance sheet date <sup>1</sup>	
Australia	AUD	1.5172	1.5748	1.5693	1.5615
Brazil	BRL	5.4409	6.3799	5.6386	6.3101
Chile	CLP	917.8720	897.5292	916.9100	955.6400
China	CNY	7.0796	7.6321	7.3582	7.1947
Denmark	DKK	7.4396	7.4371	7.4365	7.4364
United Kingdom	GBP	0.8529	0.8597	0.8869	0.8403
Hong Kong	HKD	8.2438	9.1955	8.3163	8.8333
India	INR	82.6885	87.4491	88.1710	84.2292
Japan	JPY	138.0266	129.8713	140.6600	130.3800
Canada	CAD	1.3697	1.4830	1.4440	1.4393
Colombia	COP	4474.4862	4427.9383	5178.8000	4607.2000
Mexico	MXN	21.2086	23.9930	20.8560	23.1438
Norway	NOK	10.1046	10.1634	10.5138	9.9888
Peru	PEN	4.0353	4.5878	4.0394	4.5175
Philippines	PHP	57.3149	58.2987	59.3200	57.7630
Poland	PLN	4.6861	4.5650	4.6808	4.5969
Russia	RUB	74.0370	87.2002	78.4218	85.3004
Sweden	SEK	10.6319	10.1465	11.1218	10.2503
Switzerland	CHF	1.0047	1.0815	0.9847	1.0331
Serbia	RSD	117.4589	117.5733	117.3330	117.5790
Singapore	SGD	1.4510	1.5893	1.4300	1.5279
South Africa	ZAR	17.2133	17.4736	18.0986	18.0625
Thailand	THB	36.8554	37.8234	36.8350	37.6530
Czech Republic	CZK	24.5671	25.6475	24.1150	24.8580
Turkey	TRY	17.4139	10.4853	19.9649	15.2335
USA	USD	1.0529	1.1831	1.0666	1.1326

<sup>1</sup> 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 1.18 percent (2021: 13.58 percent). 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.

## Important events

In addition to the legal changes, the main important events that occurred during the 2022 reporting period can be described as follows:

### 2022 Annual General Meeting

The Annual General Meeting (AGM) of Wacker Neuson SE took place on June 3, 2022. Once again, the meeting was held virtually, without shareholders or their proxy holders being physically present (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 0.90 per share for fiscal 2021 was approved by shareholders. EUR 61.2 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 2022.

### Performance

In addition to the legal changes, the main important events that occurred during the 2022 reporting period can be described as follows:

- On the back of a clear recovery from the impact of the COVID-19 pandemic in fiscal 2021, business initially got off to a successful start for the Wacker Neuson Group in fiscal 2022. Despite the outbreak of war in Ukraine and the increasingly pronounced knock-on effects on the economy over the course of the year, the Group was able to continue on its growth path. Relative to the previous year, revenue increased by 20.7 percent to EUR 2,252.4 million (2021: EUR 1,866.2 million).

- The patterns of repeated supply chain disruptions already clearly evident in the previous year continued into 2022, exerting a growing impact on business development. Ongoing supply bottlenecks for raw materials and components as well as a continued strong squeeze on shipping capacities resulted in delays in the completion and delivery of products, and to higher inventories of unfinished machines. Inventory levels of machines, raw materials and supplies increased by 38.5 percent in the year under review to EUR 678.9 million (December 31, 2021: EUR 490.2 million).
- The Americas region performed above average due to the dynamic growth of the US economy. Revenue here increased 39.7 percent to EUR 459.1 million (2021: EUR 328.6 million). All sales channels in the North American market experienced an uptick in demand. Wacker Neuson authorized dealers as well as independent dealers and key accounts all saw strong end-customer demand for both new and rental equipment.
- The Wacker Neuson Group's earnings situation also improved in the year under review. Earnings before interest and tax (EBIT) rose 4.6 percent to EUR 201.8 million (2021: EUR 193.0 million). The EBIT margin was slightly lower at 9.0 percent (2021: 10.3 percent). Revenue thus grew at a faster rate than earnings. This was mainly due to higher procurement costs. The Group did adjust its selling prices on several occasions during the year under review and it also introduced flexible pricing models. The higher selling prices realized as a result only partially offset the increased costs of production, however. In addition, profitability was negatively impacted by price guarantees applicable to older orders from the order backlog.

Refer to item "Profit, financials and assets" in the Group Management Report for further information and explanatory comments on events that could have a substantial impact on profit, financials and assets.

## 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 Wacker Neuson 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 Wacker Neuson, 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 "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 Wacker Neuson, 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 as provisions, contingent liabilities and contingent assets in accordance with IAS 37. 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. 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. 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 15 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.

#### **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 items 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 five and eight 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 was reported under non-current assets for the first time in fiscal 2022 (December 31, 2022: EUR 206.3 million; December 31, 2021: EUR 191.6 million; January 1, 2021: EUR 159.5 million) as the statement of rental equipment under non-current assets gives a reliable and more relevant picture of the effects of transactions on the Group’s assets, financials and profit in consideration of IAS 8. This change in presentation

does not carry any other implications for the Group's assets, financials or profit.

### 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.

Cost 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 practical expedient, 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, amortized cost, or 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 measured at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets measured at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets measured at fair value recognized in the income statement

An outstanding receivable vis-à-vis a foreign business, the discontinuation of which is neither planned nor likely in the foreseeable future, corresponds largely to part of the net investment in this foreign business. The nominal value amounted to USD 60.0 million in fiscal 2022 (previous year: USD 60.0 million) and was issued by the German parent company of the Group to the American sales affiliate Wacker Neuson Sales Americas LLC. The loan was repaid in the course of fiscal

2022. The translation differences from the receivable were thus reclassified from equity (other comprehensive income) to 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 4.4 million (2021: EUR 3.8 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 considers a financial asset in default 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.

#### (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 re-designated 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 consolidated 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. Amorti-

zation 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.

The Group views the Ukraine-Russia war and its ramifications as a triggering event requiring an impairment test on capitalized development projects and a real-estate holding in Russia in accordance with IAS 36. Refer to items 8, "Property, plant and equipment", and 10, "Intangible assets", in these Notes for further information.

### 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 above "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.

#### **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, has now been classified as "non-current assets held for sale" as part of the consolidation of the two sites. The sale of this real estate took place during the first quarter of fiscal 2023.

#### **(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. The Group views the Ukraine-Russia war as a triggering event requiring an impairment test under IAS 36 on capitalized development projects and a real-estate holding in Russia. In fiscal 2022, impairment losses were identified and recognized in this regard. Refer to items 8, "Property, plant and equipment", and 10, "Intangible assets", in these Notes for further details.

##### **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 2022, 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) and Wacker Neuson Beteiligungs GmbH (subgroup/Austria), a detailed calculation was taken as a basis for the impairment test performed on December 31, 2022. In the last review, the detailed analysis showed that the recoverable amount significantly exceeds the carrying amount of the respective unit. Taking into account the sensitivity analysis, no indication of a need to recognize impairment losses was identified under the circumstances, as the recoverable amount also significantly exceeds the carrying amount in the worst-case scenario.

In fiscal 2022, the new cash-generating unit the Enar Group joined the Wacker Neuson Group. It was also subject to an annual impairment test as at December 31, 2022.



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 2022 impairment test resulted in the recognition of an impairment loss in the amount of EUR 0.1 million at the 2022 closing date (2021: EUR 1.1 million). Refer to item 11, "Other non-current assets", in these Notes for further information.

#### ECL allowances for financial assets

The fiscal 2022 impairment test resulted in the recognition of an impairment expense in the amount of EUR 2.9 million at the 2022 closing date (2021: EUR 13.5 million write-up). The previous year's write-up was largely attributable to the sale of a minority shareholding in a company in North America and the pre-term receipt of non-current receivables from US dealers.

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. Wacker Neuson already takes account of significant individual risks through adjustments to individual values. Against this backdrop, the receivables adjusted by means of an ECL are not generally 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, Wacker Neuson 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		
	2022	2021
<b>Geographical segments</b>		
Europe	1,709.9	1,477.5
Americas	459.1	328.6
Asia-Pacific	83.4	60.1
<b>Total revenue</b>	<b>2,252.4</b>	<b>1,866.2</b>
<b>Business segments</b>		
Light equipment	520.9	399.1
Compact equipment	1,304.6	1,063.0
Services	441.6	415.2
Less cash discounts	-14.7	-11.1
<b>Total revenue</b>	<b>2,252.4</b>	<b>1,866.2</b>
<b>Source of revenue:</b>		
Revenue generated from contracts with customers	2,062.3	1,677.3
Other revenue	190.1	188.9
<b>Total revenue</b>	<b>2,252.4</b>	<b>1,866.2</b>

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 189.1 million (previous year: EUR 183.8 million), which is recognized in the "Europe" segment. The rental period is typically short term, averaging approximately 18 days (previous year: 17 days). Revenue from dealer financing was reported at EUR 1.0 million (previous year: EUR 5.2 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		
	2022	2021
Proceeds from sale of intangible assets	11.0	-
Income from the sale of scrap	2.9	2.1
Offsetting of non-cash benefits	2.0	1.9
Rental income on investment properties	1.7	1.9
Government grant	2.0	1.7
Insurance reimbursements	1.0	1.1
Proceeds from sale of property, plant and equipment and assets held for sale	0.8	1.7
Carry-forwards	0.1	0.3
Other income	2.6	1.9
<b>Total</b>	<b>24.1</b>	<b>12.6</b>

The Wacker Neuson Group and John Deere Construction & Forestry Company, a subsidiary of Deere & Company, USA, a global leader in the manufacturing of agricultural, forestry and construction equipment, have reached a strategic agreement regarding mini and compact excavators. The agreement also covers a technical collaboration between John Deere and Wacker Neuson in relation to 5 to 9 metric ton excavators. John Deere will purchase and incorporate design and technical IP provided by Wacker Neuson, 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 from the sale of intangible assets in the amount of EUR 11.0 million (2021: EUR 0.0 million).

The government grant primarily comprises research funding for product development. No unfulfilled conditions remain as at December 31, 2022.

As part of the streamlining of sales structures in South America, real estate in Huechuraba, Chile, with a book value of EUR 0.7 million, was sold in the previous year as "non-current assets held for sale". The sale took place during the first quarter of 2021. The book value gain from this sale in the amount of EUR 0.5 million is shown in the line "Proceeds from the sale of property, plant and equipment and non-current assets held for sale".

### 3 – Personnel expenses

Personnel expenses comprise the following:

IN € MILLION		
	2022	2021
Wages and salaries	343.1	309.3
Social security contributions	77.2	69.7
Expenses for pensions	6.4	6.3
<b>Total</b>	<b>426.7</b>	<b>385.3</b>

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		
	2022	2021
Redundancy payments	1.3	2.6

EUR 0.9 million (2021: EUR 0.8 million) of this is attributable to provisions for redundancy payments required by law for the sites in Austria.

The redundancy payments in 2022 resulted primarily from 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 (2021: EUR 0.0 million). In addition, redundancy payments for the previous year also include an expense in the amount of EUR 0.6 million (2022: EUR 0.0 million) due to a change in the Executive Board.

The functional costs include the following personnel expenses:

- Cost of sales: EUR 193.4 million (2021: EUR 166.6 million)
- Sales and service expenses: EUR 127.3 million (2021: EUR 120.2 million)
- Research and development expenses: EUR 51.3 million (2021: EUR 46.0 million)
- General and administrative expenses: EUR 54.7 million (2021: EUR 52.5 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):

	2022	2021
Production	3,358	2,840
Sales and service	1,451	1,431
Research and development	561	529
Administration	546	513
<b>Total</b>	<b>5,916</b>	<b>5,313</b>

## 4 – Other operating expenses

IN € MILLION		
	2022	2021
Deconsolidation loss	1.1	-
Losses on the disposal of property, plant and equipment	0.8	1.6
Marketing/consulting costs in relation to Karlsfeld real estate	0.5	-
Impairment on real estate	0.3	1.7
Write-down on sales tax receivables	0.3	-
Other expenses	1.4	0.9
<b>Total</b>	<b>4.4</b>	<b>4.2</b>

As part of the realignment of sales structures in Northern Europe, the subsidiary Wacker Neuson AS, Hagan, Norway, was sold at a loss (deconsolidation loss) in the amount of EUR 0.9 million (2021: EUR 0.0 million).

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, has now been classified as “non-current assets held for sale” as part of the consolidation of the two sites. Various consulting costs in the amount of EUR 0.5 million (2021: EUR 0.0 million) have already been incurred for marketing purposes. Refer to item 17, “Non-current assets held for sale”, in these Notes for further information.

Falling real-estate prices provided grounds for the identification of an impairment loss on a real-estate holding in Russia. An impairment loss in the amount of EUR 0.3 million (2021: EUR 1.7 million) was recognized under other operating expenses. This impairment loss is reported under the Europe segment. The book value of EUR 0.6 million as at December 31, 2022 (2021: EUR 0.9 million) corresponds to the estimated value realizable in the event of a future sale.

## 5 – Financial result

### a) Financial income

IN € MILLION		
	2022	2021 angepasst
Interest and similar income	1.1	1.0
Foreign exchange gains	33.3	29.7
Income from foreign exchange contracts	1.3	1.2
Write-up minority shareholding	0.6	1.1
<b>Total</b>	<b>36.3</b>	<b>33.0</b>

In previous years, the foreign exchange gains and losses were netted. For greater transparency, the foreign exchange gains (2022: EUR 33.3 million; 2021: EUR 29.7 million) and losses (2022: EUR 29.4 million; 2021: EUR 20.5 million) are recognized as gross figures in fiscal 2022 for the first time. Prior-year figures have been adjusted accordingly. Refer to the “Changes to accounting and valuation methods” section under “General information on accounting standards” for further information.

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 1.3 million in the period under review (2021: EUR 1.2 million). This is offset by expenses in the amount of EUR 1.9 million (2021: EUR 1.0 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.

## b) Financial expenses

IN € MILLION		
	2022	2021 adjusted
Interest and similar expenses	10.7	10.6
Foreign exchange losses	29.4	20.5
Expenses from foreign exchange contracts	4.8	7.5
Other financial expenses	0.9	-
<b>Total</b>	<b>45.8</b>	<b>38.6</b>

Interest and similar income was netted against interest and similar expenses in the amount of EUR 0.4 million (2021: EUR 0.5 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 an expense in the amount of EUR 4.8 million in the period under review (2021: EUR 7.5 million). This is offset by income in the amount of EUR 6.0 million (2021: EUR 5.0 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 gains in the amount of EUR 6.0 million (2021: EUR 5.0 million) are included in foreign exchange gains under financial income.

## 6 – Taxes on income

Expense for taxes on income comprises the following:

IN € MILLION		
	2022	2021
Current tax expense	52.7	45.5
Deferred tax expense	-3.0	4.0
<b>Total</b>	<b>49.7</b>	<b>49.5</b>

Current tax expense includes adjustments of EUR 3.9 million as expenses (2021: EUR 0.8 million income) for previous fiscal years. The figure of EUR 3.9 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 of

5.5 percent on this were applied for domestic companies as at December 31, 2022. 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 30.12 percent (2021: 27.03 percent and 30.08 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		
	2022	2021
Other comprehensive income to be recognized in the income statement in subsequent periods		
Cash flow hedges	-1.0	-0.4
<b>Total</b>	<b>-1.0</b>	<b>-0.4</b>
Other comprehensive income not to be recognized in the income statement in subsequent periods		
Reclassification from defined pension commitments	-3.8	-2.0
<b>Total</b>	<b>-3.8</b>	<b>-2.0</b>
<b>Total</b>	<b>-4.8</b>	<b>-2.4</b>

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 tax) applying an income tax rate of 29.64 percent (previous year: 28.96 percent). The income tax rate comprises 15 percent (previous year: 15 percent) corporation tax, 5.5 percent (previous year: 5.5 percent) solidarity surcharge and 13.82 percent (previous year: 13.14 percent) trade tax:

IN € MILLION		
	2022	2021
EBT	192.3	187.4
Tax at the applicable rate: 29.64% (previous year: 28.96%)	57.0	54.3
Variance in Group tax rates	-7.3	-4.4
Adjustments to current income taxes paid in earlier years	3.9	0.8
Tax effects of non-deductible expenses and tax-exempt income	1.6	5.8
Tax rate changes	0.1	0.1
Tax effects of deferred tax assets arising from losses carried forward	-6.1	-1.7
Value adjustments to deferred tax assets	-	-5.0
Other	0.5	-0.4
<b>Total</b>	<b>49.7</b>	<b>49.5</b>

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

IN € MILLION				
	2022	2022	2021	2021
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Recognition and valuation differences: intangible assets	3.9	36.5	-	47.5
Valuation differences: tangible assets and rental	18.7	30.8	17.9	15.3
Valuation differences: inventories	12.5	4.8	9.6	3.2
Valuation differences: receivables	0.9	0.6	7.2	0.3
Valuation differences: IFRS 16	-	-	1.3	-
Valuation differences: provisions for pensions	7.5	-	10.2	3.4
Valuation differences: liabilities	7.1	2.6	6.1	1.3
Loss carry-forwards	0.9	-	0.6	-
Other	6.6	8.5	5.7	8.0
<b>Total</b>	<b>58.1</b>	<b>83.8</b>	<b>58.6</b>	<b>79.0</b>
<b>Net</b>	<b>-22.2</b>	<b>-22.2</b>	<b>-29.2</b>	<b>-29.2</b>
<b>Balance sheet item</b>	<b>35.9</b>	<b>61.6</b>	<b>29.4</b>	<b>49.8</b>

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 as appropriate.

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 46.6 million (2021: EUR 72.3 million). Unused tax loss carry-forwards in the amount of EUR 25.3 million are attributed to the Americas segment (2021: EUR 21.7 million), where they can be carried forward for a period of up to three years. A further EUR 5.4 million (2021: EUR 7.2 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 and Scandinavian countries due to be liquidated as planned during the next three years as part of the company's program to reduce costs and increase efficiency.

In addition, value adjustments to deferred tax assets relating to temporary differences was again reversed in the previous year in the

amount of EUR 5.0 million as these tax losses became recoverable in 2021 due to future taxable profit.

Deferred taxes from pension obligations in the amount of EUR 5.9 million (2021: EUR 9.7 million) and from cash flow hedges in the amount of EUR -0.4 million (2021: EUR 0.6 million) were recognized directly in equity. All other deferred tax was recognized in the 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 (2021: EUR 1.1 million) were recognized on this. The amount available for distribution is EUR 103.8 million (2021: EUR 109.8 million).

## 7 – Earnings per share

	2022	2021
Earnings from the current year attributable to shareholders in € million	142.6	137.9
Weighted average number of ordinary shares outstanding during current period	68.01	69.20
<b>Undiluted earnings per share in €</b>	<b>2.10</b>	<b>1.99</b>
<b>Diluted earnings per share in €</b>	<b>2.10</b>	<b>1.99</b>

According to IAS 33, earnings per share are calculated by dividing the total profit/loss for the year attributable to Wacker Neuson SE shareholders by the weighted average number of shares issued.

A share buyback program began in April 2021 and was successfully concluded in November 2021. The share buyback program has an impact on earnings per share. The calculation of undiluted earnings per share is based on the weighted average number of shares in circulation during the period. Shares repurchased during the period are only considered to be in circulation up until the point in time when they are bought back and are weighted accordingly. After buyback, treasury shares are not included in the calculation of shares considered to be in circulation. For the period from January 1 through December 31, 2021, earnings per share were calculated on the basis of a weighted average number of shares in circulation in the amount of 69,154,959.

There was no share buyback program in fiscal 2022, so the number of shares in circulation remained unchanged throughout the fiscal year. For the period from January 1 through December 31, 2022, 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
<b>Acquisition costs</b>					
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 structure	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 to non-current assets held for sale and property held as financial investment	-	-	-	-	-
Transfers	33.8	5.2	2.1	-41.1	-
<b>Balance at December 31, 2022</b>	<b>498.5</b>	<b>153.8</b>	<b>149.3</b>	<b>22.7</b>	<b>824.3</b>
<b>Accumulated depreciation</b>					
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 structure	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
Transfers to non-current assets held for sale and property held as financial investment	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>166.2</b>	<b>111.6</b>	<b>93.0</b>	<b>0.7</b>	<b>371.5</b>
<b>Book value at December 31, 2021</b>	<b>283.1</b>	<b>39.0</b>	<b>49.9</b>	<b>21.9</b>	<b>393.9</b>
<b>Book value at December 31, 2022</b>	<b>332.3</b>	<b>42.2</b>	<b>56.3</b>	<b>22.0</b>	<b>452.8</b>
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
<b>Acquisition costs</b>					
Balance at January 1, 2021	406.4	129.2	131.5	32.3	699.4
Exchange rate differences	3.3	2.1	1.6	0.1	7.1
Additions	14.9	7.8	17.0	24.8	64.5
Disposals	-8.4	-4.7	-10.7	-	-23.8
Transfers to non-current assets held for sale and property held as financial investment	-18.9	-	-	-	-18.9
Transfers	30.6	3.0	1.1	-34.7	-
<b>Balance at December 31, 2021</b>	<b>427.9</b>	<b>137.4</b>	<b>140.5</b>	<b>22.5</b>	<b>728.3</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2021	135.0	90.9	81.8	0.1	307.8
Exchange rate differences	1.6	1.7	1.2	-	4.5
Additions	21.5	10.2	16.4	-	48.1
Impairment	1.1	-	0.2	0.5	1.8
Disposals	-4.4	-4.4	-9.0	-	-17.8
Transfers to non-current assets held for sale and property held as financial investment	-10.0	-	-	-	-10.0
<b>Balance at December 31, 2021</b>	<b>144.8</b>	<b>98.4</b>	<b>90.6</b>	<b>0.6</b>	<b>334.4</b>
<b>Book value at December 31, 2020</b>	<b>271.4</b>	<b>38.3</b>	<b>49.7</b>	<b>32.2</b>	<b>391.6</b>
<b>Book value at December 31, 2021</b>	<b>283.1</b>	<b>39.0</b>	<b>49.9</b>	<b>21.9</b>	<b>393.9</b>
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 120.2 million (2021: EUR 120.6 million).

IN € MILLION		
	2022	2021
<b>Functional lines</b>		
Cost of sales	78.0	70.6
Sales and service expenses	22.1	22.0
Research and development expenses	3.7	7.3
General and administrative expenses	16.1	19.0
Other operating expenses	0.3	1.7
<b>Total impairment losses</b>	<b>120.2</b>	<b>120.6</b>

Depreciation and amortization amounted to EUR 72.1 million excluding rental equipment (2021: EUR 77.4 million). The change was primarily attributable to the development of impairment losses (see table below).

The breakdown of impairment losses (intangible assets included) by functional line and region is as follows:

IN € MILLION		
	2022	2021
<b>Functional lines</b>		
Cost of sales	0.5	4.1
Sales and service expenses	-	0.6
General and administrative expenses	-	0.8
Other operating expenses	0.3	1.7
<b>Total impairment losses</b>	<b>0.8</b>	<b>7.2</b>
<b>Regions</b>		
Europe	0.8	6.5
Americas	-	0.7
Asia-Pacific	-	-
<b>Total impairment losses</b>	<b>0.8</b>	<b>7.2</b>

The review of business prospects revealed a number of impairment losses in connection with intangible assets in the amount of EUR 0.5 million (2021: EUR 4.7 million). This included value adjustments primarily for capitalized product developments in the amount of EUR 0.5 million (2021: EUR 4.0 million).

Investments in property, plant and equipment included investments to expand production and logistics at the plants in Reichertshofen, Germany, and Kragujevac, Serbia. These expansion measures were the main driver behind the higher values for down-payments / assets under construction, recognized at EUR 41.1 million (2021: EUR 24.8 million).

Reclassifications of the down-payments / assets under construction increased to EUR 41.2 million (2021: EUR 34.7 million). This increase was triggered by the expansion of our production capacities and the construction of the new factory in Serbia as well as the logistics organization for new equipment in Reichertshofen, which became operational in 2022.

#### 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.

	Land and buildings	Machinery and equipment	Office and other equipment	Total
<b>Acquisition costs</b>				
Book value at January 1, 2022	85.1	0.3	33.7	119.1
Additions	21.2	-	8.2	29.4
Disposals	-10.6	-	-9.9	-20.5
Change in consolidation structure	0.7	-	-	0.7
Exchange rate differences	0.5	-	0.2	0.7
<b>Balance at December 31, 2022</b>	<b>96.9</b>	<b>0.3</b>	<b>32.2</b>	<b>129.4</b>
<b>Accumulated depreciation</b>				
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
<b>Balance at December 31, 2022</b>	<b>41.5</b>	<b>0.2</b>	<b>14.7</b>	<b>56.4</b>
<b>Book values at January 1, 2022</b>	<b>50.2</b>	<b>0.2</b>	<b>16.5</b>	<b>66.9</b>
<b>Book values at December 31, 2022</b>	<b>55.4</b>	<b>0.1</b>	<b>17.5</b>	<b>73.0</b>

	Land and buildings	Machinery and equipment	Office and other equipment	Total
<b>Acquisition costs</b>				
Book value at January 1, 2021	80.1	-	28.7	108.8
Additions	11.8	0.3	6.5	18.6
Disposals	-6.8	-	-1.5	-8.3
Exchange rate differences	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>85.1</b>	<b>0.3</b>	<b>33.7</b>	<b>119.1</b>
<b>Accumulated depreciation</b>				
Balance at January 1, 2021	24.8	-	10.8	35.6
Additions	13.6	0.1	7.2	20.9
Disposals	-3.5	-	-0.8	-4.3
<b>Balance at December 31, 2021</b>	<b>34.9</b>	<b>0.1</b>	<b>17.2</b>	<b>52.2</b>
<b>Book values at January 1, 2021</b>	<b>55.3</b>	<b>-</b>	<b>17.9</b>	<b>73.2</b>
<b>Book values at December 31, 2021</b>	<b>50.2</b>	<b>0.2</b>	<b>16.5</b>	<b>66.9</b>

## 9 – Property held as financial investment

The table below shows the development of investment properties held during the years 2021 and 2022:

IN € MILLION		
	2022	2021
<b>Acquisition costs</b>		
Balance at December 31	38.2	39.9
Additions	2.3	–
Disposals	–	-1.7
<b>Balance at January 1</b>	<b>40.5</b>	<b>38.2</b>
<b>Accumulated depreciation</b>		
Balance at December 31	14.0	13.7
Additions	0.5	0.7
Disposals	–	-0.4
<b>Balance at January 1</b>	<b>14.5</b>	<b>14.0</b>
<b>Book value at December 31</b>	<b>24.2</b>	<b>26.2</b>
<b>Book value at January 1</b>	<b>26.0</b>	<b>24.2</b>

### DETAILS ON PROPERTIES

Property	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 years
<b>Total</b>	<b>23.3</b>	<b>50.6</b>			

	Book value as at Dec. 31, 2021 in € million	Fair value as at Dec. 31, 2021 in € million	Calculation method	Depreciation method	Useful life
Germany	24.2	45.5			
Munich	10.3	24.8	German income approach	Straight-line	50 years
Überlingen	13.9	20.7	Survey/German income approach	Straight-line	25–50 years
<b>Total</b>	<b>24.2</b>	<b>45.5</b>			

The earnings derived from investment properties are shown in the table below:

IN € MILLION		
	2022	2021
Rental income	1.7	2.0
Depreciation and impairment	-0.5	-0.7
Other expenses	-0.4	-0.1
<b>Total</b>	<b>0.8</b>	<b>1.2</b>

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		
	2022	2021
Balance at January 1	228.6	228.6
Foreign currency fluctuations	–	–
Impairment	–	–
Change in consolidation structure	3.9	–
<b>Balance at December 31</b>	<b>232.5</b>	<b>228.6</b>

The increase in goodwill in the amount of EUR 3.9 million is due to the acquisition of the Enar Group.

### b) Other intangible assets

→ [See Development of intangible assets schedule on the 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, 2022	Book value on Dec. 31, 2021	Useful life
Brands	70.0	64.8	Indefinite
Customer base	4.3	0.8	4 – 10 years
Software development	16.8	17.4	1 – 8 years
<b>Total</b>	<b>91.1</b>	<b>83.0</b>	

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 SERVIZI 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 2022, 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 0.5 million (2021: EUR 5.4 million). Assets were individually tested for impairment.

IN € MILLION		
	2022	2021
<b>Functional lines</b>		
Cost of sales	0.5	4.0
Sales and service expenses	–	0.7
General and administrative expenses	–	0.7
<b>Total impairment losses</b>	<b>0.5</b>	<b>5.4</b>
<b>Regions</b>		
Europe	0.5	4.7
Americas	–	0.7
Asia-Pacific	–	–
<b>Total impairment losses</b>	<b>0.5</b>	<b>5.4</b>

The gains 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
<b>Acquisition costs</b>					
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
<b>Balance at December 31, 2022</b>	<b>37.2</b>	<b>118.5</b>	<b>108.3</b>	<b>77.0</b>	<b>341.0</b>
<b>Accumulated depreciation</b>					
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
Transfers	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>31.4</b>	<b>27.4</b>	<b>67.4</b>	<b>3.8</b>	<b>130.0</b>
<b>Book value at December 31, 2021</b>	<b>5.4</b>	<b>83.0</b>	<b>39.9</b>	<b>60.3</b>	<b>188.6</b>
<b>Book value at December 31, 2022</b>	<b>5.8</b>	<b>91.1</b>	<b>40.9</b>	<b>73.2</b>	<b>211.0</b>
Useful life in years	3 – 8	1 – 8	5 – 6	-	-

	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Intangible assets under development	Total
<b>Acquisition costs</b>					
Balance at January 1, 2021	32.5	103.5	104.1	39.6	279.7
Exchange rate differences	0.7	0.2	1.3	0.3	2.5
Additions	2.1	1.4	-	33.1	36.6
Disposals	-0.7	-2.3	-17.6	-0.2	-20.8
Transfers	-	2.2	6.5	-8.7	-
<b>Balance at December 31, 2021</b>	<b>34.6</b>	<b>105.0</b>	<b>94.3</b>	<b>64.1</b>	<b>298.0</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2021	26.6	16.2	57.8	0.2	100.8
Exchange rate differences	0.6	0.2	0.9	-	1.7
Additions	1.7	7.1	12.7	-	21.5
Impairment	0.7	0.7	0.3	3.7	5.4
Disposals	-0.4	-2.2	-17.4	-	-20.0
Transfers	-	-	0.1	-0.1	-
<b>Balance at December 31, 2021</b>	<b>29.2</b>	<b>22.0</b>	<b>54.4</b>	<b>3.8</b>	<b>109.4</b>
<b>Book value at December 31, 2020</b>	<b>5.9</b>	<b>87.3</b>	<b>46.3</b>	<b>39.4</b>	<b>178.9</b>
<b>Book value at December 31, 2021</b>	<b>5.4</b>	<b>83.0</b>	<b>39.9</b>	<b>60.3</b>	<b>188.6</b>

### 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, 2022	Dec. 31, 2021
<b>Weidemann GmbH</b>		
Book value of goodwill	24.2	24.2
Book value of the indefinite-lived brand	22.0	22.0
<b>Wacker Neuson Beteiligungs GmbH (subgroup/Austria)</b>		
Book value of goodwill	204.4	204.4
Book value of the indefinite-lived brand	42.8	42.8
<b>Enar Group (subgroup/Spain)</b>		
Book value of goodwill	3.9	-
Book value of the indefinite-lived brand	5.2	-
<b>Book value of goodwill</b>	<b>232.5</b>	<b>228.6</b>
<b>Book value of the indefinite-lived brand</b>	<b>70.0</b>	<b>64.8</b>

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 carrying value.

#### General economic conditions

The Wacker Neuson Group clearly rallied in 2021 following the impact of the COVID-19 pandemic but business development faced new challenges in 2022 on the foot of the war in Ukraine with its various political and economic knock-on effects. Despite this, business developed positively for the Group in 2022, buoyed by continued strong demand from the construction and agricultural sectors.

#### 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 2022.

Cash flow projections are based on financial plans approved by management for a period of three years (through 2025). The discount rate after tax applied to the cash flow projections is 10.60 percent for the Weidemann GmbH and Wacker Neuson Beteiligungs GmbH units, as

well as for the Enar Group, acquired in fiscal 2022 (2021: 7.80 percent). Cash flows beyond the three-year period are extrapolated using a growth rate of 1.6 to 1.9 percent (2021: 1.1 to 1.9 percent) for a further two years (through 2027). This growth rate exceeds the average growth forecast for the industry. However, the cash-generating unit has 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 for the Weidemann GmbH and Wacker Neuson Beteiligungs GmbH units exceeds the carrying value, indicating no need to recognize impairment losses. Similarly, management identified headroom of EUR 0.7 million between the fair value and the carrying amount for the Enar Group (subgroup/Spain) cash-generating unit and sees no need to recognize an impairment loss.

A 10.00-percent decrease in operating free cash flows would not result in an impairment, even if accompanied by a 1-percent increase in the discount rate and a reduction in the growth rate to 0 percent in perpetual annuity for the cash-generating units Weidemann GmbH (Germany) and Wacker Neuson Beteiligungs GmbH (subgroup/Austria).

Management does, however, expect that the operating free cash flows will increase in the forecast period. Nevertheless, a 3.3 percent reduction would result in an impairment loss for the Enar Group (subgroup/Spain) cash-generating unit.

An increase in the discount rate to 10.81 percent (i.e. + 0.21 percentage points) would result in an impairment for the Enar Group (subgroup/Spain) cash-generating unit.

In addition, a decline in the perpetual annuity to 0.67 percent (i.e. 0.33 percentage points) would result in an impairment for the cash-generating unit the Enar Group (subgroup/Spain) cash-generating unit.

#### 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 2023 to 2025. 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 2025) 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 10.60 percent (2021: 7.80 percent) for the cash-generating units Weidemann GmbH (Germany), Wacker Neuson Beteiligungs GmbH (subgroup/Austria) and the Enar Group (subgroup/Spain).

Growth rate estimates: Management and affiliates estimate growth rates based on local market dynamics. To extrapolate cash flows be-

yond the forecast period, growth rates based on average gross domestic product growth rates forecast by the International Monetary Fund were used.

### Market capitalization of Wacker Neuson SE Group

The Group considers the relationship between its market capitalization and its book value, among other factors, when checking for indications of impairment. After closing at EUR 25.64 at the end of 2021, the Wacker Neuson SE share reached its high for the year at EUR 26.12 on January, 5, 2022, closing on the last day of 2022 trading at EUR 16.34. At December 31, 2022, the market capitalization of the Group was below the book value of its equity. However, by the start of March 2023, this trend had recovered, reporting at EUR 20.46 at March 1, 2023.

## 11 – Other non-current assets

Other non-current assets are composed of the following items:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Continuing involvement	5.2	5.2
Dilution reserve (ABS-structure)	3.3	3.8
Investment securities	1.4	1.6
Non-current receivables from finance leases	1.0	2.2
Prepaid volume bonuses to US dealers	0.5	2.4
Non-current trade receivables	-	1.3
Misc. other non-current financial assets	2.1	2.5
<b>Non-current financial assets</b>	<b>13.5</b>	<b>19.0</b>
<b>Other non-current non-financial assets</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>13.5</b>	<b>19.0</b>

Allowances for doubtful receivables on these non-current assets developed as follows:

IN € MILLION		
	2022	2021
Balance at January 1	1.9	23.3
Exchange rate differences	-	-0.9
Additions	-	17.4
Amount used for write-offs	-	-
Reversals	-1.5	-37.8
<b>Balance at December 31</b>	<b>0.4</b>	<b>1.9</b>

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		
	2022	2021
<b>Breakdown of allowances</b>		
Non-current trade receivables	0.3	2.1
Allowances for doubtful receivables	-0.3	-0.8
<b>Book value</b>	<b>-</b>	<b>1.3</b>
Prepaid volume bonuses to US dealers	0.6	3.5
Allowances for doubtful receivables	-0.1	-1.1
<b>Book value</b>	<b>0.5</b>	<b>2.4</b>
Non-current receivables from finance leases	1.0	2.2
Allowances for doubtful receivables	-	-
<b>Book value</b>	<b>1.0</b>	<b>2.2</b>

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 expansion 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 5.2 million (2021: EUR 5.2 million) is reported under non-current assets. A preliminary dilution reserve risk (ABS structure) in the amount of EUR 3.3 million (2021: EUR 3.8 million) was recognized. Refer to item 29, “Additional information on financial instruments”, for further information on these financial transactions.

## 12 – Rental

IN € MILLION		
	2022	2021
<b>Acquisition costs</b>		
Balance at January 1	276.8	235.2
Exchange rate differences	3.5	3.3
Change in consolidation structure	-0.3	-
Additions	92.9	113.7
Disposals	-65.9	-75.2
Transfers	0.2	-0.2
<b>Balance at December 31</b>	<b>307.2</b>	<b>276.8</b>
<b>Accumulated depreciation</b>		
Balance at January 1	85.2	75.7
Exchange rate differences	1.4	1.3
Change in consolidation structure	-0.1	-
Additions	48.0	43.1
Disposals	-33.7	-34.8
Transfers	0.1	-0.1
<b>Balance at December 31</b>	<b>100.9</b>	<b>85.2</b>
<b>Book value at January 1</b>	<b>191.6</b>	<b>159.5</b>
<b>Book value at December 31</b>	<b>206.3</b>	<b>191.6</b>
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, 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
<b>Total</b>	<b>697.7</b>	<b>-18.8</b>	<b>678.9</b>

	Gross value	Allowance	Net value Dec. 31, 2021
Raw materials and supplies	153.8	-5.1	148.7
Work in progress	67.9	-0.6	67.3
Finished goods	282.4	-8.2	274.2
<b>Total</b>	<b>504.1</b>	<b>-13.9</b>	<b>490.2</b>

Inventory levels of machines, raw materials and supplies increased by 38.5 percent in 2022 to EUR 678.9 million (2021: EUR 490.2 million). Inventory levels of unfinished and finished machines increased sharply due to the deterioration in the supply chain situation as a result of the war in Ukraine. The stock of commodities and components was

also significantly increased in the previous year to ensure security of supply and remained at a high level in 2022. Nevertheless, in view of the significantly higher volume of business, days inventory outstanding increased from 129 to 144 days. (Refer to the Combined Management Report, item "Profit, financials and assets" for further information).

An expense of EUR 1,414.3 million (2021: EUR 1,097.7 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 4.9 million compared to the previous year (2021: increase of 1.4 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, 2022	Dec. 31, 2021
Trade receivables at nominal value	321.9	258.4
Less allowance	-20.6	-20.5
<b>Total</b>	<b>301.3</b>	<b>237.9</b>

The increase in trade receivables was primarily attributable to business growth relative to the previous year.

As of December 31, 2022, trade receivables and allowances for doubtful accounts were broken down as follows:

IN € MILLION		
	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
<b>Total</b>	<b>321.9</b>	<b>20.6</b>

IN € MILLION		
	Nominal value Dec. 31, 2021	Allowance Dec. 31, 2021
Not overdue	191.9	1.2
Overdue <30 days	31.4	0.2
Overdue 30–90 days	9.9	0.4
Overdue >90 days	25.2	18.7
<b>Total</b>	<b>258.4</b>	<b>20.5</b>



Allowance for doubtful accounts developed as follows:

IN € MILLION		
	2022	2021
Balance at January 1	20.5	18.4
Exchange rate differences	0.1	0.4
Additions	3.0	7.9
Amount used for write-offs	-1.0	-5.3
Reversals	-2.0	-0.9
<b>Balance at December 31, 2022</b>	<b>20.6</b>	<b>20.5</b>

Current trade receivables are non-interest-bearing and are mainly on terms of up to 30 days. The Group considers a financial asset in default 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.

#### EXPECTED CREDIT LOSS RATE

	Dec. 31, 2022	Dec. 31, 2021
Not overdue	1%	1%
Overdue <30 days	1%	1%
Overdue 30–90 days	3%	4%
Overdue >90 days	74%	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 the previous year. 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 expected credit loss rate was 58.0 percent (2021: 55.6 percent).

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, 2022	Dec. 31, 2021
Prepaid volume bonuses to US dealers	2.9	3.0
Receivables from finance leases	1.6	2.4
Government grants	0.5	1.6
Creditors with debit accounts	1.8	0.5
Deposits	0.5	130.2
Continuing involvement	16.8	11.0
Dilution reserve (ABS-structure)	8.8	5.7
Positive fair value from derivatives	4.7	0.2
Misc. other current financial assets	3.7	3.8
<b>Other current financial assets</b>	<b>41.3</b>	<b>158.4</b>
Sales tax	16.2	12.5
Advance payments	13.8	9.4
Advances to employees	0.2	0.1
Misc. other current non-financial assets	1.2	1.5
<b>Other current non-financial assets</b>	<b>31.4</b>	<b>23.5</b>
<b>Total</b>	<b>72.7</b>	<b>181.9</b>

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 1.6 million (2021: EUR 2.4 million).

The non-current portion of finance lease receivables is reported under the item "Other non-current financial assets" and amounted to EUR 1.0 million (2021: EUR 2.2 million).

The significant decrease in deposits is due to the maturity of a fixed-term investment in the amount of EUR 130.0 million (2021: EUR 130.2 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 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 16.8 million (2021: EUR 11.0 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		
	2022	2021
<b>Breakdown of allowances</b>		
Prepaid volume bonuses to US dealers	4.8	4.4
Allowances for doubtful receivables	-1.9	-1.4
<b>Book value</b>	<b>2.9</b>	<b>3.0</b>
Current receivables from finance leases	1.6	2.4
Allowances for doubtful receivables	-	-
<b>Book value</b>	<b>1.6</b>	<b>2.4</b>

The future minimum lease payments break down as follows:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Within one year	1.6	2.6
In between one and two years	0.8	1.4
In between two and three years	0.2	0.6
In between three and four years	0.1	0.2
In between four and five years	0.0	0.1
After more than five years	-	-
<b>Total</b>	<b>2.7</b>	<b>4.9</b>

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, 2022	Dec. 31, 2021
Future minimum lease payments	2.7	4.9
Plus: Not guaranteed residual value	0.0	0.1
Gross investment in leases	2.7	5.0
Less: Unrealized financial income	-0.1	-0.4
Net investment in leases	2.6	4.6
Less: Allowances for doubtful accounts	0.0	0.0
Less: Present value of not guaranteed residual value	0.0	0.0
<b>Present value of future minimum lease payments</b>	<b>2.6</b>	<b>4.6</b>

The present value of future minimum lease payments was due as follows:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Within one year	1.6	2.4
Between one and five years	1.0	2.2
After more than five years	-	-
<b>Total</b>	<b>2.6</b>	<b>4.6</b>

Investments in finance leases resulted primarily from the leasing business with construction equipment.

In 2022, the Group reported no profit on disposal of finance leases (2021: EUR 0.0 million).

In 2022, the Group reported interest income on finance lease receivables in the amount of EUR 0.1 million (2021: EUR 0.4 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, 2022	Dec. 31, 2021
Petty cash	47.7	303.0
Bank balances	5.8	2.3
Cash deposits	0.2	0.2
<b>Total</b>	<b>53.7</b>	<b>305.5</b>

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.

Petty cash in the amount of EUR 73.4 million (including cash pool current account balances) (2021: EUR 324.4 million) was netted against cash pool current account liabilities amounting to EUR 25.7 million (2021: EUR 21.4 million), as a netting (offset) option was agreed with the cash pool bank. Current account balances after netting at December 31, 2022 amounted to EUR 47.7 million (2021: EUR 303.0 million).

## 17 – Non-current assets held for sale

A tract of developed land and the associated building in Guaratuba, Brazil, with a book value of EUR 0.1 million was classified as a "non-current asset held for sale" in 2020. Due to the huge disruptions caused by the COVID-19 pandemic and resulting uncertainties, it was not possible to adequately market or sell the property during the 2021 fiscal year. The sale took place during the second half of 2022. There were no gains/losses on the book value.

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" as part of the consolidation of the two sites. The book value amounts to EUR 8.9 million. A potential buyer has been found and the relevant negotiations were already at an advanced stage at the reporting date. The sale of the real estate took place during the first quarter of 2023. Refer to the Notes to the Consolidated Financial Statements → [Note 30](#) for information on events since the reporting date, December 31, 2022

As part of the realignment of sales structures in Northern Europe, the Group divested the subsidiary Wacker Neuson AS, Hagan, Norway, by disposing of shares. Due to immateriality, this does not constitute a discontinued operation. The book value of assets and liabilities amounted to EUR 1.8 million. The sale took place during the first quarter of 2022. This resulted in a book value gain of EUR 0.4 million.

## 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, 2022	Dec. 31, 2021
Capital reserves	618.7	618.7
Exchange rate differences	6.3	-4.8
Other changes without effect	-11.0	-26.8
<b>Total</b>	<b>614.0</b>	<b>587.1</b>

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 and losses 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 May 2022, 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 Amer-

ican 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 through other comprehensive income in connection with reporting of hedge accounting.

At the company's AGM on June 3, 2022, which again took place virtually, shareholders approved the Executive Board and Supervisory Board's proposed dividend for fiscal 2021 in the amount of EUR 0.90 per share. EUR 61.2 million was thus distributed to the shareholders. In fiscal 2021, a dividend of EUR 0.60 per share, corresponding to a total amount of EUR 41.7 million, was distributed to shareholders for fiscal 2020. In fiscal 2023, the dividend payout proposal for fiscal 2022 amounts to EUR 68.0 million (EUR 1.0 per share). Proposed dividend payouts for no-par-value shares that require AGM approval were not recognized as a liability at December 31. Refer to the 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

Also in a resolution passed at the AGM on May 30, 2017, the Executive Board is authorized, subject to the prior approval of the Supervisory Board, to acquire 7,014,000 treasury shares in total via the stock exchange by May 29, 2022. This acquisition may also be performed by one of the Group members, or on or for its or their account by third parties. In so doing, the shares acquired as a result of this authorization together with other shares in the company that it has already acquired and still holds may not at any time correspond to more than 10 percent of the existing share capital. Shares must not be purchased for the purpose of trading company shares on the stock exchange. Within the framework of the 2021 share buyback program, 2,124,655 treasury shares were acquired under this authorization for the first time in fiscal 2021. This corresponds to 3.03 percent of the company's share capital. The purchase price (excluding incidental acquisition costs) amounted to EUR 53.0 million. The treasury shares will be primarily used by way of consideration in connection with the acquisition of companies or to implement participation programs for Group employees and Executive Board members. These repurchased shares are recorded in equity under the "Treasury shares" item at acquisition cost including transaction costs and less any tax benefits. No treasury shares were acquired in fiscal 2022 and no new resolution regarding the acquisition of treasury shares was adopted at the AGM.

**Rights, preferential rights and restrictions on shares**

There are pool agreements between some shareholders and companies of the Wacker family on the one hand, and companies and shareholders of the Neunteufel family on the other, which essentially regulate the exercise of voting and petition rights at the AGM and restrict the transfer of shares. A pool agreement also exists 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 the "Restrictions affecting voting rights or the transfer of shares" section in the Management Report for further information.

**19 – Provisions for pensions and similar obligations**

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Provisions for pension obligations	37.5	54.5
Provisions for other obligations to employees	0.1	0.1
<b>Total</b>	<b>37.6</b>	<b>54.6</b>

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):

		2022	2021
<b>Actuarial assumptions<sup>1</sup></b>			
Discount rate	as a %	3.4	1.2
Salary trends	as a %	0.8	0.5
Pension trends	as a %	1.7	1.8
Retirement age	in years	63	62

<sup>1</sup> Gewogener Durchschnitt der Einzelpläne.

The actuarial valuation for the Swiss pension plans is essentially based on the following assumptions:

		2022	2021
<b>Actuarial assumptions</b>			
Discount rate	as a %	2.4	0.2
Salary trends	as a %	1.2	0.8
Retirement age	in years	65	65

Pension obligations are distributed as follows:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Fair value of pension obligations, funded	51.2	60.5
Fair value of plan assets	-36.7	-33.9
<b>Shortfall in pension obligations, funded</b>	<b>14.5</b>	<b>26.6</b>
Fair value of pension obligations, not funded	23.1	28.0
<b>Shortfall in all pension obligations</b>	<b>37.6</b>	<b>54.6</b>
<b>Pension obligations</b>	<b>37.6</b>	<b>54.6</b>

The changes in the present value of pension obligations and in plan assets are as follows:

IN € MILLION		
	2022	2021
<b>Changes in the present value of pension obligations</b>		
Balance at January 1	88.5	96.3
Current service costs	1.5	1.9
Interest expense	1.0	0.6
Contributions by plan participants	2.5	2.2
New valuations:		
Actuarial gains/losses		
- from changes to demographic assumptions	-1.6	-0.8
- from changes to financial assumptions	-20.5	-5.5
Experience adjustments	8.0	-1.1
Changes in exchange rate	1.1	1.2
Paid benefits	-5.6	-4.6
Past service cost	-0.6	-1.7
<b>Balance at December 31</b>	<b>74.3</b>	<b>88.5</b>

IN € MILLION		
	2022	2021
<b>Changes in fair value of plan assets</b>		
Balance at January 1	33.9	31.5
Interest income	0.4	0.2
Changes in exchange rate	0.8	0.6
New valuations:		
From changes to financial assumptions		
Experience adjustments	0.3	0.3
Employer's contributions	2.2	2.1
Contributions by plan participants	2.5	2.2
Payouts	-3.4	-3.0
<b>Balance at December 31</b>	<b>36.7</b>	<b>33.9</b>

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 19.4 million (2021: EUR 18.0 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 17.3 million (2021: EUR 15.8 million).

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.6 years (2021: 16.0 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		
	2022	2021
Current service costs	1.5	1.9
Interest expense for pension obligations	1.0	0.6
Net interest	-0.4	-0.2
Past service cost	-0.6	-1.7
<b>Total pension expense from defined benefit schemes</b>	<b>1.5</b>	<b>0.6</b>
<b>Total pension expense from defined contribution schemes</b>	<b>0.4</b>	<b>0.5</b>
<b>Total contributions to statutory pension insurance schemes</b>	<b>8.4</b>	<b>8.0</b>
<b>Total pension expense</b>	<b>10.3</b>	<b>9.1</b>

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 2022 amount to EUR 1.4 million (2021: EUR 1.3 million).

The following overview shows the projected pension pay-outs for the next five years:

IN € MILLION	
Due in 2023	4.1
Due in 2024	3.8
Due in 2025	4.0
Due in 2026	3.6
Due in 2027	3.8

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	3.4	+/- 1.00 %	-14.9	18.4
Salary trends	0.8	+/- 0.50 %	7.7	-7.8
Pension trends	1.7	+/- 0.50 %	10.7	-9.7

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
<b>2022</b>		
Effect on the present value of pension obligations	0.1	-0.1
<b>2021</b>		
Effect on the present value of pension obligations	0.1	-0.1

The present value of obligations as well as pension pay-outs and revaluations are distributed as follows across pension obligations and healthcare contributions:

IN € MILLION		
	2022	2021
<b>Provisions for pensions recorded in the balance sheet</b>		
Pension obligations	36.6	53.4
Healthcare	1.0	1.2
<b>Total</b>	<b>37.6</b>	<b>54.6</b>
<b>Pension expenses listed under EBIT</b>		
Pension obligations	1.5	1.9
Healthcare	-	-
<b>Total</b>	<b>1.5</b>	<b>1.9</b>
<b>New valuations</b>		
Pension obligations	14.2	7.4
Healthcare	0.4	-
<b>Total</b>	<b>14.6</b>	<b>7.4</b>

## 20 – Other provisions

IN € MILLION

	Balance at Jan. 1, 2022	Currency	Utilization	Additions	Reversals	Balance at Dec. 31, 2022
<b>Provisions</b>						
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
<b>Total</b>	<b>30.5</b>	<b>0.5</b>	<b>-10.3</b>	<b>10.5</b>	<b>-1.6</b>	<b>29.6</b>

	Balance at Jan. 1, 2021	Currency	Utilization	Additions	Reversals	Balance at Dec. 31, 2021
<b>Provisions</b>						
Warranties	15.5	0.5	-9.3	12.3	-0.5	18.5
Obligations towards employees	10.6	-	-5.1	5.3	-0.1	10.7
Professional fees	0.4	-	-0.2	-	-	0.2
Litigation costs	0.8	-	-0.3	0.5	-0.4	0.6
Other provisions	1.5	-	-0.6	-	-0.4	0.5
<b>Total</b>	<b>28.8</b>	<b>0.5</b>	<b>-15.5</b>	<b>18.1</b>	<b>-1.4</b>	<b>30.5</b>

An interest effect of less than EUR 0.1 million was recognized in the provisions for 2022 (2021: under EUR 0.1 million).

The due dates of the above provisions are distributed as follows:

IN € MILLION

	Short-term (< 1 year)	Long-term (> 1 year)	Balance at Dec. 31, 2022
<b>Provisions</b>			
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
<b>Total</b>	<b>21.0</b>	<b>8.6</b>	<b>29.6</b>

	Short-term (< 1 year)	Long-term (> 1 year)	Balance at Dec. 31, 2021
<b>Provisions</b>			
Warranties	15.8	2.7	18.5
Obligations towards employees	3.7	7.0	10.7
Professional fees	0.2	-	0.2
Litigation costs	0.4	0.2	0.6
Other provisions	0.4	0.1	0.5
<b>Total</b>	<b>20.5</b>	<b>10.0</b>	<b>30.5</b>

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 10.0 million (2021: EUR 9.4 million). The cost of acquiring the securities amounts to EUR 8.6 million (2021: EUR 8.4 million) and the fair

value at December 31, 2022 was EUR 9.2 million (2021: EUR 9.4 million), of which EUR 9.2 million is offset (2021: EUR 9.4 million).

The obligations towards employees as of December 31, 2022 include restructuring measures in the amount of EUR 0.9 million (2021: EUR 2.6 million) relating to the logistics center in Karlsfeld (Germany). The reduction in 2022 is attributable to the payment of EUR 1.1 million for former employees and the reversal of approximately EUR 0.6 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 1.4 million (2021: EUR 1.4 million) under non-current provisions.

## 21 – Current and non-current financial liabilities

Financial liabilities comprise the following amounts, recognized under the balance sheet items “Non-current financial borrowings”: EUR 169.5 million (2021: EUR 295.1 million), “Current liabilities to financial institutions”: EUR 117.9 million (2021: EUR 138.7 million) and “Current portion of non-current borrowings”: EUR 0.8 million (2021: EUR 0.9 million).

Non-current financial borrowings include non-current liabilities from sale-and-leaseback transactions in the amount of EUR 0.7 million (2021: EUR 1.5 million). The current portion of non-current borrowings includes current liabilities from sale-and-leaseback transactions in the amount of EUR 0.8 million (2021: EUR 0.9 million). In 2022, the Group reported no losses from sale-and-leaseback transactions (2021: no losses).

The book values of financial liabilities developed as follows:

IN € MILLION				
	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	–
Purchase price commitment Enar Group	3.4	–	3.4	–
<b>Total</b>	<b>288.2</b>	<b>118.7</b>	<b>168.7</b>	<b>0.8</b>

	Dec. 31, 2021	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	1.3	1.2	0.1	–
Promissory note (Schuldschein)	414.8	126.7	288.1	–
Investment “SpeedInvest”	0.9	0.9	–	–
Liabilities from sale-and-leaseback	2.4	0.9	1.5	–
Continuing involvement	15.2	9.8	5.4	–
<b>Total</b>	<b>434.6</b>	<b>139.5</b>	<b>295.1</b>	<b>–</b>

The following table shows the remaining contractual periods of the financial liabilities at December 31, 2022, together with the estimated interest payments. These are undiscounted gross amounts which include the estimated interest payments.

IN € MILLION				
	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	–
Purchase price commitment Enar Group	3.5	–	3.5	–
<b>Total</b>	<b>294.0</b>	<b>120.8</b>	<b>172.3</b>	<b>–</b>

	Dec. 31, 2021	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	1.3	1.2	0.1	–
Promissory note (Schuldschein)	428.9	133.0	295.9	–
Outstanding payment investment “SpeedInvest”	0.9	0.9	–	–
Liabilities from sale-and-leaseback	3.4	1.5	1.9	–
Continuing involvement	15.3	9.8	5.5	–
<b>Total</b>	<b>449.8</b>	<b>146.4</b>	<b>303.4</b>	<b>–</b>

### Borrowings from banks

Borrowings from banks include the following items:

#### BORROWINGS FROM BANKS

	Dec. 31, 2022 IN € MILLION	Interest rate as a percentage	Interest rate type	Due date
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
<b>Total</b>	<b>5.0</b>			

	Dec. 31, 2021 IN € MILLION	Interest rate as a percentage	Interest rate type	Due date
Money market loans in USD	0.8		Variable	< 1 year
Loans in Brazilian reals	0.4	12.0-13.0	Variable	< 1 year
Loans in Brazilian reals	0.1	12.0-13.0	Variable	>1 year
<b>Total</b>	<b>1.3</b>			



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	
	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
Twelfth credit line EUR	0.8
Thirteenth credit line EUR	1.1
Fourteenth credit line BRL	2.5
Fifteenth credit line ZAR	0.5
<b>Total</b>	<b>390.0</b>

IN € MILLION		2021
First credit line EUR		50.0
Second credit line EUR		25.0
Third credit line EUR		20.0
Fourth credit line EUR		50.0
Fifth credit line EUR		20.0
Sixth credit line EUR		25.0
Seventh credit line EUR		25.0
Eighth credit line EUR		25.0
Ninth credit line USD		13.2
Tenth credit line EUR		50.0
Eleventh credit line EUR		15.0
Twelfth credit line BRL		1.9
Thirteenth credit line EUR		0.3
Fourteenth credit line ZAR		0.5
Fifteenth credit line EUR		0.3
<b>Total</b>		<b>321.2</b>

The fair value for the promissory notes (Schuldschein) in euros and US dollars corresponded to EUR 246.3 million at December 31, 2022 (2021: EUR 419.0 million) (measurement of fair value at hierarchy level 3). All other fair values of financial liabilities largely correspond to the book values.

#### Promissory note (Schuldschein)

In light of the present economic uncertainty 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 has secured the long-term financing basis needed for the Group's growth plans set out in its Strategy 2022 initiative.

One tranche of a promissory note (Schuldschein) was also issued in fiscal 2017.

USD 40 million was prematurely repaid in March 2022. In addition, a promissory note (Schuldschein) in the amount of EUR 125.0 million was repaid as scheduled in February 2022.

	Dec. 31, 2022 Re-payment amount	Dec. 31, 2022 Transaction fees	Dec. 31, 2022 Total nominal value	Dec. 31, 2022 Inter-est rate as a %	Due date
Promissory note (Schuldschein) in € – Tranche I	50.6	0.6	50.0	1.20	August 2023
Promissory note (Schuldschein) in € – Tranche II	70.9	0.9	70.0	0.65	May 2024
Promissory note (Schuldschein) in € – Tranche III	83.2	3.2	80.0	0.99	May 2026
<b>Total, € MILLION</b>	<b>204.7</b>	<b>4.7</b>	<b>200.0</b>		
Promissory note (Schuldschein) in USD – Tranche I	53.5	1.0	52.5	3.97	March 2023
Promissory note (Schuldschein) in USD – Tranche II	8.9	1.4	7.5	4.24	March 2025
<b>Total, USD MILLION</b>	<b>62.4</b>	<b>2.4</b>	<b>60.0</b>		

Liquid funds payable from the promissory note (Schuldschein) in euros refer to annual interest through 2023 on the first tranche in the amount of EUR 0.6 million and a repayment of EUR 50.0 million to be made on August 24, 2023. For the second tranche, annual interest payments in the amount of EUR 0.5 million are to be made through 2024 and a repayment in the amount of EUR 70.0 million is due on May 8, 2023. For the third 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 2023 on the first tranche in the amount of USD 1.0 million and a repayment of USD 52.5 million to be made on March 2, 2023. For the second tranche, annual interest payments in the amount of USD 0.3 million are to be made through 2025 and a repayment in the amount of USD 7.5 million is due on March 3, 2025.

### Financial covenants

There are no covenants or collateral for existing financial instruments.

## 22 – Trade payables

As of December 31, 2022, trade payables (at book value) were broken down as follows:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
<b>Trade payables</b>	<b>261.3</b>	<b>230.5</b>
Book value due < 30 days	196.1	169.7
Book value due 30 – 90 days	65.0	59.5
Book value due > 90 days	0.2	1.3

Interest does not accrue on trade payables. In view of the renewed increase in production volumes, trade payables increased significantly in 2022, reaching EUR 261.3 million (2021: EUR 230.5 million). The recognized carrying amount of trade payables corresponds to fair values due to the short term to maturity.

## 23 – Other current liabilities

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Other accruals/deferrals	40.0	29.7
Servicing for the ABS-program	34.1	28.9
Debtors with credit balances	5.2	7.1
Derivatives	1.7	5.9
Misc. other current financial liabilities	4.3	3.0
<b>Other current financial liabilities</b>	<b>85.3</b>	<b>74.6</b>
Other tax accruals/deferrals and tax liabilities	5.6	4.1
Personnel accruals/deferrals	41.8	34.9
Sales tax liabilities	11.8	13.2
<b>Other current non-financial liabilities</b>	<b>59.2</b>	<b>52.2</b>
<b>Total</b>	<b>144.5</b>	<b>126.8</b>

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, Wacker Neuson 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 34.1 million (2021: EUR 28.9 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, 2022	Dec. 31, 2021
Extended warranties	8.9	6.4
Down-payments received	2.0	2.2
Prepaid services	6.5	3.7
<b>Total</b>	<b>17.4</b>	<b>12.3</b>

IN € MILLION			
	Current (< 1 year)	Non-current (> 1 year)	Balance at Dec. 31, 2022
<b>Contract liabilities</b>			
Extended warranties	3.7	5.2	8.9
Down-payments received	2.0	-	2.0
Prepaid services	1.5	5.0	6.5
<b>Total</b>	<b>7.2</b>	<b>10.2</b>	<b>17.4</b>

	Current (< 1 year)	Non-current (> 1 year)	Total on Dec. 31, 2021
<b>Contract liabilities</b>			
Extended warranties	2.3	4.1	6.4
Down-payments received	2.2	-	2.2
Prepaid services	1.0	2.7	3.7
<b>Total</b>	<b>5.5</b>	<b>6.8</b>	<b>12.3</b>

Of the contract liabilities reported in the balance sheet in the previous year, EUR 5.5 million (2021: EUR 5.1 million) have been recognized as revenue in the year under review.

## 25 – Derivative financial instruments

The Group uses FX forwards / forward currency contracts (currency derivatives) and interest rate swaps. Refer to item 29, “Additional information on financial instruments”, for the accounting treatment. The nominal amounts and fair values of derivative financial instruments (interest rate swaps and currency derivatives) are recognized as follows:

IN € MILLION				
	Dec. 31, 2022 Nominal value	Dec. 31, 2022 Market value	Dec. 31, 2021 Nominal value	Dec. 31, 2021 Market value
<b>Assets</b>				
Currency hedges	137.6	4.7	9.5	0.2
<b>Total</b>	<b>137.6</b>	<b>4.7</b>	<b>9.5</b>	<b>0.2</b>
<b>Liabilities</b>				
Currency hedges	45.8	1.7	112.9	4.6
Interest rate swap	–	–	35.3	1.3
<b>Total</b>	<b>45.8</b>	<b>1.7</b>	<b>148.2</b>	<b>5.9</b>

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	
<b>Assets</b>				
Currency hedges	137.6	–	–	
<b>Total</b>	<b>137.6</b>	<b>–</b>	<b>–</b>	
<b>Liabilities</b>				
Currency hedges	45.8	–	–	
<b>Total</b>	<b>45.8</b>	<b>–</b>	<b>–</b>	

## 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 2022 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, 2022	Dec. 31, 2021
<b>As at Jan. 1</b>	<b>72.6</b>	<b>82.8</b>
Exchange rate differences	0.7	-1.1
Change in consolidation structure	0.7	–
Additions	29.4	19.3
Disposals	-4.0	-5.4
Interest expense	2.2	2.0
Payments	-24.4	-25.0
<b>As at Dec. 31</b>	<b>77.2</b>	<b>72.6</b>
Of which current	22.6	22.2
Of which non-current	54.6	50.4

The book values of lease liabilities by term were as follows:

IN € MILLION				
	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
	<b>Dec. 31, 2021</b>	<b>Up to 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
Lease liabilities (incl. sale-and-leaseback before 2019)	72.6	22.2	36.5	13.9

The Group's lease liabilities have the following maturities. The figures are based on contractual, undiscounted payments.

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Up to 3 months	5.7	6.4
3 to 12 months	17.0	16.3
1 to 5 years	44.3	40.5
Over 5 years	16.1	15.5
<b>Total</b>	<b>83.0</b>	<b>78.7</b>

The following amounts were recognized in the income statement in the reporting period:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Depreciation expense on right-of-use assets	20.6	21.2
Interest expense on lease liabilities	2.2	2.0
Income from subleasing right-of-use-assets, reported under other operating income	0.1	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)	0.1	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)	0.2	0.2
Variable lease payments	0.1	0.2
<b>Total recognized in the income statement</b>	<b>23.7</b>	<b>24.0</b>

The Group's cash outflow for leases in 2022 amounted to EUR 23.2 million (2021: EUR 24.5 million). Furthermore, the Group recorded non-cash additions to right-of-use assets and lease liabilities in 2022 amounting to EUR 29.4 million (2021: EUR 19.3 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, 2022
Extension options where exercise is not expected	11.9	2.0	13.9

	Within five years	Over five years	Total Dec. 31, 2021
Extension options where exercise is not expected	1.1	20.8	21.9

The Group has signed a number of leases that had not yet commenced on December 31, 2022. Future lease payments for these non-cancellable leases amount to EUR 3.7 million for the next year (2021: EUR 0.3 million), EUR 18.4 million for years two to five (2021: EUR 1.0 million), and EUR 21.7 million thereafter (2021: EUR 0.9 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 present 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, 2022	Dec. 31, 2021
Guarantees	1.5	0.4

### 28 – Other financial liabilities

#### a) Obligations

The terms of the obligations for service and maintenance contracts are as follows:

IN € MILLION		
	Dec. 31, 2022	Dec. 31, 2021
Obligations due within 1 year	29.3	22.5
Obligations due in 1 to 5 years	17.0	5.9
Obligations due in more than 5 years	–	0.1
<b>Total</b>	<b>46.3</b>	<b>28.5</b>

The increase in obligations is mainly due to the extension of software and IT contracts.

#### b) Obligations resulting from investment decisions / take-back and purchase commitment obligations

Financial obligations ensuing from construction and investment projects amounting to EUR 2.3 million (2021: EUR 1.6 million) and from take-back obligations amounting to EUR 10.4 million (2021: EUR 14.9 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 363.8 million (2021: EUR 385.5 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

	2022 Fair value	2022 Book value	Measured at fair value rec- ognized in the income statement	Measured at fair value through other compre- hensive income	At amortized cost	Leases and others (book value)
<b>Assets</b>						
Investments	4.7	4.7	4.5	-	-	0.2
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 rec- ognized in the income statement	Measured at fair value through other compre- hensive income	At amortized cost	Leases and others (book value)
<b>Liabilities</b>						
Long-term financial borrowings	159.9	169.5	-	-	169.5	-
Trade payables	261.3	261.3	-	-	261.3	-
Short-term liabilities to financial institutions	116.6	117.9	-	-	117.9	-
Current portion of long-term borrowings	0.8	0.8	-	-	0.8	-
Other short-term financial borrowings	85.3	85.3	1.7	-	83.6	-

IN € MILLION

	2021 Fair value	2021 Book value	Measured at fair value recog- nized in the income statement	Measured at fair value through other compre- hensive income	At amortized cost	Leases and others (book value)
<b>Assets</b>						
Investments	3.8	3.8	3.8	–	–	–
Non-current financial assets	19.0	19.0	–	1.6	15.2	2.2
Trade receivables	237.9	237.9	–	–	237.9	–
Other current financial assets	158.4	158.4	0.2	–	155.8	2.4
Cash and cash equivalents	305.5	305.5	–	–	305.4	0.1

IN € MILLION

	2021 Fair value	2021 Book value	Measured at fair value recog- nized in the income statement	Measured at fair value through other compre- hensive income	At amortized cost	Leases and others (book value)
<b>Liabilities</b>						
Long-term financial borrowings	299.5	295.1	–	–	295.1	–
Trade payables	230.5	230.5	–	–	230.5	–
Short-term liabilities to financial institutions	137.7	138.7	–	–	138.7	–
Current portion of long-term borrowings	0.9	0.9	–	–	0.9	–
Other short-term financial borrowings	74.6	74.6	3.9	2.0	68.7	–

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, 2022	Dec. 31, 2021
At amortized cost	-2.9	13.5
Measured at fair value recognized in the income statement	-3.6	-6.2
Financial liabilities measured at amortized cost	3.2	6.0

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 0.4 million; 2021: EUR 0.1 million) and total interest expense (EUR 5.6 million; 2021: EUR 7.3 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 0.9 million (2021: EUR 3.2 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 0.4 million (2021: EUR 0.2 million) were derived from positive market values. For negative market values, the Group recognized a financial liability in the amount of EUR 1.7 million (2021: EUR 3.9 million).

An interest rate swap was also concluded in fiscal 2019 to hedge the interest rate risk from the variable tranche of the promissory note (Schuldschein) in US dollars. The Group uses cash flow hedge accounting in accordance with IFRS 9 for this purpose. Following the early payment of the variable promissory note (Schuldschein) in US dollars, EUR 0.5 million was recognized as an expense arising from the end of the hedge relationship under financial expenses in 2022.

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 4.0 million (2021: EUR 0.4 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, 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
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
Hedged derivatives	–	–	–	–

IN € MILLION				
	Level 1	Level 2	Level 3	Dec. 31, 2021
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	0.2	–	0.2
Investments	–	–	3.8	3.8
Financial assets categorized "measured at fair value through other comprehensive income"				
Securities	1.6	–	–	1.6
Investments	–	–	–	–
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	–	3.9	–	3.9
Hedged derivatives	–	2.0	–	2.0

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, 2022, 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 3.8 million (2021: 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, 2022.

#### 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 (2021: USD 150 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, 2022, the continuing involvement of Wacker Neuson in this transaction amounted to EUR 20.8 million (2021: EUR 15.2 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, 2022	Dec. 31, 2021
<b>Transferred assets</b>		
End of contractual terms in year	2024	2023
Contractual maximum volume in USD	200	150,0
Sold receivables volume on balance sheet date	116.5	86.2
Range of sold receivables volume in year under review	116.5	86.2
Entitlements/obligations from receivables management	-	-
<b>Continuing involvement</b>		
Maximum credit risk (before credit insurance)	20.8	15.2
Total carrying amount of transferred receivables	116.5	86.2
Book value of assets still carried	20.8	15.2
Book value of associated liability	20.8	15.2
Fair value of the financial guarantee	0.5	0.8
<b>Purchase price discounts, program fees, and pro rata loss allocations recognized in the income statement</b>		
Recognized gains/losses	-	-
Income/expense in the current fiscal year	3.3	1.3
Income/expense accumulated since start of contract	4.8	1.4

## 30 – Events since the balance sheet date

Wacker Neuson Limited i.L. in Hong Kong was liquidated at the start of the 2023 fiscal year.

In May 2022, Wacker Neuson SE acquired a stake in Austria-based Sequello GmbH. A book value was recognized for the investment in the amount of EUR 0.8 million. The company is recognized in the Group at equity on the balance sheet. In the first quarter of 2023, a resolution on investing an additional shareholder contribution in the total amount of EUR 1.5 million was adopted. The share attributable to Wacker Neuson SE (33.3 percent of the shares) therefore amounts to EUR 0.5 million.

In addition, a developed tract of land with a building in Karlsfeld was sold in Q1 2023. The property was classified under assets available for sale as at December 31, 2022 and was recognized with a book value of EUR 8.9 million. The book value gain amounts to EUR 15.5 million.

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.

“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. The change in liabilities from financing activities comprises the following: “Other” includes the effects of reclassification of the non-current portion of financial and lease liabilities to current liabilities due to the passage of time, as well as disposals of lease liabilities.

### Reporting format

Segmentation is presented in the Notes to the Consolidated Financial Statements on → [page 83](#) 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 cash flow statement is prepared in accordance with IAS 7. The 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. The determination of cash flow from operating activities was derived using the indirect method.

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.

	Jan. 1, 2022	Reclassifications	Cash flows	Continuing involvement	Foreign exchange movement	New leases (incl. sale-and-lease-back)	Change in consolidation 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
<b>Total liabilities from financing activities</b>	<b>507.3</b>	<b>-</b>	<b>-186.0</b>	<b>5.5</b>	<b>2.0</b>	<b>25.3</b>	<b>9.0</b>	<b>2.3</b>	<b>365.4</b>

	Jan. 1, 2021	Reclassifications	Cash flows	Continuing involvement	Foreign exchange movement	New leases (incl. sale-and-lease-back)	Other	Dec. 31, 2021
Current liabilities to financial institutions (Note 21)	9.2	125.7	-1.5	5.3	-	-	-	138.7
Current portion of non-current borrowings (Note 21)	0.2	1.3	-0.6	-	-	-	-	0.9
Current lease liabilities (Note 26)	25.7	21.5	-25.0	-	-	-	-	22.2
Non-current financial borrowings (Note 21)	411.6	-127.0	-	3.6	6.9	-	-	295.1
Non-current lease liabilities (Note 26)	57.1	-21.5	-	-	-1.1	13.9	2.0	50.4
<b>Total liabilities from financing activities</b>	<b>503.8</b>	<b>-</b>	<b>-27.1</b>	<b>8.9</b>	<b>5.8</b>	<b>13.9</b>	<b>2.0</b>	<b>507.3</b>

### 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, 2022 and December 31, 2021 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, 2022	Dec. 31, 2021
Current financial liabilities	118.7	139.6
Short-term liabilities to financial institutions	117.9	138.7
Current portion of long-term financial liabilities	0.8	0.9
Non-current financial borrowings (excl. provisions)	169.5	295.1
Total equity before minority interests	1,394.5	1,288.0
<b>Total capitalization</b>	<b>1,682.7</b>	<b>1,722.7</b>

IN € MILLION

	Dec. 31, 2022	Dec. 31, 2021
<b>Current net financial liabilities</b>	<b>65.0</b>	<b>-165.9</b>
Short-term liabilities	118.7	139.6
plus liquid funds	-53.7	-305.5
<b>Net financial debt</b>	<b>234.5</b>	<b>129.2</b>
Current net financial liabilities	65.0	-165.9
plus non-current financial borrowings	169.5	295.1

#### 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 Execu-

tive 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:

	2022	2021
USD currency trends as a %	+5.00/-5.00	+5.00/-5.00
Impact on earnings before tax (EBT) in € K	-9.6/10.4	-7.1/7.9
Impact on equity in € K	-9.6/10.4	-9.7/10.7

In 2022, the average EUR/USD exchange rate was EUR 1 to USD 1.05 (2021: EUR 1 to USD 1.18).

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 2022 for a volume of EUR 1,037.3 million and reimburse approx. EUR 30.9 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, 2022	Dec. 31, 2021
Cash and cash equivalents	53.7	305.5
Long-term borrowings	169.5	295.1
Short-term borrowings	117.9	138.7
Current portion of long-term borrowings	0.8	0.9
	<b>341.9</b>	<b>740.2</b>

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		
	2022	2021
Increase in interest rates of 0.2%	-0.7	-0.8
Decrease in interest rates of 0.2%	0.7	0.8

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. In May 2022, a foreign currency loan in US dollars to a foreign business operation, classified as part of a net investment, was prematurely 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, which was part of a net investment in a foreign business, were initially recognized in equity under other comprehensive 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.

### 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 and sustainability
- Felix Bietenbeck, CTO & COO, responsible for production, quality, supply chain management, procurement, business process consulting and research and development
- Christoph Burkhard, CFO, responsible for finance, controlling & risk management, auditing, IT and sales financing
- Alexander Greschner, CSO, responsible for sales, service, marketing and sales financing

The following member of the Executive Board has a supervisory board position or a seat on comparable supervisory committees for German or foreign companies:

- Felix Bietenbeck: Wilh. Wülfing GmbH & Co KG, Borken, Germany, Chairman of the Advisory Board

### 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, member of the Executive Board of the PIN Private Trust (PIN Privatstiftung), Linz, Austria (returned from the Executive Board from June 1, 2021)

- 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 Schwarzmaier, 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

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 re- ceivables Dec. 31, 2022	Current payables Dec. 31, 2022	Expenses for business transac- tions 2022	Income for business transac- tions 2022
Relations with shareholders	-	-	1.0	-
Relations with sister companies	-	-	-	-
<b>Total</b>	-	-	<b>1.0</b>	-

	Current re- ceivables Dec. 31, 2021	Current payables Dec. 31, 2021	Expenses for busi- ness transac- tions 2021	Income for business transac- tions 2021
Relations with shareholders	-	0.3	1.3	0.1
Relations with sister companies	-	-	0.2	-
<b>Total</b>	-	<b>0.3</b>	<b>1.5</b>	<b>0.1</b>

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 (2021: EUR 0.1 million). Goods and services received from the shareholder were valued at EUR 1.0 million (2021: EUR 1.3 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 2022 can be broken down as follows:

IN € MILLION		
	2022	2021
Current payables	3.7	3.7
Post-employment benefits	0.7	0.6
Other non-current payables	0.2	0.1
Termination benefits	-	-
Share-based payments	- 0.1	1.4
	<b>4.5</b>	<b>5.8</b>

Share-based payments in the form of virtual performance shares were awarded to Executive Board members in fiscal 2022. The fair value of these share-based payments in the current fiscal year amounted to EUR 0.6 million (2021: EUR 1.4 million) with 55,174 shares awarded (2021: 61,389). The decrease in the year under review was largely due to the revaluation of the previous year's tranche based on the fall in the share price.

At the closing date, current payables to the Executive Board were outstanding in the amount of EUR 1.5 million (2021: EUR 1.8 million), as were other non-current payables in the amount of EUR 1.8 million (2021: EUR 1.6 million).

Pension agreements are in place for members of the Executive Board. The present value of pension obligations at the end of the fiscal year amounted to EUR 1.0 million (2021: EUR 1.1 million).

Total Executive Board remuneration as defined by Section 314 (1) no. 6 a HGB amounted to EUR 5.4 million (2021: EUR 5.0 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 2.0 million (previous year: EUR 2.5 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 35.9 million (2021: EUR 42.2 million).

A total amount of EUR 0.5 million (2021: 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://wackerneuson.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, 2022, the total carrying amount (fair value) of provisions for the share-based payments component was EUR 1.4 million (previous year: EUR 1.4 million), distributed across 116,561.59 (previous year: 61,387.90) 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, 2022, 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 actual dividend for 2022 as well as 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 31, 2022.
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.

## 37 – Auditor's fee

A new auditor was appointed in fiscal 2022, with Mazars replacing Ernst & Young. The fee for the auditor and associated companies is disclosed as an expense in fiscal 2022 and is broken down as follows:

	IN € MILLION			
	2022	2022	2021	2021
	Auditor and associated companies	Of which auditor	Auditor and associated companies	Of which auditor
Auditing services	1.3	1.2	1.6	1.0
Other approval and assessment services	-	-	0.1	0.1
Tax consultation services	-	-	0.1	0.1
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.co](http://www.wackerneusongroup.co)

### 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 2022:

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	Diemelsee-Flechtdorf
Wacker Neuson Immobilien GmbH	Überlingen

Munich, March 23, 2023

Wacker Neuson SE, Munich,

#### 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 23, 2023

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 Income Statement and Consolidated Statement of Comprehensive Income for the fiscal year from January 1, 2022 to December 31, 2022, the Consolidated Balance Sheet as of December 31, 2022, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the fiscal year from January 1, 2022 to December 31, 2022, 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, 2022 to December 31, 2022. 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, 2022 and of its financial performance for the fiscal year from January 1, 2022 to December 31, 2022, 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, 2022 to December 31, 2022. 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 significantly compared to the previous year. The valuation of inventories, in particular of semi-finished and finished goods, is complex. Due to the partly tense supply chains and 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) Impairment of goodwill and intangible assets with indefinite useful lives

**Related disclosures in the annual financial statements:** With regard to the accounting policies applied for goodwill and intangible assets with indefinite useful lives, we refer to the disclosures in the “Intangible assets” and “Material discretionary decisions, estimates and assumptions” sections under “Accounting and valuation methods”, as well as to Note 10 “Intangible assets” in the Notes to the Consolidated Financial Statements

**Description of the Audit matter and risks for the audit:** Goodwill and intangible assets with indefinite useful lives represent a significant share of the assets of the Wacker Neuson Group. In the context of impairment tests, judgment is used in the assessment of underlying future cash flows and of discount rates, growth rates and other assumptions. The determination of fair value is therefore subject to considerable uncertainty. In light of this and due to the complexity of the matter, the impairment of goodwill and of intangible assets with indefinite useful lives was considered to be a key audit matter.

**Audit approach and results:** As part of our audit, we analyzed the processes implemented by the executive directors as well as the accounting policies relating to the performance of impairment tests on goodwill and intangible assets with indefinite useful lives for potential sources of error and gained an understanding of the process steps. With regard to the lower net realizable values calculated by the executive directors, we examined the processes related to the review and approval of planning as the significant basis for the impairment tests and the calculation of net realizable value.

We compared the planning used in the impairment tests against the planning approved by the Executive Board and Supervisory Board on a sample basis. In our evaluation of the planning and assumptions, we discussed and verified explanations given by management on the main value drivers in the planning in light of market expectations. We analyzed the planning by comparing it with the actual results generated in the past and the current development of business figures. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital were discussed with management and assessed by comparing them with publicly available market data and in light of future changes in significant assumptions. To be able to assess an impairment risk in the event of

a potential change in one of the main assumptions, we verified the sensitivity analyses carried out by management. With the help of internal valuation experts, we gained an understanding of the methodology and mathematical accuracy of the valuation models and assumptions used.

Moreover, the planning and assumptions were compared with the forecast information contained in the Group Management Report regarding future economic development for consistency.

In addition, we assessed the information provided in the Notes to the Consolidated Financial Statements on the significant judgments and estimates as well as significant assumptions for the testing of impairment of goodwill with regard to the requirements under IAS 1 and IAS 36.

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 well-founded and understandable to ensure the recoverability of goodwill and intangible assets with indefinite useful lives

#### 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.

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 management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates 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 529900RJL86244E11652-2022-12-31-de.zip (MD5-Hashwert: a677aff1a147ee43bd06f1802e0eb431) 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 2022 to 31 December 2022 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 responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the standards for the quality assurance system set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 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

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, 24 March 2023

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 Indicators (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 annual profit 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.

**Write-up**

This involves making an upward adjustment to the carrying value of an asset. If the impairment test reveals that the reasons for the write-down of an asset in a previous accounting period no longer prevail, IAS 36 provides for the reversal of impairment up to the maximum amount of the historic cost under other intangible assets (brands, technologies, customer pool). This reversal is recognized in the income statement. IAS 36 specifically prohibits the reversal of impairment losses for goodwill.





# 10-Year-Comparison

IN € MILLION

	2022	2021	2020	2019	2018	2017
Revenue <sup>1</sup>	2,252.4	1,866.2	1,615.5	1,901.1	1,710.0	1,533.9
Revenue Europe	1,709.9	1,477.5	1,289.7	1,379.0	1,248.9	1,129.8
Revenue Americas	459.1	328.6	270.4	459.5	401.3	357.5
Revenue Asia-Pacific	83.4	60.1	55.4	62.6	59.8	46.6
EBITDA	322.0	313.5	204.6	257.4	239.4	207.2
Depreciation and amortization <sup>2</sup>	72.2	77.4	88.3	63.3	40.5	43.2
EBIT <sup>1,3</sup>	201.8	193.0	75.5	153.1	162.3	131.4
EBT <sup>4</sup>	192.3	187.4	53.8	137.5	203.0	125.4
Net profit <sup>4</sup>	142.6	137.9	14.1	88.5	144.6	87.5
Number of employees <sup>5</sup>	6,800	5,992	5,554	6,056	6,190	5,546
R&D ratio (incl. capitalized expenses) as a %	3.5	4.0	4.0	3.3	3.2	3.2
<b>Share</b>						
Earnings per share in € <sup>4</sup>	2.10	1.99	0.20	1.26	2.06	1.25
Dividend per share in € <sup>6</sup>	1.00	0.90	0.60	–	1.10	0.60
Book value at Dec. 31 in €	19.81	18.91	17.37	17.47	17.41	15.88
Closing price at Dec. 31 in €	16.34	25.24	17.51	17.05	16.52	30.08
Market capitalization at Dec. 31	1,146.1	1,770.3	1,228.2	1,195.9	1,158.7	2,109.5
<b>Key profit figures</b>						
Gross profit margin as a %	23.7	25.9	24.8	25.0	26.8	28.5
EBITDA margin as a %	14.3	16.8	12.7	13.5	14.0	13.5
EBIT margin as a %	9.0	10.3	4.7	8.1	9.5	8.6
EBT margin as a %	8.5	10.0	3.3	7.2	11.9	8.2
Net return on sales (ROS) as a % <sup>4</sup>	6.3	7.4	0.9	4.7	8.5	5.7
<b>Key figures from the balance sheet</b>						
Balance sheet total	2,323.9	2,320.8	2,126.8	2,196.6	1,914.2	1,621.7
Equity	1,394.5	1,286.2	1,218.1	1,225.0	1,221.4	1,113.7
Equity ratio as a %	60.0	55.4	57.3	55.8	63.8	68.7
Net financial debt	234.5	-0.8	137.9	439.0	204.7	149.7
Net financial debt/EBITDA	0.7	–	0.7	1.7	0.9	0.7
Gearing as a %	16.8	1.1	10.1	35.8	16.8	13.4
Net working capital	718.9	497.6	497.5	761.9	643.9	535.8
Net working capital as a % of revenue	31.9	26.7	30.8	40.1	37.7	34.9
Capital Employed	1,783.0	1,449.8	1,396.7	1,699.2	1,416.2	1,302.5
ROCE I as a % (EBIT/Capital Employed) <sup>7</sup>	11.3	13.3	5.4	9.0	11.5	10.1
ROCE II as a % (NOPLAT/Capital Employed) <sup>7</sup>	8.4	9.8	1.4	5.8	8.2	7.0
<b>Cash flow</b>						
Cash flow from operating activities	-6.4	331.7	420.0	-20.9	-15.5	138.0
Cash flow from investment activities	5.6	-182.6	-91.0	-94.8	15.2	-39.0
Investments <sup>2</sup>	103.8	82.2	86.9	89.2	73.3	47.4
Free cash flow <sup>3</sup>	-130.8	264.1	344.0	-115.7	-0.3	99.0

<sup>1</sup> In 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

<sup>2</sup> Based on property, plant and equipment and intangible assets; the Group's own rental equipment is not included here since 2013.

<sup>3</sup> 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 since 2017 (previously recognized under cost of sales).

<sup>4</sup> 2018: Includes a one-off profit of EUR 54.8 million before tax (EUR 45.8 million after tax) from the sale of a real-estate company belonging to the Group.

<sup>5</sup> Since 2012 incl. temporary workers.

<sup>6</sup> At the AGM on May 26, 2023, the Executive Board and Supervisory Board will propose a dividend of EUR 1.00 per share for fiscal 2022.

<sup>7</sup> The definition of capital employed was changed as of fiscal 2017. Values since 2013 have been adjusted accordingly.

<sup>8</sup> 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.

## Publishing Details/Financial Calendar

2016	2015	2014	2013
1,361.4	1,375.3	1,284.3	1,159.5
1,020.7	979.3	921.7	826.2
291.9	348.5	323.7	297.2
48.9	47.5	38.9	36.1
158.1	170.1	190.5	153.4
40.7	38.8	34.2	34.2
88.8	102.4	130.4	94.7
81.4	97.5	130.1	88.0
57.2	66.7	92.1	61.5
5,181	5,005	4,990	4,438
3.5	3.2	3.2	3.1
0.81	0.94	1.30	0.87
0.50	0.50	0.50	0.40
15.50	15.17	14.42	13.34
15.42	14.23	16.96	11.49
1,081.6	998.1	1,189.2	805.6
27.6	28.0	29.7	30.4
11.6	12.4	14.8	13.2
6.5	7.4	10.2	8.2
6.0	7.1	10.1	7.6
4.2	4.8	7.2	5.3
1,580.8	1,552.2	1,447.6	1,322.4
1,092.5	1,069.1	1,016.2	939.3
69.1	68.9	70.2	71.0
205.8	199.1	179.5	177.2
1.3	1.2	0.9	1.2
18.8	18.6	17.7	18.9
569.3	574.5	532.1	453.1
41.8	41.8	41.4	39.1
1,355.6	1,330.5	1,249.2	1,165.7
6.6	7.7	10.4	8.1
4.6	5.3	7.4	5.7
79.4	78.5	63.5	85.4
-44.0	-54.8	-36.0	-23.8
48.5	60.0	41.0	34.7
35.4	23.7	27.5	61.6

erlöse umgegliedert. Das Jahr 2018 wurde entsprechend angepasst.

sowie sonst. betr. Erträgen bzw. Aufwendungen). Werte ab 2014 sind angepasst.

### Contact

#### Wacker Neuson SE

Investor Relations  
Preußenstraße 41  
80809 Munich, Germany

Tel. +49 – (0)89 – 354 02 – 427

Fax +49 – (0)89 – 354 02 – 298

ir@wackerneuson.com

www.wackerneusongroup.com

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AGM, Munich

Publication of half-year report 2023

Publication of Q3 report 2023

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### 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.



**Wacker Neuson**  
Group

Wacker Neuson SE  
Preussenstrasse 41  
80809 Munich  
Germany

[www.wackerneusongroup.com](http://www.wackerneusongroup.com)