MOVING AHEAD

DEUTZ 2024

DEUTZ GROUP: OVERVIEW (continuing operations)[1]

€ million

	2024	2023	Change	**Q4 2024**	Q4 2023	Change
New orders	1,827.1	1,749.9	4.4%	480.9	351.0	37.0%
Unit sales (units)	142,907	187,116	-23.6%	35,557	49,557	-28.3%
Revenue	1,813.7	2,063.2	-12.1%	507.8	556.0	-8.7%
EBITDA (before exceptional items)	170.2	252.3	-32.5%	44.6	78.9	-43.5%
EBITDA margin (before exceptional items)	9.4%	12.2%	-2.8pp	8.8%	14.2%	-5.4pp
EBITDA	146.0	232.2	-37.1%	37.7	59.5	-36.6%
Adjusted EBIT (before exceptional items)	76.7	143.6	-46.6%	19.4	37.0	-47.6%
EBIT margin (before exceptional items)	4.2%	7.0%	-2.8pp	3.8%	6.7%	-2.9pp
Exceptional items	-34.8	-20.1	-73.1%	-17.5	-19.4	9.8%
EBIT	41.9	123.5	-66.1%	1.9	17.6	-89.2%
ROCE (before exeptional items)[2]	6.6%	14.4%	-7.8pp			
Free cash flow[3]	-153.1	41.8	–	51.4	40.2	-27.9%
Free cash flow (before M&A)	30.0	72.9	-58.8%	58.6	63.5	-7.7%
Net financial position[4]	-225.6	-163.4	-38.1%			
Working capital[5]	383.0	379.8	0.8%			
Working capital ratio (average)[6]	22.2%	17.7%	+4.5pp			
Capital expenditure (after deducting grants)[7]	100.2	114.5	-12.5%	-124.7	9.2	–
R&D ratio[8]	5.1%	4.7%	+0.4pp			
R&D expenditure (after deducting grants)	93.4	97.9	-4.6%	23.3	31.1	-25.1%
Employees (number as at Dec. 31)[9]	5,228	5,084	2.8%			

DEUTZ GROUP: OVERVIEW (entire Group)

Revenue	1,821.3	2,104.8	-13.5%	507.8	564.8	-10.1%
Adjusted EBIT (before exceptional items)	76.7	120.4	-36.3%	19.4	27.7	-30.0%
EBIT margin (before exceptional items)	4.2%	5.7%	-1.5pp	3.8%	4.9%	-1.1pp
Exceptional items	-25.5	-20.1	-26.9%	-17.9	-19.4	7.7%
EBIT	51.2	100.3	-49.0%	1.5	8.3	-81.9%
Net income	51.8	81.9	-36.8%	18.0	16.0	12.5%
Earnings per share (before exceptional items, €)	0.55	0.82	-32.9%			
Earnings per share (€)	0.39	0.66	-40.9%			
Equity at Dec. 31	847.9	743.2	14.1%			
Equity ratio	50.4%	46.7%	+3.7pp			
ROCE (before exceptional items)	6.4%	11.1%	-4.7pp			
Free cash flow	-87.2	24.8	–	51.0	38.2	-33.5%
Free cash flow (before M&A)	20.8	57.8	64.0%	58.2	61.0	-4.6%
Working capital	383.0	405.7	-5.6%			
Working capital ratio (average)	22.5%	18.7%	+3.8pp			
R&D ratio	5.1%	4.9%	+0.2pp	5.1%	4.9%	+0.2pp
Employees (number as at Dec. 31)	5,228	5,284	-1.1%			

DEUTZ Classic (continuing operations)

€ million	**2024**	2023	Change
New orders	1,819.6	1,743.2	4.4%
Unit sales (units)	142,084	186,718	-23.9%
Revenue	1,806.0	2,058.2	-12.3%
Adjusted EBIT (before exceptional items)	113.1	180.1	-37.2%
EBIT margin (before exceptional items)	6.3%	8.8%	-2.5pp

DEUTZ Green (continuing operations)

€ million	**2024**	2023	Change
New orders	7.5	6.7	11.9%
Unit sales (units)	823	398	106.8%
Revenue	7.7	5.0	54.0%
Adjusted EBIT (before exceptional items)	-35.3	-37.1	4.9%
EBIT margin (before exceptional items)	-458.4%	-742.0%	+283.6pp

[1] In accordance with IFRS 5, continuing operations exclude the Torqeedo Group.
[2] Return on Capital Employed.
[3] Cash flow from operating and investing activities less interest expense.
[4] Cash and cash equivalents less current and non-current interest-bearing financial debt.
[5] Inventories plus trade receivable less trade payables.
[6] Average working capital at the four quarterly reporting dates divided by revenue for the previous twelve months.
[7] Capital expenditure on property, plant and equipment (including right-of-use assets in connection with lease) and intangible assets, excluding capitalization of R&D.
[8] Research and development expenditure (after subsidies) in relation to sales revenue.
[9] Number of employees in FTE (Full Time Equivalent).

DEUTZ ANNUAL REPORT 2024

As of the end of 2020, for environmental reasons, we will no longer be printing annual reports, half-year reports, or quarterly statements for distribution. The online version of the annual report contains the complete report, further information about the overarching corporate strategy, and strategic highlights. This information is additionally summarized in a separate magazine that is also available on our website.

DEUTZ 2024 – THE MAGAZINE
PRINTED OR AS A PDF
AT

www.deutz.com/en/magazine2024

Follow us on:

About this report

This annual report takes an in-depth look at the business performance of the DEUTZ Group and DEUTZ AG. It covers both financial and sustainability-related aspects. See ‘Group sustainability statement’, p. 82 onward.

REPORTING STRUCTURE

The reporting period covers the 2024 financial year, which began on January 1 and ended on December 31, 2024. To ensure that it is as up to date as possible, this report also contains any relevant information that was available by the time that the responsibility statement was issued on February 25, 2025. The consolidated financial statements and group management report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements pursuant to the German Commercial Code (HGB). The separate combined non-financial report has been prepared in accordance with section 315c in conjunction with sections 289c to 289e HGB. The reporting is based on Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022.

INDEPENDENT AUDIT

The consolidated financial statements prepared by DEUTZ AG – comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and notes to the consolidated financial statements – and the group management report for the period from January 1 to December 31, 2024 were audited by BDO AG Wirtschaftsprüfungsgesellschaft (BDO). See ‘Independent auditor’s report’, p. 250 onward.

On behalf of the Supervisory Board, the separate combined non-financial report for DEUTZ AG and the Group was voluntarily submitted for a separate review with limited assurance by BDO that was conducted in accordance with the International Standard on Assurance Engagements, ISAE 3000 (Revised). See ‘Independent practitioner’s report’, p. 138 onward.

The remit of BDO’s assurance engagement did not include a review of the online version of this report or of references to the 2023 annual report – which was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft – or to external sources such as the Company website.

FORWARD-LOOKING STATEMENTS

This report includes certain statements and assumptions about future events and developments. Such forward-looking statements include known and unknown risks, uncertainties, and other factors. This means that the actual future performance, development, and results of the Company, and of sectors important to the Company, may be significantly different – in particular, may differ negatively – from those expressly or implicitly assumed in these statements. It is therefore not possible to make any guarantees with regard to the forward-looking statements made in this annual report.

FURTHER INFORMATION

In this report, references to further information are highlighted in the text and the relevant page number is given. A gray font is used to highlight glossary terms, explanations of which can be found on p. 262 onward in this report.

MISCELLANEOUS

This annual report is available in German and English. To improve readability, we do not indicate rounding differences in this report.

CONTENTS

Message from the CEO

Dear friends of the company,

DEUTZ supplies drives that power vehicles and machinery on construction sites, on highways, and in agriculture around the world. That is our core business, but increasingly we are doing more. Through our service business, for example, we are selling not just drive systems, but engine uptime. And through our decentralized energy supply business, which was significantly en-larged in 2024, we are putting DEUTZ on an even broader footing. What unites all our businesses is the ambition to keep the world moving – irrespective of the technology and in all areas where our expertise means that we are already ahead of the field or have the potential to get there. That is our vision. And that is the vision we worked toward last year.

2024 was not an easy year. A very weak level of orders due to the economic situation meant that we sold just under 24% fewer units. Demand fell across all regions and sales markets, with the European markets, Construction Equipment, and Agricultural Machinery registering the biggest year-on-year decreases. The trend is reflected in our results. At €1,813.7 million, our revenue for 2024 was around 12% lower than in the prior year. But the good news is that – unlike in the past, when weak economic conditions put us straight in the red – we earned money in 2024. Our EBIT before exceptional items of €76.7 million and adjusted EBIT margin of 4.2% show this very clearly. That is a level of margin that DEUTZ had previously achieved only when production was running at very high capacity utilization. This was partly due to the rigorous implementation of our strategy, which saw us play an active role in the consolidation of the engine market, expand our service business around the world, enter new markets, and take various cost and performance measures to improve our efficiency and flexibility. All of us at DEUTZ can be proud of this. And of course we would like you, our shareholders, to also reap the benefits. The Board of Management and the Supervisory Board will propose to the Annual General Meeting on May 8, 2025 that a dividend of €0.17 per share be paid, the same as in the prior year. This would equate to a dividend ratio of slightly more than 40%.

Over the past year, we also laid strong foundations for the coming years and updated and added more detail to our Dual+ growth strategy. An even greater diversification of the portfolio and a demand-driven approach in the market for alternative drives are at the core of this updated strategy. Our new DEUTZ Solutions segment therefore includes not only alternative drives, but also those business activities that go beyond engine manufacturing and service and are located in markets in which DEUTZ is already familiar with the technology and associated services. This will position us much more prominently as a solution provider throughout our usual value chains – with the objective of growing profitably by offering relevant products and making DEUTZ more resilient overall. We also continue to see considerable potential in further expanding our profitable business in traditional internal combustion engines and in service. Overall, we are aiming to grow annual revenue to around €4 billion by 2030.

»In 2024, we laid strong foundations for the coming years and updated and added more detail to our Dual+ growth strategy.«

DR. SEBASTIAN C. SCHULTE

We will only be able to achieve this when every colleague – at all DEUTZ sites all over the world – is clear about where we want to get to and how we can get there. So last year, we held more than 25 workshops at 60 locations, reaching over 2,500 employees in person to talk about our Dual+ strategy, what it means for each individual, and how they, in their own roles, can help to achieve our objectives. We are therefore putting into practice the values that we formulated together – those of trust, transparency, truth, tenacity, and team. And creating a springboard for further growth. And for a successful 2025.

Cologne, March 2025

Dr. Sebastian C. Schulte
CHIEF EXECUTIVE OFFICER

Board of Management

OLIVER NEU

Chief Financial Officer

Member of the Board of Management
since October 1, 2024,
appointed until September 30, 2027

DR. SEBASTIAN C. SCHULTE

Chief Executive Officer

Chairman of the Board of Management
since February 13, 2022,
member of the Board of Management
since January 1, 2021,
appointed until December 31, 2028

DR. ING. PETRA MAYER

Chief Operating Officer

Member of the Board of Management
since November 1, 2022,
appointed until December 31, 2026

DR. ING. MARKUS MÜLLER

Chief Technology and Sales Officer

Member of the Board of Management
since March 15, 2021,
stepped down with effect from January 31, 2025

Timo Krutoff stepped down from the Board of
Management of DEUTZ AG with effect from November 30, 2024.

Report of the Supervisory Board

Dr. Dietmar Voggenreiter
Chairman of the Supervisory Board

Dear Shareholders,

Your DEUTZ AG faced a challenging economic situation in 2024. However, the Company is making progress as it heads in a new direction under the Dual+ strategy. The sale of Torqeedo, the acquisition of Rolls-Royce Power Systems' Daimler Truck engine business, the acquisition of US genset manufacturer Blue Star Power Systems, the strengthening of the service business thanks to the takeover of Polish DEUTZ dealer BTH FAST and, last but not least, the systematic expansion of the defense business are just some of the examples of how we are forging ahead with our strategy. By taking these steps, we have made DEUTZ more resilient and thus better prepared for the future. Despite the economic difficulties faced by the Classic segment, which sold fewer than 150,000 units, we generated earnings for our shareholders of €76.7 million, which resulted in an adjusted EBIT margin of 4.2%. Earnings per share amounted to €0.39.[10]

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

OPERATING PROCEDURES OF THE SUPERVISORY BOARD

In 2024, the Supervisory Board of DEUTZ AG continued its ongoing monitoring of the management of the business in accordance with the requirements of the German Stock Corporation Act (AktG) and the **German Corporate Governance Code** and provided advice to the Board of Management on key decisions. The Supervisory Board was involved in all material decisions made by the Board of Management. In particular, the Board of Management coordinated closely with the Supervisory Board on the Company's corporate strategy.

A total of four ordinary and five extraordinary meetings of the Supervisory Board were held in 2024.

All members of the Supervisory Board participated in all meetings in 2024. At five meetings, everyone attended in person, [while two meetings were held entirely as a telephone/video conference]. The other two meetings were hybrid events, with some attendees taking part in person and others joining virtually using telephone/video conferencing technology.

[10] Calculated on the basis of the results for the entire Group, including discontinued and continuing operations.

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

Supervisory Board member	Number of meetings of the Supervisory Board and its committees	Number of meetings attended	Attendance rate
Dr. Dietmar Voggenreiter Chairman of the Supervisory Board	22	22	100%
Sabine Beutert Deputy Chairwoman of the Supervisory Board	21	21	100%
Dr. Fabian Dietrich	15	15	100%
Helmut Ernst	9	9	100%
Melanie Freytag	9	9	100%
Patricia Geibel-Conrad	16	16	100%
Ismail-Hilmi Kocer	9	9	100%
Gottfried Laengert	9	9	100%
Dr.-Ing. Rudolf Maier	16	16	100%
Bernd Maierhofer	9	9	100%
Katja Olligschläger	9	9	100%
Hans-Jörg Schaller	9	9	100%

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

FOCUS OF SUPERVISORY BOARD DELIBERATIONS

The deliberations and discussions of the Supervisory Board in the year under review focused on the current business position and risk situation of the DEUTZ Group as well as on the operational and strategic development of the business. The latter was the subject of an extraordinary Supervisory Board meeting. In addition to the wider macroeconomic conditions, the Company's revenue, earnings, liquidity, supply of parts, and staffing levels continued to be particularly affected by the war in Ukraine. Also of significance were the transaction with Rolls-Royce Power Systems AG, the completion of the process to sell Torqeedo, the acquisition of US genset manufacturer Blue Star Power Systems, Inc., the successful capital increase of around €72 million, the further expansion of the service business thanks to the acquisition of a firm in Poland, and the business with new customers. Other key decisions concerned the 2025 budget, the medium-term planning up to 2029, and the approval of capital expenditure and development projects. The Supervisory Board also adopted resolutions concerning the achievement of targets by the Board of Management – and consequently its variable remuneration for the previous year – as well as the setting of its targets and medium-term targets for the current year.

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

COMPOSITION OF THE BOARD OF MANAGEMENT

The Company's Board of Management consisted of four people at the end of the reporting period: Dr. Sebastian C. Schulte (Chairman, responsible for regions, for technical and head-office functions and for sustainability), Dr. Ing. Petra Mayer (responsible for production, supply chain and purchasing), Dr. Ing. Markus Müller (responsible for research and development, sales, and service), and Mr. Oliver Neu (responsible for finance, human resources, and information services).

At the Supervisory Board meeting on September 26, 2024, following preparatory work by the Human Resources Committee, the Supervisory Board appointed Mr. Oliver Neu as a member of the Board of Management for the period from October 1, 2024 to September 30, 2027. He took over responsibility for finance, human resources, and information services and the role of Labor Director from Mr. Timo Krutoff with effect from October 1, 2024.

Mr. Timo Krutoff left the Company at the end of November 30, 2024 by amicable and mutual agreement. The Supervisory Board would like to thank Mr. Krutoff once again for his invaluable work and dedication and wishes him every success for the future.

At the Supervisory Board meeting on December 16, 2024, following preparatory work by the Human Resources Committee, the Supervisory Board agreed to Dr. Ing. Markus Müller's request to resign from the Board of Management by mutual agreement with effect from January 31, 2025. The Supervisory Board would also like to thank Dr. Ing. Müller for his invaluable work and dedication and wishes him every success for the future.

Finally, at the Supervisory Board meeting on January 29, 2025, following preparatory work by the Human Resources Committee, the Supervisory Board extended the term of appointment of Dr. Ing. Petra Mayer as a member of the Board of Management to December 31, 2026. At the same meeting, the Supervisory Board changed the schedule of responsibilities for the Board of Management, reassigning the mandates for research and development, sales, and service, from Dr. Ing. Markus Müller to Dr. Sebastian Schulte with effect from February 1, 2025. Also from February 1, 2025, Dr. Sebastian Schulte will take over the human resources mandate from Mr. Oliver Neu, who in turn will be taking over the mandate for procurement from Dr. Ing. Petra Mayer.

CORPORATE GOVERNANCE: DECLARATION OF CONFORMITY – JUST ONE DEVIATION

At its meetings on March 14, 2024 and December 10, 2024, the Supervisory Board held in-depth discussions on the **German Corporate Governance Code** (DCGK, version dated April 28, 2022) and, together with the Board of Management, issued declarations of conformity pursuant to section 161 AktG. The declarations contain just one deviation from the DCGK because, in departure from article G.11 sentence 1 DCGK, the Supervisory Board no longer has the option to grant special remuneration to the Board of Management to an adequate extent in order to take account of exceptional developments. All of the recommendations in the DCGK will continue to be complied with in the future, with the exception of this deviation from article G.11 sentence 1 DCGK. In view of best practice in the market, the Company no longer considers granting special **remuneration** to be appropriate. The latest declaration of conformity has been available for download in the **Corporate Governance** section of the DEUTZ AG website at www.deutz.com since December 10, 2024. See also 'Corporate governance declaration and corporate governance report', p. 18 onward.

MATTERS HANDLED EFFICIENTLY BY FOUR COMMITTEES

The Supervisory Board has created four committees to enable it to perform its duties effectively. These committees prepare various topics and resolutions for the full Supervisory Board. Details of all members of the Supervisory Board and its committees, as well as other directorships held by its members, are shown separately from page 16 onward of this annual report. See also 'Report of the Supervisory Board', p. 10 onward.

At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, and Dr. Ing. Rudolf Maier. The Human Resources Committee makes preparations for all Supervisory Board decisions concerning the appointment of members of the Board of Management and their contracts of employment, including the remuneration specified therein, and all issues arising in this connection. It particularly focuses on long-term succession planning, which involves identifying suitable candidates at an early stage. In this task, it is supported by external consultants. The Human Resources Committee held six meetings in 2024, all of which were attended in person by all members of the committee. Among the main matters addressed were Mr. Krutoff's departure from the Board of Management by mutual agreement, the appointment of his successor in the role of CFO, the achievement of the Board of Management's targets for 2023, and the setting of the Board of Management's targets for 2024.

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

The Audit Committee held four scheduled and two extraordinary meetings in 2024, all of which were attended in person by all members of the committee and by the Board of Management. A resolution was also adopted in writing. The auditor attended four of the meetings. Guests were able to participate virtually, with some of them making use of this option. At times, the committee meetings were held without the Board of Management and/or without the auditor.

The committee's work primarily focused on the preparatory review of the annual and consolidated financial statements, including the combined management report and Group sustainability statement of DEUTZ AG and the DEUTZ Group. The auditor’s reports on its review of the condensed consolidated financial statements and the interim management report for the first half of the year were discussed at length together with the Board of Management. There were also detailed deliberations on the interim management statements for the first and third quarters. In between meetings, the chairwoman of the Audit Committee maintained regular and close contact with the Chief Financial Officer in order to share information and ideas.

The committee examined the monitoring of the accounting process, the appropriateness, effectiveness, and further development of the internal control system, the effectiveness of the risk management system and Corporate Audit, and the compliance management system (CMS). In the committee’s meetings, the heads of relevant head-office functions were available to answer questions and give reports on specific topics. The annual activity report presented by the Head of Corporate Audit and the report’s findings were discussed, and Corporate Audit’s audit plan for the reporting year was approved. The Board of Management regularly reported to the Audit Committee on the course of business in the segments, relevant key performance indicators for the Group, the liquidity and funding situation, material legal disputes, matters relating to Corporate Audit, compliance in the Company, and data security/integrity and data protection.

Other key areas addressed over the course of the year included support for the various acquisition projects, approval for exercising the authorized capital, the working capital situation, the IT systems and IT/data security, financial control of investments, the tax strategy plus the tax CMS and the requirements of Pillar II, current and future regulatory requirements for sustainability reporting and their implementation (primarily the EU taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the German Supply Chain Due Diligence Act (LkSG)), and other upcoming changes, such as in respect of the Network and Information Systems 2 (NIS 2) Directive. The Board of Management reported on potential transactions with related parties on a quarterly basis. As in previous years, no transactions requiring approval or disclosure were identified in 2024. With regard to the collaboration with the auditor, the committee reviewed the non-audit services performed in the reporting year and received reports on the projects planned for the following year. No issues were identified. In the year under review, the Audit Committee continued to keep up to date with the changes to the regulatory environment and discussed the measures that would need to be taken by DEUTZ AG as a result.

Additional areas of focus for the audit were also defined. In 2023 and extending into 2024, the Audit Committee had determined a review of the implementation and delivery of regulatory requirements for sustainability reporting as a focal point of the audit assignment. As the CSRD had not been transposed into national law by the end of 2024, thereby creating legal uncertainty, this will remain an area of focus for the audit in 2025. The committee defined additional focal points relating to the acquisitions carried out over the course of the year and relating to aspects of corporate governance at DEUTZ AG and in the Group companies. The auditor reported on its findings at the meeting on March 11, 2025.

At the first extraordinary meeting, to which all Supervisory Board members were invited and which all of them attended, a training course was held by the auditor BDO on current and future regulatory requirements for sustainability reporting. During the subsequent committee meeting, which the full Supervisory Board also attended, the relevant departments presented the changes to the sustainability reporting requirements along with information on progress with implementing them in the DEUTZ Group. This was followed by an in-depth discussion. The second extraordinary meeting dealt with the capital increase carried out in the year under review.

The committee’s recommendation that the Supervisory Board propose to the 2024 Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (Germany), (BDO) be appointed as the auditor was based on the public invitation to tender carried out in 2023/2024. The Audit Committee obtained the necessary declaration of independence from the auditor and verified that it was qualified for the role. There were no grounds for suspecting that BDO’s opinion might be prejudiced. The Audit Committee dealt with the fee agreements and issued the relevant audit engagements for 2024 to BDO, which had been elected as auditor by the Annual General Meeting. In addition, the audit process and quality assurance were discussed with BDO. The chairwoman of the committee and the auditor also kept each other informed between the meetings. The process for BDO’s onboarding as the new auditor ran smoothly.

Finally, the Audit Committee resolved on the planning for 2025.

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

At its meeting on March 11, 2025, the Audit Committee held discussions with the Board of Management and the auditor on the annual financial statements, consolidated financial statements, and combined management report of DEUTZ AG for the year ended December 31, 2024, the proposal for the appropriation of profit, the Board of Management’s report on these documents, and the corresponding audit reports from the auditor. The internal control system relating to the accounting system, the early-warning system for risk, the key audit matters, and the focus of the audit were discussed in detail. During the meeting, the auditor gave a detailed report on the process and key findings of the audits of the financial statements at DEUTZ AG and at the German and non-German subsidiaries, and provided detailed responses to further questions. No issues were raised in the audit findings. No material weaknesses in the internal control system were identified. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company’s continued existence as a going concern.

The committee's preparatory review also encompassed the Group sustainability statement of DEUTZ AG and the DEUTZ Group, on the basis of the CSRD, and the remuneration report. The Supervisory Board had also engaged BDO to conduct a review with limited assurance of the Group sustainability statement and to audit the content of the remuneration report, including a formal audit of the remuneration report. The auditor reported on this audit and review at the committee meeting as well. This was followed by an intensive discussion of the main results. In both cases, an unqualified opinion was issued.

At the meeting of the full Supervisory Board on March 13, 2025, the chairwoman of the committee reported in detail on the aforementioned audit and review and their findings. She also explained the related recommendations for board resolutions. The recommendations prepared for the Supervisory Board for resolutions concerning the financial statements were approved and adopted by the Supervisory Board as submitted in each case, as were the recommendations for board resolutions presented during the year.

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

At the time this annual report was published, the members of the Nominations Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Patricia Geibel-Conrad, and Dr. Ing. Rudolf Maier. The Nominations Committee is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. It held one meeting in 2024, which was attended in person by all members of the committee. The main matters addressed at the meeting were [necessary adjustments to the qualification matrix], taking account of the Supervisory Board's profile of skills and expertise and its diversity plan.

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

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AUDITED IN DETAIL AND APPROVED

The annual financial statements of DEUTZ AG prepared by the Board of Management in accordance with the German Commercial Code (HGB), the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) – as adopted by the European Union (EU) – and the additional German statutory requirements pursuant to section 315 (1) HGB, and the combined management report for DEUTZ AG and the DEUTZ Group, in each case for the year ended December 31, 2023, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, the auditor appointed by the Annual General Meeting on May 8, 2024. The auditor issued unqualified opinions. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company's continued existence as a going concern. BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, Düsseldorf branch, has been the auditor for DEUTZ AG and the DEUTZ Group since the 2024 financial year. The designated German public auditors [Wirtschaftsprüfer] are Mr. Christoph Hyckel (the German public auditor responsible for the audit since the 2024 financial year) and Mr. Christian Winkler (since the 2024 financial year). The annual financial statements of DEUTZ AG, the consolidated financial statements, the combined management report, the Board of Management's proposal for the appropriation of profit, and the auditor's reports were made available to all members of the Supervisory Board and were examined by the Supervisory Board. The auditor explained its audit findings in detail to the Audit Committee meeting held on March 11, 2025 and to the Supervisory Board meeting held on March 13, 2025 and answered any supplementary questions raised. The Supervisory Board approved the findings of the auditor's reports on DEUTZ AG and the DEUTZ Group. The concluding findings of the Supervisory Board's own review have not led to any reservations about either the annual financial statements or the consolidated financial statements, and the Supervisory Board has therefore approved them. The annual financial statements have thus been adopted. Finally, the Supervisory Board reviewed the Group sustainability statement in accordance with its obligation pursuant to section 171 (1) sentence 4 AktG. It did not identify any issues.

COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

There were no changes to the composition of the Supervisory Board in the reporting year.

In 2024, the composition of the Supervisory Board's committees changed as follows:

At its meeting on December 10, 2024, the Supervisory Board elected Ms. Katja Olligschläger as a member of the Audit Committee with effect from December 10, 2024. Ms. Olligschläger succeeded Dr. Dietrich, who stepped down as a member of the Audit Committee for personal reasons with effect from December 10, 2024. The Supervisory Board would like to thank Dr. Dietrich once again for his work on the Audit Committee.

In the reporting year, the Supervisory Board's self-assessment conducted by an external consultancy in 2023 (in accordance with article D.12 DCGK, as amended on April 28, 2022) was further analyzed and a related action plan was drawn up.

DEUTZ AG supports members when they first join the Supervisory Board and subsequently offers them training and continuing professional development (CPD), covering the associated costs. In the reporting year, this primarily consisted of training provided by external experts to all Supervisory Board members on the sustainability statement (especially in relation to the **CSRD**). In addition, a discussion with experts was held to inform the Supervisory Board about societal and economic policy trends in China. Suitable training and CPD measures are regularly discussed by the Supervisory Board members among themselves and also with the Board of Management and the chairman of the Supervisory Board. New members are also provided with comprehensive information on the Company's **corporate governance**. As is customary at DEUTZ AG, Supervisory Board members are given the chance to get to know the Company and the individual departments for themselves. This option was once again taken up in 2024.

CONFLICTS OF INTEREST / INDEPENDENCE OF SUPERVISORY BOARD MEMBERS / THANKS

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

The Supervisory Board would like to express its thanks and appreciation to all employees of the DEUTZ Group in Germany and abroad, to the elected employee representatives, and to the Board of Management for their valuable efforts and the considerable dedication they showed in 2024. Special thanks are due for the hard work and flexibility shown by all employees again this year as they dedicated themselves to the Company's cause in what remained a challenging environment.

Cologne, March 2025

Dr. Dietmar Voggenreiter
The Supervisory Board

Members of the Supervisory Board and Board of Management

Members of the Supervisory Board of DEUTZ AG and their membership of other supervisory and advisory bodies[11]

Member	Initial appointment	Appointed until	Committee activities	Principal occupation	Further membership in other bodies
Dr. Dietmar Voggenreiter (Independent member)	Apr. 30, 2019	Annual General Meeting 2028	Human Resources Committee (Chairman)	Management consultant, Horváth & Partner GmbH, Munich, Germany	(a) none
Chairman	Feb. 12, 2022		Audit Committee Arbitration Committee (Chairman) Nominations Committee (Chairman)		(b) none
Sabine Beutert (Independent member)[12]	Apr. 30, 2013	Annual General Meeting 2028	Human Resources Committee (Deputy Chairwoman)	Trade Union Secretary IG Metall – Cologne-Leverkusen branch, Cologne, Germany	(a) none
Deputy Chairwoman	Sept. 21, 2022		Audit Committee (Deputy Chairwoman) Arbitration Committee		(b) none
Dr. Fabian Dietrich (Independent member)[12]	Apr. 26, 2018	Annual General Meeting 2028	Audit Committee (until Dec. 10, 2024)	Senior managers' representative, DEUTZ AG, Cologne, Germany Legal at DEUTZ AG, Cologne, Germany	(a) none (b) none
Helmut Ernst (Independent member)	Apr. 27, 2023	Annual General Meeting 2028		Self-employed management consultant	(a) kfzteile24 AcquiCo GmbH, Berlin (advisory board member) (b) none
Melanie Freytag (Independent member)	Apr. 27, 2023	Annual General Meeting 2028	Arbitration Committee	Formerly Chief Financial Officer Interzerro Gruppe, Berlin	(a) none (b) none
Patricia Geibel-Conrad (Independent member)	Apr. 26, 2018	Annual General Meeting 2028	Audit Committee (Chairwoman) Nominations Committee	Director of her own audit business / Freelance management consultant	(a) none (b) none
Ismail-Hilmi Kocer (Independent member)[12]	Jun. 14, 2023	Annual General Meeting 2028		Chairman of the Works Council of DEUTZ AG, Ulm plant, Germany	(a) none (b) none
Gottfried Laengert (Independent member)[12]	Jun. 14, 2023	Annual General Meeting 2028	Arbitration Committee	Member of the Works Council of DEUTZ AG, Cologne, Germany	(a) none (b) none
Dr.-Ing. Rudolf Maier (Independent member)	Oct. 7, 2020	Annual General Meeting 2028	Human Resources Committee Nominations Committee	Self-employed management consultant	(a) none (b) none
Bernd Maierhofer (Independent member)	Apr. 27, 2023	Annual General Meeting 2028		Self-employed management consultant	(a) none (b) VOSS Automotive GmbH, Wipperfürth, Germany
Katja Olligschläger (Independent member)[12]	Jul. 24, 2023	Annual General Meeting 2028	Audit Committee (since Dec. 10, 2024)	Member of the Works Council of DEUTZ AG, Cologne, Germany	(a) none (b) none
Hans-Jörg Schaller (Independent member)[12]	Jun. 14, 2023	Annual General Meeting 2028		Member of the Works Council of DEUTZ AG, Cologne, Germany	(a) none (b) none

(a) Membership of statutory German supervisory boards within the meaning of section 125 AktG.
(b) Membership of comparable German or international supervisory bodies within the meaning of section 125 AktG.

[11] Overview as of December 31, 2024.
[12] Employee representatives on the Supervisory Board.

Board of Management

Member (age)	Appointed on	Appointed until	Areas of responsibility	Since/ until	Further membership in other bodies
Dr. Sebastian C. Schulte (46)	Jan. 1, 2021	Dec. 31, 2028	Regions, Technical and Head-office Functions, Sustainability	Feb. 12, 2022	(a) none
Chairman	Feb. 13, 2022		Research and Development, Sales, Service and Human Resources	Feb. 1, 2025	(b) none
Timo Krutoff (46)	Dec. 1, 2022	Nov. 30, 2024	Finance, Human Resources and Information Services	Dec. 1, 2022/ Nov. 30, 2024	(a) none
					(b) none
Dr.-Ing. Petra Mayer (58)	Nov. 1, 2022	Dec. 31, 2026	Production, Supply Chains and Procurement	Nov. 1, 2022	(a) none
				Nov. 1, 2022/ Jan. 31, 2025	(b) none
Dr.-Ing. Markus Müller (45)	Mar. 15, 2021	Jan. 31, 2025	Research and Development	Mar. 15, 2021/ Jan. 31, 2025	(a) none
			Sales and Service	Sep. 6, 2022/ Jan. 31, 2025	(b) none
Oliver Neu (43)	Oct. 1, 2024	Sep. 30, 2027	Finance and Information Services	Oct. 1, 2024	(a) none
			Human Resources	Oct. 1, 2024/ Jan. 31, 2025	(b) none
			Procurement	Feb. 1, 2025	

(a) Membership of statutory German supervisory boards within the meaning of section 125 AktG.
(b) Membership of comparable German or international supervisory bodies within the meaning of section 125 AktG.

Corporate governance declaration and corporate governance report

For DEUTZ, a responsible approach to management that meets the standards of good **corporate governance** forms the basis for enhancing shareholder value over the long term. This is one of the main reasons why we attach great importance to the implementation of the **German Corporate Governance Code** (DCGK) and ensure quality and transparency in all key decisions and processes in our Company.

CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289f AND SECTION 315d HGB

Declaration of conformity with just one deviation

In 2024, the Board of Management and the Supervisory Board once again carefully considered to what extent it was proper and consistent with the Company's objectives for DEUTZ to apply all principles, recommendations, and suggestions of the DCGK. As a result of the updates to the Board of Management's remuneration system, which was approved by the 2024 Annual General Meeting, DEUTZ AG complies with all but one of the recommendations in the DCGK in the version dated April 28, 2022. In departure from article G.11 sentence 1 DCGK, the Supervisory Board no longer has the option under the new Board of Management remuneration system to grant special remuneration to an adequate extent in order to take account of exceptional developments. In view of best practice in the market, the Company no longer considers granting special remuneration to be appropriate. The declaration of conformity pursuant to section 161 AktG, issued by the Board of Management and the Supervisory Board on December 10, 2024, confirmed that DEUTZ AG would continue to comply with the recommendations of the Code (in the version dated April 28, 2022) with this one exception.

The latest version of the declaration of conformity, dated December 10, 2024, can be found in the Investor Relations / Corporate Governance section of the Company's website at www.deutz.com. The previous declarations of conformity can also be viewed and downloaded there.

Operating procedures and composition of the Board of Management and Supervisory Board; composition and operating procedures of Supervisory Board committees

The Company's Board of Management consisted of four people at the end of the reporting period: Dr. Sebastian C. Schulte (Chairman, responsible for regions, for technical and head-office functions and for sustainability), Dr. Ing. Petra Mayer (responsible for production, supply chain and purchasing), Dr. Ing. Markus Müller (responsible for research and development, sales, and service), and Mr. Oliver Neu (responsible for finance, human resources, and information services).

At the Supervisory Board meeting on September 26, 2024, following preparatory work by the Human Resources Committee, the Supervisory Board appointed Mr. Oliver Neu as a member of the Board of Management for the period from October 1, 2024 to September 30, 2027. He took over responsibility for finance, human resources, and information services and the role of Labor Director from Mr. Timo Krutoff with effect from October 1, 2024. Mr. Timo Krutoff left the Company at the end of November 30, 2024 by amicable and mutual agreement. The Supervisory Board would like to thank Mr. Krutoff once again for his invaluable work and dedication and wishes him every success for the future.

At the Supervisory Board meeting on December 16, 2024, following preparatory work by the Human Resources Committee, the Supervisory Board agreed to Dr. Ing. Markus Müller's request to resign from the Board of Management by mutual agreement with effect from January 31, 2025. The Supervisory Board would also like to thank Dr. Ing. Müller for his invaluable work and dedication and wishes him every success for the future.

Finally, at the Supervisory Board meeting on January 29, 2025, following preparatory work by the Human Resources Committee, the Supervisory Board extended the term of appointment of Dr. Ing. Petra Mayer as a member of the Board of Management to December 31, 2026. At the same meeting, the Supervisory Board changed the schedule of responsibilities for the Board of Management, reassigning the mandates for research and development, sales, and service, from Dr. Ing. Markus Müller to Dr. Sebastian Schulte with effect from February 1, 2025. Also from February 1, 2025, Dr. Sebastian Schulte will take over the human resources mandate from Mr. Oliver Neu, who in turn will be taking over the mandate for procurement from Dr. Ing. Petra Mayer.

Reference is made to the rules of procedure for the Board of Management, which can be downloaded from the Investor Relations section of the Company's website.

In accordance with the provisions of the German Codetermination Act (MitbestG), the Supervisory Board of DEUTZ AG comprises twelve members, six members being the representatives of the shareholders and six members being the representatives of the employees. The shareholder representatives are elected by the Annual General Meeting of DEUTZ AG in individual elections. The employee representatives are elected by the workforce in accordance with the provisions of the German Codetermination Act.

There were no changes to the composition of the Supervisory Board in the reporting year.

In 2024, the composition of the Supervisory Board's committees changed as follows:

At its meeting on December 10, 2024, the Supervisory Board elected Ms. Katja Olligschläger as a member of the Audit Committee with effect from December 10, 2024. Ms. Olligschläger succeeded Dr. Dietrich, who stepped down as a member of the Audit Committee for personal reasons with effect from December 10, 2024. The Supervisory Board would like to thank Dr. Dietrich once again for his work on the Audit Committee.

The Supervisory Board has created four committees to enable it to perform its duties effectively. These committees prepare various topics and resolutions for the full Supervisory Board. Details of all members of the Supervisory Board and its committees, as well as other directorships held by its members, are shown separately from page 16 onward of this annual report.

Reference is made to the rules of procedure for the Supervisory Board, which can be downloaded from the Investor Relations section of the Company's website.

Human Resources Committee At the time this annual report was published, the members of the Human Resources Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Sabine Beutert, and Dr. Ing. Rudolf Maier. The Human Resources Committee makes preparations for all Supervisory Board decisions concerning the appointment of members of the Board of Management and their contracts of employment, including the remuneration specified therein, and all issues arising in this connection. It particularly focuses on long-term succession planning, which involves identifying suitable candidates at an early stage. In this task, it is supported by external consultants. The Human Resources Committee held [six] meetings in 2024, all of which were attended in person by all members of the committee. Among the main matters addressed were Mr. Krutoff's departure from the Board of Management by mutual agreement, the appointment of his successor in the role of CFO, the achievement of the Board of Management's targets for 2023, and the setting of the Board of Management's targets for 2024.

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

The Audit Committee held four scheduled and two extraordinary meetings in 2024, all of which were attended in person by all members of the committee and by the Board of Management. A resolution was also adopted in writing. The auditor attended four of the meetings. Guests were able to participate virtually, with some of them making use of this option. At times, the committee meetings were held without the Board of Management and/or without the auditor.

The committee's work primarily focused on the preparatory review of the annual and consolidated financial statements, including the combined management report and separate combined non-financial report of DEUTZ AG and the DEUTZ Group. The auditor's reports on its review of the condensed consolidated financial statements and the interim management report for the first half of the year were discussed at length together with the Board of Management. There were also detailed deliberations on the interim management statements for the first and third quarters. In between meetings, the chairwoman of the Audit Committee maintained regular and close contact with the Chief Financial Officer in order to share information and ideas.

The committee examined the monitoring of the accounting process, the appropriateness, effectiveness, and further development of the internal control system, the effectiveness of the risk management system and Corporate Audit, and the compliance management system (CMS). In the committee's meetings, the heads of relevant head-office functions were available to answer questions and give reports on specific topics. The annual activity report presented by the Head of Corporate Audit and the report's findings were discussed, and Corporate Audit's audit plan for the reporting year was approved. The Board of Management regularly reported to the Audit Committee on the course of business in the segments, relevant key performance indicators for the Group, the liquidity and funding situation, material legal disputes, matters relating to Corporate Audit, compliance in the Company, and data security/integrity and data protection.

Other key areas addressed over the course of the year included support for the various acquisition projects, approval for exercising the authorized capital, the working capital situation, the IT systems and IT/data security, financial control of investments, the tax strategy plus the tax CMS and the requirements of Pillar II, current and future regulatory requirements for sustainability reporting and their implementation (primarily the EU taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the German Supply Chain Due Diligence Act (LkSG)), and other upcoming changes, such as in respect of the Network and Information Systems 2 (NIS 2) Directive. The Board of Management reported on potential transactions with related parties on a quarterly basis. As in previous years, no transactions requiring approval or disclosure were identified in 2024. With regard to the collaboration with the auditor, the committee reviewed the non-audit services performed in the reporting year and received reports on the projects planned for the following year. No issues were identified. In the year under review, the Audit Committee continued to keep up to date with the changes to the regulatory environment and discussed the measures that would need to be taken by DEUTZ AG as a result.

Additional areas of focus for the audit were also defined. In 2023 and extending into 2024, the Audit Committee had determined a review of the implementation and delivery of regulatory requirements for sustainability reporting as a focal point of the audit assignment. As the CSRD had not been transposed into national law by the end of 2024, thereby creating legal uncertainty, this will remain an area of focus for the audit in 2025. The committee defined additional focal points relating to the acquisitions carried out over the course of the year and relating to aspects of corporate governance at DEUTZ AG and in the Group companies. The auditor reported on its findings at the meeting on March 11, 2025.

At the first extraordinary meeting, to which all Supervisory Board members were invited and which all of them attended, a training course was held by the auditor BDO on current and future regulatory requirements for sustainability reporting. During the subsequent committee meeting, which the full Supervisory Board also attended, the relevant departments presented the changes to the sustainability reporting requirements along with information on progress with implementing them in the DEUTZ Group. This was followed by an in-depth discussion. The second extraordinary meeting dealt with the capital increase carried out in the year under review.

The committee's recommendation that the Supervisory Board propose to the 2024 Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg (Germany), (BDO) be appointed as the auditor was based on the public invitation to tender carried out in 2023/2024. The Audit Committee obtained the necessary declaration of independence from the auditor and verified that it was qualified for the role. There were no grounds for suspecting that BDO's opinion might be prejudiced. The Audit Committee dealt with the fee agreements and issued the relevant audit engagements for 2024 to BDO, which had been elected as auditor by the Annual General Meeting. In addition, the audit process and quality assurance were discussed with BDO. The chairwoman of the committee and the auditor also kept each other informed between the meetings. The process for BDO's onboarding as the new auditor ran smoothly.

Finally, the Audit Committee resolved on the planning for 2025.

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

At its meeting on March 11, 2025, the Audit Committee held discussions with the Board of Management and the auditor on the annual financial statements, consolidated financial statements, and combined management report of DEUTZ AG for the year ended December 31, 2024, the proposal for the appropriation of profit, the Board of Management's report on these documents, and the corresponding audit reports from the auditor. The internal control system relating to the accounting system, the early-warning system for risk, the key audit matters, and the focus of the audit were discussed in detail. During the meeting, the auditor gave a detailed report on the process and key findings of the audits of the financial statements at DEUTZ AG and at the German and non-German subsidiaries, and provided detailed responses to further questions. No issues were raised in the audit findings. No material weaknesses in the internal control system were identified. The auditor also established that the Board of Management had set up an appropriate information and monitoring system that is capable, at an early stage, of identifying any risks to the Company's continued existence as a going concern.

The committee's preparatory review also encompassed the Group sustainability statement of DEUTZ AG and the DEUTZ Group, which was based on the CSRD, and the remuneration report. The Supervisory Board had also engaged BDO to conduct a review with limited assurance of the non-financial report and to audit the content of the remuneration report, including a formal audit of the remuneration report. The auditor reported on this audit and review at the committee meeting as well. This was followed by an intensive discussion of the main results. In both cases, an unqualified opinion was issued.

At the meeting of the full Supervisory Board on March 13, 2025, the chairwoman of the committee reported in detail on the aforementioned audit and review and their findings. She also explained the related recommendations for board resolutions. The recommendations prepared for the Supervisory Board for resolutions concerning the financial statements were approved and adopted by the Supervisory Board as submitted in each case, as were the recommendations for board resolutions presented during the year.

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

Nominations Committee At the time this annual report was published, the members of the Nominations Committee were Dr. Dietmar Voggenreiter (chairman), Ms. Patricia Geibel-Conrad, and Dr. Ing. Rudolf Maier. The Nominations Committee is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. It held one meeting in 2024, which was attended in person by all members of the committee. The main matters addressed at the meeting were necessary adjustments to the qualification matrix, taking account of the Supervisory Board's profile of skills and expertise and its diversity plan.

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

In 2024, the composition of the Supervisory Board's committees changed as follows:

At its meeting on December 10, 2024, the Supervisory Board elected Ms. Katja Olligschläger as a member of the Audit Committee with effect from December 10, 2024. Ms. Olligschläger succeeded Dr. Dietrich, who stepped down as a member of the Audit Committee for personal reasons with effect from December 10, 2024. The Supervisory Board would like to thank Dr. Dietrich once again for his work on the Audit Committee.

The current members of the Supervisory Board are all considered independent within the meaning of article C.6 sentence 2 DCGK in the version dated April 28, 2022. The names of the independent members are Dr. Dietmar Voggenreiter, Ms. Sabine Beutert, Dr. Fabian Dietrich, Mr. Helmut Ernst, Ms. Melanie Freytag, Ms. Patricia Geibel-Conrad, Mr. Ismail-Hilmi Kocer, Mr. Gottfried Laengert, Dr. Ing.

Rudolf Maier, Mr. Bernd Maierhofer, Ms. Katja Olligschläger, and Mr. Hans-Jörg Schaller. See also p. 16 onward for further information on the composition of the Supervisory Board and its committees, and on the further mandates held by its members.

In the reporting year, the Supervisory Board's self-assessment conducted with support from an external consultancy in 2023 (in accordance with article D.12 DCGK in the version dated April 28, 2022) was further analyzed and a related action plan was drawn up. The shareholder representatives and the employee representatives each regularly meet for separate preparatory talks ahead of the meetings of the Supervisory Board.

Targets and timeframes in accordance with sections 76 (4), 111 (5) AktG

On December 19, 2022, the Board of Management of DEUTZ AG set certain targets and timeframes in accordance with section 76 (4) AktG. The proportion of women employed by DEUTZ AG at the top level of senior management below the Board of Management is to be increased to 20% by June 30, 2027. The proportion of women at the second level of senior management below the Board of Management is to be increased to 12% over the same period. The top level of senior management below the Board of Management encompasses all managers in Germany who report directly to a member of the Board of Management. The second level of senior management below the Board of Management comprises all managers in Germany who report directly to a manager in the top level of senior management.

To ensure that women are taken into consideration for vacant managerial positions, DEUTZ AG has adopted a staff development program. When positions in the top and second levels of senior management below the Board of Management become available, the Board of Management and the HR department strive to ensure that at least one woman is always shortlisted for the post (article A.2. DCGK, version dated April 28, 2022). This means that external recruitment must focus on female managers.

As at the end of the reporting year, the proportion of women was 31% in the top level of senior management below the Board of Management and 7% in the second level of senior management below the Board of Management. DEUTZ AG thus attained the target set for the top level of senior management.

At its meeting on June 9, 2022, the Supervisory Board of DEUTZ AG set the following target in accordance with section 111 (5) AktG: On December 31, 2023, the Board of Management of DEUTZ AG should have at least one female member. This target was also attained.

Disclosures regarding compliance with the statutory quotas for women and men on the Supervisory Board

In accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (FührposGleichberG), the Supervisory Board of DEUTZ AG had to have at least four female members and four male members following the election of the Supervisory Board at the Annual General Meeting on April 26, 2018, if not before.

The Supervisory Board of DEUTZ AG has been in compliance with these statutory quotas since the Supervisory Board election held in 2018.

Description of the diversity plan for the composition of the Board of Management

The Supervisory Board, with the support of the Human Resources Committee and the involvement of the Board of Management, carries out long-term planning for appointments to the Board of Management. At its meeting on September 27, 2018, the Supervisory Board agreed the following diversity plan for the composition of the Board of Management, incorporating the recommendations of the **German Corporate Governance Code** in the version dated February 7, 2017 and also complying with the German Corporate Governance Code in the versions dated December 16, 2019 and April 28, 2022:

1. Description of the diversity plan

The Supervisory Board has developed the following diversity plan for the composition of the Board of Management in accordance with section 289f (2) no. 6 HGB: In addition to basic suitability criteria such as good character, integrity, outstanding leadership qualities, professional expertise needed for the member's specific remit, proven track record, knowledge of the Company, and the ability to adapt business models and processes to the needs of a changing world, the Supervisory Board also considers **diversity** when selecting candidates for a position on the Board of Management. The Supervisory Board primarily regards diversity as

- appropriate gender representation;
- an adequate mix of ages among the members of the Board of Management;
- a range of educational backgrounds and occupations.

2. Objectives of the diversity plan

The objective of the diversity plan for the Board of Management is to consciously harness diversity as a means of driving the Company forward. After all, taking account of different perspectives, skills, backgrounds, and experience will be key to maintaining our competitiveness and success over the long term. Diversity within the Board of Management will, in particular, help us to better understand new business models and the wide-ranging expectations of our customers from around the world.

3. Manner of implementation

The Supervisory Board takes particular account of the following aspects with regard to the composition of the Board of Management:

- Members of the Board of Management should have several years of managerial experience.
- Members of the Board of Management should bring experience from a wide range of occupations and professional backgrounds.
- The Board of Management collectively should have technical expertise, particularly knowledge and experience of manufacturing and sales of all types of engines and of other technical products.
- The Board of Management collectively should have many years' experience in the areas of research and development, production, sales, finance, and human resources.
- The Board of Management collectively should have international experience.
- The Supervisory Board has formally agreed a target quota in accordance with FührposGleichberG. The resolution stipulates that there should be at least one woman on the Board of Management of DEUTZ AG on June 30, 2022.
- An age limit of 65 (standard retirement age) applies in principle to the members of the Board of Management.

The Supervisory Board determines which candidate should be offered a specific position on the Board of Management. Its decision is based on the best interests of the Company, taking all the circumstances of the individual case into account.

4. Current composition

As well as many years of experience within the Group, the members of the Board of Management also have extensive knowledge and experience – some international – from various activities outside DEUTZ AG. In its current composition, the four-person Board of Management meets all the specified targets. The age range on the Board of Management as at the end of 2024 was 43 to 58 years; the average age was 48.

OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD, PROFILE OF THE SKILLS AND EXPERTISE REQUIRED OF ITS MEMBERS, AND DESCRIPTION OF THE DIVERSITY PLAN

The diversity plan for the Supervisory Board was adopted by the Supervisory Board at its meeting on September 27, 2018 together with the objectives for the Supervisory Board's composition and profile of skills and expertise, and was last updated as follows at the meeting on December 10, 2024:

The Supervisory Board of DEUTZ AG has defined specific targets for its composition and has drawn up a profile of skills and expertise for the Supervisory Board as a whole in accordance with article C.1 DCGK.

The composition of the Supervisory Board has to ensure that its members have the knowledge, skills, and professional experience required to properly perform all duties within an international group of companies. This does not mean that each individual member of the Supervisory Board must have all the knowledge and experience required, but that for each key area of the Supervisory Board's activities, at least one member has competence in that area so that collectively – including the employee representatives and taking account of the special features of the right of codetermination – the Supervisory Board covers the required knowledge and experience.

1. Description of the areas of expertise required for the Supervisory Board

The Supervisory Board of DEUTZ AG should be composed of individuals who collectively provide a range of skills and expertise that ensures the Supervisory Board can comprehensively and effectively advise and supervise the Board of Management on every aspect of DEUTZ AG's business activity. The Supervisory Board regards the following as key elements of this skill set:

- Experience in managing and supervising international companies
- Competence in the key areas of corporate activity, the associated markets and value chains
- Competence in the areas of strategic and sustainable development of the company, technology and markets
- Knowledge of codetermination law
- Knowledge of finance, accounting and auditing
- Knowledge of law, corporate governance and risk management
- Experience in the areas of supply chain, research and development and manufacturing
- Experience in sales, service or marketing

- Knowledge of sustainability issues and ESG topics that are relevant to the company
- Knowledge in the areas of IT, digitalization, Industry 4.0 and artificial intelligence (AI)
- Knowledge of capital and financial markets

In addition, in accordance with the requirements of section 100 (5) of the German Stock Corporation Act (AktG), at least one member of the Supervisory Board and the Audit Committee must have expertise in the areas of accounting and at least one member of the Supervisory Board and the Audit Committee must have expertise in the areas of auditing (financial experts). The expertise in the field of accounting shall consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing shall consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit and assurance. The chairman of the audit committee shall have appropriate expertise in at least one of the two areas. The members of the Supervisory Board must, collectively, be familiar with the engine manufacturing, drive systems or associated machinery sectors.

2. Minimum requirements for professional expertise and personal capabilities

The individual members of the Supervisory Board should have certain minimum competencies that are necessary for the proper performance of their role:

- The ability to understand and critically scrutinise the business model
- Fundamental knowledge of the relevant legal provisions
- Fundamental knowledge of **compliance**
- Fundamental financial expertise, particularly in accounting and annual financial statements
- Ability to examine the annual financial statements, if necessary with the assistance of the independent auditors
- The ability to understand, critically scrutinise and draw conclusions from the reports of the Board of Management and of the Supervisory Board committees
- The ability to assess the propriety, commercial viability, appropriateness and legality of business decisions and to check their plausibility
- Willingness and ability to devote the time and effort required
- Willingness to undertake ongoing professional development in the form of both inhouse and external training activities
- Personal independence and integrity

3. Objectives for the composition of the Supervisory Board as a whole

3.1 **Diversity**

In terms of the diversity of its composition, the Supervisory Board strives to ensure the appropriate participation of both genders, a range of professional and international experience and the inclusion of members with many years of relevant experience. As DEUTZ AG is a publicly listed company that is subject to the German Codetermination Act, the Supervisory Board must comprise at least 30 per cent women and at least 30 per cent men in accordance with the principles laid down in section 96 (2) AktG.

3.2 **International expertise**

As DEUTZ is an international group of companies, care must be taken to ensure that the Supervisory Board has a sufficient number of members with many years of international experience. Supervisory Board members can satisfy this requirement in a variety of ways, e.g. by currently or previously holding a senior management role in an international company or by currently or previously living and working in another country.

3.3 **Independence and potential conflicts of interest**

More than half of the Supervisory Board members representing the shareholders should be independent within the meaning of article C.6 para 2 and article C.7 of the German Corporate Governance Code. Supervisory Board members representing the shareholders must not hold directorships or similar positions or advisory functions for major competitors of the DEUTZ Group or have a personal relationship with them and shall generally, and in any case in the majority, be assessed as independent of the Company, the Executive Board and/or a controlling shareholder. Conflicts of interest that are substantial and not merely temporary relating to the personal circumstances of a Supervisory Board member shall result in the termination of the mandate.

3.4 **Time required to perform Supervisory Board duties**
The Supervisory Board believes it is important that both its current members and future candidates for Supervisory Board seats are able to devote sufficient time to preparing for and following up the regular Supervisory Board meetings, taking part in such meetings and reading the regular reports. Additional time is required if members are elected to committees, particularly if they chair such committees. Based on these criteria, the time demanded of Supervisory Board members and candidates in respect of seats on other supervisory or advisory bodies, their active professional activity or other duties must be taken into account.

3.5 **Regular review/evaluation**
(1) In the process for selecting shareholder representatives, the Nominating Committee proposes candidates to the Supervisory Board, taking account of the above criteria, and the Supervisory Board then proposes these candidates for election by the Annual General Meeting. The representatives to be elected to the Supervisory Board by the employees must also fulfil the key criteria of this profile of skills and expertise.

(2) In addition, evaluations must be carried out at regular intervals to establish the extent to which the members of the Supervisory Board and the composition of the Supervisory Board remain compliant with the objectives specified in point (1) and the Supervisory Board and its committees in its existing composition is able to carry out its duties effectively.

4. Diversity concept

a) Description of the diversity concept
The Supervisory Board has also resolved to strive for a diverse composition, particularly with regard to age, gender, educational background and occupation.

b) Objective of the diversity concept
The objective of the diversity concept for the Supervisory Board is to ensure that it has a broad understanding of the social and business requirements placed upon DEUTZ AG. In particular, diversity should help the Supervisory Board to judge the business decisions taken by the Board of Management from different perspectives and on the basis of a wide range of experience.

c) Manner in which the diversity concept is to be implemented
The Supervisory Board must be able to draw on as wide a range of expertise, capabilities and experience as possible. It is therefore important to take due account of diversity in its composition and, when preparing election nominations, to make sure that the profiles of the candidates complement those of the existing members.

In accordance with statutory provisions, the Supervisory Board includes at least 30% women and at least 30 per cent men.

A further target for the composition of the Supervisory Board is that members do not remain in post beyond the end of the Annual General Meeting following the member’s 74th birthday (standard retirement age), unless special circumstances apply. Nor should members of the Supervisory Board serve any more than three full terms, unless special circumstances apply.

d) Results of the diversity concept achieved in the past year
The current composition of the Supervisory Board reflects the stated objectives and matches the agreed profile of skills and expertise.

The following qualification matrix in accordance with article C.1 DCGK (in the version dated April 28, 2022) illustrates the implementation status:

Qualification matrix for the composition of the Supervisory Board of DEUTZ AG

	Dr. Dietmar Voggenreiter	Sabine Beutert	Dr. Fabian Dietrich	Helmut Ernst	Melanie Freytag	Patricia Geibel-Conrad	Ismail-Hilmi Kocer	Gottfried Laengert	Dr.-Ing. Rudolf Maier	Bernd Maierhofer	Katja Olligschläger	Hans-Jörg Schaller
General disclosures												
Initial appointment	2019	2013	2018	2023	2023	2018	2023	2023	2020	2023	2023	2023
Independent as defined by DCGK (C.6 onward)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
No overboarding (pursuant to DCGK recommendations C.4 and C.5)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diversity												
Gender	m	f	m	m	f	f	m	m	m	m	f	m
Year of birth	1969	1959	1978	1960	1975	1962	1982	1967	1957	1960	1966	1960
Nationality	DE	DE	DE	DE	DE	DE	DE	DE	DE	DE	DE	DE
International experience	✓		✓	✓	✓	✓			✓	✓		✓
Areas of expertise												
Experience in managing and supervising international companies	✓			✓	✓	✓			✓	✓		✓
Competence in the Company's areas of activity and in the associated markets and value chains	✓	✓	✓	✓	✓				✓	✓		✓
Competence relating to the strategic and sustainable development of the Company, of technology, and of the markets	✓		✓	✓	✓				✓	✓		
Knowledge of codetermination law	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Knowledge of finance, accounting, and auditing	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Knowledge of legal matters, corporate governance, and risk management	✓		✓	✓	✓	✓		✓		✓	✓	✓
Experience in the areas of supply chains, R&D, and manufacturing				✓				✓	✓	✓		✓
Experience in marketing, sales, and service	✓			✓				✓	✓		✓	✓
Knowledge of sustainability/ESG topics that are relevant to the Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Knowledge of IT, digitalization, Industry 4.0, and AI		✓		✓	✓	✓	✓	✓	✓	✓	✓	
Knowledge of capital and financial markets	✓		✓		✓	✓				✓		✓

Disclosures pursuant to section 289f (2) no. 5a HGB

Pursuant to section 76 (3a) AktG, DEUTZ AG is required to appoint at least one woman and at least one man as members of its Board of Management, provided that the Board of Management comprises more than three members. Any appointment of a member of the Board of Management that is made in breach of this minimum quota requirement is void.

DEUTZ AG complied with this requirement in the reporting period

Disclosures pursuant to section 289f (2) no. 1a HGB

The remuneration report for the last financial year, the auditor's report pursuant to section 162 AktG, the applicable remuneration system pursuant to section 87a (1) and (2) sentence 1 AktG, and the most recent resolution on remuneration pursuant to section 113 (3) AktG can be accessed online at www.deutz.com under Corporate Governance.

Disclosures relevant to corporate management practices: compliance management system, environmental, quality, and energy management

DEUTZ AG has a compliance management system that is firmly anchored in the Company's organizational structure. The system is continually enhanced in order to meet changing requirements. At the time this annual report was published, the Chairman of the Board of Management, Dr. Sebastian C. Schulte, was the member of the Board of Management responsible for **compliance**.

The prime objective of the compliance management system is to prevent violations of applicable laws, rules, regulations, and internal policies. To this end, employees are given help in familiarizing themselves with the relevant laws, regulations, and policies as well as guidance on how to apply them correctly. This is primarily achieved through a structured policy management system in which existing policies are reviewed on an ongoing basis to see if they need updating and new policies are published. The policy management system is based on the code of conduct, which provides a framework for ensuring that behavior toward business partners and employees is fair and in compliance with the law.

In 2024, the code of conduct was again made accessible to all employees via internal communications platforms. Third parties can view the code of conduct on the Company's website. The guidelines set out in the code of conduct are supplemented by and formalized in specific policies, including a compliance policy, a policy on gifts and entertainment, a business partner compliance policy, an information security policy, a policy on engaging external sales service providers, an anti-money laundering policy, a policy on export controls, an emissions compliance policy, a privacy policy, an AI policy, and an insider trading policy. These policies help to ensure that employees are aware of the relevant laws and regulations and are able to apply them correctly. DEUTZ has also established a code of conduct for suppliers.

The Board of Management supports and promotes ethical conduct. It is unreservedly committed to corporate compliance and declines to be involved in any transactions that are inconsistent with these values. The Board of Management does not tolerate any form of corruption and is fully committed to compliance with competition law and to incorporating sustainability aspects into the Company's activities. In addition, DEUTZ has established a human rights code that documents the human rights principles that are most relevant to the Company. It is based on national and internal laws, on conventions and declarations such as the **UN Guiding Principles on Business and Human Rights**, on the fundamental conventions of the International Labour Organization, and on the **United Nations Global Compact**. DEUTZ believes that professional and business relationships absolutely have to be grounded in compliance with the human rights code and that this will secure the long-term success of the Company. More detailed information on this is provided in the annual **LkSG** declaration of principles, the most recent of which was published in December 2024.

Training is intended to ensure that employees are aware of the relevant laws and corporate policies, and that they comply with them at all times in their day-to-day work. For all administrative employees who work in the central sales, procurement, research & development, production, and administrative functions, or in subsidiaries, and work at a PC, training courses were conducted via a web-based e-learning program. In addition to the fixed modules (basic principles of compliance, anti-corruption, antitrust law, export controls and embargoes, health and safety in the office, prevention of money laundering / financing of terrorism, and information security), the training program includes further modules that change on an annual basis. These cover subjects such as data protection for employees, the German General Equal Treatment Act (AGG) and non-discrimination, and how to handle trade secrets and prevent insider trading. In 2023, a new module for dealing with conflicts of interest was rolled out.

DEUTZ Group: Proportion of workforce to have completed compliance training

%	**2024**	2023	2022	2021	2020
Proportion of workforce to have completed compliance training	**97.7**	97.4	99.1	97.3	98.1

During the reporting year, a total of 3,933 administrative employees successfully completed all modules of the e-learning program that had been assigned to them. This equates to a compliance training completion ratio of 97.7%. In the production plants, compliance training takes place in conjunction with the regular safety training in a manner that is tailored to the particular area of work.

A Chief Compliance Officer appointed by the Board of Management coordinates compliance activities at DEUTZ. The individual business units and subsidiaries have their own compliance coordinators, who are responsible for compliance in their organizations and submit regular structured reports in writing to the Chief Compliance Officer, who in turn reports to the Board of Management and the Supervisory Board's Audit

Committee. The basic principles of the compliance organization are described in the compliance organizational policy. The duties of the relevant employees are set out in job descriptions.

Employees can supply information or direct questions to line managers, compliance coordinators, the Equality Officer, the Chief Compliance Officer, or the managers responsible for the legal affairs or internal audit units. Furthermore, the Company's website incorporates a whistleblowing system that can also be accessed by non-employees. The compliance web page is available in German, English, Spanish, French, Italian, and Chinese. The established whistleblowing system has been expanded to include the LkSG complaints procedure, while the related procedural rules have been made available on the web page. Notices can also be submitted anonymously and any information supplied is rigorously followed up. Any necessary investigations are carried out by the Chief Compliance Officer, with external support if required.

Regular meetings are held to develop, discuss, and coordinate compliance initiatives. The compliance activities focus on preventing corruption, tackling money laundering, and complying with export regulations (including export controls). They also ensure safety in the workplace, IT and data security, corporate security, and product safety. A further aim is to prevent breaches of environmental, antitrust, and insider trading laws.

As and when needed, the Board of Management and the Chief Compliance Officer take legal advice on establishing and continuously improving the compliance management system. The internal audit department reviews the activities, and the Audit Committee monitors them on behalf of the Supervisory Board.

Another essential element of corporate management is rigorous environmental, quality, energy, and workplace safety management. In the year under review, DEUTZ AG continued to satisfy the quality management requirements in accordance with ISO 9001, the environmental management requirements in accordance with ISO 14001, and the energy management requirements in accordance with ISO 50001, and applied a system ensuring health and safety in the workplace in accordance with ISO 45001. The relevant certificates from TÜV Rheinland are published on the DEUTZ AG website.

All standards set by the Deutsches Institut für Normung e.V., Berlin (DIN) can be inspected free of charge at DIN standards repositories.

CORPORATE GOVERNANCE REPORT

Basic principles and objectives of the composition of the Supervisory Board; particularly, conflicts of interest / independence of Supervisory Board members and the consideration of women

At its meeting held on December 13, 2022, the Supervisory Board adopted the profile of skills and expertise required for its members together with the objectives regarding its composition in accordance with article C.1 **DCGK** in the version dated April 28, 2022. The most recent update was adopted at the meeting held on December 10, 2024. See p. 23 onward.

The Supervisory Board has met the applicable objectives, such as the international experience available on the Supervisory Board and the number of independent members. The current members of the Supervisory Board are all considered independent within the meaning of article C.6 sentence 2 DCGK in the version dated April 28, 2022. No conflicts of interest between members of the Supervisory Board and DEUTZ AG arose in the year under review.

Consideration of women when making appointments to the Board of Management

As at the end of the reporting period, the Board of Management of DEUTZ AG consisted of four members, one of whom was female. This equates to a ratio of 25%.

Responsible risk management

A forward-looking, prudent, and responsible approach to corporate risk is a core aspect of good **corporate governance** and forms the basis for the risk management system at DEUTZ. The Board of Management regularly notifies the Supervisory Board of any existing or anticipated risks. See also 'Risk report', p. 74 onward.

Comprehensive transparency and active investor relations

Regular, open, and proactive dialogue with the Company's stakeholders forms the basis of good corporate governance and ensures trust in the Company and its value creation process. This is a key reason why DEUTZ undertakes to comply with the transparency guidelines in the DCGK. It is therefore of utmost importance to us that all target groups receive the same information simultaneously and in a timely manner. We achieve this objective by using various communication formats and media. DEUTZ AG reports on the performance and development of its business and on significant changes and events four times a year in its annual report, its half-year report, and its quarterly statements. The quarterly statements and the half-year report are published within 45 days of the end of a reporting period; the annual report is published within 90 days of the end of the financial year. Conference calls, and sometimes other events, are held on the publication dates of the annual report, half-year report, and quarterly statements, at which senior management is available to answer questions from investors, analysts, etc. On October 8, 2024, a Capital Markets Day was held for analysts, bankers, and institutional investors at the headquarters in Cologne, at which the Board of Management presented the updated Dual+ strategy and new medium-term targets. At a

Shareholders Day that was also held in Cologne the next day, the Board of Management also discussed these topics with interested retail investors. See also 'DEUTZ in the capital markets', p. 29 onward.

No direct talks between the chairman of the Supervisory Board and DEUTZ investors or other stakeholders took place in the reporting period, although the chairman of the Supervisory Board is always available for such talks. The most recent such talks were held in 2023, when he discussed the proposed new remuneration system for the Board of Management with relevant proxy advisory firms.

The Annual General Meeting, at which our shareholders have the opportunity to exercise their voting rights, is usually held in the first five months of each year; shareholders who do not attend the AGM in person can instruct proxies to vote on their behalf.

The Company's website also offers comprehensive information on DEUTZ: Annual reports, half-year reports, quarterly statements, press releases, ad hoc announcements, voting right notifications, analyst recommendations, presentations, the Company's Statutes, and the remuneration systems for the Supervisory Board and Board of Management can all be found at www.deutz.com. In addition, the online financial calendar provides information on upcoming events in the Company's financial year.

The aforementioned content is generally published in both German and English to ensure that important company news and information is as accessible as possible, including to an international audience.

Apart from the regularly published information, DEUTZ also issues ad hoc announcements regarding circumstances that are not in the public domain but that could have a significant impact on DEUTZ's share price were they to become known. The Company's reporting policy therefore complies both with legal requirements and the guidelines in the DCGK in the version dated April 28, 2022.

Accounting and auditing

DEUTZ AG's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements are prepared by the Board of Management and audited by the auditor.

The auditor has agreed to inform the chairperson of the Supervisory Board or the chairperson of the Audit Committee of any findings or incidents relevant to their role of which it becomes aware during the audit.

The auditor has also agreed to inform the Supervisory Board or the Audit Committee if it identifies any facts while performing the audit that show that the declaration of conformity with the DCGK submitted by the Board of Management and Supervisory Board contains misrepresentations. The auditor will also note this in the audit report.

The Audit Committee discussed the assessment of audit risk, the audit strategy, the audit plan, and the findings of the audit with the auditor. The chairperson of the Audit Committee regularly discussed the progress of the audit with the auditor and reported on the discussion to the committee. The Audit Committee also regularly met the auditor without the Board of Management.

The auditor informs the chairperson of the Supervisory Board without delay of any findings or incidents relevant to the role of the Supervisory Board that arise during the audit of the financial statements.

Conflicts of interest and consultancy agreements

Information about conflicts of interests in relation to Supervisory Board members can be found under »Basic principles and objectives of the composition of the Supervisory Board« at the start of this corporate governance report.

The Company does not have any consultancy agreements with members of the Supervisory Board.

The members of the Board of Management must disclose any conflicts of interest to the Supervisory Board. The Supervisory Board then reports these cases, along with any conflicts of interest relating to its own members, to the Annual General Meeting.

Remuneration report

The remuneration of the Board of Management complies with the German Act on the Appropriateness of Management Board Remuneration (VorstAG) and the recommendations in the DCGK. From 2021, the remuneration also complies with the German Act Implementing the Second Shareholder Rights' Directive (ARUG II).

See also 'Remuneration report', p. 144 onward, for further information on the remuneration systems for the Board of Management and Supervisory Board and the remuneration granted to individual board members.

Dealings subject to reporting requirements

Article 19 of the Market Abuse Regulation (MAR) states that persons with executive functions or persons with whom they are closely associated must notify both the company and the German Federal Financial Supervisory Authority (BaFin) of their own dealings in shares of the company or in financial instruments of the company based on such shares.

In 2024 and up to the time that this annual report was published, Dr. Schulte, Dr. Ing. Mayer, Dr. Ing. Müller, Mr. Oliver Neu and Mr. Krutoff disclosed the purchase of DEUTZ shares in accordance with article 19 MAR. The disclosed transactions are published in the Investor Relations section of the DEUTZ AG website.

DEUTZ in the capital markets

Key data on stock market listing

ISIN	DE0006305006
WKN	630500
Reuters	DEZG.DE
Bloomberg	DEZ:GR
Market segment	Regulated Market / Prime Standard
Index	SDAX
Trading platforms	Xetra, Frankfurt/Main and all other German stock exchanges
Designated Sponsor	HSBC (until Mar. 31, 2025) ODDO BHF (since Apr. 1, 2025)

Blue chips and second-tier stocks performed very differently in 2024. While Germany's key DAX index continued largely unperturbed on its upward trajectory, reaching the 20,000-point mark for the first time at the start of December 2024, small and mid-cap indices were just into negative territory at the end of the year. The DAX closed 2024 up 18.8% on 2023 at 19,909 points. The SDAX, of which DEUTZ shares are a part, lost 1.8% over the course of 2024 to close at 13,711 points. The DAXsector Industrial, which comprises German industrial companies of all sizes and in which DEUTZ shares are also represented, advanced by 23.2% year on year to 12,036 points.

The central banks in the eurozone and the US started to loosen their monetary policies again over the course of 2024, having increased base rates steadily in 2022 and 2023 in response to the jump in inflation triggered by the fallout from the pandemic and the war in Ukraine. The European Central Bank (ECB) lowered its key interest rate (deposit facility) from 4.00 to 3.00% in four rate cuts between June and December, moving away from a restrictive, contractionary level of interest. From September, the US Federal Reserve (Fed) then reduced its target range for key interest rates in three increments, taking it from 5.25–5.50% to 4.25–4.50%.

DEUTZ shares fell sharply in the second half of 2024 The price of DEUTZ shares rose on the back of good corporate news – including 2023's record earnings and the sale of Torqeedo – until April 11, when the price peaked for the year at €6.26. In the second half of 2024, however, DEUTZ shares took a sharp downward turn due to persistently weak economic growth. At the start of October, DEUTZ was forced to revise its full-year guidance amid soft demand caused by the economic headwinds. DEUTZ shares closed the year at €4.04, which was 15.9% lower than twelve months earlier.

DEUTZ AG's market capitalization stood at €560.6 million at the end of the reporting period.

Key figures for DEUTZ shares

in €

	2024	2023
Number of shares as at Dec. 31	138,761,914	126,147,195
Average number of shares	132,420,088	124,901,865
Share price as at Dec. 31[13]	4.04	4.80
Share price high[14]	6.26	6.03
Share price low[15]	3.93	3.69
Market capitalization as at Dec. 31 (€ million)	560.6	605.5
Earnings per share[16]	0.39	0.66

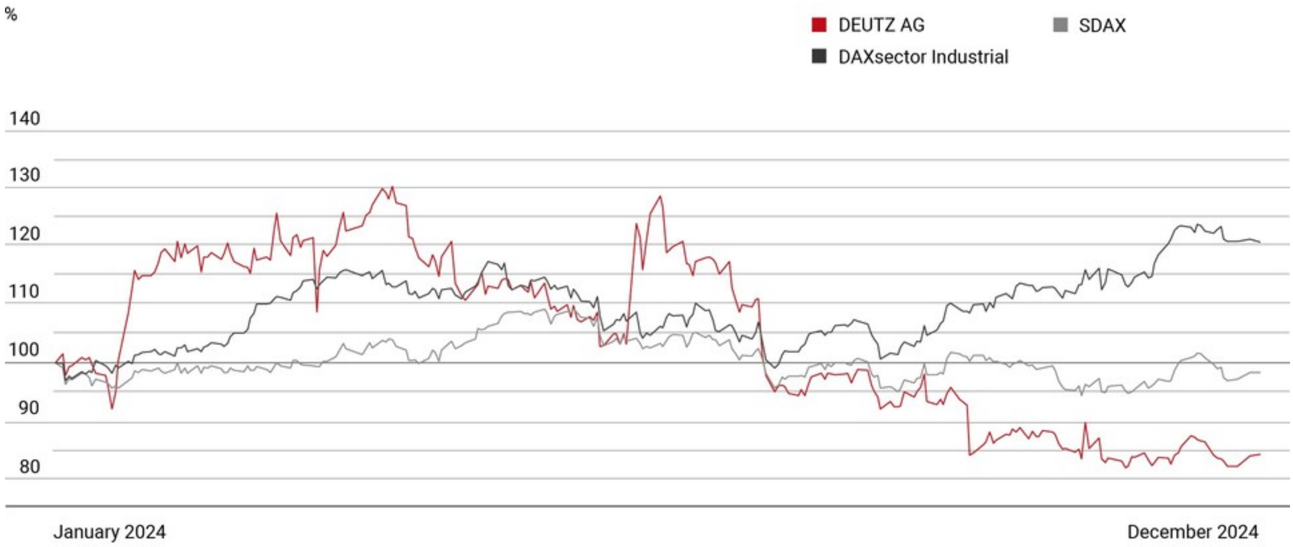
CAPITAL INCREASE AND EARNINGS PER SHARE

At the start of July 2024, DEUTZ AG upped its share capital by 10 % by way of a capital increase against cash contributions – with the disapplication of pre-emption rights. This meant that the number of shares in issue rose by 12,614,719 to 138,761,914. The new shares were placed with institutional investors at a price of €5.71 per share. Following the purchase of Blue Star Power Systems, the proceeds from the capital increase gave DEUTZ the flexibility to continue pushing ahead with its Dual+ strategy, with the option to achieve further growth through acquisition.

Earnings per share is calculated by dividing the net income or loss for the year attributable to the shareholders of DEUTZ AG by the weighted average number of shares in issue. Based on the number of shares in issue during the 2024 reporting year and net income of €51.8 million, basic earnings per share[17] amounted to €0.39 compared with €0.66 in 2023.

[13] Xetra closing price.
[14] Xetra closing price; from Jan. 1 to Dec. 31.
[15] Xetra closing price; from Jan. 1 to Dec. 31.
[16] Calculated on the basis of net income including discontinued operations.
[17] Calculated on the basis of net income including discontinued operations.

DEUTZ shares relative to DAXsector Industrial and SDAX (indexed)



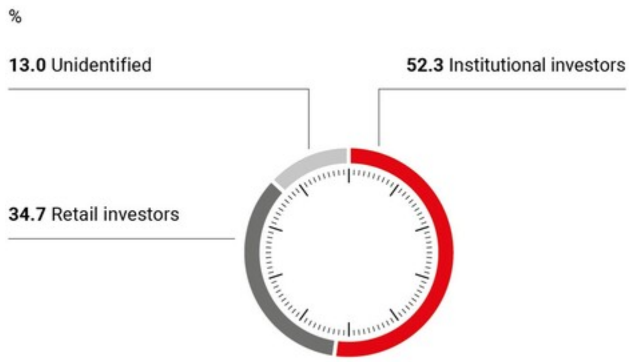
ALL DEUTZ SHARES IN FREE FLOAT

Based on Deutsche Börse's definition, 100% of DEUTZ AG shares are in free float. At the end of 2024, around 52% of the shares were held by institutional investors and around 35% by retail investors or private institutions. Approximately 13% of the shares in issue were held by unidentified shareholders. Among institutional shareholders, the biggest groups – each accounting for roughly a third – are US investors (34.7%) and German investors (32.8%). Nearly all the other institutional investors are from other European countries, predominantly Norway, the Netherlands, and the United Kingdom.[18]

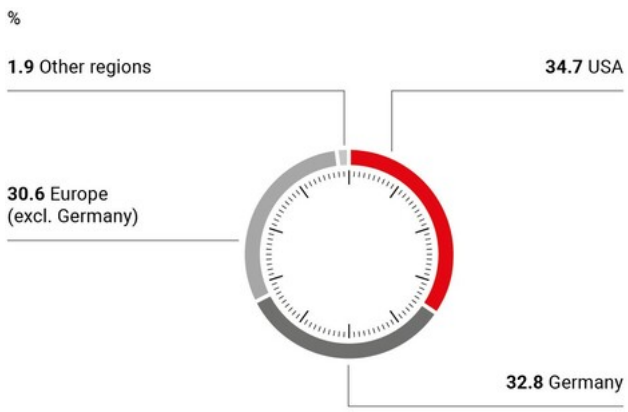
At the end of 2024, the following companies held more than 3% of the shares in DEUTZ AG: Norges Bank Investment Management (Norway) 3.8%, Daimler Truck AG (Germany) 3.8%, The Vanguard Group, Inc. (USA) 3.8%, Lupus alpha Asset Management AG (Germany) 3.8%, and Ardan Livvey Investors B. V. (Netherlands) 3.2%.[19]

Voting right notifications pursuant to section 40 (1) of the German Securities Trading Act (WpHG) and notifiable managers' transactions in securities pursuant to Article 19 of the Market Abuse Regulation (MAR) are published on our website at www.deutz.com under Investor Relations.

Shareholder structure by type[20]



Shareholder structure by country (institutional investors)[21]



[18] Nasdaq, December 2024.
[19] Nasdaq, December 2024.
[20] Nasdaq, December 2024.
[21] Nasdaq, December 2024.

DIVIDEND

DEUTZ strives to fund a large proportion of its growth strategy itself, that is to say from its own capital. At the same time, DEUTZ wants its shareholders to participate in the success of the Company in the form of an adequate and regular dividend. DEUTZ's dividend policy was revised when its new medium-term targets for 2028 were unveiled in October 2024. The policy now provides for a growing or at least stable dividend per share to be distributed to shareholders on an annual basis.

Having paid a dividend of €0.17 per share for 2023, the Board of Management and Supervisory Board will propose to the Annual General Meeting on May 8, 2025 that accumulated income be used to pay a dividend of €0.17 per share for the 2024 financial year too. This would equate to a dividend ratio[22] of just over 40%.

TRANSPARENT CAPITAL MARKETS COMMUNICATIONS

The objective of investor relations work is to provide all stakeholders with transparent information about current and future developments in the DEUTZ Group and thereby to build long-term trust in the Company and thus its shares. To this end, DEUTZ undertakes to comply with the transparency guidelines in the German Corporate Governance Code, always communicating promptly, openly, and comprehensively with shareholders, financial analysts, and other capital market players with an interest in the Company.

As in previous years, DEUTZ engaged in intensive dialogue with the capital markets in 2024. In addition to producing regular financial reports, the Company provided details of current business performance and other key developments during conference calls and in press releases. On October 8, 2024, a capital markets day was held for analysts, bankers, and institutional investors at the headquarters in Cologne, at which the Board of Management presented the updated Dual+ strategy and new medium-term targets. At a shareholders day that was also held in Cologne the next day, the Board of Management discussed these topics with interested retail investors. Last year, the CEO and CFO also took part in eight investor conferences (2023: five conferences) and six roadshows (2023: six). In addition, the Board of Management and the Investor Relations team were available for regular talks with interested parties from the capital markets at sales briefings and private meetings.

ANALYSTS' RECOMMENDATIONS

The assessments and recommendations of financial analysts provide a basis for equity investments by retail and institutional investors. At the time this annual report was published, a total of seven banks and securities houses produced reports on DEUTZ shares.

Analysts' recommendations[23]

Bank	Institution	Target price (€)	Recommen-dation
DZ Bank	DZ Bank	5.80	Buy
Hauck & Aufhäuser	Feb. 18, 2025	7.30	Buy
HSBC	Feb. 18, 2025	6.10	Buy
Kepler Cheuvreux	Feb. 19, 2025	6.00	Buy
M. M. Warburg	Feb. 18, 2025	7.60	Buy
ODDO BHF	Dec. 10, 2024	6.40	Buy
Quirin Privatbank	May 17, 2024	8.00	Buy

Further information and publications on the DEUTZ Group and DEUTZ shares can be found on our website at www.deutz.com.

[22] Calculated on the basis of the results for the entire Group, including discontinued and continuing operations.
[23] As at February 19, 2025; references to such recommendations and evaluations are made solely to provide readers with information on a non-binding basis. They do not mean that DEUTZ AG endorses, supports, or confirms the recommendations, opinions, or conclusions of the equity research analysts in any way. DEUTZ AG accepts no liability for the selection of analyst recommendations and assessments reproduced here, nor does it accept any liability for whether they are up to date, complete, or accurate. None of the information provided here should be construed as an offer to buy DEUTZ shares, nor does it constitute marketing for DEUTZ shares. DEUTZ AG's liability for loss or damage suffered by third parties as a result of information provided here is excluded.

INDEX FOR COMBINED MANAGEMENT REPORT

Fundamental features of the Group

Business modell and segments

DEUTZ is one of the world's leading manufacturers of drive systems for off-highway applications. The Company was founded in 1864 and employed around 5,200 people worldwide as at December 31, 2024. Its core competencies are the development, production, and distribution of drive solutions in the power range up to 620 kW for off-highway applications.

The current portfolio extends from diesel and gas engines to electric and hydrogen drives. DEUTZ drives are used in a wide range of applications, including construction equipment and agricultural machinery, forklift trucks, lifting platforms, and other material handling equipment, stationary equipment such as generator sets (gensets), and commercial and rail vehicles. In addition, DEUTZ operates in the field of decentralized energy supply through its subsidiary Blue Star Power Systems, Inc. (»Blue Star Power Systems«). DEUTZ also offers a comprehensive range of digital and analog services through around 1,000 sales and service partners in over 120 countries.

The company was founded in 1864 and employed around 5,200 people worldwide as of December 31, 2024.

In 2024, the Company's operating activities were divided into the segments DEUTZ Classic and DEUTZ Green. The Classic segment, which generated around 99.6% of consolidated revenue from continuing operations in 2024, encompassed all activities related to the development, production, distribution, and servicing of diesel and gas engines, the equity-accounted joint venture with Chinese construction equipment manufacturer SANY, and other joint ventures. Blue Star Power Systems' business was also provisionally assigned to the Classic segment.

The Green segment consisted of all activities related to new and alternative drive solutions. This included hydrogen drives, electric drives, the related service business, and the subsidiary Futavis, which specializes in battery management systems.

During its Capital Markets Day in October 2024, DEUTZ presented an update of its Dual+ strategy. See also 'Strategy and objectives', p. 35. To reflect the associated transformation of the portfolio in its reporting, DEUTZ is adjusting its segment structure. Consequently, segment reporting will now differentiate between the DEUTZ Engines & Services and DEUTZ Solutions segments.[24]

The DEUTZ Engines & Services segment will encompass the service business and the current DEUTZ Classic business, including the nascent defense business. The DEUTZ Solutions segment will include not only alternative drives – i.e. e-products and hydrogen combustion engines – but also those business activities that go beyond engine manufacturing and service and are located in markets in which DEUTZ is already familiar with the technology and associated service business. The DEUTZ Solutions segment will comprise two business units: DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy. At the core of the Energy business unit, which will focus on decentralized energy supply, will be the business of genset manufacturer Blue Star Power Systems, which was acquired in 2024. See also 'Strategy and objectives', p. 35.

Market and competitive environment

From a regional perspective, sales of engines of the DEUTZ Group, are focused on the Europe, North America, and Asia regions. The Group faces competition from rival engine suppliers, mainly in Germany, Italy, the UK, Japan, and the USA.

DEUTZ´s main competitors by application segment[25,26]

Application segment	Applications	Main competitors[27]
Construction Equipment	Excavators Wheel loaders Pavers Mining equipment	Cummins, USA Isuzu, Japan Weichai, China Yanmar, Japan
Material Handling	Forklift trucks Telehandlers Lifting platforms Ground support equipment	Cummins, USA Isuzu, Japan Kubota, Japan Yanmar, Japan
Agricultural Machinery	Tractors Harvesters	Fiat Powertrain, Italiy Mitsubishi, Japan Perkins, UK Yanmar, Japan
Staionary Equipment	Gensets Pumps Compressors	Cummins, USA Generac Power Systems, USA Perkins, UK Volvo Penta, Deutschland
Other	Rolling stock Special vehicles Marine engines	Cummins, USA Kubota, Japan Perkins, UK Yanmar, Japan

[24] The new segment structure will be used for the first time in the reporting cycle for the first quarter of 2025.
[25] Power Systems Research, Januar 2025, Leistungsklassen 15 bis 620 kW.
[26] With the exception of Weichai, Chinese competitors are not listed here due to the lack of comparable quality standards and the significantly lower cost structures.
[27] In alphabetical order.

Strategy and objectives

The DEUTZ Group's primary objectives are to achieve profitable and sustainable growth in order to create added value for its shareholders, to establish itself among the top three independent drive manufacturers by 2030, to grow into a system provider for selected applications in stationary equipment, and to offer a fully climate-neutral product and technology portfolio by no later than 2050.

Dual+ strategy for sustainable, profitable growth The industry sectors that make up DEUTZ's customer base are in the middle of a fundamental shift toward greater climate neutrality. DEUTZ too is striving to empower its customers to carry out this transition successfully and capitalize on the resulting opportunities for growth.

DEUTZ is pursuing its Dual+ strategy in response to the global challenges of the transition to more sustainable drive systems and in order to achieve its overarching objectives. The strategy has had three main pillars until now: continued growth of the DEUTZ Classic business through optimized internal combustion engines, the creation – under the name DEUTZ Green – of a zero-emission product ecosystem that is aligned to the needs of the market, and the worldwide expansion of the high-margin service business.

During its Capital Markets Day in October 2024, DEUTZ presented an update of its Dual+ strategy. The main changes to the strategy are increased diversification of the portfolio, a demand-driven approach in alternative drives with an even greater focus on the market and on customers' needs, and a stronger positioning for the Company as a solution provider throughout its usual value chains. To this end, DEUTZ will also adjust its segment structure. Whereas its operations were divided into the DEUTZ Classic and DEUTZ Green segments in 2024, segment reporting has been based on the DEUTZ Engines & Services and the DEUTZ Solutions segments since January 1, 2025.

The DEUTZ Engines & Services segment encompasses the development, production, distribution, maintenance, and servicing of diesel and gas engines, including the nascent defense business. These activities had been assigned to the former DEUTZ Classic segment. The DEUTZ Solutions segment will include not only alternative drives – i.e. e-products and hydrogen combustion engines – but also those business activities that go beyond engine manufacturing and service and are located in markets in which DEUTZ is already familiar with the technology and associated service business. The DEUTZ Solutions segment will comprise two divisions: DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy.[28]

At the core of the Energy division, which will focus on decentralized energy supply, will be the business of genset manufacturer Blue Star Power Systems, which was acquired at the start of August 2024. Previously privately run, the company develops, manufactures, and sells gensets – predominantly diesel and gaseous at present – in the USA and Canada. It is one of the leading manufacturers in the US market. The acquisition of Blue Star Power Systems will help to significantly accelerate expansion into the rapidly growing and less cyclical energy market, while also increasing DEUTZ's presence in North America. At the same time, it will facilitate DEUTZ's transition from component manufacturer to system provider: DEUTZ engines have long been used in gensets, and the Company has now laid the foundations needed to be able to offer all-in-one solutions for local electricity generation.

When it announced the updated Dual+ strategy, DEUTZ stated a clear ambition for revenue of around €4 billion in 2030, along with specific expectations regarding the revenue to be generated by its segments and divisions, as set out below. The Company intends to achieve this through both organic growth and growth by acquisition.

The new segment structure will be used for the first time in the reporting cycle for the first quarter of 2025.

DEUTZ Engines & Services: approximately €3.2 billion
- thereof DEUTZ Classic: approximately €2.2 billion
- thereof DEUTZ Service: approximately €1 billion

DEUTZ Solutions: more than €800 million
- thereof DEUTZ Energy: more than €500 million
- thereof DEUTZ New Technology: more than €300 million €

In addition, DEUTZ has set itself clear medium-term targets for 2028: revenue of between €3.2 billion and €3.4 billion, plus an adjusted EBIT margin of between 8% and 9%.

As well as updating the Dual+ strategy, DEUTZ has initiated a cost-cutting program in response to the persistently difficult economic situation. It is aiming to permanently lower costs by €50 million by the end of 2026 in order to counteract the fall in demand caused by the economic headwinds. This cost-cutting program supplements the short-term measures already introduced. These measures include making production more flexible, introducing short-time working, and implementing other structural changes.

[28] The new segment structure will be used for the first time in the reporting cycle for the first quarter of 2025.

Ongoing development of internal combustion engines The continued growth of the DEUTZ Classic business aims for active market consolidation, expansion, and improved performance. DEUTZ believes internal combustion engines will continue to play an important role in the off-highway segment over the next 20 years, in spite of the transition to more sustainable drive systems. The DEUTZ Classic business will therefore remain the Group's largest revenue contributor over the coming years. This is to be achieved through expected market growth and additional orders, and by taking an active role in the anticipated consolidation of the market. The product mix is set to be enhanced by adding products with higher margins and optimizing the global manufacturing network, with the aim of increasing the profitability of the Classic business over a sustained period. The necessary measures will be backed up by a market-oriented pricing policy, while site efficiency will be improved through increased automation and digitalization of all processes. See also 'Purchasing and procurement', p. 44 onward, and 'Production and logistics', p. 42 onward.

Active consolidation of the engine market As the transition to more sustainable drive systems goes hand in hand with the consolidation of the engine market, new opportunities for organic growth and, in particular, growth through acquisitions and partnerships will open up in the Classic segment. DEUTZ aims to play an active role in this consolidation and has already concluded major transactions. In 2023, the Company announced a partnership with Daimler Truck AG to develop and market medium- and heavy-duty engines (MDEG and HDEP platforms). The engine variants that will be marketed by DEUTZ are scheduled to go into production in 2028. In a further strategic step, the Company took over sales and services for selected off-highway engines manufactured by Rolls-Royce Power Systems, which are based on the abovementioned Daimler Truck platform. The transaction was completed in early August 2024, since when sales and, in stages, services for Daimler Truck engine variants in the off-highway segment have been handled by DEUTZ. This gives DEUTZ access to these engine platforms four years earlier than envisaged in the transaction with Daimler Truck AG and enables it to offer existing and potential customers a much better concept for the transition. Customers will have planning certainty and DEUTZ will gain earlier market access.

In mid-2024, DEUTZ entered into an alliance with the Indian agricultural machinery company TAFE, which will initially see TAFE Motors produce engines with a capacity of 2.2 and 2.9 liters under license. The engines will be deployed in tractors made by the TAFE Group. DEUTZ will become TAFE's partner for the upcoming Trem Stage V Indian emissions standard, and augment and complement the wide range of engines made by the Group across emission standards. DEUTZ will use the manufacturing base in India to market the engines in neighboring markets, and leverage advantages in production and logistics. The alliance allows DEUTZ to expand its own supplier base to ensure production is more efficient and more resilient, which will particularly benefit the production sites in Germany.

At the end of 2024, DEUTZ initiated a further step in the consolidation of the internal combustion engine market by agreeing to acquire a 50% share in HJS Emission Technology, a supplier of exhaust aftertreatment systems. The transaction was completed in early 2025, with HJS Emission Technology now consolidated in the DEUTZ Group due to the agreed governance structure. DEUTZ plans to source the bulk of the exhaust aftertreatment components and systems for selected engine series from HJS Emission Technology and thus from within the DEUTZ Group itself. To this end, the relevant business of a current DEUTZ supplier is scheduled to be transferred to HJS Emission Technology over the course of 2025. See also 'Events after the reporting period', p. 236 onward.

Service as a highly profitable growth driver In addition to capitalizing on the potential of internal combustion engines, alternative drives, and decentralized energy supply, the expansion of the service and aftermarket business is the third key element of the Dual+ growth strategy. The profitability of this area is significantly above the Group average and is continually being augmented. To achieve this, DEUTZ is focusing on expanding its global service network, including through acquisitions and strategic partnerships, increasing its portfolio of services by adding mainly digital concepts, and extending its service activities to include the maintenance of non-DEUTZ engines.

The DEUTZ Power Centers are hugely important, particularly for growth in the USA, and their number was increased to ten in 2024. With the takeover of the Polish company BTH FAST in 2024, DEUTZ also established a proprietary sales and service network in Poland.

Creation of a zero-emission product ecosystem Given the need to make the DEUTZ product portfolio climate-neutral, the Company is taking an open approach to new technologies in the DEUTZ New Technology business that includes several technological options, or a combination thereof. This means improving the carbon footprint of the internal combustion engine, for example through the use of hydrogen, HVO[29], or eFuels, and developing alternative drive systems such as electric drives. under which it aims to build a scalable product offering of all-electric drive systems for specific customer requirements. In this context, DEUTZ presents itself as both systems engineering partner and systems integrator, supplying a harmonized system consisting of an electric motor, battery, power electronics, and reduction gear for traction, along with control software for battery management, functional safety, and actuator logic. In 2022, DEUTZ announced that it would be investing around €100 million by 2025 in developing the Green segment's portfolio. Through its updated Dual+ strategy, DEUTZ is putting an even greater focus on a product range that meets customer demand. With this in mind, DEUTZ completed the sale of Torqeedo, its subsidiary specializing in electric boat drives, in April 2024. Since the restructuring, DEUTZ New Technology – formerly the Green segment – enjoys significantly greater independence and flexibility in a fast-moving market thanks to its own development department, own product management, own sales organization, and its own CEO. See also 'Research and development', p. 40 onward.

Sufficient financial flexibility In mid-July, DEUTZ carried out a capital increase against cash contributions – with the disapplication of pre-emption rights – by using some of the existing authorized capital.[30] In view of gross issue proceeds of around €72 million[31], the financial instruments that it has in place, and its equity ratio of 50.4%, DEUTZ believes that it is in a strong financial position to continue investing in organic growth and still pursue its buy-and-build strategy following the recent acquisitions. See also 'Financial position', p. 58 onward.

Main sites and basis of consolidation

DEUTZ AG is the executive and operating parent company in the DEUTZ Group; it is headquartered in Cologne, Germany. It has various investments in Germany and abroad, including several companies that perform sales and service functions, plus production facilities in China, Morocco, Spain, and the USA.

As part of its endeavor to develop the portfolio, DEUTZ completed its purchase of all the shares in Blue Star Power Systems, Inc. at the start of August 2024.[32] The US company, headquartered in North Mankato, Minnesota (USA), develops, manufactures, and sells electricity generators (gensets) and is one of the leading manufacturers in the US market. Blue Star Power Systems' business, which forms the core of the new Energy business unit, was provisionally assigned to the Classic segment, specifically the Stationary Equipment and Service application segments. The Energy business unit will be part of the DEUTZ Solutions segment from the start of 2025. See also 'Business model and segments', p. 34 onward.

Also at the start of August, DEUTZ took over the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce's Power Systems division.[33] These activities have, regardless of the service business, primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic business.

At the beginning of November 2024, DEUTZ completed the purchase of all the shares in the Polish DEUTZ dealer Biuro Techniczno-Handlowe FAST Sp.z.o.o. (BTH FAST), headquartered in Nadarzyn (Poland)[34], thereby strengthening its sales and service network in eastern Europe. The business activities of BTH FAST mainly serve the markets for mining equipment, industrial applications, railway systems, and agricultural machinery, and have therefore primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic business.

In addition, DEUTZ, through its subsidiary DEUTZ China Verwaltungs GmbH, linked up with Zhongguancun Summit Enviro-Protection Co., Ltd. to found the joint venture DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd.[35] This collaborative enterprise, in which each partner holds 50% of the shares, will be accounted for in the consolidated financial statements using the equity method. The objective is to further drive sales of H2 gensets, i.e. generators that produce electricity using a hydrogen combustion engine developed by DEUTZ.

DEUTZ will also be acquiring 50% of the shares in HJS Emission Technology GmbH & Co. KG (HJE Emission Technology), an exhaust aftertreatment specialist based in Menden (Germany).[36] At the end of November 2024, the two parties signed an

[29] Hydrotreated vegetable oils.
[30] See the ad hoc disclosure dated July 2, 2024.
[31] See the ad hoc disclosure dated July 3, 2024.
[32] See the press release dated August 8, 2024.
[33] See the press release dated August 1, 2024.
[34] See the press release dated September 6, 2024.
[35] See the press release dated September 11, 2024.
[36] See the press release dated December 9, 2024.

agreement for DEUTZ to acquire 50% of the shares in HJS Emission Technology. The transaction is scheduled to be completed at the beginning of 2025 upon fulfillment of the agreed conditions precedent. On the basis of the contractually agreed structures, DEUTZ will be deemed to control HJE Emission Technology pursuant to IFRS 10 »Consolidated Financial Statements« and will include it in its consolidated financial statements going forward.

In addition to DEUTZ AG, eight German companies (December 31, 2023: nine) and 33 foreign companies (December 31, 2023: 32) were included in the consolidated financial statements as at December 31, 2024. A complete list of DEUTZ AG's shareholdings as at December 31, 2024 can be found in the annex to the notes to the consolidated financial statements. See 'Shareholdings of DEUTZ AG', p. 245 onward.

The companies in the Torqeedo Group, which had previously been fully consolidated, were accounted for and recognized as a discontinued operation pursuant to IFRS 5 »Non-current Assets Held for Sale and Discontinued Operations« as at December 31, 2023. The sale of the Torqeedo Group was completed with effect from April 3, 2024. The Torqeedo Group companies were Torqeedo GmbH, Oberpfaffenhofen/Wessling, Torqeedo Inc., Illinois (USA), and Torqeedo Asia-Pacific Ltd., Bangkok (Thailand).

Internal management system

The DEUTZ Group defines its budget targets and medium-term corporate targets using selected key performance indicators (KPIs). The Group is managed on the basis of the following financial performance indicators in order to increase profitability and achieve sustained growth. These KPIs are alternative performance measures that are not defined in the International Financial Reporting Standards (IFRS). A reconciliation of these KPIs to the amounts recognized in the financial statements is provided below.

As described previously, the activities of the Torqeedo Group were accounted for in the consolidated financial statements as a discontinued operation until the time of deconsolidation. The performance indicators for Group management were calculated in the fiscal year 2024 from a management perspective without the Torqeedo Group and thus from the perspective of continuing operations. For the financial year 2023, these were calculated for the entire Group, including the contributions of the Torqeedo Group.

Key performance indicators[37]		2024[38]	2024[39]	2023[40]
Revenue growth	%	-12.1	-13.5	7.8
EBIT margin (before exceptional items)	%	4.2	4.2	5.7
Working capital ratio (average)	%	22.2	22.5	18.7
ROCE (before exceptional items)	%	6.6	6.4	11.1
R&D ratio	%	5.1	5.1	4.9
Free cash flow	€ million	-153.1	-87.2	24.8
Free cash flow (before M&A)	€ million	30.0	20.8	57.8

Revenue growth DEUTZ strives to steadily increase its revenue as the basis for the profitable growth of the Company. Revenue data is collated on a monthly basis, broken down by product group, application segment, and region. This data is provided to management promptly so that it can, if necessary, react quickly to changes as they materialize.

EBIT margin (before exceptional items) The main key performance indicator that DEUTZ uses to manage the Company's operating performance is the EBIT margin before exceptional items. It is based on the Group's earnings before interest and tax (EBIT). The EBIT figure is then adjusted for exceptional items and calculated as a percentage of revenue. Exceptional items are defined as significant income generated or expenses incurred that, due to their timing and/or specific nature, are unlikely to recur and are outside the scope of the Company's ordinary business activities. Adjusting for exceptional items helps to provide a better comparison of the Company's operating performance over time. Examples of exceptional items include impairment losses, reversals of impairment losses, gains and losses on the disposal of non-current assets, certain costs for strategic projects or organizational changes, restructuring costs, and income from the reversal of related provisions. The adjusted EBIT margin is, like revenue growth, calculated monthly and presented to management as part of internal reporting. Exceptional items amounted to an expense of €34.8 million in 2024. An explanation is provided in the section on earnings. See 'Earnings', p. 52 onward.

The special effects from discontinued operations amounting to €9.3 million in fiscal year 2024 include the Torqeedo Group's EBIT in the first quarter of 2024, the deconsolidation effect, and the costs associated with the sale of the Torqeedo Group. For the entire Group, including discontinued operations, the special effects therefore total €(25.5) million (2023: €(20.1) million).

Working capital ratio (average) The Company's tied-up capital is managed using the average working capital ratio. This is the ratio of average working capital over the past four quarters to revenue for the preceding twelve months. Working capital comprises

[37] Alternative performance measures.
[38] Key performance indicators based on continuing operations.
[39] Key performance indicators based on the total Group including discontinued operations (internal control perspective).
[40] Key performance indicators based on the total Group including discontinued operations (internal control perspective).

inventories plus trade receivables less trade payables. Along with revenue growth and the EBIT margin (before exceptional items), this key figure is calculated monthly and used by management to control the business.

ROCE[41] (before exceptional items) The return on the capital employed in the Group is measured and managed on an annual basis using the key figure ROCE (before exceptional items). This is calculated as follows:

ROCE

€ million

	2024[38]	**2024[39]**	2023[40]
Total assets	1,683.3	1,683.3	1,590.2
Cash and cash equivalents	62.0	62.0	90.1
Trade payables	235.0	235.0	258.5
Other current and non-current liabilities	111.1	111.1	111.4
Capital employed	**1,275.2**	**1,275.2**	**1,130.2**
Capital employed (average for the year)	**1,163.5**	**1,199.5**	**1,088.7**
Adjusted EBIT (EBIT before exceptional items)	**76.7**	**76.7**	**120.4**
ROCE (before exceptional items,%)	**6.6**	**6.4**	**11.1**

R&D ratio As a technology-focused company, DEUTZ considers the R&D ratio to be one of its most significant performance indicators in the internal management system. It is the ratio of research and development expenditure (after deducting grants) to revenue in the period in question. The R&D ratio is calculated monthly and reported to management.

Free cash flow The DEUTZ Group uses free cash flow as its main performance indicator for managing liquidity. It comprises net cash provided by, and used for, the operating activities and investing activities of the Group during the period in question less interest payments in connection with financing activities. This indicator shows what cash flow generated in the relevant year is available to the Company, e.g. for repaying liabilities or paying a possible dividend to shareholders. Based on free cash flow, free cash flow is also calculated, adjusted for cash inflows and outflows from significant mergers and acquisitions (M&A) transactions. Free cash flow and free cash flow before M&A are reported to management monthly.

Based on the performance indicators described here, DEUTZ has set up an early warning system in order to be proactive and respond promptly. At the same time, it operates a robust system of causal analysis to ensure that it minimizes risks and makes the most of opportunities. Three times a year, an annual forecast is produced for all key performance indicators to ensure transparency with regard to the Company's business performance.

In addition to the key financial performance indicators that form part of the management system described above, DEUTZ also employs other metrics to measure its economic performance. These include, but are not limited to, new orders received, revenue and unit sales, the working capital as at the reporting date with regard to tied-up capital, and earnings before interest, taxes, depreciation, and amortization (EBITDA). Moreover, the Group net income and the DEUTZ AG statutory income in accordance with the German Commercial Code are significant factors for DEUTZ as regards dividend payments.

Continuous optimization of the control system Regardless of fluctuations in the economic cycle, one of the DEUTZ Group's overriding aims is the continuous optimization of its management systems. This essentially involves the annual planning of all performance indicators specified here, taking account of internal estimates of future business as well as benchmark figures from competitors. Each organizational unit prepares detailed plans for its area of responsibility, which are then coordinated with management. Both the specific unit sales and revenue targets and the customer and product-related targets (EBIT margins) are aligned with the operating units each year, taking groupwide objectives into consideration. This means that they are available at the relevant hierarchical level for use in the operational management of the segments.

Working capital targets are specified for the individual group companies in order to optimize the amount of capital tied up in the business. Specific targets for inventories, trade receivables, and trade payables are allocated to the individual employees with responsibility for the respective areas.

In order to secure the financial basis for its growth strategy, the Company has made the management of capital expenditure a central element in the management of tied-up capital, whereby specified budget figures set out the framework for the level of capital expenditure and development expenditure; actual requirements are derived from the medium-term planning of unit sales and the resulting requirements in terms of capacity and technologies. Annual budget meetings are held to coordinate individual projects, development expenditure, and planned capital expenditure with the groupwide financial planning process and to record the outcomes. An additional detailed review is carried out before projects are actually approved. To this end, standard investment appraisal methods are used, such as the internal rate of return, the amortization period, the net present value, the impact on earnings, and cost comparisons. A project with an appropriate budget is only approved if there is a clear positive outcome from this investment appraisal.

[41] Return on capital employed.

Research and development

Research and development expenditure R&D expenditure amounted to €100.7 million in 2024, compared with €106.5 million in 2023. After the deduction of grants received from development partners and subsidies, R&D expenditure declined from €97.9 million in 2023 to €93.4 million in 2024. Capitalized development expenditure after deducting grants stood at €2.2 million in 2024 (2023: €2.6 million). The R&D ratio after deducting grants rose from 4.7% in the prior year to 5.1% in 2024.

Research and development expenditure (after deducting grants)

€ million (R&D ratio, %)

R&D expenditure after deducting grants came to €63 million in the DEUTZ Classic segment (2023: €66.5 million), which, alongside the ongoing development of engines in the sub-4 liter category, primarily related to support for existing engine series, certifications, and the Daimler Truck engine series. R&D expenditure after deducting grants in the Green segment amounted to €30.4 million in 2024, compared with €31.4 million in 2023. It was mainly spent on the battery toolbox and activities related to the development of the 360-volt system and the hydrogen engine.

Research & development activities Targeted R&D activities are an important part of DEUTZ's efforts to transform its engine portfolio and thus reach another milestone in the Dual+ strategy.

Fulfilling the statutory requirements created by international emissions legislation plays a major part in shaping the R&D activities. Another material influence is the steady march of climate change together with the related debate about reducing harmful greenhouse gases. In contrast to cars and commercial vehicles, there are currently no laws or limits in Europe, North America or Japan aimed at further reducing the CO_2 emissions of mobile machinery. DEUTZ is monitoring these developments very closely and focusing its R&D spending and projects on ensuring that its engine portfolio meets the expected threshold values ahead of time.

DEUTZ is actively pursuing the development of carbon-neutral drive systems in the off-highway segment and aims to offer a climate-neutral product and technology portfolio by no later than 2050. To this end, intensive work is being carried out both on electric drive systems and on the further development of combustion engines to run on alternative, climate-neutral fuels.

Open to new technologies Different applications with varying power requirements call for alternative drive solutions. Construction equipment and agricultural machinery, for example, need a great deal more power and energy than forklift trucks or lifting platforms. This is why DEUTZ is taking an open-minded approach to technology as it continues to develop its drive portfolio, essentially pursuing a two-pronged technology route toward carbon-neutral off-highway drive solutions. The Company firmly believes that internal combustion engines will continue to play a dominant role in certain mobile machinery applications in the years ahead, helping to facilitate a smooth transition to more sustainable drive systems. As regards these applications, DEUTZ's R&D activities are directed toward developing more environmentally friendly internal combustion engines that can be run on alternative or sustainable fuels such as **HVO**, hydrogen, or **eFuels**. The other part of the Company's two-pronged approach is to employ electric technology more widely.

Hydrogen-powered drive solutions For around five years, DEUTZ has been working intensively on the development of internal combustion engines that can run on hydrogen, a sustainable power source, and be operated entirely carbon-free. 'Green' hydrogen, which is generated from solar, hydro, or wind power, offers the possibility to convert energy from renewable sources into a storable gas for efficient use.

In 2024, R&D activities relating to the DEUTZ TCG 7.8 H2 hydrogen engine, which is ready to roll off the production lines, focused on preparing it for deployment in a wide range of applications. In China, for example, the first hydrogen-powered gensets (H2 **gensets**) came on stream in autumn 2024. DEUTZ is also working on the deployment of TCG 7.8 H2 engines in railway systems. For example, a major European rail vehicle manufacturer is already using the engine in vehicles on regional railway lines. The HyCET (Hydrogen Combustion Engine Trucks) research project launched in 2022 was continued in the reporting year. HyCET aims to demonstrate the sustainability potential of trucks with hydrogen combustion engines in transportation logistics. As part of the multi-partner project led by the BMW Group, two 18-tonne trucks are being developed and fitted with DEUTZ TCG 7.8 H2 hydrogen engines. The trucks and the technology are currently undergoing durability testing.

Electric drive solutions As part of the E-DEUTZ strategy launched in 2017, DEUTZ is establishing a scalable product offering of electrical drives and rapid charging solutions for specific customer requirements in the **off-highway** segment. The focus of R&D activities in this area is on basic drive systems for customer applications in the low and medium power output range. In this context, DEUTZ will increasingly present itself as a one-stop systems engineering partner and systems integrator, capable of providing an integrated system consisting of an electric motor, battery, power electronics, and reduction gear for traction, along with control software for battery management, functional safety, and actuator logic.

A key element of these electric drive solutions is the 360-volt system with a power output of 30 kW to 155 kW, which is production ready. DEUTZ is collaborating with customers on pilot projects for a range of applications using the system, including electric road sweepers, concrete pumps, and mini excavators. DEUTZ is also focusing on its solutions for decarbonizing airports, for example by replacing the diesel engines in ground support vehicles with environmentally friendly electric drives. The DEUTZ PowerTree, a rapid charging station that was further refined in 2024, is a plug-and-play solution that provides a flexible charging infrastructure for ground support vehicles.

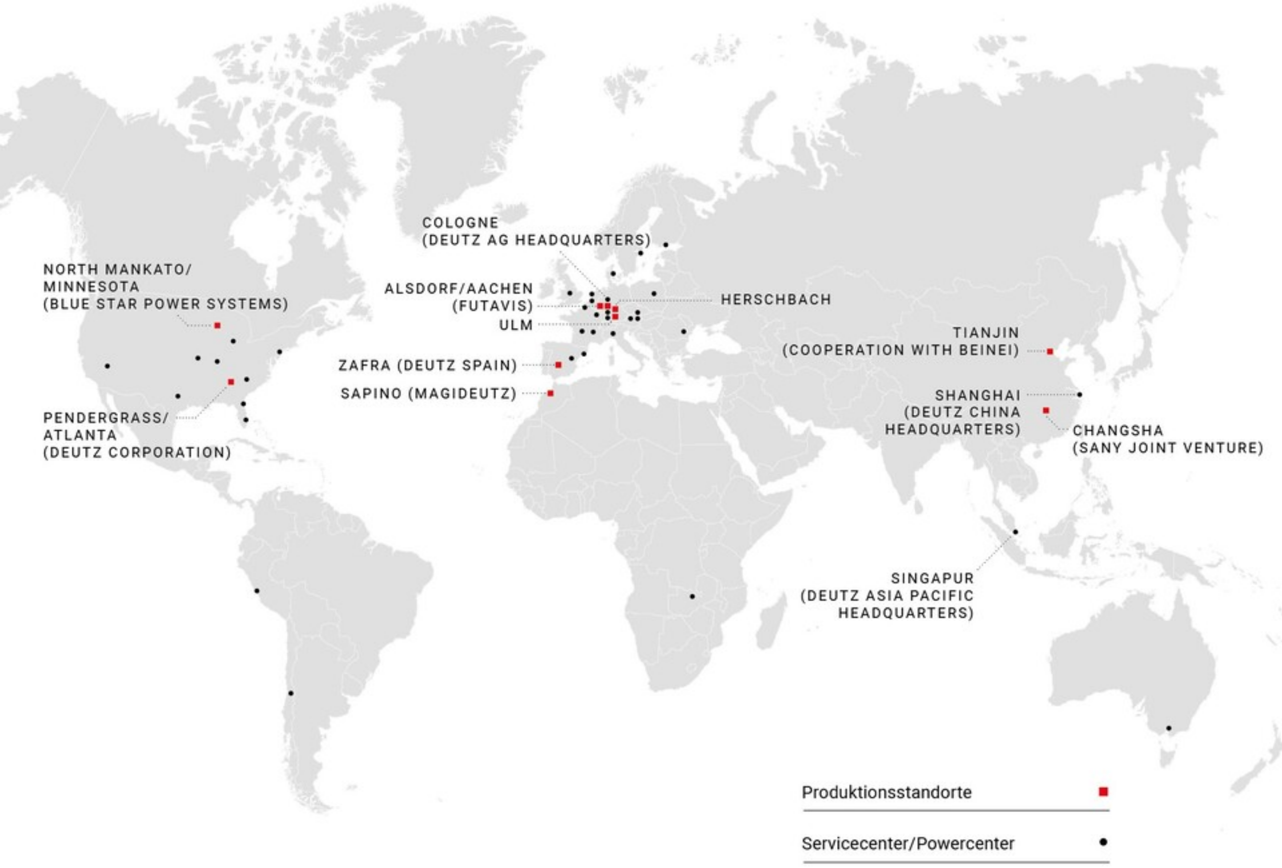
Diesel engines The alliance agreed with Daimler Truck in 2023 for medium-duty and heavy-duty engines, and the takeover in 2024 of sales and service activities from Rolls-Royce Power Systems for industrial engines with capacities from 5 to 16 liters, are key to the research and development activities relating to DEUTZ diesel engines. DEUTZ has significantly expanded its product portfolio in the agricultural machinery and construction equipment sectors, in particular, and can draw on synergies in this alliance when it comes to optimizing these engine series for its own areas of application.

Ongoing development of the engine portfolio in the power output range up to 130 kW accounted for a large part of the development activities in 2024. These were part of the development partnership with John Deere Power Systems agreed at the end of 2020. The DEUTZ TCD 3.9 engine, which can be used in a wide range of applications and easily converted to run on renewable fuels or hydrogen, for example, is scheduled to enter into full production in mid-2025.

DEUTZ had already approved its entire TCD engine program, and thus all **EU emission stage V** drives, for operation with paraffinic diesel fuels such as HVO (hydrotreated vegetable oil) by the end of 2022. HVO is a biofuel produced from biological waste, slurry, and used cooking oils and fats, and is therefore not in competition with food production. The use of HVO fuels dramatically reduces the carbon footprint of DEUTZ's internal combustion engines. Following an amendment to Germany's Federal Immission Control Act, the sale of HVO 100, i.e. pure HVO, has been permitted at filling stations in Germany since May 2024. This has already been possible in other EU countries for some time. The increasing availability of HVO at filling stations in Germany could see it play a much more prominent role in the future.

Production and logistics

DEUTZ group production sites



Germany

- **ALSDORF/AACHEN (FUTAVIS)**
  Battery management systems
- **HERSCHBACH**
  Components plant for manufacturing and pre-assembly of complex add-on components
- **COLOGNE-PORZ (HEADQUARTERS)**
  Assembly plant for volume production of sub-4 liter engines and 4 to 8-liter engines,
  centers of excellence for camshafts, crankshafts, and crankcases
- **COLOGNE-KALK**
  Center of excellence for crankcase manufacturing
- **ULM**
  Small production runs (V engines, air-cooled/oil-cooled engines. Production of the DEUTZ PowerTree, Xchange engine remanufacturing, small production runs for crankcases, crankshafts and gearwheels)

China

- **CHANGSHA (SANY JOINT VENTURE)**
  Engine assembly plant for SANY trucks and construction equipment
- **TIANJIN**
  Assembly plant for sub-4 liter and 6 liter engines
  for applications in lifting platforms, in forklift trucks, and in small construction equipment as part of the local contract manufacturing alliance with BEINEI

Spain

- **ZAFRA (DEUTZ SPAIN)**
  Center of excellence for the processing and pre-assembly of cylinder heads, crankcases for sub-4 liter engines, conrods, and gearwheels

Morocco

- **SAPINO (MAGIDEUTZ)**
  Gensets

USA

- **NORTH MANKATO/MINNESOTA (BLUE STAR POWER SYSTEMS)**
  Genset production
- **PENDERGRASS/ATLANTA (DEUTZ CORPORATION)**
  Value-added production, Xchange engine remanufacturing

While 2023 had been characterized by supply bottlenecks and delays in the value chain, in 2024 production was impacted by the fall in demand as a result of economic headwinds. Production output in the reporting year was 136,000 DEUTZ engines, compared with 186,427 in 2023. In order to adapt the cost base to the significant fall in demand, DEUTZ scaled back the third shift it had introduced at the end of 2023, cut contract workers and let temporary contracts run down over the course of 2024, before introducing short-time working across the Company at the end of the year.

DEUTZ continued with the targeted optimization of its production processes despite the difficult market environment. In particular, the focus was on implementing measures to increase technical and economic performance, for example through automation, optimizing groupwide supply chain management, and further developing the global production network. The overarching goal remains to gradually increase production efficiency and permanently reduce production costs in order to safeguard the Company's long-term competitiveness.

At the headquarters in **Cologne**, for example, DEUTZ brought a new assembly line, line 6, on stream in April 2024. The most notable aspect of the new line is its flexibility. All tightening operations are fully electric, thus providing greater flexibility with regard to engine volumes. This leads to higher quality and greater process stability overall.

Furthermore, assembly of the TCG 7.8 H2 ICE hydrogen engine has begun and its new test rig has been commissioned. The entire infrastructure has been adapted to the assembly of the hydrogen engine, and certification by the product standards regulator TÜV was completed in November. DEUTZ is now in a position to enter full production of the hydrogen engine.

At the shaft center in Cologne-Porz, the Company invested around €10 million in automation projects aimed at improving efficiency. This includes the automation of a gearwheel joining station and of workplaces at finishing and turning machines. These actions raise output by up to 25%, reduce staffing levels, and avoid bottlenecks in the production line.

To further boost the efficiency and quality of its production, a new turning machine with robots was brought on stream at the **Herschbach** site that allows more components to be processed in a single operation. A hardening machine for rocker arms has been linked to an automated process in which the entire module is assembled. DEUTZ also built a new logistics hall in 2024 to optimize material handling and warehousing in Herschbach. It is set to open at the end of the first quarter of 2025.

In 2024, battery assembly at the former subsidiary Torqeedo was moved from Munich to the DEUTZ site in **Ulm**. An adjacent building dedicated to battery assembly was equipped to meet the new requirements. This investment made it possible to assemble the first small-scale production run of the second generation of DEUTZ batteries and to start production in Ulm. By integrating battery assembly, Ulm has acquired new expertise and new technologies, and its business now has three pillars: the production of new engines, Xchange engines, and the assembly of DEUTZ batteries. Use cases for DEUTZ batteries include fully electric sweepers and refrigerated trailers. The new hardening facility for crankshafts – a facility that was previously operated for process validation using a bypass method – is now integrated into the production processes, thus increasing efficiency and quality.

At the Spanish site in **Zafra**, DEUTZ commenced production of prototypes for the 3.9-L and JD-4 engines for John Deere and created new capacity for the scheduled production start-up of 3.9-L engine components in 2025. Work was also completed on a pilot facility that, from 2025, will generate renewable energy based on green hydrogen using the new TCG 7.8 H2 engine from DEUTZ.

At the US plant in **Pendergrass**, Georgia, DEUTZ continued its project to improve production efficiency, a process that is scheduled to last several years. It ranges from supply chain management and the reorganization of material flows to automation and the introduction of lean management. Among other things, action was taken in 2024 to reduce lead times and space requirements in order to reduce operating costs, for example. This is scheduled to be implemented in the first half of 2025. Furthermore, the tenth DEUTZ Power Center opened in Virginia at the end of 2024.

At the Chinese plant in **Changsha**, a concept was developed for a new engine family specifically targeted at the requirements of the local on-highway market.

Purchasing and procurement

The DEUTZ Group maintains business relationships with around 5,700 suppliers in more than 60 countries. With a total purchasing volume of around €1.2 billion worldwide, the Company's supply chain makes a significant contribution to its value creation process.

While procurement had been dominated by the after-effects of the semi-conductor crisis and the impacts of the ongoing war in Ukraine on the global flow of goods in 2023, it faced new challenges in 2024 such as the attacks on shipping by Houthi rebels and natural disasters such as flooding in Germany and eastern Europe.

To mitigate the rising procurement costs in some areas, DEUTZ increasingly sourced parts from best-cost countries and continued its market-oriented pricing policy to offset price spikes as much as possible.

Global procurement strategy DEUTZ adopted a groupwide purchasing guideline in 2024. It ensures that procurement activities across the Group follow uniform standards, and all subsidiaries are now bound by the same principles as DEUTZ AG. Another priority in procurement was ensuring resilience of the supplier base. This was based on a review of the product group strategies, which were adapted in the face of geopolitical changes and shifts in the market environment.

Supplier risk management system The primary aim of the overarching supplier risk management system is to ensure security of supply by minimizing and managing supply chain-related bottlenecks. In order to identify potential risks at an early stage, Purchasing uses a digital information tool to continuously monitor all production component suppliers and suppliers of non-production items. Monitoring on the basis of the specified indicators enables Purchasing to proactively take risk-mitigating measures where required, to ensure a reliable supply.

DEUTZ systematically manages its suppliers using a 'supplier cockpit', with which it monitors the performance of key suppliers, primarily from the perspective of the quality of the supplied components, lead times, availability, and commercial conditions. The topic of sustainable procurement and the factoring in of relevant aspects gained added significance in the course of implementing the sustainability strategy at the time and, in particular, in the wake of the Supply Chain Due Diligence Act (LkSG), which came into effect in 2023. The DEUTZ code of conduct for suppliers (Supplier Code) is a key instrument in our efforts to communicate sustainability aspects to our supply chain. The code sets out mandatory groupwide requirements, for example with regard to ensuring compliance with occupational health and safety standards and environmental standards as well as respecting human rights. In order to ensure and track the effectiveness of the Supplier Code to the greatest possible extent, DEUTZ conducts site audits of both existing and new suppliers to assess their compliance with the requirements set out in the code.

Suspected violations of the Supplier Code can be reported at any time, for example via a whistleblowing system that is accessible to the public on our website.

Furthermore, we use EcoVadis, a web-based assessment platform for global supply chains, in order to gain a rounded picture of the sustainability performance of our biggest suppliers by revenue. We also use another assessment platform that features criteria covering environmental aspects, ethics, labor rights, human rights, and sustainable procurement. We work with suppliers to plan and deliver improvements and remedial action based on the findings of the assessment.

DEUTZ also established a business partner compliance tool through which business partners are checked regarding any potential misconduct, e.g. in connection with money laundering, unfair competitive practices, or corruption and/or bribery, while the beneficial owners and the members of the management and supervisory bodies are checked against the latest sanction lists. On the basis of the information obtained, the business partners are classified using an internal DEUTZ risk model and, if required, action is taken to minimize risks.

Materials compliance We purchase components and raw materials for use in engine production that contain an extensive range of compounds, substances, and minerals. As a result, we are subject to international regulations including the regulation pertaining to the registration, **evaluation**, authorization, and restriction of chemicals (**REACH**), the directive restricting the use of certain hazardous substances in electrical and electronic equipment (**RoHS**), and provisions governing the use of **conflict minerals**.

The **Materials Compliance** function is tasked with ensuring compliance with the aforementioned regulations. Its main responsibilities include continually monitoring developments at regulatory and policy level and determining whether the engines that we produce fulfill the criteria of all the many environmental laws and regulations. The function is also responsible for optimizing processes with regard to the materials and substances that are used. This includes introducing conformity checks in the product development process and in the purchased parts approval process. To achieve these aims, it works closely with Component Purchasing for Series Production and the Supplier Quality department and stipulates the criteria for the selection of production component suppliers with regard to materials compliance. We use an online database for materials declarations with the aim of monitoring supplier compliance with these criteria and improving the management of processes.

As we do not procure minerals directly, we can only assume this responsibility together with our business partners. In order to avoid minerals from conflict-affected and high-risk areas in the supply chain and counteract illegal or unethical procurement practices, we have put in place a corporate policy on conflict minerals as a supplement to the Supplier Code. Among other sources, this policy reflects the **OECD Due Diligence Guidance** for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and has been a mandatory part of all new supplier contracts since 2022. We carry out surveys on the use of conflict minerals at regular intervals to ensure compliance with this policy to the greatest possible extent. These surveys use the Conflict Minerals Reporting Template, which was developed by the **Responsible Minerals Initiative (RMI)** to support companies in their efforts to provide their customers with accurate information on the countries of provenance of certain minerals and the smelting plants and refineries they use.

Employees[42]

Overview of the DEUTZ Group's workforce[43]

	Dec. 31, 2024	Dec. 31, 2023
DEUTZ Group	**5,228**	**5,084**
thereof		
In Germany	3,318	3,387
Outside Germany	1,910	1,697
thereof		
Non-salaried employees	2,559	2,725
Salaried employees	2,561	2,270
Trainees	108	89

DEUTZ employed 5,228 people worldwide as at December 31, 2024, which was 144, or 2.8 %, more than at the end of 2023. This growth was predominantly attributable to the additions to the basis of consolidation following the acquisitions of US genset manufacturer Blue Star Power Systems (124 employees) and Polish DEUTZ dealer BTH FAST (24 employees). Moreover, almost 50 employees moved from Rolls-Royce's Power Systems division to DEUTZ in connection with DEUTZ's takeover of the sales and service activities for various Daimler Truck industrial engines.

At 63.5%, the bulk of the Group's workforce is based in Germany. Of the 3,318 employees in Germany, 2,731 work at the Company's headquarters in Cologne. The slight decrease in employees in Germany was largely due to the weakening of demand caused by the economic conditions. The number of people employed outside Germany rose by around 13% year on year to 1,910, primarily owing to the aforementioned acquisitions.

The number of temporary workers went down compared with the previous year, declining from 249 to 43 on the back of the reduction in the production volume. This means that they made up less than 1% of the total workforce in 2024.

[42] Figures for the number of employees and temporary workers in this section are expressed as FTEs (full-time equivalents).
[43] Employees of continuing operations; excluding temporary workers.

Macroeconomic and industry-specific environment

Economic environment

GDP growth[44]

YoY change (%)

	2024	2023[45]
Global	3.2	3.3
Industrialized countries[46]	1.7	1.7
Eurozone	0.8	0.4
Germany	-0.2	-0.3
USA	2.8	2.9
Emerging markets[47]	4.2	4.4
China	4.8	5.2

Global economic growth remains subdued The latest estimate from the International Monetary Fund (IMF) shows a rise in global GDP of 3.2% in 2024. On this basis, global economic growth was slightly lower than in the previous year (3.3%) and lagged behind the historical average of 3.7% once again. The rate of expansion in the advanced economies stood at 1.7% in 2024, which was the same as in 2023. The pace of growth was much faster in the US, at 2.8% (2023: 2.9%), than it was in the eurozone, at 0.8% (2023: 0.4%). Eurozone growth was hampered by the continued weakness in manufacturing and exports, whereas the region's consumer spending provided a pick-up for the economy in line with the recovery in real incomes. The structurally higher rate of growth in the emerging markets edged down to 4.2% in 2024 (2023: 4.4%). Within this group of countries, GDP in China, the world's second-largest economy, increased by 4.8% (2023: 5.2%). This drop of 0.4 percentage points compared with 2023 is attributable to continued woes in the country's real estate sector and to low consumer confidence.

Global inflation was on a downward trajectory in 2024, falling from 8.1% in 2023 to 7.8% in 2024. In the advanced economies, inflation declined year on year from 4.6% to an average of 2.6%. This was due not only to a slowdown in nominal wage growth but also to a further easing of the inflationary effects resulting from the coronavirus pandemic and the war in Ukraine. The fall in inflation paved the way for interest rates, both in the eurozone and the US, to be lowered in the second half of 2024. According to the IMF's figures, global inflation was running only just above 2% towards the end of 2024, but with services price inflation still above the prepandemic average in many economies, most notably the US and the eurozone.

Procurement market

The procurement market was dominated by geopolitical tension, factors affecting the state of the economy, and changes in the market environment in 2024. This was reflected in trade payables, which declined in number compared with 2023 but increased sharply in terms of the amount of the individual payables.

Energy prices[48] Electricity and gas prices continued to stabilize in 2024, registering a renewed year-on-year decline. This was mainly due to full gas storage facilities, relatively mild temperatures, and the ongoing expansion of renewable energies. In the fourth quarter of 2024, however, geopolitical uncertainty and the limited availability of renewable energy triggered sharp price movements in the energy markets.

Raw material prices Prices for foundry scrap and wrought iron scrap were roughly on a par with the prior year in 2024[49], while prices for the non-ferrous metals aluminum and copper, for example, rose by 6.6% and 7.4% respectively.[50]

Transportation market In 2024, the market in national and international overland transportation continued to stabilize compared with 2023. However, there was a veritable explosion in sea freight prices. This was due to Houthi rebel-led attacks on container ships that began at the end of 2023, forcing shipping lines to reroute from the Suez canal. This brought prices under severe pressure, especially for imports from Asia. Indices registered temporary spikes in prices of up to 400% on the route from Asia to Europe, for example.[51]

[44] IWF: World Economic Outlook Update, Januar 2025.
[45] Previous year's figures adjusted according to IMF: World Economic Outlook Update, January 2025.
[46] USA, Germany, France, Italy, Spain, Japan, Great Britain, Canada, other developed economies.
[47] China, India, Russia, Brazil, Mexico, Saudi Arabia, Nigeria, South Africa.
[48] European Energy Exchange (EEX) forward market energy prices (NUS Consulting market analysis).
[49] Source: German Foundry Industry Association (BDG) & Federal Association of German Steel Recycling and Waste Management Companies (BDSV).
[50] Source: London Metal Exchange (LME).
[51] Source: Drewry index.

Industry-specific environment

Diesel engine market Based on currently available figures, the individual off-highway markets served by DEUTZ – for construction equipment, material handling equipment, and agricultural machinery – largely saw a uniform decline over the course of 2024. The reasons for this varied significantly by region, however. The decreases in unit sales in Europe were due to low economic growth and the ongoing negative impact of the war in Ukraine. In North America, the strong level of sales in previous years appears to have created excess levels of inventory in the market, which caused unit sales to fall in 2024. A weak economy, a low level of exports, and the simmering real estate crisis took their toll on unit sales in China.

For unit sales of construction equipment specifically, the year-on-year changes presented a mixed picture in 2024. Growth failed to materialize in Europe – despite the European Commission's infrastructure programs – because the building industry continued to be plagued by high construction and material costs. In North America, the market had expanded strongly in the preceding two years thanks to state-sponsored initiatives such as Biden's infrastructure bill. This high level could not be maintained in 2024, with unit sales falling during the period. The Chinese market for construction equipment is expected to have grown slightly compared with the prior year. However, this should probably be seen more as a reaction to the exaggerated decline in 2023 and not as the start of any genuine upturn, as the problems in China's real estate sector have not gone away.[52]

Demand for diesel-powered material handling equipment was down in all regions. This industry segment is generally faced with a strong trend toward electrification, which is having a negative impact on unit sales for diesel-powered equipment. In the forklift truck product segment, unit sales fell continuously over the course of the year in line with weakening economic data around the world.[53] Unit sales also declined in the lifting platform and telehandler product segments, in part because the major leasing companies in the US and Europe cut investment in their fleets by up to 50% in some cases.[54]

In the agricultural machinery sector, it has become apparent that the success of the years 2022 and 2023, in which substantial order backlogs from the coronavirus pandemic had resulted in record unit sales, also meant that dealers built up significant inventories. Consequently, manufacturers in Europe and North America registered falls in both new orders and unit sales in 2024. In China, meanwhile, the transition in the agricultural sector to more powerful tractors and the impact of the CN4 emission standard has pushed costs up significantly and therefore had a negative impact on unit sales.[55]

[52] VDMA, Construction Equipment and Building Material Machinery, February 2025.
[53] Power Systems Research, OE Link Update Bulletin - Q4 2024, January 2025.
[54] Quarterly reports of major leasing companies such as United Rentals and Ashtead.
[55] VDMA, Business Climate and Market Development Worldwide, February 2025.

Business performance in the DEUTZ Group

DEUTZ is continually analyzing its existing portfolio of products and services in order to ensure that it is properly prepared for the future. In January 2024, as part of this process, DEUTZ signed an agreement regarding the sale of its subsidiary Torqeedo, which specializes in electric drives for boats.[56] The transaction was completed with effect from April 3, 2024.[57] The proceeds of the sale amounted to a figure in the high double-digit millions of euros and allowed DEUTZ to record a gain on the disposal in the low double-digit millions of euros in the second quarter of 2024.

The Torqeedo Group was accounted for and recognized as a discontinued operation pursuant to IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ as at December 31, 2023. In accordance with IFRS 5, the activities of the Torqeedo Group are reported as discontinued operations in this report up to the point of deconsolidation. Unless otherwise indicated, the figures for the Group and for the DEUTZ Classic and DEUTZ Green segments are for continuing operations only. Where figures for the entire Group are disclosed, they include the figures for the Torqeedo Group, which was still a DEUTZ subsidiary until April 3, 2024.

As part of its endeavor to develop the portfolio, DEUTZ also completed its purchase of all the shares in Blue Star Power Systems, Inc. at the start of August 2024.[58] The US company develops, manufactures, and sells gensets and is one of the leading manufacturers in the USA. Blue Star Power Systems’ business, which forms the core of the new Energy business unit, has been provisionally assigned to the Classic segment, specifically the Stationary Equipment and Service application segments. The Energy business unit will be reported as part of the DEUTZ Solutions segment from 2025.

Also at the start of August 2024, DEUTZ took over the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce’s Power Systems division.[59] These activities have, regardless of the service business, primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic business.

Following a challenging first half of 2024, weak economic conditions across all regions continued to beset the majority of DEUTZ’s end customer markets during the remainder of the year. Unit sales and revenue were down as a result, despite positive effects from the acquisitions that were made. By contrast, there was a slight improvement in the level of new orders for the full year thanks to initial consolidation of the acquisitions.

Despite the decline in unit sales and revenue, the DEUTZ Group was able to generate a profit in 2024, achieving EBIT before exceptional items of €76.7 million and an adjusted EBIT margin of 4.2%. Thanks to the implementation of its Dual+ policy, DEUTZ is thus clearly proving to be much more resilient than in the past during times of economic weakness when unit sales decline accordingly. This is due, firstly, to the increasingly positive impact of various measures to reduce costs and raise efficiency. Secondly, the market-oriented pricing policy and the development of the portfolio in the preceding quarters also provided a boost.

New orders

DEUTZ Group: New orders

€ million

New orders received by the DEUTZ Group in 2024 amounted to €1,827.1 million, which was 4.4 % higher than in the prior year. In addition to a recovery in demand, the level of new orders increased primarily because the positive consolidation effects outweighed the downturn in demand in the previous quarters resulting from the economic situation.

DEUTZ Group: New orders by region

€ million

	2024	2023	Change
EMEA	1,046.1	1,102.0	-5.1%
Americas	581.9	433.6	34.2%
Asia-Pacific	199.1	214.3	-7.1%
Total	**1,827.1**	**1,749.9**	**4.4%**

In the regional breakdown, new orders in the Americas were up by 34.2 % year on year. This was largely due to the aforementioned positive consolidation effect from the acquisition of Blue Star Power Systems. Excluding this effect, new orders in the Americas region rose by a low single-digit percentage figure.

In the EMEA region[60], DEUTZ’s largest sales market, new orders fell by (5.1 %): Whereas the Middle East and Africa portion of this region saw a double-digit percentage decline, the decrease in Europe was only in the mid-single-digit percentage range. However, Germany did record a small increase, most of which was attributable to the Daimler Truck business that had been acquired.

In Asia-Pacific, currently the smallest of the three regional sales markets, new orders fell by (7.1 %) as a result of the economic headwinds. The main factor here was the contraction of the market in China, which accounts for almost half of the Asia-

[56] See the press release dated January 19, 2024..
[57] See the press release dated April 3, 2024.
[58] See the press release dated August 8, 2024.
[59] See the press release dated August 1, 2024.
[60] Europe, Middle East, and Africa.

Pacific region's order intake and saw a double-digit percentage decline in demand in 2024.

DEUTZ Group: New orders by application segment

€ million

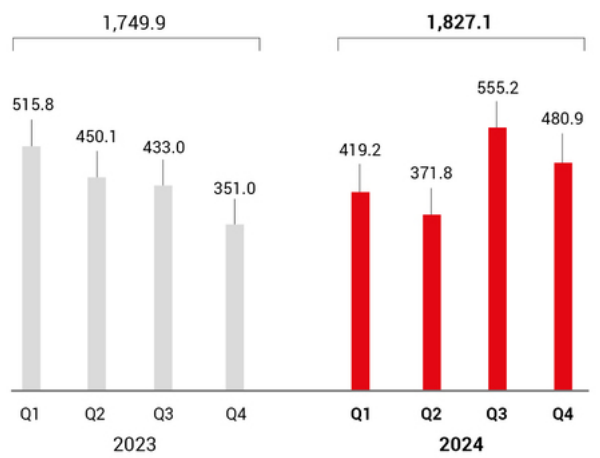
	2024	2023	Change
Service	515.5	480.1	7.4%
Material Handling	425.7	409.1	4.1%
Construction Equipment	345.4	451.5	-23.5%
Stationary Equipment	244.5	120.8	102.4%
Agricultural Machinery	200.0	230.6	-13.3%
Miscellaneous	96.0	57.8	66.1%
Total	**1,827.1**	**1,749.9**	**4.4%**

At the level of application segments, the reporting period presented a mixed picture: Stationary Equipment and Material Handling were boosted mainly by the aforementioned consolidation effects. There was also a significant rise in new orders in the service business, which were up by 7.4 % to €515.5 million. The continued expansion of service activities, driven in roughly equal parts by organic growth and growth by acquisition, validates the strategic decision to focus on this largely non-cyclical business, which is playing a major role in the DEUTZ Group's increasing resilience.

By contrast, new orders in the Agricultural Machinery and Construction Equipment application segments decreased, primarily due to the economic conditions.

DEUTZ Group: New orders by quarter

€ million



DEUTZ Group: New orders by region

€ million

	Q4 2024	Q4 2023	Change
EMEA	264.5	226.6	16.7%
Americas	159.7	94.5	69.0%
Asia-Pacific	56.7	29.9	89.6%
Total	**480.9**	**351.0**	**37.0%**

DEUTZ Group: New orders by application segment

€ million

	Q4 2024	Q4 2023	Change
Service	132.2	119.6	10.5%
Material Handling	108.0	90.8	18.9%
Construction Equipment	84.5	87.3	-3.2%
Stationary Equipment	63.4	22.5	181.8%
Agricultural Machinery	56.1	25.7	118.3%
Miscellaneous	36.7	5.1	619.6%
Total	**480.9**	**351.0**	**37.0%**

In the fourth quarter of 2024, DEUTZ's new orders rose by 37.0 % compared with the corresponding period of 2023 to reach €480.9 million. All regions and all application segments – with the exception of Construction Equipment – contributed to this increase. The aforementioned consolidation effects provided a particular boost here and, in line with the overall figures for the year, mainly benefited the Americas and EMEA regions and the Stationary Equipment and Material Handling application segments as well as the service business. These application segments also grew organically, however, with the percentage increase in new orders for Stationary Equipment and Material Handling – excluding the consolidation effects – nearly reaching double digits.

Orders on hand totaled €463.9 million as at December 31, 2024. This increase of €13.5 million, or 3.0 %, compared with the figure of €450.4 million reported a year earlier was partly due to the positive consolidation effects. The share of orders on hand accounted for by the service business amounted to €44.1 million, which was €3.8 million, or 9.4 %, higher than the figure of €40.3 million reported at the end of 2023.

Unit sales

DEUTZ Group: Unit sales

Units

With new orders in decline since the end of 2023 due to the economic downturn, DEUTZ's unit sales fell year on year by a substantial (23.6 %) to 142,907, a figure that nevertheless corresponds to the most recently communicated guidance for sales of "fewer than 150,000 units".[61]

[61] See the ad hoc disclosure dated October 3, 2024.

DEUTZ Group: Unit sales by region

Units

	2024	2023	Change
EMEA	76,656	109,187	-29.8%
Americas	42,499	46,208	-8.0%
Asia-Pacific	23,752	31,721	-25.1%
Total	**142,907**	**187,116**	**-23.6%**

The decrease in unit sales was attributable to all regions, with the EMEA region – and in particular the European markets excluding Germany, and the Middle East – registering the most pronounced drops.

DEUTZ Group: Unit sales by application segment

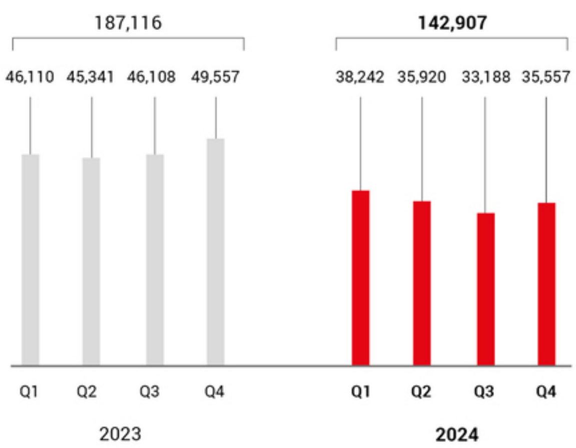
Units

	2024	2023	Change
Material Handling	66,595	67,420	-1.2%
Construction Equipment	42,280	66,835	-36.7%
Agricultural Machinery	16,571	26,043	-36.4%
Stationary Equipment	13,832	22,518	-38.6%
Miscellaneous	3,629	4,300	-15.6%
Total	**142,907**	**187,116**	**-23.6%**

Among the application segments, Construction Equipment, Agricultural Machinery, and Stationary Equipment saw the biggest reductions in unit sales, with each one lagging behind the prior-year figure by more than 30%. By contrast, Material Handling unit sales were at roughly the same level as in 2023.

DEUTZ Group: Unit sales by quarter

Units



DEUTZ Group: Unit sales by region

Units

	Q4 2024	Q4 2023	Change
EMEA	20,428	28,627	-28.6%
Americas	9,920	11,633	-14.7%
Asia-Pacific	5,209	9,297	-44.0%
Total	**35,557**	**49,557**	**-28.3%**

DEUTZ Group: Unit sales by application segment

Units

	Q4 2024	Q4 2023	Change
Material Handling	15,119	19,114	-20.9%
Construction Equipment	9,957	16,215	-38.6%
Agricultural Machinery	4,631	7,479	-38.1%
Stationary Equipment	4,274	5,416	-21.1%
Miscellaneous	1,576	1,333	18.2%
Total	**35,557**	**49,557**	**-28.3%**

In the fourth quarter of 2024, DEUTZ's unit sales went down by (28.3%) compared with the equivalent quarter of 2023 to stand at 35,557 units. The Company's performance in terms of unit sales was therefore much worse than in terms of new orders. That is mainly because demand was weaker in the preceding quarters and because unit sales do not include the relatively high and growing level of new orders in the service business.

Revenue

DEUTZ Group: Revenue

€ million

The decrease in consolidated revenue mirrored the decline in unit sales. In 2024, consolidated revenue fell year on year by (12.1 %) to €1,813.7 million, which corresponded to the most recently issued revenue guidance of approximately €1.8 billion.[62]

There are various reasons why the decrease in revenue was much smaller than the fall in unit sales. For one, the positive consolidation effects had a bigger impact on revenue than on unit sales, while the figures for unit sales do not reflect the expansion of the service business. In addition, the market-oriented pricing policy boosted revenue in 2024, but not unit sales.

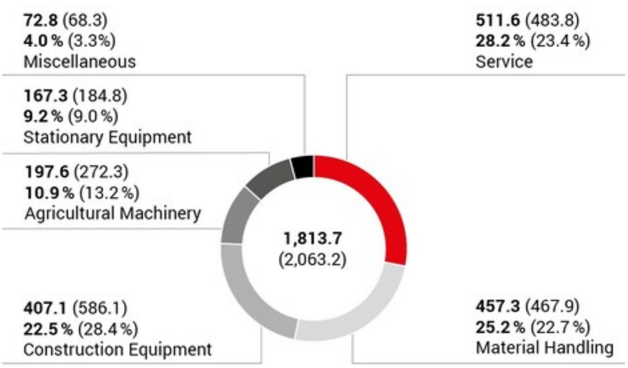
The revenue contribution of the genset manufacturer Blue Star Power Systems, which was consolidated from August 2024, amounted to just over €60 million in 2024 and has therefore more than met expectations so far. Indeed, DEUTZ had forecast that the acquisition would generate additional revenue of more than

[62] See the ad hoc disclosure dated October 3, 2024.

US$ 100 million per year.[63] The revenue contribution of Rolls-Royce Power Systems, which was also consolidated from August 2024, came to around €80 million and related to various Daimler Truck industrial engines.

DEUTZ Group: Revenue and proportion of revenue by application segment

€ million (2023 figures)

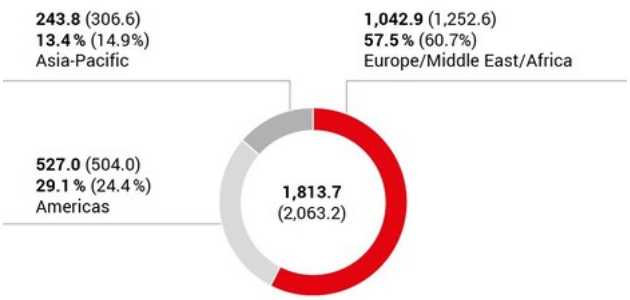


The individual application segments experienced very different trends in revenue. In line with the performance of unit sales, revenue in the Material Handling application segment was almost unchanged year on year. However, revenue was down significantly in the Stationary Equipment, Construction Equipment, and Agricultural Machinery application segments, in the case of the latter two by a double-digit percentage figure. By contrast, the profitable service business expanded again. With its revenue rising by 5.7% to €511.6 million, this strategically important and less cyclical business accounted for roughly 30% of consolidated revenue, which made it the Company's biggest application segment. In addition to revenue contributions from the acquisitions and a market-oriented pricing policy, this revenue growth was driven by the stepping up of parts sales and expansion of the on-site customer service business.

All application segments registered positive consolidation effects in 2024 thanks to the successful development of the portfolio. Excluding these effects, revenue in the Stationary Equipment application segment fell by a significant double-digit percentage figure, whereas the positive consolidation effects were much less pronounced for Construction Equipment, Agricultural Machinery, and Material Handling. The service business also recorded purely organic revenue growth.

DEUTZ Group: Revenue and proportion of revenue by region

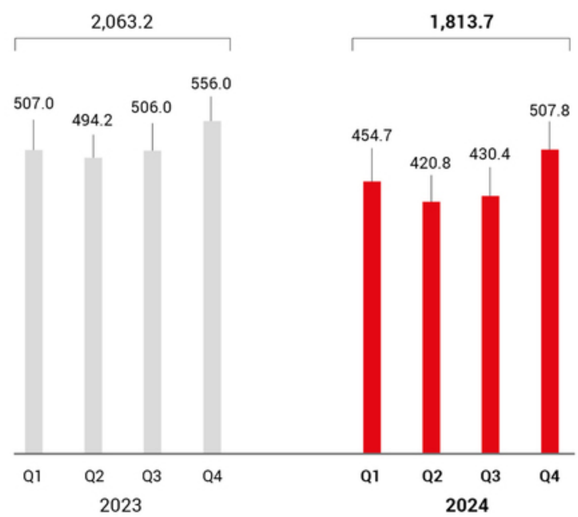
€ million (2023 figures)



There were marked differences in the revenue trend by region in 2024. Whereas the Americas recorded an increase in revenue of 4.6 % due to the expansion of the service business and the acquisition of Blue Star Power Systems, revenue in the EMEA region and the Asia-Pacific region fell well short of the prior-year figures.

DEUTZ Group: Consolidated revenue by quarter

€ million



DEUTZ Group: Revenue by region

€ million

	Q4 2024	Q4 2023	Change
EMEA	298.2	339.5	-12.2%
Americas	151.3	128.1	18.1%
Asia-Pacific	58.3	88.4	-34.0%
Total	**507.8**	**556.0**	**-8.7%**

[63] See the ad hoc disclosure dated June 27, 2024.

DEUTZ Group: Revenue by application segment

€ million

	Q4 2024	Q4 2023	Change
Service	132.2	123.3	7.2%
Material Handling	108.6	131.2	-17.2%
Construction Equipment	98.7	157.1	-37.2%
Stationary Equipment	69.5	48.1	44.5%
Agricultural Machinery	63.4	76.7	-17.3%
Miscellaneous	35.4	19.6	80.6%
Total	**507.8**	**556.0**	**-8.7%**

Consolidated revenue amounted to €507.8 million in the fourth quarter of 2024, which was -8.7 % lower than in the corresponding period of 2023. Although there was significant revenue growth in the Stationary Equipment and Miscellaneous application segments and in the service business, it was not enough to compensate for the decreases in revenue in the other application segments. At regional level, the decline in revenue was attributable to the EMEA and Asia-Pacific regions, with their deteriorations outweighing the very strong increase in the Americas.

Earnings

DEUTZ Group: Overview of results of operations

€ million

	2024	2023	Change
Revenue	**1,813.7**	**2,063.2**	**-12.1%**
Cost of sales	-1,412.9	-1,616.4	-12.6%
Research and development costs	-100.4	-109.6	-8.4%
Selling and administrative expenses	-254.7	-207.4	22.8%
Other operating income	24.7	24.0	2.9%
Other operating expenses	-29.6	-25.8	14.7%
Impairment of financial assets and reversals thereof	-0.2	0.4	–
Profit/loss on equity-accounted investments	0.9	-5.5	–
Other net investment income	0.4	0.6	-33.3%
EBIT	**41.9**	**123.5**	**-66.1%**
Interest income	2.4	1.8	33.3%
Interest expense	-20.9	-16.4	27.4%
Other financial income/ finance cost	1.3	-0.7	–
Financial income, net	**-17.2**	**-15.3**	**-12.4%**
Income taxes	17.3	-1.3	–
Net income continuing operations	**42.0**	**106.9**	**-60.7%**
Net income discontinued operations	**9.8**	**-25.0**	**–**
Net income	**51.8**	**81.9**	**-36.8%**
Adjusted EBIT – Green (EBIT before exceptional items)	-35.3	-37.1	4.9%
Adjusted EBIT – Classic (EBIT before exceptional items)	113.1	180.1	-37.2%
Consolidation/ Other[64]	-1.1	0.6	–
Adjusted EBIT (EBIT before exceptional items)	**76.7**	**143.6**	**-46.6%**
Exceptional items	-34.8	-20.1	73.1%
EBIT	**41.9**	**123.5**	**-66.1%**

DEUTZ Group: Key figures for the entire Group[65]

€ million

	2024	2023	Change
Revenue	1,821.3	2,104.8	-13.5%
EBIT	**51.2**	**100.3**	**-49.0%**
Net income	**51.8**	**81.9**	**-36.8%**
Adjusted EBIT – Green (EBIT before exceptional items)	-35.3	-60.3	41.5%
Adjusted EBIT – Classic (EBIT before exceptional items)	113.1	180.1	-37.2%
Consolidation/Other	-1.1	0.6	-
Adjusted EBIT (EBIT before exceptional items)	**76.7**	**120.4**	**-36.3%**
Exceptional items[66]	-25.5	-20.1	26.9%
EBIT	**51.2**	**100.3**	**-49.0%**

[64] Consolidation/Other predominantly consists of non-operating centralized activities as well as effects on earnings resulting from the elimination of intragroup transactions between the segments.
[65] The key figures for the entire DEUTZ Group include continuing operations and discontinued operations (including Torqeedo Group).
[66] Exceptional items for the entire Group (including discontinued operations) in the first half of 2024 also include the Torqeedo Group's EBIT for the first quarter of 2024, the effect of deconsolidation, and costs in connection with the disposal of the Torqeedo Group.

DEUTZ Group: Adjusted EBIT (EBIT before exceptional items) and EBIT margin (before exceptional items)

€ million (EBIT margin, %)

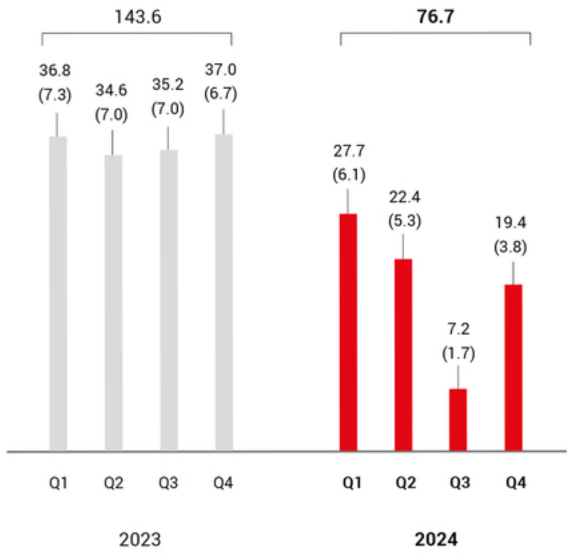
Adjusted EBIT DEUTZ generated adjusted EBIT (EBIT before exceptional items) from continuing operations of €76.7 million in 2024, a decline of €(66.9) million compared with the prior-year figure of €143.6 million. This decrease was mainly due to the fall in revenue caused by the difficult economic environment, the lower production volume, and the resulting diseconomies of scale. Adjusted EBIT was also weighed down by a year-on-year rise in selling and administrative expenses that was partly due to headcount growth. The workforce increased in connection with the implementation of regional growth initiatives, especially in the Americas region, and as a result of employees being taken on as part of the acquisition of Mauricio Hochschild and DEUTZ Nordic in 2023 and of Blue Star Power Systems in 2024 and as part of the takeover of sales and service activities from Rolls-Royce Power Systems for selected off-highway engines. Overall, however, the acquisitions had a positive effect on earnings performance. The volume-related adverse impact on earnings was further mitigated by steps taken to reduce costs and boost efficiency, as well as by lower research and development costs, positive currency effects, and the smaller transfer of losses from the equity-accounted Hunan DEUTZ Power Co., Ltd.

The adjusted EBIT margin from continuing operations stood at 4.2 % in the reporting period (2023: 7.0 %) and was thus within the most recent forecast range of between 4.0 % and 5.0 %.[67]

The return on capital employed[68] (ROCE before exceptional items) for continuing operations fell from 14.4 % in the previous year to 6.6 %. It was thus below the forecast range published in the 2023 annual report, in which a low-double-digit percentage had been expected.

DEUTZ Group: Adjusted EBIT (before exceptional items) by quarter

€ million (EBIT margin, %)



In the fourth quarter of 2024, adjusted EBIT fell sharply by €(17.6) million to €19.4 million (Q4 2023: €37.0 million), primarily for volume-related reasons. From a quarterly perspective too, this decrease was partly mitigated by the contribution to EBIT from Blue Star Power Systems and from the sales and service activities taken over from Rolls Royce Power Systems, as well as by positive currency effects.

The adjusted EBIT of €19.4 million for the final quarter of 2024 represented a €12.2 million improvement on the figure for the third quarter of 2024 that was primarily attributable to the increased volume of business. Here too, the contribution to EBIT from the acquisitions had a positive impact in the fourth quarter of 2024. A number of factors detracted from the quarter-on-quarter increase in earnings, including a rise in research and development costs in the fourth quarter of 2024.

[67] See the ad-hoc disclosure dated October 3, 2024.
[68] Return on capital employed (ROCE): ratio of EBIT before exceptional items to average capital employed. Capital employed: total assets less cash and cash equivalents, trade payables, and other current and non-current liabilities (incl. income tax liabilities), based on average values from two balance sheet dates.

In 2024, there were exceptional items amounting to an expense of €(34.8) million.

DEUTZ Group: Exceptional items

€ million	**2024**	2023
Costs of integrating Rolls-Royce Power Systems' business operations	-14.6	0.0
Impairment of development costs including operating resources	-10.6	-17.2
Transaction costs for acquisitions	-4.3	0.0
Changes in management	-2.5	0.0
Restructuring costs	-1.9	0.0
Other effects	-0.9	-2.9
Total	**-34.8**	-20.1

After taking exceptional items into account, EBIT for the year under review stood at €41.9 million (2023: €123.5 million).

Cost of sales The significant decrease in the volume of business meant that the cost of sales diminished by (12.6 %) to €(1,412.9) million in 2024. The year-on-year fall was mainly attributable to the volume-related reduction in the cost of materials, expenses for temporary workers, and costs for freight and packing. Procurement initiatives also had a positive impact on the cost of materials. The gross margin[69] edged up from 21.7 % in 2023 to 22.1 % in 2024, partly owing to the effect of the product mix and pricing and to the acquisition of Blue Star Power Systems.

Research and development costs Research and development costs, which mainly comprise staff costs and the cost of materials, amounted to €(100.4) million in 2024 (2023: €(109.6) million). Investment grants received and capitalized development expenditure were deducted from the total. The year-on-year decline of €(9.2) million was largely attributable to a decrease in R&D activities in connection with engines of less than 4 liters and lower costs for certification. Furthermore, impairment losses of €9.2 million (2023: €14.3 million) were recognized on capitalized development expenditure as a consequence of lower unit sales forecasts for an engine series, which also contributed to the decline in R&D costs.

Selling and administrative expenses In 2024, selling and administrative expenses rose by a total of €(47.3) million to €(254.7) million. This growth was mainly due to an overall rise in headcount as a result of the initial consolidation of acquisitions in the second half of 2024 and the effect across the entire year of employees taken on as part of acquisitions in the second half of 2023. Selling and administrative expenses were also pushed up by higher consultancy and integration costs in connection with acquisitions and strategic projects.

Other operating income Other operating income totaled €24.7 million in 2024 and was thus almost unchanged year on year.

Other operating expenses Other operating expenses edged up by just €3.8 million to €(29.6) million in 2024. This growth comprised a number of increases and decreases that offset each other, one of the main increases being additions to the provision for onerous contracts in respect of orders on hand.

Share of profit (loss) of equity-accounted investments Owing to the smaller transfer of losses from the Chinese joint venture Hunan DEUTZ Power Co., Ltd., the share of profit (loss) of equity-accounted investments improved by €6.4 million overall to a profit of €0.9 million in 2024.

Financial income, net Net finance costs deteriorated by €(1.9) million to €(17.2) million in the reporting year. This was primarily due to the increased drawdown of lines of credit granted by banks, although this was partly offset by a positive effect resulting from the increase in the value of a loan.

Income taxes Tax income totaling €17.3 million was recognized in 2024. The current tax expense fell by €(9.4) million to €(11.3) million in line with earnings. At the same time, deferred tax income rose by €9.2 million to €28.6 million. This effect was due to temporary differences resulting from a reduction in capitalized development expenditure that is not recognized in the tax accounts. It was also related to an increase in deferred tax assets on tax losses carried forward, which was primarily attributable to an improved forecast in the tax planning for the upcoming-five-year period.

Earnings per share Net income declined by €(64.9) million to €42.0 million in 2024. Earnings per share therefore decreased from €0.86 in 2023 to €0.32 in the reporting year.

Net income for the entire Group (including discontinued operations) decreased to €51.8 million (2023: €81.9 million). Earnings per share came to €0.39 (2023: €0.66). Before exceptional items, earnings per share amounted to €0.55 (2023: €0.82).

[69] Ratio of revenue less cost of sales to revenue.

Business performance in the segments

DEUTZ's reporting structure was based on two segments in 2024: DEUTZ Classic and DEUTZ Green. See also 'Strategy and objectives', p. 35 onward. The Classic segment encompassed all activities related to the development, production, distribution, and servicing of diesel engines, gas engines, and gensets, as well as the equity-accounted joint venture with Chinese construction equipment manufacturer SANY and other joint ventures. The Green segment consisted of all activities related to new drives. This includes hydrogen engines, the business of battery management specialist Futavis, electric drives, and the related service business. As the DEUTZ Group is currently still at the start of its transformation, the cost-related and earnings-related key figures for the Green segment also reflect a substantial level of research and development in the field of hydrogen-powered and electric drive systems.

At the start of April 2024, DEUTZ completed the sale of Torqeedo, its subsidiary specializing in electric boat drives.[70] In accordance with IFRS 5, the activities of the Torqeedo Group, which were included in the consolidated accounts within the Green segment, are reported as discontinued operations up to the point of deconsolidation. Unless otherwise indicated, the 2023 and 2024 figures presented below for the Green segment are for continuing operations only.

The sale of Torqeedo has no impact on the DEUTZ Classic segment and its key figures.

As previously mentioned, the business activities of the US-based genset manufacturer Blue Star Power Systems, which was acquired at the start of August 2024, have been provisionally assigned to the Classic segment. Nearly all of these business activities relate to the Stationary Equipment application segment. The sales and service activities for various Daimler Truck industrial engines are also part of the Classic segment and predominantly relate to the Construction Equipment, Agricultural Machinery, and Material Handling application segments. See also 'Business performance in the DEUTZ Group', p. 48 onward.

[70] See the press release dated April 3, 2024.

DEUTZ Group: Segments

€ million

	2024	2023
New orders		
Classic	1,819.6	1,743.2
Green	7.5	6.7
Total	**1,827.1**	**1,749.9**
Unit sales (units)		
Classic	142,084	186,718
Green	823	398
Total	**142,907**	**187,116**
Revenue		
Classic	1,806.0	2,058.2
Green	7.7	5.0
Total	**1,813.7**	**2,063.2**
Adjusted EBIT (EBIT before exceptional items)		
Classic	113.1	180.1
Green	-35.3	-37.1
Consolidation/ Other	-1.1	0.6
Total	**76.7**	**143.6**

DEUTZ Classic

DEUTZ Classic: Overview

€ million

	2024	2023	Change
New orders	**1,819.6**	**1,743.2**	**4.4%**
Unit sales (units)	**142,084**	**186,718**	**-23.9%**
Revenue	**1,806.0**	**2,058.2**	**-12.3%**
EMEA	1,038.4	1,247.6	-16.8%
Americas	524.6	504.0	4.1%
Asia-Pacific	243.0	306.6	-20.7%
EBIT before exceptional items	**113.1**	**180.1**	**-37.2%**
EBIT margin before exceptional items	**6.3**	**8.8**	**-2,5pp**

As previously stated, the figures for the Group and for the DEUTZ Classic and DEUTZ Green segments are for continuing operations only, unless otherwise indicated. The Classic segment currently accounts for almost 100% of consolidated revenue. Consequently, the disclosures regarding new orders, unit sales, and revenue at Group level can essentially be applied to the Classic segment too.

New orders received in the Classic segment rose by 4.4% to €1,819.6 million in 2024. The downturn in demand – driven mainly by macroeconomic conditions – was more than offset by the aforementioned positive consolidation effects, along with other factors. Most notably, Blue Star Power Systems contributed new orders amounting to just over €140 million, while the takeover of the sales and service activities for various Daimler Truck industrial engines saw just over €150 million added. The Americas region, and specifically the Stationary Equipment application segment, where new orders more than doubled, saw the strongest boost from these additions. Other parts of the business also benefited from the consolidation of acquired companies, although not to the same extent.

At the end of the reporting year, orders on hand in the Classic segment were up by just over 3% compared with the end of 2023. The growth in orders on hand in the service business was even stronger at 9.4%.

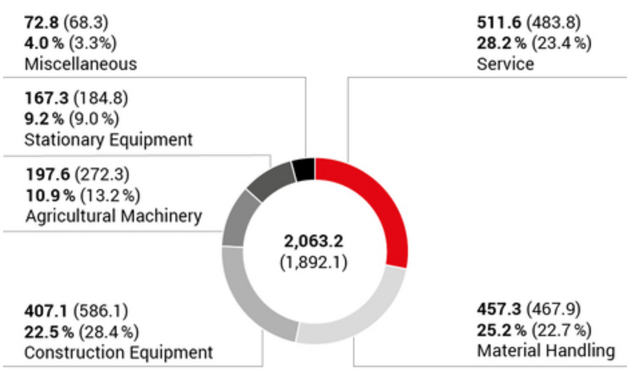
The segment's unit sales recorded a marked fall of 23.9% year on year, from 186,718 units to 142,084 units. This decline extended across all regions and application segments, although the Americas and Material Handling were slightly less affected than other regions and application segments.

Segment revenue went down by 12.3% year on year to €1,806.0 million. The decrease in revenue was much smaller than the fall in unit sales because the price per unit sold increased as a result of the acquisitions, because the service business performed strongly, and because positive price effects impacted revenue to a greater extent than unit sales.

The regional breakdown shows that revenue in the Classic segment went up by 4.1% in the Americas but weakened in the other regions. Fueled by the expansions of parts sales and on-site customer service business, and by the effect across the entire year of the acquisitions made in 2023, the strategically important service business achieved revenue growth of nearly 6%.

DEUTZ Classic: Revenue by application segment

€ million (2023 figures)



Adjusted EBIT (EBIT before exceptional items) in the segment came to €113.1 million in 2024 and was thus below the prior-year figure of €180.1 million. This decline mainly resulted from diminishing unit sales and production volumes and the associated diseconomies of scale. Higher selling and administrative expenses also took their toll on earnings. This negative trend was mitigated by the contribution to EBIT from Blue Star Power Systems, positive currency effects, a lower loss absorption from equity-accounted investments, and cost savings. The adjusted EBIT margin for the Classic business weakened year on year from 8.8% to 6.3%, but remained firmly in positive territory.

DEUTZ Classic: Overview

€ million

	Q4 2024	Q4 2023	Change
New orders	**479.5**	**350.6**	**36.8%**
Unit sales (units)	**35,255**	**49,187**	**-28.3%**
Revenue	**505.3**	**554.2**	**-8.8%**
EMEA	296.5	337.7	-12.2%
Americas	150.5	128.1	17.5%
Asia-Pacific	58.3	88.4	-34.0%
EBIT before exceptional items	**30.7**	**48.1**	**-36.2%**
EBIT margin before exceptional items	**6.1**	**8.7**	**-2,6pp**

In the fourth quarter of 2024, adjusted EBIT for the segment amounted to €30.7 million (Q4 2023: €48.1 million), a year-on-year decrease of €(17.4) million. The adjusted EBIT margin fell to 6.1% in the fourth quarter of 2024 (Q4 2023: 8.7%). Again, the main factors impacting the performance in the final quarter of 2024 were higher selling and administrative expenses and the diminishing volume of business due to macroeconomic factors.

DEUTZ Green

DEUTZ Green: Overview

€ million

	2024	2023	Change
New orders	**7.5**	**6.7**	**11.9%**
Unit sales (units)	**823**	**398**	**106.8%**
Revenue	**7.7**	**5.0**	**54.0%**
EMEA	4.5	5.0	-10.0%
Americas	2.4	0.0	–
Asia-Pacific	0.8	0.0	–
EBIT before exceptional items	**-35.3**	**-37.1**	**4.9%**
EBIT margin before exceptional items	**-458.4**	**-742.0**	**+283,6pp**

New orders from continuing operations in the Green segment in 2024 amounted to €7.5 million, which was 11.9% higher than in the prior year. The segment still retains the character of a start-up, which is reflected in the volume of business in particular. Orders on hand totaled €4.5 million as at December 31, 2024 and thus reached a similar level to the prior year. Unit sales in the Green segment more than doubled year on year to 823 units sold. This was mainly driven by demand for electric drives from Mauricio Hochschild, a company acquired in the second half of 2023. Correspondingly, the segment's revenue improved by a substantial €2.7 million, or 54.0%, to €7.7 million in 2024. The segment generated revenue in the Americas and Asia for the first time in 2024, which boosted revenue growth, whereas revenue from the EMEA region weakened slightly.

In spite of continued high levels of spending in R&D, adjusted EBIT (EBIT before exceptional items) in the Green segment improved slightly year on year, although it remained in negative territory in 2024 as had been expected. The segment's EBIT figure of €(35.3) million for 2024, compared with €(37.1) million in 2023, was within the guidance of 'between €(30) million and €(40) million' published in March 2024.

DEUTZ Green: Overview

€ million

	Q4 2024	Q4 2023	Change
New orders	**1.4**	**0.4**	**250.0%**
Unit sales (units)	**302**	**370**	**-18.4%**
Revenue	**2.5**	**1.8**	**38.9%**
EMEA	1.7	1.8	-5.6%
Americas	0.8	0.0	–
Asia-Pacific	0.0	0.0	–
EBIT before exceptional items	**-9.8**	**-11.5**	**14.8%**
EBIT margin before exceptional items	**-392.0**	**-638.9**	**+246,9pp**

In the fourth quarter, the Green segment's new orders were up compared with the corresponding quarter of 2023. Unit sales in the segment declined by around 18% due to changes in the product mix. The final quarter of 2023 had seen a flurry of sales of very affordably priced, low-margin engines in Italy. This business was wound down over the course of the reporting year and was no longer included in the figures for the fourth quarter of 2024. Segment revenue remained low in absolute terms but grew substantially, by nearly 40%, to €2.5 million. Key revenue drivers included growing demand for projects at Futavis and healthy trade with Mauricio Hochschild products.

Adjusted EBIT in the Green segment improved from €(11.5) million in the fourth quarter of 2023 to €(9.8) million in the final quarter of the reporting year. This was largely attributable to retrospective research funding for R&D expenditure in previous years.

Financial position

Basic principles and objectives of financial management

The purpose of financial management is to ensure the solvency of the DEUTZ Group at all times by obtaining the necessary funds, to hedge and contain interest-rate risk, currency risk, and commodities risk throughout the Group, and to optimize the cost of capital. Responsibility for groupwide financial management, including managing funds within the Group, lies with DEUTZ AG as the parent company of the Group.

Funding

Sufficient liquidity ensured DEUTZ restructured its funding in 2022. This involved increasing the volume of the existing long-term syndicated loan from €160 million to €250 million and, at the same time, extending the term of the loan by three years to May 2, 2027. The lending arrangements for this unsecured, floating-rate loan include two one-year extension options. In June 2024, DEUTZ utilized the second of these extension options, thereby extending the term to May 2, 2029. The unused volume of the syndicated loan stood at around €165 million at the end of 2024.

As at the end of 2024, DEUTZ also had access to five bilateral credit lines with a total value of €140 million. These five credit lines are also unsecured, floating-rate facilities and fall due at the end of the second quarter of 2025. None of the five credit lines were drawn down as at December 31, 2024.

In addition, DEUTZ has access to short-term credit lines and makes use of loans with subsidized interest rates.

At the start of August 2024, DEUTZ also utilized a loan that was agreed for the specific purpose of funding the takeover of sales and service for selected off-highway engines from Rolls-Royce Power Systems. The loan has a volume in the high-double-digit millions of euros. For more information on the takeover, see also 'Strategy and objectives', p. 35 onward.

As part of its funding agreements, DEUTZ has undertaken to comply with certain financial and non-financial covenants. However, there is a risk of these covenants being breached in the short term if there is a dramatic deterioration in the general economic situation. The reasons for such an economic downturn have previously included – and could include in the future – the effects of the coronavirus pandemic, the fallout from the war in Ukraine, and shifts in trade policy that result in tariff changes. Should such a risk materialize, DEUTZ would approach its funding partners in advance in order to negotiate the necessary **waiver** and to enable further amounts to be drawn down under the syndicated loan. Compliance with the financial covenants would not place any restrictions on DEUTZ's ability to pursue growth projects.

To reduce interest-rate risk, DEUTZ AG has entered into interest-rate swaps with a total volume of €80 million. See also 'Financial risk management', note 28, p. 223 onward.

Capital increase against cash contributions secures financial flexibility On July 2, 2024, the DEUTZ Board of Management, with the approval of the Supervisory Board, resolved to carry out a capital increase against cash contributions – with the disapplication of pre-emption rights – by using some of the existing authorized capital.[71] In an accelerated bookbuilding process, the Company successfully issued 12,614,719 new shares. This increased the share capital of DEUTZ AG by 10% to 138,761,914 no-par-value bearer shares. The Board of Management and Supervisory Board of DEUTZ AG set the placement price at €5.71 per share, resulting in gross issue proceeds of approximately €72 million.[72]

In view of the financial instruments that it has in place, its equity ratio of 50.4%, and the net issue proceeds from the aforementioned capital increase, DEUTZ believes that it is in a strong financial position to be able to continue investing in growth by acquisition and in other areas following the recent acquisitions of companies.

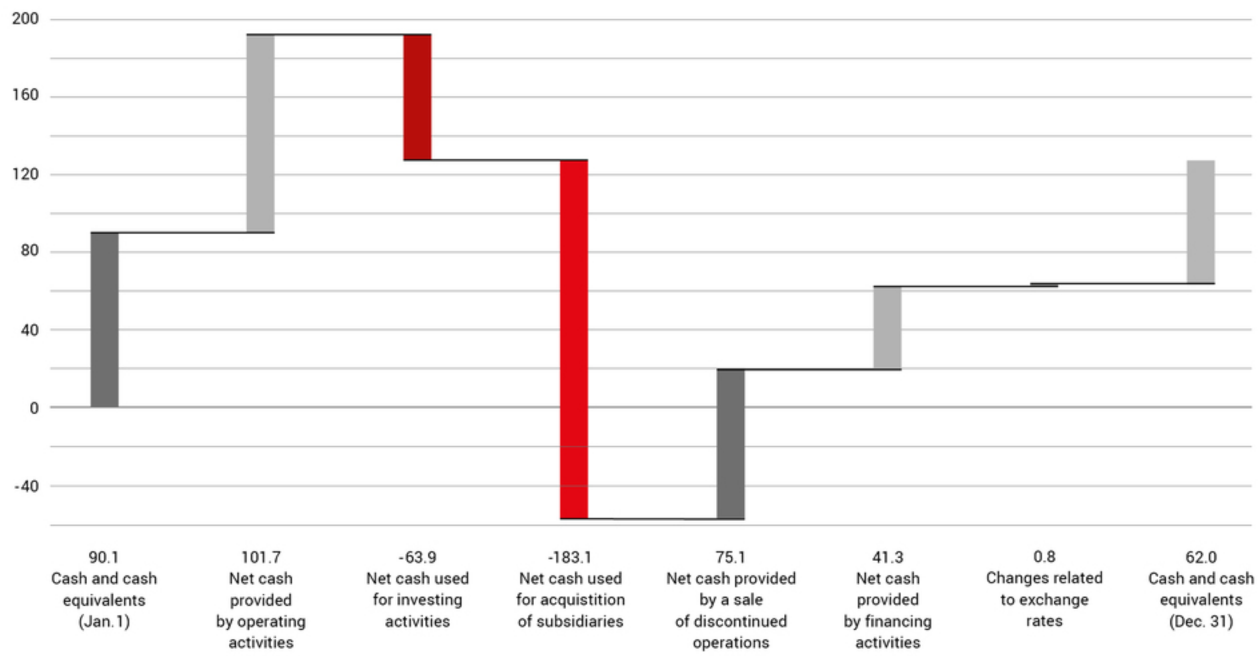
Receivables management optimized by means of factoring and systematic improvement of payment terms The sale of receivables, known as factoring, is an important way of optimizing receivables management. It enables DEUTZ to not only ensure sufficient liquidity but also improve its working capital, which tends to be affected by large amounts of capital being tied up in the preliminary financing of engine production and in the payment terms that it has granted.

The volume of sales of receivables totaled €103.9 million as at December 31, 2024, which was below the level a year earlier (December 31, 2023: €151.2 million) due to the business performance.

[71] See the ad hoc disclosure dated July 2, 2024.
[72] See the ad hoc disclosure dated July 3, 2024.

Other financial obligations Off-balance-sheet obligations and investment obligations came to €140.3 million as at December 31, 2024. Of this total, commitments to purchase inventories amounted to €81.2 million, commitments to purchase property, plant and equipment and intangible assets totaled €39.4 million, and a sum of €19.7 million was attributable to IT services. Utilization of the IT services will amount to €11.6million in 2025. Further financial obligations totaling €8.1 million are due in the period 2026 to 2027. The off-balance-sheet obligations do not have a material impact on the Group's financial position.

DEUTZ Group: Change in cash and cash equivalents for the entire Group[73]



[73] The change in cash and cash equivalents includes continuing and discontinued operations (including the Torqeedo Group).

Cash flow

DEUTZ Group: Overview of financial position

€ million	2024	2023	Change
Cash flow from operating activities	110.4	151.5	-27.1%
Cash flow from investing activities	-247.0	-96.0	-157.3%
Cash flow from financing activities	42.1	-1.1	–
Change in cash and cash equivalents	**-28.9**	**36.3**	**–**
Free cash flow from continuing operations[74]	**-153.1**	**41.8**	**–**
Free cash flow from continuing operations (before M&A)	**30.0**	**72.9**	**-58.8%**
Free cash flow for entire Group[75]	**-87.2**	**24.8**	**–**
Key figures for continuing operations			
Cash and cash equivalents at Dec. 31	62.0	90.1	-31.2%
Current and non-current interest-bearing financial debt at Dec. 31	287.6	253.5	13.5%
thereof lease liabilities (IFRS 16)	86.9	81.5	6.6%
Net financial position at Dec. 31[76]	-225.6	-163.4	-38.1%

Cash flow from operating activities attributable to continuing operations amounted to €110.4 million in 2024, which was €(41.1) million lower than in 2023. The decrease was chiefly due to the reduction in earnings on the back of the fall in revenue and was partly offset by a year-on-year decline in the net cash used for working capital.

At €247.0 million, net cash used for investing activities was significantly higher than in 2023. The ongoing implementation of strategically important growth projects meant that cash payments for acquisitions were up by €151.0 million year on year, thereby reducing cash flow by €183.1 million in 2024.

Cash flow from financing activities amounted to a net cash inflow of €42.1 million in the reporting year, compared with a net cash outflow of €1.1 million in the previous year. This change was primarily due to a capital increase of around €71 million resulting from the placement of new shares in the capital markets. The overall increase in cash flow was partly offset by reduced drawdowns from loans.

As a result of the rise in net cash used for investing activities, free cash flow declined to €(153.1) million, compared with €41.8 million in 2023. The reduction in cash flow from operating activities caused free cash flow before mergers and acquisitions to fall to €30.0 million in the reporting year (2023: €72.9 million). It was therefore higher than the most recent guidance, in which a neutral level had been expected.[77]

These changes in cash flow during 2024 decreased cash and cash equivalents by €(28.1) million to €62.0 million. The rise in net debt resulted from the higher level of borrowing.

Capital expenditure

DEUTZ Group: Capital expenditure (after deducting investment grants)

€ million	2024	2023	Change
Property, plant and equipment	97.7	75.1	22.6
thereof right-of-use assets for leases under IFRS 16	26.0	17.1	8.9
thereof property, plant and equipment (excluding right-of-use assets for leases under IFRS 16)	71.7	58.0	13.7
Intangible assets	4.7	42.0	-37.3
	102.4	**117.1**	**-14.7**

Total capital expenditure (continuing operations) on property, plant and equipment and on intangible assets after deducting investment grants, and including capitalization of research and development expenditure, amounted to €102.4 million in 2024 (2023: €117.1 million). Excluding capitalized development costs, capital expenditure (after deducting grants) amounted to €100.2 million in the reporting year (2023: €114.5 million). It was thus higher than the forecast range[78] of between €70 million and €90 million.

In the year under review, capital expenditure on intangible assets included amount others spending on the refinement of the on-highway HDEP engines in connection with the acquisition of license rights from Daimler Truck AG. In the previous year, DEUTZ had acquired intellectual property rights (IP rights) by way of a capital increase by contribution in kind and acquired license rights from Daimler Truck AG.

Additions to property, plant and equipment primarily related to new test rigs for the Green segment, procurement for a new production line at the Cologne-Porz site on which engines with capacities of between 4 and 8 liters are built, and the expansion of service and logistics centers.

[74] Cash flow from operating activities and from investing activities less net interest expense.
[75] The key figures for the DEUTZ Group include continuing and discontinued operations (including Torqeedo Group).
[76] Cash and cash equivalents less current and non-current interest-bearing financial debt.
[77] See the quarterly statement dated November 7, 2024
[78] Published in the 2023 annual report.

The increase in capital expenditure on right-of-use assets was predominantly attributable to the signing of new long-term leases and to leased forklift trucks.

The Classic segment accounted for the bulk of the capital expenditure (after deducting investment grants), at €100.6 million (2023: €116.6 million). €1.8 million was invested in the Green segment (2023: €0.5 million).

Net assets

DEUTZ Group: Overview of net assets

€ million

	Dec. 31, 2024	Dec. 31, 2023	Change
Non-current assets	937.5	734.7	27.6%
thereof right-of-use assets in connection with leases	75.2	70.8	6.2%
Current assets	745.8	779.8	-4.4%
Assets classified as held for sale of discontinued operations	0.0	75.7	–
Total assets	**1,683.3**	**1,590.2**	**5.9%**
Equity	847.9	743.2	14.1%
Non-current liabilities	261.1	202.9	28.7%
thereof lease liabilities	60.1	65.6	-8.4%
Current liabilities	574.3	625.1	-8.1%
thereof lease liabilities	26.8	15.9	68.6%
Liabilities directly associated with assets of discontinued operations	0.0	19.0	–
Total equity and liabilities	**1,683.3**	**1,590.2**	**5.9%**
Key figures for continuing operations			
Working capital (€ million)	383.0	379.8	0.8%
Working capital ratio (Dec. 31)	21.1%	18.4%	+2,7pp
Working capital ratio (average)	22.2%	17.7%	+4,5pp
Key figures for the entire Group[79]			
Working capital (€ million)[80]	383.0	405.7	-5.6%
Working capital ratio (Dec. 31)[81]	21.0%	19.3%	+1,7pp
Working capital ratio (average)[82]	22.5%	18.7%	+3,8pp
Equity ratio[83]	50.4%	46.7%	+3,7pp

The Torqeedo Group was sold to Yamaha Motor and deconsolidated with effect from April 3, 2024. In accordance with IFRS 5, the activities of the Torqeedo Group were reported as discontinued operations until the time of the sale.

Assets Non-current assets stood at €937.5 million as at December 31, 2024, a year-on-year rise of €202.8 million. Capital expenditure was primarily channeled into intangible assets relating to the takeover of sales and service activities from Rolls-Royce's Power Systems division and the acquisition of Blue Star Power Systems. The latter gave rise to additional goodwill of €39.0 million in connection with the preliminary purchase price allocation.

The year-on-year rise in deferred tax assets was due to temporary differences resulting from a reduction in capitalized development expenditure that is not recognized in the tax accounts and from increased opportunities to utilize tax loss carryforwards.

Working capital Adjustments were made to production and procurement activities in operational planning, enabling DEUTZ to optimize the inflow of components. The effect of strategically building up stock levels to mitigate supplier insolvency risks was counteracted by making targeted savings. The rise in stock levels due to the integration of the sales and service activities for various Daimler Truck industrial engines and due to the acquisition of Blue Star Power Systems was offset by the reduction in inventories at the end of the year and by the aforementioned savings. Consequently, the volume of inventories as at December 31, 2024 was roughly the same as it had been at the end of 2023.

Trade receivables fell by €(15.5) million year on year to €186.4 million, while trade payables declined by €(21.0) million. As a result, working capital edged up by €3.2 million to €383.0 million as at December 31, 2024 and was thus also on a level with the end of 2023.

Owing to the decrease in revenue and the significantly higher average working capital, the average working capital ratio increased year on year from 17.7% to 22.2% and was therefore above the original forecast range of 17% to 19%.[84]

Equity As a result of the growth in equity, the equity ratio advanced to 50.4% as at December 31, 2024 (December 31, 2023: 46.7%). This rise can be explained by the net income generated in 2024 and by a capital increase of around €71 million resulting from the placement of new shares in the capital markets. See also 'Funding', p. 58 onward.

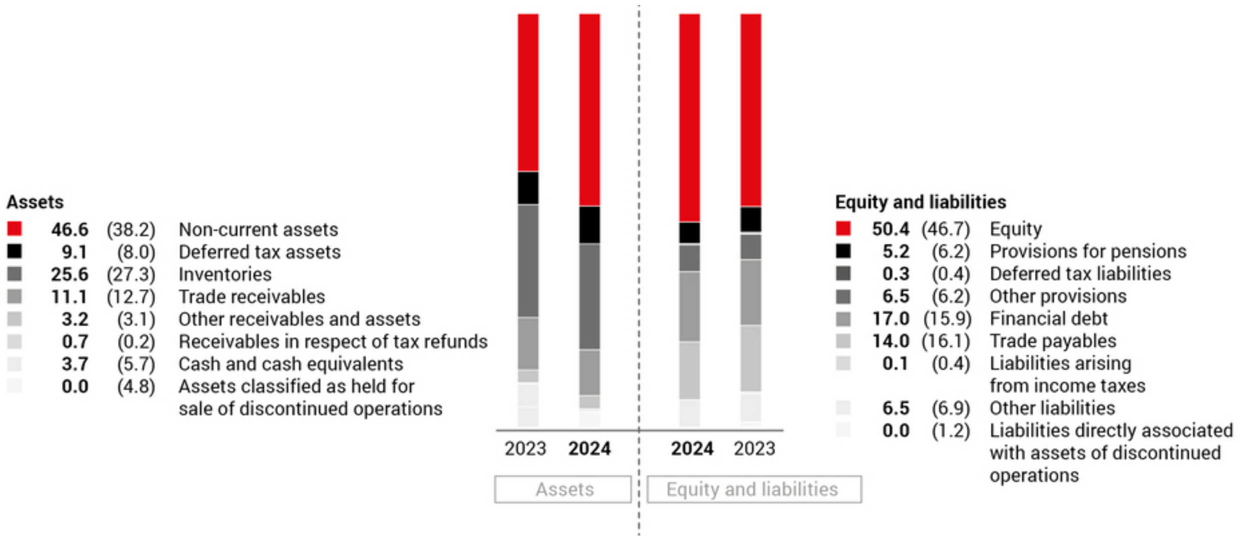
The equity ratio remains sound at well above the target figure of more than 40%, and DEUTZ therefore continues to view its financial position as comfortable.[85]

[79] The key figures for the DEUTZ Group include continuing and discontinued operations (including the Torqeedo Group).
[80] Inventories plus trade receivables less trade payables.
[81] Working capital (inventories plus trade receivables less trade payables) as at the balance sheet date divided by revenue for the previous twelve months.
[82] Average working capital at the four quarterly reporting dates divided by revenue for the previous twelve months.
[83] Equity/total equity and liabilities.
[84] See the original guidance in the 2023 annual report.
[85] See the original guidance in the 2023 annual report.

Liabilities The increase in non-current liabilities from €202.9 million to €261.1 million as at December 31, 2024 was primarily due to DEUTZ taking out a loan for the specific purpose of funding the takeover of the sales and service activities from Rolls-Royce Power Systems.

DEUTZ Group: Balance sheet structure

% (2023 figures)



DEUTZ AG

The following remarks refer to the annual financial statements of DEUTZ AG. The annual financial statements of DEUTZ AG are prepared in accordance with the requirements of the German Commercial Code (HGB).

BASIC PRINCIPLES AND BUSINESS PERFORMANCE OF DEUTZ AG

DEUTZ AG is the parent company of the DEUTZ Group. In Germany and abroad, DEUTZ AG has a direct or indirect stake in 47 companies (2023: 47 companies). DEUTZ AG is also by far the largest production company of the DEUTZ Group and provides the head-office functions for the Group. See list of shareholdings, p. 245 onward, for further information on DEUTZ AG's equity investments.

Because the business performance and financial situation of DEUTZ AG are essentially the same as for the DEUTZ Group, we make reference here to the »Business performance in the DEUTZ Group« section of this combined management report. See 'Business performance in the DEUTZ Group', p. 48 onward, for further information.

Because of the significance of DEUTZ AG within the Group, and its heavy interdependencies with other Group companies, the Group is managed at the level of DEUTZ AG. In addition to the key performance indicators used for management at Group level, the net income of DEUTZ AG – the relevant variable for the payment of dividends – is also an element of the management system of the Company. The internal control system for the DEUTZ Group is described in this combined management report. See also 'Internal management system', p. 38 onward.

The DEUTZ Group's net income in accordance with IFRS is reconciled to DEUTZ AG's net income in accordance with the HGB:

RESULTS OF OPERATIONS

DEUTZ AG: Reconciliation

€ million	
DEUTZ Group net income (IFRS)	**51.8**
Consolidation of equity investments	11.3
DEUTZ AG net income (IFRS)	**40.5**
Material differences due to different financial reporting standards	
Recognition of development expenditure	4.4
Recognition of leases	0.6
Measurement of provisions for pensions and other post-retirement benefits	0.5
Measurement of investments	5.8
Measurement of inventories	2.6
Other differences relating to the financial reporting standards	-15.1
DEUTZ AG net income (HGB)	**39.3**

DEUTZ AG: Overview of results of operations

€ million	**2024**	2023[86]	Change
Revenue	**1,422.8**	**1,721.1**	**-298.3**
Cost of sales	-1,203.3	-1,433.3	-230.0
Research and development costs	-99.2	-107.7	-8.5
Selling and administrative expenses	-144.8	-118.7	26.1
Other operating income	56.8	36.1	20.7
Other operating expenses	-25.7	-21.7	4.0
Net investment income	20.5	1.1	19.4
Write-downs of investments	-6.2	-4.2	2.0
Operating profit (EBIT)	**20.9**	**72.7**	**-51.8**
Interest expenses, net	-7.8	-5.9	-1.9
Income taxes	26.8	11.0	15.8
Other taxes	-0.6	-0.6	0.0
Net income	**39.3**	**77.2**	**-37.9**

Revenue DEUTZ AG's revenue fell by (17.3%) to €1,422.8 million in 2024. This decrease was primarily attributable to the Stationary Equipment application segment (down by 53.9% to €70.5 million) and the Construction Equipment application segment (down by 27.2% to €392.8 million). The high-margin service business made up for some of the decrease with a rise in revenue of 5.3% to €351.0 million. The other application segments recorded small reductions in revenue: Agricultural Machinery was down by 26.0% to €193.6 million and Material Handling was down by 1.7% to €367.0 million. The regional breakdown shows that revenue declined by 19.1% to €189.5 million in the Asia-Pacific region, by 19.8% to €925.5 million in EMEA, and by 7.7% to €307.8 million in the Americas.

[86] As of 2023, amortization of capitalized development expenditure is no longer reported under »Research and development costs« but under »Cost of sales«. The previous year's figure in the results of operations has been adjusted accordingly to enable comparison.

Earnings performance DEUTZ AG reported an operating profit (EBIT) of €20.9 million in 2024 (2023: €72.7 million). This decrease was due to a fall in revenue caused by the difficult economic environment and to a lower production volume and the resulting diseconomies of scale. Earnings were also squeezed by higher administrative expenses in the reporting year. The volume-related decline in profit was partly offset, primarily, by increased net investment income and a rise in other operating income. The expansion of business as a result of the takeover of the sales and service activities from Rolls-Royce Power Systems for selected off-highway engines also provided a boost to earnings performance. However, this was not enough to make up for the decline in earnings resulting from the lower volume of business.

Cost of sales DEUTZ AG's cost of sales came to €(1,203.3) million in 2024. The year-on-year fall was mainly attributable to the volume-related reduction in the cost of materials, expenses for temporary workers, and costs for freight and packing. The gross margin[87] declined from 16.7% to 15.4%, above all due to diseconomies of scale.

Research and development costs In 2024, research and development costs amounted to €(99.2) million. They mainly comprise the cost of materials, staff costs, and impairment losses on capitalized development expenditure. Investment grants received and capitalized development expenditure are deducted from the total. The decline of €(8.5) million compared with 2023 was largely attributable to a reduction in the cost of materials and in impairment losses on capitalized development expenditure.

Selling and administrative expenses The growth of selling and administrative expenses was primarily attributable to the overall rise in headcount and to higher consultancy and integration costs in connection with strategic projects.

Other operating income Other operating income increased by €20.7 million year on year. This was mainly due to foreign currency gains and the gain on the disposal of the Torqeedo Group. The currency effects included among others an amount of €5.8 million resulting from translation of the long-term loan issued in US dollars to the subsidiary Deutz Corporation, Atlanta (USA).

Other operating expenses Other operating expenses went up by €4.0 million year on year, mainly because of higher provisions for onerous contracts in respect of orders on hand.

Net investment income The €19.4 million rise in net investment income to €20.5 million can predominantly be explained by a smaller transfer of losses following the disposal of Torqeedo GmbH at the start of April. There was also increased income from profit distributions.

Income taxes Tax income totaling €26.8 million was recognized in 2024 (2023: €11.0 million). This rise primarily resulted from the increase in deferred tax assets on loss carryforwards due to improved medium-term earnings expectations. The current tax expense fell by €5.8 million to €(0.9) million owing to the lower level of net income before income taxes.

Net income As a result of the business performance described above, net income for 2024 amounted to €39.3 million and was therefore roughly in line with the forecast made in the 2023 annual report (amount in the mid-double-digit millions of euros).

FINANCIAL POSITION

Financial management in the DEUTZ Group is one of the core functions of the Group, and DEUTZ AG holds responsibility for this function. The basic principles and objectives of financial management at DEUTZ AG are therefore largely the same as those of the Group, as is the funding of DEUTZ AG. In this regard, please refer to the relevant sections of this combined management report. See also 'Financial position' of the DEUTZ Group, p. 58 onward.

DEUTZ AG: Overview of financial position

€ million

	2024	2023	Change
Cash flow from operating activities	84.7	101.2	-16.5
Cash flow from investing activities	-157.0	-112.6	-44.4
Cash flow from financing activities	64.6	22.1	42.5
Change in cash and cash equivalents	-7.7	10.7	-18.4
Free cash flow[88]	-78.4	-15.4	-63.0
Cash and cash equivalents at Dec. 31	23.6	31.3	-7.7

[87] Ratio of revenue less cost of sales to revenue.
[88] Cash flow from operating activities and from investing activities less net interest expense.

Liquidity Cash flow from operating activities amounted to €84.7 million in 2024 and was thus down slightly year on year. The reduction in earnings on the back of the fall in revenue was offset by a year-on-year decline in the net cash used for working capital. At €(157.0) million, net cash used for investing activities was significantly higher than in 2023. The ongoing implementation of strategically important growth projects led to a sharp year-on-year rise in cash payments for acquisitions. Cash receipts from the sale of the Torqeedo Group offset some of this rise. Cash flow from financing activities amounted to a net cash inflow of €64.6 million in the reporting year, compared with a net cash inflow of €22.1 million in the previous year. This growth was primarily due to a capital increase of around €71 million resulting from the placement of new shares in the capital markets. The overall increase in cash flow was partly offset by reduced drawdowns from loans. Free cash flow stood at €(78.4) million. This significant deterioration compared with 2023 was due to an increased cash outflow for expenditure on investments and for the takeover of business from Rolls-Royce Power Systems.

NET ASSETS

DEUTZ AG: Overview net assets

€ million

	Dec. 31, 2024	Dec. 31, 2023	Change
Non-current assets	896.7	782.4	114.3
Current assets	445.1	494.2	-49.1
Prepaid expenses	6.8	7.7	-0.9
Deferred tax assets	138.9	111.2	27.7
Excess of plan assets over post-employment benefit liability	1.3	6.2	-4.9
Total assets	**1,488.8**	**1,401.7**	**87.1**
Equity	841.7	751.8	89.9
Provisions	244.6	269.0	-24.4
Liabilities	401.4	379.8	21.6
Deferred income	1.1	1.1	0.0
Total equity and liabilities	**1,488.8**	**1,401.7**	**87.1**
Working capital (€ milion)[89]	84.3	109.4	-25.1
Working capital ratio (Dec. 31)	5.9%	6.4%	-0.5pp
Equity ratio[90]	56.5%	53.6%	+2.9pp

Non-current assets Compared with the end of 2023, non-current assets were up by €114.3 million. This was primarily due to expenditure on intangible assets and investments. Expenditure on intangible assets focused on the takeover of the sales and service activities from Rolls-Royce Power Systems for selected off-highway engines. The assets transferred predominantly comprised property rights and right-of-use assets in development work for Daimler Truck industrial engines. The takeover also gave rise to goodwill. The additions to investments largely related to a capital increase at subsidiary DEUTZ Amerika Holding GmbH, which it carried out in order to finance the acquisition of Blue Star Power Systems by its subsidiary DEUTZ Corporation. The rise was offset, in particular, by the sale of Torqeedo GmbH and by an impairment loss of €6.2 million recognized on the investment in Blue World Technologies.

Current assets Current assets fell by €(49.1) million year on year. This decrease was primarily due to the change in the level of inventories, trade receivables, and receivables due from affiliated companies.

Working capital Working capital stood at €84.3 million as at December 31, 2024, which was €(25.1) million below the level reported a year earlier (December 31, 2023: €109.4 million). This was primarily due to the reduction in inventories resulting from the decline in demand for economic reasons in the year under review. Moreover, adjustments were made to production and procurement activities in operational planning, enabling DEUTZ to optimize the inflow of components. The decrease in working capital meant that the working capital ratio fell to 5.9% as at December 31, 2024 (December 31, 2023: 6.4%).

Equity ratio The €89.9 million rise in equity to €841.7 million can primarily be explained by a capital increase of around €71 million resulting from the placement of new shares with institutional investors. The equity ratio was up slightly at 56.5% at the end of the year.

Liabilities The main reason for the increase in liabilities of €21.6 million was the rise in liabilities to banks. This was due to DEUTZ drawing down a loan for the specific purpose of funding the takeover of the sales and service activities from Rolls-Royce Power Systems for selected off-highway engines. The increase was partly offset by a fall in trade payables for reporting-date-related reasons.

Provisions The key influence on provisions was a decrease in provisions for pensions and other post-retirement benefits and in tax provisions.

EMPLOYEES

DEUTZ AG employed 3,292 people as at December 31, 2024, which was (80) fewer than at the end of 2023. The number of temporary workers went down by 175. See also Employees of the DEUTZ Group, p. 45.

DEUTZ AG: Employees[91]

Number of employees

	Dec. 31, 2024	Dec. 31, 2023
Cologne	2,713	2,731
Ulm	424	477
Other	155	164
Total	**3,292**	**3,372**

[89] Inventories plus trade receivables less trade payables.
[90] Total equity/equity and debt.
[91] Figures for the number of employees in this section are expressed as FTEs (full-time equivalents).

RISK AND OPPURTUNITY REPORT

DEUTZ AG is integrated into the risk management system of the DEUTZ Group. As a head-office function, risk management for the Group is performed by DEUTZ AG. Information about the structuring and mechanics of the risk management system and of risk management with regard to financial instruments can be found in the risk report of the DEUTZ Group on p. 74 onward.

Because DEUTZ AG is closely integrated with the other Group companies, its risk and opportunities situation is essentially the same as that of the Group. Risks arising from subsidiaries may have an effect on DEUTZ AG because of the carrying amount of an equity investment, reduced dividend payments, and the internal business relations. The risks and opportunities for the DEUTZ Group are described in this combined management report. See also 'Risk report', p. 74 onward.

Information about DEUTZ AG's internal accounting-related control system and about risk management with regard to the use of financial instruments at DEUTZ AG can be found in the combined management report. See also 'Internal control system', p. 81 onward.

FORECAST

DEUTZ AG performs the head-office functions of the DEUTZ Group and is the biggest production company within the Group by some margin. Because of DEUTZ AG's wide-ranging relationships with other Group companies and because of its size within the Group, the expectations presented in the Group forecast for 2025 are essentially the same as those for DEUTZ AG. Following the expansion of business activities in the energy sector via the DEUTZ Solutions segment, the difference between the performance of DEUTZ AG and that of the DEUTZ Group will be bigger going forward. It is therefore likely that revenue growth for DEUTZ AG will be slightly below the level predicted for the DEUTZ Group. In 2025, we expect net income to be in the higher-double-digit millions of euros. See also Forecast for the DEUTZ Group for 2025, p. 141 onward.

For information about events after the reporting period, please see Note 32 on page 236. onward of the notes to the consolidated financial statements.

Overall assessment for 2024[92]

Target/actual comparison for 2024

DEUTZ Group	Actual 2023	Original guidance 2024	Adjustment of the guidance in August 2024	Adjustment of the guidance in October 2024	**Actual 2024**
Unit sales of DEUTZ engines	**187,116**	160,000 to 180,000	max. 160,000	less than 150,000	**142,907**
Revenue	**€ 2.06 billion**	€1.9 billion to €2.1 billion		approx. €1.8 billion	**€ 1.81 billion**
thereof DEUTZ Classic:	€ 2.06 billion	tight €1.9 billion to €2.1 billion			€ 1.81 billion
thereof DEUTZ Green:	€ 5.0 million	€10 million to €15 million			€ 7.7 million
EBIT margin (before exceptional items)	**7.0%**	5.0 to 6.5 %		4.0 to 5.0 %	**4.2%**
thereof DEUTZ Classic	8.8%	7.0 to 8.4 %			6.3%
thereof DEUTZ Green	-724.0%	–			-230.7%
EBIT (before exceptional items), DEUTZ Green	€ -37.1 million	€ -30.0 billion to -40.0 billion			**€ -35.3 billion**
ROCE (before exceptional items)	**14.4%**	Low-single-digit percentage figure			**6.6%**
R&D expenditure (after deducting grants)	**€ 97.9 million**	€80 million to €90 million			€ 93.4 million
Capital expenditure (after deducting grants)	€ 114,5 million	€70 million to €90 million			€ 100.2 million
Free cash flow (before mergers and acquisitions)	€ 72.9 million	Mid-double-digit million euro amount		At minimum balanced	€ 30.0 million
Average working capital ratio	17.7%	17 to 19 %			**22.2%**
Equity ratio	46.7%	Well above 40 %			50.4%

In the second half of the year, the fall in demand caused by economic headwinds prompted DEUTZ to adjust the main KPIs in the full-year guidance for 2024 that it had published in its 2023 annual report. The Company achieved the adjusted forecast figures and ranges in full.

Taking account of the challenges that arose due to the geopolitical and economic situation, the DEUTZ Board of Management views the Group's performance in 2024 as satisfactory overall. In particular, the Group proved significantly more resilient than it had in previous phases of economic weakness. The balance sheet is considered very sound thanks to the strong equity ratio. The Group is regarded as being in a good and increasingly better strategic position. The Board of Management believes that, in view of the strategy being pursued, the Company is well on track to achieve its medium-term targets and that the DEUTZ Group's operations will be far less dependent on the vagaries of the economic cycle in the future.

[92] As is the case throughout this annual report, the disclosures on DEUTZ AG's guidance for the Group relate solely to continuing operations, unless indicated otherwise.

Group sustainability statement pursuant to sections 289 b and 315 b HGB

DEUTZ AG publishes a separate combined non-financial report for the DEUTZ Group and DEUTZ AG. We refer here to our remarks on pages 82 onward of the annual report and to our website www.deutz.com/en/sustainabilitystatement2024.

Corporate governance declaration and corporate governance report[93]

The corporate governance declaration pursuant to section 289 HGB can be found on pages 18 onward and at www.deutz.com/en/cgd2024.

Disclosures pursuant to sections 289 a and 315 a HGB

Composition of the issued capital The issued capital (share capital) of DEUTZ AG changed as follows in 2024: Since the capital increase in July 2024, the share capital amounts to €354,739,200.24 and is divided into 138,761,914 no-par-value bearer shares. As at December 31, 2023, the share capital had amounted to €322,490,183.20 and had been divided into 126,147,195 no-par-value bearer shares.

Restrictions affecting voting rights or the transfer of shares DEUTZ AG is not aware of any restrictions affecting voting rights or the transfer of shares.

Direct or indirect shareholdings representing more than 10% of voting rights Up to December 31, 2024, DEUTZ AG had not been notified of any direct or indirect shareholdings in DEUTZ AG representing more than 10% of the voting rights.

Legal provisions and Statute provisions regarding the appointment and removal of members of the Board of Management and regarding changes to the Statutes The appointment and removal of members of the Board of Management are governed by sections 84 and 85 of the German Stock Corporation Act (AktG) and section 31 of the German Codetermination Act (MitbestG). Pursuant to section 84 (1) AktG, members of the Board of Management are appointed by the Supervisory Board for a maximum term of five years. In accordance with the German Corporate Governance Code (DCGK), the initial appointment is for just three years. Reappointment or extension is permitted, in each case for a maximum of five years. Section 84 (3) AktG provides that a member of the Board of Management has the right to request that the Supervisory Board revoke their appointment if they are temporarily unable to discharge their duties due to maternity or parental leave, care for a family member, or illness. In accordance with section 84 (3) AktG, the Supervisory Board must revoke the appointment of this member of the Board of Management and commit to reappointing them. The Supervisory Board may revoke the appointment of a member of the Board of Management pursuant to section 84 AktG for cause. Section 31 MitbestG, which applies as DEUTZ AG falls within the scope of the Act, regulates the majority of votes required to appoint or remove members of the Board of Management and the procedure in the Supervisory Board.

Articles 7 (1) and 7 (2) of the Statutes of DEUTZ AG contain supplementary provisions, as follows:

-1 The Board of Management comprises at least two
-2 The Supervisory Board determines the number of members of the Board of Management and the allocation of responsibilities. It may draw up and issue rules of procedure.

If the Board of Management does not have all the required members, the court shall, in urgent cases, make the necessary appointments at the request of a party involved (section 85 AktG).

Under section 179 AktG, a resolution of the Annual General Meeting is required for any amendment of the Statutes. The resolution of the Annual General Meeting requires a majority of not less than three-quarters of the share capital represented at the passing of the resolution. The Statutes may provide for a different capital majority; however, for any change to the objects clause, only a larger majority. The Statutes of DEUTZ AG exercise this right to deviate in article 20 (1), which states: “The Annual General Meeting shall always adopt resolutions in accordance with the majority of the yes or no votes cast and, so far as a majority of the share capital is required, by simple majority of the share capital, unless otherwise stipulated by law or the Statutes.”

Where an amendment relates only to the wording and not the spirit of the Statutes, the Annual General Meeting may delegate the authority to make amendments to the Supervisory Board pursuant to section 179 AktG. The Company has made use of this right in article 14 of the Statutes of DEUTZ AG, which states:

“The Supervisory Board may change the wording but not the spirit of the Statutes.”

[93] Not audited.

Authority of the Board of Management, in particular with regard to share issue or buyback

Authorized capital 2023/I

Pursuant to article 4 (2) of the Statutes of DEUTZ AG, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Company on or before April 26, 2028 on one or more occasions in installments through the issue of up to 24,172,356 (in words: twenty-four million, one hundred and seventy-two thousand, three hundred and fifty-six) new no-par-value bearer shares for cash by up to a total amount of €61,795,646.86 (in words: sixty-one million, seven hundred and ninety-five thousand, six hundred and forty-six euros and eighty-six cents) (authorized capital 2023/I.

The issue of new shares on the basis of this authorization is permitted only if – taking account of other shares to be included – the total of the new shares does not exceed 40% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. Included in the aforementioned 40% limit are (i) shares that have previously been or are simultaneously being sold or issued during the term of this authorization on the basis of other authorizations; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

Pre-emption rights must be granted to existing shareholders. The new shares may also be transferred to banks, securities institutions, or a company operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or section 53b (7) of the German Banking Act (KWG) subject to an undertaking by the bank(s), institution(s), or company to offer the shares to existing shareholders (indirect pre-emption right).

However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to disapply pre-emption rights where necessary for fractional amounts arising on the calculation of pre-emption rights.

The total of the shares issued with the disapplication of pre-emption rights and in accordance with this authorization must not exceed 10% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. Included in the aforementioned 10% limit are (i) shares that have previously been or are simultaneously being sold or issued (with the disapplication of pre-emption rights) during the term of this authorization on the basis of other authorizations; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued (with the disapplication of pre-emption rights) by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

The Board of Management is further authorized, with the consent of the Supervisory Board, to specify the further content of the share rights and the terms of the share issue for implementing any capital increases under authorized capital 2023/I.

The Supervisory Board is authorized to amend the wording of the Statutes after a share capital increase has been carried out in full or in part by exercising authorized capital 2023/I and after the authorization period has ended.

Authorized capital 2023/II

Pursuant to article 4 (3) of the Statutes of DEUTZ AG, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the share capital of the Company on or before April 26, 2028 on one or more occasions in installments through the issue of up to 11,557,637 (in words: eleven million, five hundred and fifty-seven thousand, six hundred and thirty-seven) new no-par-value bearer shares for cash by up to a total amount of €29,546,629.82 (in words: twenty-nine million, five hundred and forty-six thousand, six hundred and twenty-nine euros and eighty-two cents) (authorized capital 2023/II).

The Board of Management was originally authorized by the Annual General Meeting of April 26, 2023, pursuant to article 4 (3) of the Statutes of DEUTZ AG and subject to the consent of the Supervisory Board, to increase the share capital of the Company on or before April 26, 2028 on one or more occasions in installments through the issue of up to 24,172,356 (in words: twenty-four million, one hundred and seventy-two thousand, three hundred and fifty-six) new no-par-value bearer shares for cash by up to a total amount of €61,795,646.86 (in words: sixty-one million, seven hundred and ninety-five thousand, six hundred and forty-six euros and eighty-six cents) (authorized capital 2023/II). With the capital increase of July 2024, the Board of Management, with the consent of the Supervisory Board, made partial use of this authorization and, utilizing authorized capital 2023/II, increased the share capital of the Company by €32,249,017.04 through the issue of 12,614,719 new no-par-value bearer shares.

The issue of new shares on the basis of this authorization is permitted only if – taking account of other shares to be included – the total of the new shares does not exceed 40% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. Included in the aforementioned 40% limit are (i) shares that have previously been or are simultaneously being sold or issued during the term of this authorization on the basis of other authorizations; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued by the

Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

Pre-emption rights must be granted to existing shareholders. The new shares may also be transferred to banks, securities institutions, or a company operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or section 53b (7) of the German Banking Act (KWG) subject to an undertaking by the bank(s), institution(s), or company to offer the shares to existing shareholders (indirect pre-emption right).

However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to disapply the pre-emption rights of the existing shareholders

a) where necessary for fractional amounts arising from the calculation of pre-emption rights;

b) for capital increases against non-cash contributions, in particular (i) when issuing new shares for mergers or acquisitions of entities, parts of entities or equity investments in entities, including increases in existing shareholdings or other assets eligible as capital contributions in connection with such acquisition plans, including receivables from the Company, (ii) when acquiring other assets or claims to the acquisition of assets, and (iii) when carrying out a so-called scrip dividend, where shareholders are offered the option of exchanging their rights to a dividend (wholly or in part) for new shares issued under the authorized capital 2023/II;

c) for cash contributions, if the issue price of the shares is not significantly below the market price of the existing publicly listed shares in the Company on the date the final issue price is fixed. The total of the shares issued for cash with the disapplication of pre-emption rights and in accordance with this clause c) must not exceed 10% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. The aforementioned 10% limit includes shares that have previously been or are simultaneously being sold or issued (with the disapplication of pre-emption rights) during the term of this authorization on the basis of other authorizations in direct application, or application with the necessary modifications, of section 186 (3) sentence 4 AktG. This restriction also includes shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued (with the disapplication of pre-emption rights) by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization in application, with the necessary modifications, of section 186 (3) sentence 4 AktG.

d) where necessary in order to grant holders or creditors of option and/or conversion rights or of corresponding option and/or conversion obligations arising from warrant-linked bonds and/or convertible bonds and/or profit-sharing rights (where such bonds are issued or are to be issued in the future by the Company or by one of its direct or indirect majority shareholdings) a conversion or pre-emption right to the same amount of new shares in the Company that they would be entitled to as a shareholder following the exercise of their option or conversion rights or after fulfilling option or conversion obligations.

The total of the shares issued with the disapplication of pre-emption rights and in accordance with this authorization must not exceed 10% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. Included in the aforementioned 10% limit are (i) shares that have previously been or are simultaneously being sold or issued (with the disapplication of pre-emption rights) during the term of this authorization on the basis of other authorizations; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued (with the disapplication of pre-emption rights) by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

The Board of Management is further authorized, with the consent of the Supervisory Board, to specify the further content of the share rights and the terms of the share issue for implementing any capital increases under authorized capital 2023/II.

The Supervisory Board is authorized to amend the wording of the Statutes after a share capital increase has been carried out in full or in part by exercising authorized capital 2023/II and after the authorization period has ended.

Authorization to issue convertible bonds and/or warrant-linked bonds / conditional capital 2023

On April 27, 2023, the Board of Management was authorized by the Annual General Meeting, subject to the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds or warrant-linked bonds (together referred to as 'bonds') on one or more occasions until April 26, 2028 up to a cumulative principal value of €100,000,000 with or without a limited maturity term and to grant the holders/creditors of bonds conversion or option rights to obtain new no-par-value bearer shares of the Company with a value of up to €61,795,646.86 of the share (rounded, this equates to 20% of the Company's existing share capital at the time at which the notice of the Annual General Meeting was submitted to the Federal Gazette) in accordance with the detailed terms and conditions of these bonds. Bonds may be issued in return for cash or non-cash contributions.

The bond or warrant terms and conditions may also provide for a conditional or unconditional obligation to convert the bonds or exercise the option on maturity or at an earlier date or when a specific event occurs.

The creation of conversion rights and/or option rights or obligations on the basis of the authorization is permitted only if – taking account of other shares to be included – the conversion and/or option rights or obligations created do not in total exceed 40% of the share capital. This limit is determined by the share capital of the Company at the time the authorization takes effect or – if lower – at the time this authorization is utilized. Included in the aforementioned 40% limit are (i) shares that have previously been or are simultaneously being sold or issued during the term of this authorization on the basis of other authorizations; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

Existing shareholders generally have pre-emption rights. The bonds may also be transferred to banks, securities institutions, or a company operating under section 53 (1) sentence 1 or section 53b (1) sentence 1 or section 53b (7) KWG subject to an undertaking by the bank(s), securities institution(s), or company to offer the shares to existing shareholders (indirect pre-emption right). The Board of Management is authorized – subject to the consent of the Supervisory Board – under certain conditions and within defined limits to disapply the pre-emption right of existing shareholders, including in the case of issuance against non-cash contributions and cash payments, unless the issue price of the bonds is substantially below the hypothetical market price.

Any issuance of bonds in disapplication of the pre-emption right as set out in this authorization is permitted only if the value of the new shares to be issued upon conversion of such a bond or conversion and/or option rights or obligations, expressed as a proportion of the Company's share capital, does not exceed 10% of the share capital. This limit is determined by the share capital of the Company at the time this authorization takes effect or – if lower – at the time this authorization is utilized. Included in this 10% limit are (i) shares that have previously been or are simultaneously being sold or issued during the term of this authorization on the basis of another authorization where pre-emption rights are disapplied; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

Pursuant to article 4 (4) of the Statutes of DEUTZ AG, the share capital is conditionally increased by up to €61,795,646.86 by issuing up to 24,172,356 new shares. The conditional capital will only be increased to the extent to which the holders of convertible bonds or of warrants from warrant-linked bonds that are issued by the Company or a subsidiary on or before April 26, 2028 on the basis of the authorization granted to the Board of Management by the Annual General Meeting on April 27, 2023 exercise their conversion/option rights or – if they have a conversion obligation or an obligation to exercise the option – fulfill such obligation, and provided that no other means are used to satisfy such rights and/or obligations. The new shares shall be issued at the conversion or option exercise prices to be determined in each case in accordance with the aforementioned authorization resolution as set out in the bond/warrant terms and conditions (conditional capital 2023). The shares issued on the basis of this provision entitle their holders to a share of the Company's profits from the beginning of the financial year in which they are created. The Board of Management is authorized, subject to the consent of the Supervisory Board, to decide on the finer details for implementing the conditional capital increase.

Authorization to purchase and use treasury shares pursuant to section 71 (1) no. 8 AktG and to disapply pre-emption rights and rights to tender shares, and to retire treasury shares

The Board of Management was authorized by the Annual General Meeting on April 27, 2023, subject to the consent of the Supervisory Board, to purchase treasury shares on or before April 26, 2028 in an amount equating to up to a total of 10% of the Company's share capital in existence when the resolution is adopted or – if lower – of the Company's share capital in existence at the time the authorization is exercised. The shares purchased on the basis of this authorization, together with other treasury shares that the Company has already purchased and still holds or which are attributable to the Company pursuant to sections 71a onward AktG must at no time account for more than 10% of the Company's share capital.

The Board of Management was authorized, with the consent of the Supervisory Board, to use the treasury shares purchased on the basis of this authorization:

They may be sold via the stock market or by means of a public offer to all shareholders upholding the principle of equal treatment (section 53a AktG).

They may also be sold by other means than via the stock market or a public offer to all shareholders, if they are sold for cash at a price that is not more than 5% below the average (arithmetic mean) of the closing prices of the shares in **Xetra** trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the obligation to sell the shares is entered into. The shareholders' pre-emption right to the purchased treasury shares is thereby disapplied. The total value of the treasury shares sold under disapplication of pre-emption rights must not exceed 10% of the share capital, whether based on the value of the share capital at the time this authorization comes into effect or the value at the time the authorization is utilized. Included in this 10% limit are (i) shares that have previously been or are simultaneously being sold or issued during the term of this authorization on the basis of another authorization where pre-emption rights are disapplied; also to be included are (ii) shares that are being or must be issued in order to service bonds with conversion rights, option rights, or conversion or option obligations in so far as these bonds have previously been or are simultaneously being issued by the Company or a direct or indirect majority shareholding of the Company during the term of this authorization on the basis of an appropriate authorization.

The purchased treasury shares can also be retired without the need for the Annual General Meeting to adopt a further resolution on the retirement or its implementation. No-par-value shares may be retired with or without a capital reduction. If the no-par-value shares are retired without a capital reduction, the other shares will make up a larger proportion of the share capital in accordance with section 8 (3) AktG. In this case, the Board of Management alone is authorized to amend the number of shares of the Company that is set out in the Statutes (section 237 (3) no. 3 AktG).

Further disclosures

No bearers of shares have any special rights conferring authority to control the Company. Numerous employees have direct shareholdings in DEUTZ AG. DEUTZ AG is not aware of any restrictions affecting the direct exercise of rights of control in connection with these shares.

A consortium of banks has provided DEUTZ AG with a syndicated cash credit line of €250 million. Under the terms of the loan agreements, the lenders can demand that the outstanding loan be repaid within a specified period in the event of a change of control, i.e. one or more people acting jointly acquire a direct or indirect shareholding of at least 50 percent of all shares and/ or voting rights in DEUTZ AG. This condition also applies to a long-term loan of €90 million and a bilateral line of €25 million. Further bilateral credit agreements covering a sum of €115 million stipulate that, in the event of a change of control, a mutually acceptable arrangement must be reached regarding the continuation of the credit agreement, if necessary under different terms. If DEUTZ AG needs to repay a considerable proportion of the loans prematurely in the event of a change of control, it needs to raise the necessary funds some other way in the short term.

The cooperation agreement concluded between DEUTZ AG and Liebherr gives Liebherr the right to terminate the agreement if there is a change of control at DEUTZ AG. A change of control for these purposes shall be deemed to have occurred if a competitor of Liebherr directly or indirectly acquires a shareholding representing at least 30 percent of the voting rights in DEUTZ AG or is able to exert direct or indirect influence by means of contracts. Similarly, under the agreement underlying the joint venture with SANY, a change of control at one of the joint venture partners gives the other joint venture partner the right to terminate the agreement. A change of control for these purposes shall be deemed to have occurred if a third party acquires more than 50 percent of the shares or voting rights in DEUTZ AG, otherwise obtains control over DEUTZ AG in accordance with German law, or is otherwise able to exert significant influence over the decisions of its shareholders or Board of Management. In the event of a change of control, the partners must first try to find a mutually acceptable solution. If they cannot, the partner entitled to terminate the agreement may purchase the other partner's shares at an agreed price ('call option'), sell its shares at an agreed price to the partner that gave rise to the termination right ('put option'), or demand that the joint venture be liquidated.

And under the cooperation agreement with Deere & Company, either party has the right to terminate the agreement in the event of a change of control or if a competitor of the other partner acquires an equity investment of more than 25 percent. A change of control for these purposes shall be deemed to have occurred if a third party acquires more than 50 percent of the shares in the other company or is able to exert a controlling influence within the meaning of section 17 AktG.

The service contracts of Board of Management members concluded in view of the new provisions in the German Act Implementing the Second Shareholder Rights' Directive (ARUG II) and in the **German Corporate Governance Code (DCGK)** do not, in accordance with the suggestion in article G.14 DCGK, provide for any termination benefits if the service contract is ended prematurely as the result of a change of control.

The previous long-term incentive plans (LTI), under which the highest level of senior management in the DEUTZ Group (executives and managing directors of major subsidiaries) have been granted virtual options that they can exercise after a vesting period and upon achievement of certain performance targets See Notes to the consolidated financial statement, p. 175 contain the following provision in the event of an entity – either alone or acting jointly with an affiliated company – acquiring a minimum of 50 percent of the shares in DEUTZ AG: Provided one of the performance targets has been achieved, the LTI participants may exercise their options within a short time frame after the acquisition, even if the vesting period has not yet expired. Since 2021, a new LTI has been in use whose structure reflects that of the LTI used for the Board of Management and no longer contains such a provision. This LTI applies to new and existing members of the highest level of senior management. DEUTZ AG has no indemnification agreements with employees that would come into force in the event of a takeover bid.

Explanatory statement by the Board of Management in connection with sections 289 a and 315 a HGB

The disclosures contained in the combined management report and management report pursuant to sections 289a and 315a HGB relate to arrangements that may be significant in the success of any public takeover bid for DEUTZ AG. It is the opinion of the Board of Management that these arrangements are normal for publicly traded companies comparable with DEUTZ AG.

Risk report

Across the world, the political, economic, and regulatory conditions in the individual markets are in a constant state of rapid change. Companies must be able to act quickly and react even more quickly if they are to ensure their long-term survival. DEUTZ operates in a variety of industries and regions worldwide and manages its business through various organizational units, namely the operating segments of the Group's parent company, the subsidiaries, the sales offices, and the authorized agents. This organizational structure presents the Company with both opportunities and business-specific risks.

The DEUTZ Group's objective is to generate profits on a sustained basis and to increase these profits significantly over the medium and long term in order to develop the Company and secure its future competitiveness. In the face of increasingly complex corporate structures and growing internationalization, it is essential to identify and assess risks to the business at an early stage and to take corrective action where required. DEUTZ has an appropriate risk management system to ensure it can meet this requirement.

Risk management system

The basic principles, monitoring standards, personnel responsibilities, functions, and procedures in the financial risk management system have been defined by the Board of Management of DEUTZ AG and summarized in a manual that is continually updated. A systematic reporting structure provides the basis for the work of the Risk Management Committee and ensures that all material financial risks are documented and communicated, and that appropriate corrective action is taken and documented at an early stage. The risk management system (RMS) heightens employees' sense of responsibility and raises their awareness of potential or existing risks. Policies and specific procedures are drawn up to help everyone involved to identify, analyze, and communicate risks in good time and initiate effective corrective action.

The DEUTZ Group conducts risk inventories four times a year. These risk inventories are carried out in all functions and areas of the Company and in the material affiliated companies to identify whether new risks have emerged or existing risks have changed relative to those in the Company's current short-term and medium-term planning. The identified risks are categorized by importance, based on estimated probability of occurrence and potential impact. At the same time, a review is carried out to establish whether and how action that has been agreed and implemented has successfully minimized known risks or whether there is a need for further action. Tail risks are documented at least once a year as well. These are risks to the Company's survival as a going concern that have a very low probability of occurring. The Risk Management Committee analyzes the risks and the progress of the action that is being taken to minimize them and reports to the Board of Management on the results of the risk inventory. The Board of Management is presented with a risk aggregation at the same time. A risk-bearing capacity statement focused on the Company's equity and liquidity is also shown to the Board of Management on an ad hoc basis, but at least every quarter.

To enable the Company to respond promptly at all times to any possible risks that may arise, the DEUTZ Group's risk officers and their staff are under an obligation to submit immediate reports to the risk coordinator detailing any new material risks or if there is an increase in the threat from risks that are already known. The risk coordinator then promptly notifies the Board of Management accordingly.

The risk management system documents both risks and opportunities, and maintains a strict separation between the two.

The DEUTZ Group's system for the early identification of risks pursuant to section 91 (2) AktG is audited annually by the independent auditor and at regular intervals by Corporate Audit to assess whether the system is functioning efficiently.

RISK MANAGEMENT WITH REGARD TO FINANCIAL INSTRUMENTS

Basic principles Owing to its global business operations, the DEUTZ Group is exposed to various financial risks that can arise from adverse movements and trends in the international sales, procurement, interest-rate, and foreign-exchange markets. The Group's overarching risk management strategy is designed to mitigate potentially negative effects on financial position and financial performance. The management and early identification of financial risks is based on annual financial planning, together with updates and regular analyses of variances during the year. Financial management in the Group is the responsibility of DEUTZ AG as the parent company.

The Treasury department identifies, measures, and hedges financial risk in close collaboration with the Group's operating segments. The Board of Management specifies principles for the Group's overarching risk management strategy as well as guidelines for certain aspects, such as how to manage currency risk, interest-rate risk, and credit risk and how to hedge them using derivative and non-derivative financial instruments. The Finance Committee, which meets every quarter, or on an ad hoc basis as required, provides a forum at which operational issues relating to risk management and other financially relevant decisions are discussed. The Finance Committee consists of the Chief Financial Officer plus the Head of Finance & Controlling and a further representative of the Treasury department.

The objective of risk management is to mitigate fluctuations in earnings and cash flows caused by volatility in interest rates, exchange rates, and prices for raw materials. Derivative financial instruments are used only for hedging purposes, i.e. only in connection with corresponding underlying transactions arising from the Group's ordinary business activities or financial transactions that have a countervailing risk profile to that of the hedging transaction. The nature and scope of the hedged items are specified in a binding financing directive.

DEUTZ works exclusively with leading banks in order to minimize counterparty risk. The Treasury department manages the lines of credit in accordance with the Group's financing principles. Subsidiaries are funded primarily by DEUTZ Group loans. DEUTZ manages the financial risk as follows:

Risk from bad debts DEUTZ protects itself against the risk of bad debts by continually monitoring its situation through electronic and other means and by regularly analyzing receivables and their breakdown. The Company takes out credit insurance to cover a large proportion of its receivables where payment for goods has not been received in advance or is not covered by a letter of credit. It also conducts creditworthiness checks on new customers and monitors existing credit limits on an ongoing basis.

Currency risk arising from operating activities Currency risk, primarily in regard to US dollars, which arises as a result of transactions with third parties denominated in foreign currency, is monitored by means of a central currency management system and mitigated by the use of derivative financial instruments. The DEUTZ Group's net currency exposure is normally hedged by forwards equivalent to 50 to 80% of open items. DEUTZ is also taking specific action to increase the volume of purchasing in US dollars; this enables the Company to counteract exchange-rate risks from sales invoiced in US dollars by way of natural hedging.

Interest-rate risk arising from funding arrangements The DEUTZ Group is exposed to risk from interest-rate changes, above all in relation to floating-rate loans and other loans that it has taken up.

Liquidity risk The funding agreements concluded provide the Company with adequate liquidity for its further development. During the term of an agreement, DEUTZ AG must ensure that the DEUTZ Group complies with certain financial covenants (ratio of financial debt to equity and to EBITDA). These agreed financial covenants allow sufficient financial leeway in line with the medium-term balance sheet planning and profit planning. If, however, there is a dramatic deterioration in the general economic situation – for example because of pandemics or unexpectedly severe escalations in geopolitical crises (e.g. Taiwan, Ukraine, Middle East) – there is a risk of the covenants being breached in the short term. Should such a risk materialize, DEUTZ would approach its funding partners at an early stage in order to negotiate the necessary waiver and to enable further amounts to be drawn down under the syndicated loan. In the event of a liquidity crunch, additional lines of credit would be negotiated or factoring would be extended. See also Financial risk management, note 28, p. 223 onward. In addition, two ESG performance indicators (improvement in the recordable incident rate, reduction in CO_2 emissions) derived from the sustainability strategy must also be taken into account in the financing agreements. In accordance with the measures already planned, the Company expects to achieve the forecast improvement in these indicators over the term of the financing. However, there is a risk that this improvement will not be achieved. In this case, the interest on the loan would increase slightly.

RISK ASSESSMENT

The assessment of risks in the DEUTZ Group is based on the estimated probability of occurrence in conjunction with the potential impact of the risk on the business objectives. A »best case«, »mid case«, and »worst case« are considered for the assessed risks. In the following risk report for the DEUTZ Group, the risks are categorized as either »low«, »moderate«, or »high«. Risks that have been classified as »low« would be expected to have a small impact of up to €10 million on financial position and financial performance. Risks classified as »moderate«, however, would have a significant impact, of between €10 million and €50 million, and risks classified as »high« would have a major impact, of over €50 million, on financial position and financial performance. Risks to the Company's survival as a going concern are described as such.

DEUTZ Group: Risk assessment

Probability of occurrence (%)					
80–99	low	moderate	moderate	high	high
60–79	low	moderate	moderate	high	high
40–59	low	moderate	moderate	moderate	high
20–39	low	low	moderate	moderate	moderate
1–19	low	low	low	moderate	moderate
Impact	**low** (€ 0.5–10 million)	**moderate** (> € 10 million)	**significant** (> € 25 million)	**critical** (> € 50 million)	**very critical** (> € 75 million)

RISK

As with the internal risk reporting, the following presentation of the current risk situation is focused on the risk factors that are relevant to the DEUTZ Group's financial position and financial performance. These risk factors consist of the risks that were categorized as »low« or higher before taking into account any measures to counter that risk. In contrast to the internal risk management, the risks in the following description are aggregated by risk category.

Unless otherwise stated, the risks refer to the relevant expected value for 2025, weighted by probability, that remains after existing and effective measures and checks have been carried out.

If not explicitly stated, the assessment of the risk is unchanged from the prior year.

MARKET RISK

Geopolitical events, growing trade disputes, the emergence of new competitors, and pandemics can all influence the macroeconomic environment and its prevailing trends, particularly with regard to interest-rate changes and inflation. In this context, there is a risk that price increases on the purchasing side, which may arise as a result of inflation, cannot be passed on to customers. Given that DEUTZ operates in international sales markets, the aforementioned developments and events could have a negative impact on the financial position and financial performance of the Group. As well as having a direct effect on unit sales and revenue, this may also impact negatively on the value of assets on the balance sheet. DEUTZ operates in very cyclical markets in the Construction Equipment and Material Handling application segments, which are the strongest drivers of revenue, and in the principal sales regions of Germany, western Europe, China, and North America. The objective is to mitigate this cyclicality from a regional and application segment perspective in order to further reduce its negative impact on business performance.

In the medium and long term, DEUTZ seeks to mitigate regional and application-related sales risks by aligning development activities with the product strategy and by entering into long-term supply agreements. It therefore pursues a strategy of continually signing up new customers across all regions and progressively expanding business with them.

DEUTZ is very well diversified and well positioned for the future in terms of the geographical and sectoral distribution of its customers. Furthermore, it supplies the market-leading manufacturers in the various application segments. It actively manages orders, inventories, and stock levels in order to respond to volatility in the markets.

Looking ahead to 2025, DEUTZ expects economic uncertainties to persist, which could have a negative impact on customer demand, particularly in the Classic segment. On the customer side, there is also a risk that price increases will not be implemented as planned. This risk is countered by a differentiated pricing strategy.

The recent election in the USA and the potential shifts in trade policy that may follow could result in new regulatory requirements or create additional challenges in the shape of changes to customs arrangements. This could adversely affect the achievement of financial targets.

Despite the countermeasures taken, it is impossible to completely control external risks. In view of the measures in place, DEUTZ continues to categorize the level of market risk with regard to the attainment of its targets as »moderate« for 2025.

STRATEGIC RISK

Based on the objective of broadening the customer and product base, the DEUTZ Group's strategy mainly focuses on expanding and developing its portfolio of alternative drives as part of a technology-neutral approach, continually growing the service business and, at the same time, unlocking potential for growth in the classic engine business. See also 'Strategy and objectives', p. 35 onward, and 'Research and development', p. 35 onward.

In pursuit of its overarching objective of pioneering carbon-neutral drive systems for off-highway applications, DEUTZ focuses not only on electrification in the advancement of its portfolio but also, in particular, on the development of internal combustion engines that can run on a zero-carbon basis by using sustainable energy sources such as hydrogen and eFuels. See also 'Research and development', p. 40 onward.

The product strategy presents numerous opportunities but is, of course, also associated with risks. For example, new product developments may not be as well received by customers as predicted or may not be able to compete with rival products. There is also the risk that markets and prices may change in unexpected ways. Strategic decisions in respect of product collaborations may also impact negatively on the value of assets on the balance sheet. In addition, M&A projects and strategic partnerships carry inherent financial risks despite careful planning and analysis. These risks include market volatility, delays, integration challenges, and unexpected cost overruns.

DEUTZ attempts to mitigate the aforementioned risks in various ways, such as precisely analyzing the trends in relevant markets, for which it also draws on external market research. In addition, it enters into close alliances with major customers, long-term supply agreements, and strategic development partnerships. And where appropriate, DEUTZ is continuing to expand its inhouse capabilities by making targeted acquisitions and strategic investments.

Within this context, there is the risk that strategic projects do not progress as anticipated or are delayed. They are therefore closely monitored so that DEUTZ can respond to changes immediately.

In view of the measures in place, the level of strategic risk with regard to the attainment of the financial targets continues to be categorized as »low« for 2025.

OPERATIONAL RISK

Procurement risk Supply shortages at suppliers may lead to delays in DEUTZ's own deliveries or even production downtime if there are no alternative sources of supply. This would adversely affect earnings.

Risks also arise in connection with the general economic and political situation and the associated paradigm shift within the automotive industry. For example, any supplier insolvencies, factory closures, or discontinuation of products could have a negative impact on the supply chain. Moreover, the DEUTZ Group's earnings could be further dented if logistics and material costs are pushed up by longer replenishment lead times for bought-in parts, by suppliers increasing prices, and by bottlenecks in freight and warehouse capacity. See also 'Procurement market', p. 46.

DEUTZ seeks to mitigate the aforementioned risks by carrying out intensive supplier management, by continually negotiating with its suppliers, and by monitoring the market on an ongoing basis. & See also 'Purchasing and procurement', p. 44 onward, and 'Production and logistics', p. 42 onward.

There are essentially three cornerstones to the DEUTZ Group's procurement strategy for strategic and production-critical components: firstly, long-term supplier relationships and supply agreements; secondly, the increased use of second-source suppliers that are independent of each other; and, thirdly, where required, inhouse production and/or allocation of production to subcontractors. DEUTZ relies on a balanced supplier network comprising both European and global suppliers. These measures minimize the procurement risks and secure the required capacity to the greatest extent possible. In the event that suppliers charge higher prices, DEUTZ has established a process to spread the burden of rising costs.

In view of the measures in place, the level of procurement risk with regard to the attainment of the financial targets is categorized as »low« for 2025 (previously »moderate«).

Production risk There is a risk that fluctuations in capacity utilization in production will have a negative impact on profitability. This may result from the cyclicality of the business model or from production downtime caused, for example, by delays to production as a result of shortages of materials, disruptions to supply chains, environmental factors, or other issues.

In order to avoid mistakes in planning and capital expenditure, the necessary production capacity is regularly reviewed and planned using different timescales: over a number of years as part of the medium-term planning process, which is revised each year, and for the following financial year as part of the budget planning process, which is then updated quarterly for the current year. Furthermore, production program meetings and capacity planning meetings are held monthly to ensure that capacity is adjusted in line with orders on hand. Where required, temporary employment contracts are increasingly being used in order to ensure greater flexibility.

In view of the measures in place to avoid or minimize these risks, the level of production risk with regard to the financial targets continues to be categorized as »low«.

Quality risk The DEUTZ Group is exposed to liability and warranty risks. Potential warranty claims and claims for compensation could have a negative impact on financial position and financial performance. In addition, a change of supplier or the relocation of a supplier's operations presents a risk in terms of supplier quality.

All DEUTZ plants and all other relevant areas of the Group have local quality departments in order to ensure quality. These departments systematically analyze sources of errors and defects, optimize production processes, and take action to minimize the risk in production start-ups, thereby reducing warranty risks. A central quality management organization ensures that standardized processes and methods are in place and carries out regular audits. In addition, DEUTZ has defined uniform standards for the selection of suppliers and, in close cooperation with the suppliers, continuously improves the quality of supplied parts.

Regular certification audits and additional quality initiatives also enable DEUTZ to handle the significant technical complexity of engines and to satisfy the steadily increasing quality requirements of customers.

DEUTZ has recognized sufficient provisions on the balance sheet to account for warranty risks. In view of the precautionary measures that have been taken, any further quality risks that could negatively impact on the financial targets continue to be categorized as »low« for 2025.

OTHER RISKS

Cyber risk DEUTZ is a technology-driven company that is heavily focused on research and development. It regards the continuing development of the engine portfolio with a focus on sustainable drive solutions as a competitive advantage that will form the basis of its long-term success. However, there is a risk that strictly confidential information, particularly concerning new technological insights or partnerships in research and development, could find its way to competitors through illegitimate means. As well as the loss of confidential information, it is conceivable that forged documents could be used to siphon off capital without authorization. In addition, technical defects or IT system outages could have a negative impact on market position and on financial position and financial performance. This is also true of potential cyberattacks and the harm resulting from such attacks, which could lead to financial loss or reputational damage.

DEUTZ has put a series of measures in place to protect against cyber risk. As well as taking out insurance against cyber risk and providing regular security training for employees, these include security measures for computer hardware and software and the management of defined IT security guidelines. In view of the precautions that have been taken, DEUTZ continues to categorize the level of cyber risk as »low«.

Legal and compliance risk As a Group with multinational operations, DEUTZ is subject to a multitude of regulations under tax, competition, and patent law as well as to other legal and regulatory requirements. Existing and potential legal disputes, along with possible infringements of the law, are therefore recorded and analyzed on an ongoing basis; they are assessed in terms of their legal and financial impact and an appropriate amount is recognized on the balance sheet in the form of risk provisions. The outcome of legal disputes and proceedings is inherently uncertain, however. This means that there are further risks, not accounted for through provisions on the balance sheet, that could negatively impact on the financial targets.

Groupwide standards such as the general terms and conditions of business, sample contracts for various uses, and implementation provisions in the form of organizational policies are refined on an ongoing basis and reduce the level of new legal risk at DEUTZ. The Legal Affairs department and external attorneys are also regularly consulted about projects and the signing of contracts that fall outside the scope of the standards developed for day-to-day business.

Based on the current status of ongoing cases and in view of the measures that have been taken to either avoid or minimize risk, DEUTZ continues to categorize the level of legal risk as »low«.

OVERALL ASSESSMENT OF THE RISK SITUATION

DEUTZ uses its risk management system to identify and evaluate material risks on an ongoing basis. Appropriate action is taken to manage these risks and, as far as possible, bring them under control. Changes in material risks are monitored regularly at Group level. Currently, the DEUTZ Group has not identified any risks that either individually or in aggregate could jeopardize the continued existence of the enterprise as a going concern.

Because of the precautions that have been taken and its position in the market, DEUTZ is confident in its ability to successfully manage the existing risks and overcome the resulting challenges. Overall, the Company’s risk-bearing capacity in terms of equity and liquidity is assured.

ASSESSMENT OF THE APPROPRIATENESS AND EFFECTIVENESS OF THE FINANCIAL RISK MANAGEMENT SYSTEM[94]

DEUTZ’s financial risk management system is designed to mitigate potentially negative effects on the Company’s financial position and financial performance. The management and early identification of financial risks is based on annual financial planning, together with updates and regular analyses of variances during the year.

The risk management system is adjusted or refined as necessary as part of a continuous process of improvement. For example, the operational RMS was established in the period under review and will be subject to ongoing optimization. This will improve the base data for the quarterly risk reporting and ensure that risk is managed uniformly at all levels of the Company.

DEUTZ routinely analyzes the appropriateness and effectiveness of its financial risk management system. The adequacy of the risk management system is manifested in a number of crucial aspects. These include a methodical risk assessment, the consistent creation of risk awareness within the Company, the involvement of all subsidiaries, a close link between the risk management system and Company-wide planning, the clear definition of risk-bearing capacity, the consideration of new regulatory requirements, and the systematic integration of extreme risks.

Various mechanisms are in place to ensure the effectiveness of the system. The focus is on the consistent tracking of mitigation measures, including checks to monitor their effectiveness, the clear assignment and exercise of responsibilities in risk management, and quarterly reporting.

[94] Not audited.

The ongoing analysis of actual financial loss compared with the forecast risks shows that risks are identified at an early stage in the Company and that the mechanisms in place are effective. For this reason and the aforementioned aspects, DEUTZ regards its financial risk management system as appropriate and effective.

INTERNAL CONTROL SYSTEM[95]

DEUTZ AG has established a comprehensive corporate governance system with the aim of identifying, mitigating, and avoiding risks. In addition to the risk management system described above, this consists of the compliance management system (CMS), Corporate Audit, and the internal control system (ICS). Whereas the risk management system focuses on the identification, analysis, assessment, communication, and management of risk, the internal control system also aims to avoid or limit risk through process-integrated and process-independent monitoring mechanisms. The ICS thus covers major corporate risks that are inherent in processes and is designed to reduce them to at least a tolerable level. It is a management system designed to detect risks and prevent them from occurring. One of its other functions is to help to ensure that business processes can be carried out as intended.

DEUTZ's ICS has three main objectives:

- Reducing or avoiding operational risks in ICS-relevant business processes that could jeopardize the Company's business operations
- Raising employees' awareness of risks and creating an additional incentive to adhere to laws, codes, and policies
- Establishing a control environment that makes reporting more accurate and reliable

Section 91 (3) AktG requires the boards of management of listed companies to put in place an ICS and an RMS that are appropriate and effective in light of the scope of the company's business activities and in light of its risk situation. The member of DEUTZ AG's Board of Management responsible for central coordination of the ICS is the Chief Financial Officer. His responsibilities include making decisions about the scope of the methodology, guidelines, and structures of the ICS and about its ongoing refinement. They are developed by the head of the central ICS coordination team and defined as ICS standards. The ICS standards therefore constitute uniform structures and rules for the ICS. The head of the central ICS coordination team also communicates the ICS standards within the Company and is responsible for the related reporting to the Chief Financial Officer. The Chief Financial Officer is responsible for reporting on the status of the ICS to the Supervisory Board's Audit Committee.

The ICS coordination team is responsible for the operational implementation of the ICS standards in the relevant business processes and business units and for advising the business units. In this context, it works closely with the people in charge of the units, processes, and controls that are of relevance to the ICS.

As a process-independent monitoring body, Corporate Audit reviews the appropriateness and effectiveness of the ICS. The findings of these reviews are reported directly to the Board of Management and the ICS coordination team and allow DEUTZ to eliminate any deficiencies that have been identified and ensure that the ICS is continually refined.

The ICS approach at DEUTZ AG is risk-oriented. Accordingly, business units and business processes that are of material importance to DEUTZ AG are analyzed and documented. This analysis encompasses not only accounting-related processes but also operational and sustainability-related processes. The risks inherent in each business process of relevance to the ICS are identified. Internal controls are used to reduce these identified risks to a level that is acceptable to DEUTZ. A verifiable ICS requires that the ICS and associated risks, control objectives, control activities, and responsibilities are documented. This is done using the risk control matrices, which are created centrally and managed by the ICS coordination team. The ICS documentation is supplemented by procedural instructions, process descriptions, and guidelines.

The ICS is characterized by the following design features:

- The control environment describes the framework within which the principles, processes, and mechanisms of the system are applied. The ICS thus reflects senior management's fundamental attitudes, awareness of the issues, and conduct with regard to the ICS.
- The risk assessment comprises the identification, analysis, and qualitative evaluation of relevant risks.
- The controls refer to those mechanisms and processes that are intended to ensure that the identified risks are either appropriately managed or reduced.
- Information and communication are a factor in all other parts of the ICS and ensure that information relating to the ICS is obtained, processed, and forwarded to the relevant departments in the Company in an appropriate and timely manner. DEUTZ AG's ICS is documented in a way that should enable a qualified third party to understand the processes and the embedded controls and therefore to fully comprehend the associated inherent risks.
- Routine monitoring is carried out to ensure that the ICS is functioning effectively.

[95] Not audited.

The requirements placed on the centrally defined ICS methodology may change, for example due to findings from audits or changes to legislation. The necessary changes are drawn up by the head of the central ICS coordination team and, once approved by the Chief Financial Officer of DEUTZ AG, communicated to all affected business units so that they can implement them.

However, a properly designed ICS is bound by system-inherent limits and can only provide relative – but not absolute – security when it comes to avoiding material risks and achieving targets. Market risks, such as sudden changes in customer demand, or geopolitical risks, such as temporary disruption of supply chains, are examples of external shocks whose effects cannot be completely mitigated.

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

The approaches and design features of the ICS described in detail above also apply to the accounting-related ICS.

The accounting process includes those parts of the operating processes that contain the financial reporting value flows, the process for preparing the annual and consolidated financial statements, and all information sources and processes from which the significant disclosures in the annual and consolidated financial statements are derived.

Various monitoring mechanisms and risk-specific internal controls are in place to ensure that accounting is carried out properly and to ensure that the consolidated financial statements are correctly and consistently prepared. The controls include IT-supported and manual reconciliations, monitoring controls, and general IT controls such as access rules for IT systems and change management, while the fundamental principles of separation of functions and having work checked by a second member of staff reduce the risk of fraudulent acts.

The consolidated financial statements are prepared on the basis of central specifications. The same consolidation software is used for all entities and follows a prescribed chart of accounts for the Group. Relevant requirements are documented in the Group Accounting Manual, communicated as appropriate, and, together with the groupwide schedule for the year-end closing, form the basis of the process for preparing the annual and consolidated financial statements. Ongoing analysis is carried out to determine whether the central specifications need to be modified due to changes in the regulatory environment. The reporting entities are responsible for adhering to the specifications; the Group Accounting department supports and monitors them. The data reported to the DEUTZ's Group Accounting department by the subsidiaries is analyzed and validated on an ongoing basis as part of the monthly financial reporting process. Where necessary, DEUTZ also uses external service providers, such as independent assessors of pension liabilities. The Group Accounting department ensures that these requirements are adhered to across the Group.

The results of the analysis of risks and controls are recorded in a risk-control matrix to ensure proper documentation of the ICS. The documentation of the ICS is supplemented by procedural instructions, process descriptions, and guidelines.

Besides discussing the annual and consolidated financial statements, the Audit Committee set up by the Supervisory Board regularly discusses the quarterly financial reporting. The Audit Committee's monitoring function covers the effectiveness of the ICS set up by the Board of Management as well as the accounting process itself.

As described above, the accounting-related ICS is also bound by system-inherent limits and can only provide relative – but not absolute – security when it comes to avoiding material risks, such as misstatements in the financial reporting.

ASSESSMENT OF THE APPROPRIATENESS AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM[96]

The ICS functions in a way that detects risks and seeks to prevent them from occurring, supports the management of risk in relevant business processes, strengthens corporate governance within the Company, and makes reporting more accurate and reliable. It encompasses the systems-based and technical measures and controls of DEUTZ AG.

Audit reviews contribute to the efficient monitoring of the internal control system. Based on the results of the reviews of the ICS by Corporate Audit, the Board of Management is unaware of any circumstances that would suggest the ICS is not essentially appropriate and effective. The system is, however, subject to ongoing optimization as part of a continuous process of improvement.

OPPORTUNITIES REPORT

DEUTZ operates in a fast-paced market environment. The aforementioned risks that are associated with this have the potential to negatively impact on the attainment of its business objectives. However, opportunities are also presented that could have a positive effect on the objectives of the Group for 2025 and beyond. It is to be viewed as an opportunity, for example, that particular events or developments may result in a positive deviation from the planned objectives for 2025. Identifying and harnessing these opportunities is the responsibility of the individual operating segments of the Group and the Board of Management.

[96] Not audited.

OPPORTUNITY ASSESSMENT

In the DEUTZ Group, the assessment of opportunities is based on the estimated probability of occurrence in conjunction with the potential impact of the opportunity on the business objectives. As with the assessment of risks, a »best case«, »mid case«, and »worst case« are considered. In the following opportunity report for the DEUTZ Group, the opportunities are categorized as either »low«, »moderate«, or »high«. Opportunities that have been classified as »low« would be expected to have a small impact of up to €10 million on financial position and financial performance. Opportunities classified as »moderate«, however, would have a significant impact, of between €10 million and €50 million, and opportunities classified as »high« would have a major impact, of over €50 million, on financial position and financial performance.

Unless otherwise stated, the opportunities refer to the relevant expected value for 2025, weighted by probability.

Growth strategy As part of its overarching Dual+ strategy, DEUTZ is focusing on unlocking potential for growth in the classic internal combustion engine business, pushing ahead with the successful expansion of its high-margin service business, and ramping up the activities relating to alternative drive solutions and decentralized energy supply, which will be brought together in the DEUTZ Solutions segment going forward. See also 'Business model and segments', p. 34, for more information on the new segment structure.

For the DEUTZ Solutions segment, incorporating the Energy division, DEUTZ anticipates that the acquisition of the previously privately run US genset manufacturer Blue Star Power Systems will help to significantly accelerate expansion into the rapidly growing and less cyclical energy market, while also increasing DEUTZ's presence in North America.

In the classic internal combustion engine business, there is potential for growth because DEUTZ is playing an active part in the consolidation of the market and will thus strengthen its market position. Opportunities are also arising in connection with the systematic expansion of the defense business.

In the service business, potential for growth stems firstly from new and, in particular, digital service offerings that are designed to increase customer loyalty and satisfaction. Secondly, growth opportunities are arising from the expansion of the global DEUTZ service network, including through strategic acquisitions and alliances in regions offering further untapped potential. See also 'Strategy and objectives', p. 35 onward, and 'Research and development', p. 35 onward, and 'Research and development', p. 40 onward.

DEUTZ continues to categorize the level of strategic opportunity with regard to the attainment of the targets as »low« for 2025.

Market opportunities In our planning for 2025, we have anticipated a continuation of the challenging conditions due to economic uncertainties. If the market environment brightens during the year, additional growth opportunities will open up. See also 'Forecast for 2025', p. 141 onward.

DEUTZ categorizes the level of market opportunity with regard to the attainment of its targets as »low« for 2025 (2024: also »low«).

Operational opportunities Given that the overall economic outlook remains subdued and in light of the planned measures to improve the cost structure, the additional operational opportunities continue to be categorized as »low«.

Legal opportunities In view of the current status of ongoing cases and in view of the measures that have been taken, DEUTZ continues to categorizes the level of legal opportunity as »low«.

GROUP SUSTAINABILITY STATEMENT

Foreword

This Group Sustainability Statement ('sustainability statement') applies to the 2024 financial year, in other words, the period January 1, 2024 to December 31, 2024. It has been prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and sections 315b and 315c of the German Commercial Code (HGB) in conjunction with sections 289b to 289e HGB, and combines the reports of DEUTZ AG as the parent company and the DEUTZ Group.

In accordance with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ('EU Taxonomy Regulation'), any company that is required to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU must disclose in its sustainability statement how and to what extent its activities are associated with economic activities that qualify as environmentally sustainable in the sense of Article 3 and Article 9 of the EU Taxonomy Regulation. We disclose the relevant information as part of this sustainability statement. See Information on the Taxonomy Regulation (EU) 2020/852, p. 107.

Disclosable topics and framework The Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) provided the framework for this sustainability statement.

The results of our double materiality assessment in accordance with the CSRD show that, in many areas, topics other than those previously identified as material are in fact material and are consequently reportable. Specifically, this means that we only have to provide limited information in this sustainability statement on topics that were previously included in the 'Corporate governance and compliance' and 'Supplier management' chapters of our non-financial report. To maintain the existing level of transparency regarding the aforementioned topics, relevant information can now be found in the 'Corporate governance declaration and corporate governance report' and 'Purchasing and procurement' chapters in this annual report.

Content review On behalf of the Supervisory Board of DEUTZ AG, this sustainability statement was voluntarily submitted for an external review with limited assurance pursuant to ISAE 3000 (Revised). See Audit engagement and independent auditor's report, p. 138.

The metrics disclosed in this sustainability statement were reviewed by the auditor at least as part of the limited assurance engagement of the sustainability statement. Where a metric has also been validated by an external body, this is indicated for the relevant metric, including by which external body.

General Disclosures

Disclosure Requirement BP-1 – General basis for preparation of the sustainability statement

Basis of consolidation

This sustainability statement was prepared on a consolidated basis..

The basis of consolidation of this sustainability statement is identical to the one used for the consolidated financial statements.

Unless indicated otherwise, all quantitative and qualitative disclosures pertain to the DEUTZ Group as a whole ('we', 'DEUTZ', or the 'DEUTZ Group'). Disclosures that relate only to DEUTZ AG or to specific facilities or production sites are labeled accordingly.

The sustainability statement also covers the Company's upstream and downstream value chain, starting with the supplier and all the way to the customer. With regard to the materiality of the impacts, a distinction was drawn when identifying impacts, risks, and opportunities in terms of where they occur in the value chain. This distinction is also made in the calculation of metrics. For example, when determining our emissions, we clearly differentiate between those generated upstream at the supplier, at our own plant, during transportation, or at the customer's premises. The scale in terms of policies, actions, and targets has not yet been taken into consideration.

In preparing this sustainability statement, we did not use the option under ESRS 1 section 7.7 to omit applicable specific information relating to intellectual property, know-how, or the results of innovation.

The headquarters of DEUTZ AG are located in Cologne (Germany), and consequently in an EU member state that does not grant an exemption from publishing upcoming developments or matters that are under negotiation, as permitted under Articles 19a (3) and 29a (3) of Directive 2013/34/EU.

Report content Predominantly, this sustainability statement does not contain any disclosures that are voluntary under CSRD and/or ESRS, or any phase-in disclosures.

Presenting comparative information We make use of the option to not disclose any comparative information in this sustainability statement, in accordance with ESRS 1, section 10.3, 136.

Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances

Time horizons

Unless indicated otherwise, we define our medium-term and long-term time horizons in this sustainability statement in accordance with the time horizons defined in ESRS 1, 77 (b) and (c). Accordingly, our medium-term horizon covers a period of up to five years and our long-term horizon a period of more than five years, in each case calculated from the end of the reporting period on which the financial statements are based.

Value chain estimation

Topic	Disclosure Requirement	Metric	Basis for preparation	Degree of accuracy	Planned actions to improve accuracy in the future	Page number
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from purchased goods and services Material composition of goods	Some of the material data were estimated and calculated using emission factors from the 'Ecoinvent' database	2- moderately accurate	Obtain material composition or product carbon footprint from supplier	104
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from transportation and distribution Safety margin of 10%	A safety margin was added to take account of any transportation not included	2- moderately accurate	No measure planned as conservative approach	104
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from the use phase of the products sold Extrapolation of real data by sales volume to 100%	Extrapolation on basis of recorded sales volume	1- accurate	No measure planned as already accurate	104

Sources of estimation and outcome uncertainty

Topic	Disclosure Requirement	Quantitative metric / quantitative monetary amount	Information about the source of measurement uncertainty	Assumptions made, approximate values and judgments underlying the valuation	Page number
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from purchased goods and services Material composition of goods	No material compositions of suppliers available	Estimates from purchasing, value analysis and controlling	104
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from transportation and distribution Safety margin of 10%	To ensure full coverage in the event that individual transports are forgotten	If transports have been forgotten, a safety margin has been added for a conservative calculation.	104
ESRS E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 3 emissions from the use phase of the products sold Extrapolation of real data by sales volume to 100%	No full details in the engine data recording (Engine Cloud)	Permitted according to GHG protocol	104

Changes in preparation or presentation of sustainability information

In accordance with section 315c in conjunction with sections 289c to 289e HGB, our previous sustainability statement summarized the topics concerning environmental matters, employee matters, social responsibility, respect for human rights, anti-corruption and anti-bribery, and any other matters identified as material. The **German Sustainability Code** served as the framework for reporting.

This sustainability statement is the first to be prepared entirely based on the European Sustainability Reporting Standards in accordance with sections 315c (3) in conjunction with 289d HGB. This has led to changes in structure, content, and reportable topics.

Reconciliation of the ESRS topics/disclosures to aspects pursuant to Section 289c (3) HGB

Aspect pursuant to Section 289c (3) HGB	ESRS pursuant to CSRD
Environmental issues	ESRS E1
	ESRS E2
Employee issues	ESRS S1
Human rights	Aspects from ESRS S1
Social issues	Research & innovation
Avoidance of corruption & bribery	Aspects from ESRS S1
Other issues	Research & innovation

In our previous non-financial reporting, we disclosed topic-specific quantitative metrics that related solely to certain production sites of the DEUTZ Group, independently of the quantitative disclosures under the EU Taxonomy. There has been no retrospective adjustment or reconciliation of those topic-specific quantitative indicators that are still included in the report prepared in accordance with CSRD.

Where applicable, we will publish changes that we have made in the preparation and presentation of our sustainability information compared to the previous reporting period, starting with reporting on the 2025 financial year.

Reporting errors in prior periods

The disclosures contained in this sustainability statement were determined for the first time for the 2024 reporting year. As no comparative disclosures are available, no information can be provided in relation to material errors in previous reports.

Incorporation by reference

We have not made use of the option to meet disclosure requirements by incorporating information by reference. Where appropriate, we refer to other sections of the annual report to provide the reader with further information that is broadly related to our reportable topics.

Disclosure Requirement SBM-1 – Strategy, business model, and value chain

The DEUTZ Group develops, produces, and sells drive systems for off-highway applications and provides related services. The product portfolio comprises engines that run on diesel, gas, and petrol, as well as hydrogen-powered and electric drive systems in the power range up to 620 kW. In 2024, the activities were divided into the segments DEUTZ Classic and DEUTZ Green. The development, manufacture, sale, and servicing of conventional, primarily diesel and gas-powered internal combustion engines were aggregated in the Classic segment, which accounted for the bulk of business with a 99.6% share of revenue in 2024. The Green segment combined the activities relating to new and alternative drive solutions, which primarily included hydrogen engines and electric drive systems, related services, and battery management specialist Futavis. For further information about the business model, see 'Business model and segments', p 34.

The main groups of products and services we offered in 2024 were internal combustion engines for off-highway applications and related services.

Our main regional sales markets were the EMEA region, with Germany as the strongest market in terms of sales volumes, as well as the America and Asia-Pacific regions. The main customer groups we serve are manufacturers of vehicles and machines used in the construction equipment, material handling, agricultural machinery, and stationary equipment sectors. For further information on the respective revenue shares, see Group business trends, p. 48.

In line with the strategic further development of the DEUTZ Group, we acquired US-based genset manufacturer Blue Star Power Systems in mid-2024, thereby expanding our business activities in the field of decentralized energy supply.

Geographical areas	Employees
Germany	3,212.50
Spain	573.75
USA	563.00
China	125.50
Chile	92.75
Morocco	90.50
France	85.00
Benelux	68.50
Italy	58.25
Austria	33.75
Australia	27.75
Poland	24.75
Singapore	24.50
Brazil	24.25
Sweden	23.25
Czech Republic	20.00
Russia	11.00
Ireland	10.75
Romania	9.00
Finland	8.75
India	7.25
Japan	7.00
Denmark	6.75
Korea	6.75

We are not aware of any bans on DEUTZ products in the sales markets where we are active. Meeting all local standards, which in the case of internal combustion engines are primarily the applicable emission standards, is a prerequisite for selling in the respective market.

The DEUTZ Group is not active in the fossil fuels sector, in the production of chemicals or controversial weapons, or in the cultivation and production of tobacco, and thereby does not generate any revenue in these sectors.

DEUTZ is pursuing the overarching goal of achieving its financial targets while meeting its environmental, social, and corporate responsibilities, and of offering a climate-neutral product and technology portfolio by 2050. We are reviewing and optimizing our current sustainability strategy with the aim of achieving this goal. We also intend to assess which are currently our most important products and services, as well as key markets and customer groups, in relation to sustainability goals. We will also take into consideration the most important future challenges that arise from our corporate strategy or that relate to, or have an impact on, sustainability matters.

Our core competency is the development, manufacture, sale, and servicing of drive solutions, in other words, primarily engines, for off-highway applications. These include construction equipment, agricultural machinery, material handling equipment such as forklift trucks and lifting platforms, and stationary equipment such as gensets.

Engine production comprises the manufacture of individual key components, assembly (including supply parts), and remanufacturing. Our production facilities and assembly plants are located in China, Germany, Morocco, Spain, and the USA. The largest production facility is located at Group headquarters in Cologne.

Furthermore, with over 1,000 sales and service partners in more than 120 countries, we offer a comprehensive range of digital and analog services for our customers and their customers.

End-users of our engines, and of the applications in which our engines are deployed, include companies in the construction industry, the logistics sector, agricultural businesses, and aid organizations.

Our engines are sold through direct business with OEMs and via our network of independent, DEUTZ-certified dealers.

We have direct contact with, and a direct sales channel to, end customers and end-users only in the service business.

We maintain business relationships with around 5,800 suppliers in over 60 countries. With a total purchasing volume of around €1.2 billion worldwide, our supply chain makes a significant contribution to our Company’s value creation process. On average, an engine is made up of around 350 parts, of which around 70% – in terms of cost – are purchased parts. Purchased parts include valves, seals, conrods, injection systems, control units, pumps, camshafts, pistons, oil sumps, and cables. Based on revenue, our top ten suppliers for direct materials are based in Germany, Spain, Poland, Portugal, the UK, the Netherlands, Italy, Mexico, Hungary, France, China, Turkey, and the USA.

The Procurement, Production, and Logistics units maintain a close dialog and working relationship to ensure the efficient procurement of our inputs and optimal flow of materials, thereby safeguarding our outputs.

We have also introduced a risk management system in Procurement that aims to minimize production risks due to supply bottlenecks, for example as a result of insolvencies or natural disasters. In 2024, we also took action in the product category strategy to build a resilient supplier base and safeguard our future procurement process in line with our corporate strategy. This included the establishment of dual sourcing and targeted procurement in line with our product portfolio and market trends.

We sold a total of 148,580 engines to our customers in 2024, which are tailored to the customers’ specific requirements and intended use in the respective application segment. Our comprehensive service offering, which includes the supply of spare parts and other digital and analog services, protects the benefits to our customers over the entire lifetime of the engines.

Our investors, that is to say the shareholders of DEUTZ AG, participate in the success of the business in the form of dividend payments.

Disclosure Requirement SBM-2 – Interests and views of stakeholders

The DEUTZ Group has many stakeholders who are linked to the Company in various ways and influence its decisions. In addition to our employees, our most important stakeholders are our customers, suppliers, and shareholders, as well as institutional investors and analysts. We maintain a regular dialog with them so that we can understand their interests and needs and factor them into our business decisions.

Employees: Our employees represent a very important group among the stakeholders affected by our business activities. For this reason, their interests, views and rights, including respect for their human rights, actively influence our strategy and business model.

The interests of employees covered by the collective pay agreement of the metalworking and electrical engineering industry are represented by the works councils of our individual locations. A key task for these works councils is to monitor whether DEUTZ AG is fulfilling its responsibility to society as an employer. To enable them to perform this task, they are afforded the right to be informed about certain decisions and actions of the employer and to participate and have a say in them. HR matters such as working hours, pay, and occupational health and safety are among the key issues that are subject to this codetermination process. As a consequence, the works councils of DEUTZ AG are involved in all employee-related matters regarding recruitment, remuneration, reassignment, and dismissal. Their primary objective is to agree mutually acceptable rules and arrangements for the matters at hand. The rights and obligations of the works councils in Germany are derived from the German Works Constitution Act (BetrVG). A dedicated works council represents the interests of the Spanish employees at the site in Zafra.

The particular interests of employees with disabilities or equivalent status are additionally monitored and protected by the disabled persons' representative and an inclusion officer. Performing a similar role to that of the works council, the disabled persons' representative ensures that DEUTZ AG adheres to the laws, collective pay agreements, and works agreements that are in place for disabled employees. DEUTZ also appointed an Equality Officer in 2024, who monitors compliance with our equality-related statutory obligations, offers advice on, and support for, equality and discrimination issues, and develops guidelines that boost employees' social skills and contribute to greater fairness and stability.

An elected Senior Staff Committee represents the interests of our senior managers.

Both the works council and senior managers also appoint representatives to the Supervisory Board. They thereby exercise their right of codetermination, including in relation to business decisions such as the ongoing refinement of the corporate strategy, which is monitored by the Supervisory Board as the supervisory body.

We use various communication channels and dialog formats to keep our employees up to date to the fullest possible extent and to provide information on matters that affect them. These include staff surveys, letters to staff, our intranet, Board of Management updates, including videos, and our DEUTZ Mobile app. The app provides access to a wide range of information on or related to DEUTZ and is continually being improved and added to. In 2023, for example, we introduced a new 'Ask the Board of Management' section, which gives any employee the opportunity to anonymously yet openly put questions directly to the members of the DEUTZ Board of Management. The 'Like' button can be used by employees to indicate their agreement and at regular intervals – at least once a month – responses to the most liked questions are provided in the form of comments. Analog formats are also used. For example, a works meeting is held at the DEUTZ AG sites at least once a year, at which the Board of Management and works council inform employees of current developments and respond to questions in person.

In order to promote a culture of innovation at our Company, we introduced a bonus-driven ideas management scheme that allows any employee at DEUTZ AG to submit ideas for discussion, such as how to improve product quality, enhance the portfolio of drive systems and services, make the working environment more efficient, and optimize existing processes.

Customers: Customers are one of our most important stakeholders. It is they who determine the commercial success of our Company, which is why their interests and needs exert a huge influence on our decisions.

Our customers' involvement is organized through various channels, with the fundamental aim of offering a portfolio geared toward customer needs and the market, and ensuring that customers are satisfied throughout an engine's use phase.

A number of departments maintain regular contact with our customers throughout the product lifecycle to achieve this.

At the start of the product development process, our sales, product management, and development departments are in close contact with the customers in order to factor their requirements into the design.

As a rule, customer audits are conducted before we enter into a business relationship with them. We are increasingly looking at sustainability matters as part of this process and taking the insights gained into consideration as our commitment to sustainability evolves.

Once an engine has been delivered, the sales & service, product management, quality, supply chain management, and application engineering departments are on hand to assist the customer with any product-related matters.

Suppliers: Our suppliers make an essential contribution to our Company's value chain and to the quality of our products, and consequently have a major influence on our business performance. Communication with them is primarily the responsibility of the relevant procurement organization.

Dialog formats include regular management meetings with key suppliers as well as meetings on quality, price and delivery conditions. For further information, see 'Purchasing and procurement', p. 44 onward.

In many respects, we can only live up to our sustainability-related responsibilities by working with our suppliers. As a consequence, we maintain both direct and indirect contact with them in this context. For further information, see 'Purchasing and procurement', p. 44 onward.

Private shareholders and institutional investors: As the owners of the Company, our shareholders – whether private shareholders or institutional investors – are among our most important stakeholders. They routinely exercise their rights of membership and rights of codetermination at the Annual General Meeting, with each share granting one vote at the Annual General Meeting. The Annual General Meeting decides on matters such as the appropriation of profit and the formal approval of the actions of the Board of Management and Supervisory Board. It also elects the auditor as well as the shareholder representatives to the Supervisory Board.

With regard to general capital market communications, we undertake to comply with the transparency guidelines of the German Corporate Governance Code, always communicating with private shareholders and institutional investors comprehensively, promptly, and openly. This allows them to ask us questions about Company matters at any time. Furthermore, they can participate in the quarterly conference call held to coincide with the publication of the Company's latest financial results. The call is subsequently made available on our website. In addition to the Capital Markets Day at the headquarters in Cologne, a Shareholders Day was held in 2024 that was specifically targeted at retail investors. A particular focus of the event was the presentation of the corporate strategy by members of the Board of Management of DEUTZ AG.

We communicate other current developments and significant events by means of press releases. For example, we also proactively seek to engage in ad hoc dialog with proxies in order to discuss matters such as their expectations or the business decisions that have been made and to jointly reflect on the underlying reasons. In addition, our Supervisory Board chairman as well as the Board of Management make themselves available to answer questions to properly registered investors and shareholders at the aforementioned Annual General Meeting at the very least.

Analysts: DEUTZ is currently covered by seven analysts who produce financial forecasts relating to the Company on the basis of their research. They thereby disseminate our Company's equity story, and their recommendations for buying, selling, or holding our shares are publicly available to everyone on our website. Ongoing dialog with these analysts is intended to support an appropriate valuation and trading liquidity of DEUTZ shares.

The Board of Management and the Investor Relations team are available for one-on-one meetings with analysts at conferences and roadshows, and by appointment in person, by email, or by telephone at all other times. In 2024, a Capital Markets Day was also held at the headquarters in Cologne to which institutional investors and analysts were invited. DEUTZ commissioned a perception study conducted at the Capital Markets Day, during which analysts and selected institutional investors were asked about the corporate strategy, in particular. The findings are taken into consideration for our future investor relations activities.

To date, we have not analyzed the interests and views of our key stakeholders as part of the due diligence and/or materiality assessment processes. However, as we are in regular contact with them in other ways, such as with our employees through their participation in the Supervisory Board or at works meetings, where strategy and business model are regularly discussed, or with our investors, such as at investor conferences and during conference calls, we are nevertheless aware of their interests and viewpoints in relation to our strategy and business model and can generally understand them.

DEUTZ regularly tests its strategy and continuously analyzes its current product and service portfolio. In doing so, the Company takes particular account of the interests of its shareholders, customers, and employees. By increasing its resilience, DEUTZ is establishing a more secure footing for the future while creating sustainable added value for its shareholders and secure jobs for its employees. Our customers benefit not only from a market-oriented portfolio that complies with current emissions regulations, but also from long-term supply relationships, as well as from a comprehensive service offering over the lifetime of their engine.

In the course of optimizing its portfolio, DEUTZ sold Torqeedo, a subsidiary specializing in electric boat drives, in April 2024 and thereby divested a loss-making business activity. For further information, see 'Business performance in the DEUTZ Group', p. 48. Furthermore, DEUTZ acquired genset manufacturer Blue Star Power Systems in early August 2024. This US company develops, manufactures, and sells electricity generators (gensets) and is one of the leading manufacturers in the US market. The business of Blue Star Power Systems will form the core of the new Energy business unit, which will focus on decentralized energy supplies. As this business area is less cyclical, DEUTZ will stand on a more resilient footing. For further information, see 'Strategy and objectives', p. 35 .

The Supervisory Board and the Board of Management were informed about the interests and views of our stakeholders in relation to our sustainability-related impacts to the extent that the results of the stakeholder survey were presented to both governing bodies.

Governance

Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies

As a public stock corporation, DEUTZ has a two-tier system in accordance with German stock corporation law. Management and control are consequently exercised by two separate bodies: the Board of Management as the body responsible for executive management, and the Supervisory Board as the body that supervises the Board of Management. DEUTZ does not have an administrative body.

The Board of Management is the executive management body of DEUTZ AG and has four executive members.

The Supervisory Board is the supervisory body of DEUTZ AG. It is based on codetermination and has twelve non-executive members, six of whom are shareholder representatives and six are employee representatives. For further information on the composition of the Board of Management and Supervisory Board see Overview, p. 16 onward.

The Supervisory Board of DEUTZ AG is composed in such a way that, as a whole, it has the necessary expertise to provide comprehensive and effective advice to, and supervision of, the Board of Management in relation to all of the DEUTZ Group's business activities. This also means that the body as a whole has experience that is relevant to the DEUTZ Group's sectors, products, and geographical locations. Thanks to their education and/or professional background, the members have the necessary expertise and experience, such as in relation to the Company's main areas of activity and the associated markets and value chains. They also possess expertise in the strategic and sustainable development of the Company and of the relevant technologies, as well as knowledge of the sustainability/ESG topics that are important for the Company. For further information, see Qualification matrix, p. 25.

The composition of DEUTZ's Board of Management is also based on the objective that the members as a whole have the knowledge, skills, and professional experience required to fulfill their duties. This also enables them to categorize sustainability matters in specific sector-related, product-related, or geographical contexts. A dedicated selection process ensures that the individual members of the Board of Management possess relevant and necessary knowledge, skills, and professional experience. The Supervisory Board generally also seeks external advice as part of this process.

The résumés of the members of the Board of Management and the Supervisory Board are publicly available on the Company's website.

As at December 31, 2024, the Board of Management of DEUTZ AG consisted of three male members and one female member. The gender split on the Board of Management was consequently 25% female and 75% male. No changes occurred to the composition of the Board of Management during the year. This results in an average ratio of female to male members of the Board of Management of 33%. For further information on the composition of the DEUTZ Board of Management, see the Corporate governance declaration and the Corporate governance report, p. 18 onward.

The Supervisory Board of DEUTZ AG was composed of eight men and four women as of the end of 2024. The gender split on the Supervisory Board was consequently around 33% female and around 67% male. No changes occurred to the composition of the Board of Management during the course of the year. This results in an average ratio of female to male Supervisory Board members of 50%. For further information on the composition of the DEUTZ Supervisory Board Report of the Supervisory Board, see p. 10 onward.

All members of the DEUTZ AG Supervisory Board, in other words, 100%, are independent. The definition of independence is based on the German Corporate Governance Code, section C, II, as amended in April 2022.

The sustainability-related IROs are monitored at the top level by the DEUTZ AG Supervisory Board.

At Board of Management level, the topic of sustainability is generally the responsibility of CEO Dr. Sebastian C. Schulte, whereby the full Board of Management was responsible for monitoring the sustainability-related IROs in the 2024 reporting year.

At the operational level, sustainability matters are overseen and managed by DEUTZ's Sustainable Development Committee (SDC). It comprises the heads of the relevant departments and the individuals responsible for the key sustainability topics. Guided by the Group's Investor Relations function and the Quality Management team, the SDC develops criteria used by the Board of Management to set sustainability-related targets, creates action plans for achieving them, and discusses the continuous improvement of sustainability efforts across the Group at regular intervals.

The responsibilities of individual bodies or persons in relation to our IROs are not yet formally set out in our mandates, nor in IRO-related policies, most of which do not yet exist either. Looking ahead to 2025, we intend to develop IRO-specific policies and establish a defined governance structure for monitoring and managing our material IROs. We will also formally define responsibilities and establish a reporting structure to ensure that IRO-related targets are tracked.

The Board of Management is authorized to make sustainability-related decisions and to monitor them. If it does not directly have the necessary expertise to do so, it consults with experts from the relevant areas and involves them in the decision-making process. Where there is a lack of essential knowledge, it is acquired through external training courses at management level or in the departments.

The Board of Management has direct access to sustainability expertise through the SDC management and is thereby able to make qualified decisions on sustainability-related topics.

The Board of Management is regularly informed about sustainability-related topics, and about progress with implementing the sustainability strategy and about changes to its content.

At Supervisory Board level, sustainability topics are discussed and monitored by the Supervisory Board as a whole, with sustainability-related resolutions prepared by the Audit Committee. To this end, the Supervisory Board and the Audit Committee are regularly informed by the Board of Management and/or SDC management about the DEUTZ Group's sustainability management and its ongoing development.

The members of the Board of Management and of the Supervisory Board regularly attend sustainability-related training sessions provided by external experts. More information is available in the relevant comments in the report of the Supervisory Board. The Supervisory Board can also call on the sustainability expertise of the SDC and ask its members to provide training on specific sustainability topics. The SDC members themselves have specialist expertise thanks to their training and/or professional background, and continuously expand their knowledge through external training courses and/or external advice.

DEUTZ systematically identified sustainability-related impacts, risks, and opportunities for the first time for this sustainability statement. Overall responsibility for monitoring sustainability-related impacts, risks, and opportunities now lies with the Chairman of the Board of Management, with the entire Board of Management involved as a matter of course.

DEUTZ ensures that the Chairman of the Board of Management has access to relevant expertise so that he can properly manage impacts, risks, and opportunities. This is based on individual expertise or on direct access to other sources of knowledge, primarily the SDC.

The Board of Management and the SDC management informed the Supervisory Board of the results of the materiality process conducted in late 2023/early 2024, and about the findings of the review of the materiality assessment conducted at the end of 2024. In the future, the Supervisory Board will also be informed about strategies for managing impacts, risks, and opportunities so that it can fulfill its function as a supervisory body.

Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

In the 2024 reporting year, the Board of Management and the Supervisory Board of DEUTZ AG were informed twice about IROs identified as material. The SDC management presented the materiality matrix and then presented the IROs on which the assessment was based to the two Boards, and the assessment was discussed in detail. Subsequently, a review of the material IROs was conducted by the SDC at the end of 2024, which led to an adjustment of the materiality matrix. The adjusted materiality matrix on which this sustainability statement is based was presented to the Supervisory Board by the Board of Management.

As DEUTZ does not currently have any IRO-specific policies, metrics, and, for the larger part, targets in place, with the exception of the research and innovation topic, the Board of Management and the Supervisory Board could not be informed about their results or effectiveness in 2024. To date, it has also not been possible to take the identified IROs into consideration in decisions on major transactions. They are scheduled to be integrated into regular risk management in 2025.

Actions were already established in advance of the IRO assessment as part of the sustainability strategy in force to date and their implementation status was regularly reported to the Board of Management. The same applies in part to actions, metrics and targets related to research and innovation. As a consequence, the research and development ratio is one of the most important performance indicators in the internal management system, which is calculated and reported to management on a monthly basis.

The following overview shows the materials IROs that the Supervisory Board and the Board of Management of DEUTZ AG worked on in 2024.

Topic	IRO	
Climate change		
Climate change mitigation	GHG emissions in the product use phase	Impacts (negative)
Climate change mitigation	GHG emissions in own production	Impacts (negative)
Climate change mitigation	GHG emissions from transportation and logistics (upstream value chain)	Impacts (negative)
Climate change mitigation	GHG emissions from transportation and logistics (downstream value chain)	Impacts (negative)
Climate change mitigation	GHG emissions from energy-intensive production steps	Impacts (negative)
Climate change mitigation	GHG emissions from purchased metal components	Impacts (negative)
Climate change mitigation | Energy	GHG emissions from non-renewable energy mix in countries of use	Impacts (negative)
Climate change mitigation	GHG emission reductions through the Green segment[97]	Impacts (positive)
Climate change adaptation	Loss of depth of value added due to electrified drive systems	Financial impacts (risk)
Climate change adaptation	Competitive advantages through emission-neutral products	Financial impacts
Pollution		
Air pollution | Water pollution | Soil pollution	Environmental pollution from the extraction and processing of raw materials	Impacts (negative)
Air pollution	Air emissions from fuel combustion in the use phase	Impacts (negative)
Occupational health and safety		
Health protection and safety	Health hazards for employees	Impacts (negative)
Company-specific topic		
Research and innovation	Negative environmental impacts due to one-dimensional	Impacts (negative)
Research and innovation	Knowledge transfer and positive synergy effects through networks and partnerships	Impacts (positive)
Research and innovation	Reducing emissions by avoiding fossil fuels	Impacts (positive)
Research and innovation	In-house initiative to design a low-emission engine	Financial impacts
Research and innovation	Growth through development in the hydrogen area	Financial impacts
Research and innovation	Growth through the Green segment	Financial impacts

[97] DEUTZ adjusted its previous segmentation as of January 1, 2025. While the Company's operating activities were still divided into the DEUTZ Classic and DEUTZ Green segments in the 2024 financial year, segment reporting now comprises the DEUTZ Engines & Services and DEUTZ Solutions segments. In addition to alternative drive systems, the DEUTZ Solutions segment comprises those business activities that extend beyond the production and servicing of engines and are located in markets where DEUTZ controls both technology and servicing. The DEUTZ Solutions segment will comprise the DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy divisions.

Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes

Our approach to incentive schemes and Board of Management remuneration is closely linked to sustainability matters at DEUTZ AG, and this is reflected in the remuneration system for the Board of Management. The system provides incentives for the systematic implementation of the Dual+ strategy and thereby supports the Company's long-term performance and success. The main features of the Board of Management remuneration system are summarized as follows: The annual remuneration of the members of the Board of Management of DEUTZ AG consists of both fixed and variable remuneration components. The fixed component is not performance-related and comprises basic remuneration, additional benefits, and company pension. Variable remuneration is performance-related and made up of two components, with members of the Board of Management receiving a short-term incentive (STI) with a term of one year, and virtual performance shares with a term of four years as a long-term incentive (LTI). With regard to variable remuneration, the Supervisory Board defines annual operational and strategic targets for the financial and non-financial performance criteria, which are based on operational management and the corporate strategy. The amount of variable remuneration depends on the degree to which the defined targets and/or performance criteria have been met. For further information, see the 'Remuneration report', p. 144 onward.

The STI and LTI are directly linked to sustainability-related and climate-related considerations, which are included as part of the variable remuneration in the form of non-financial performance criteria. The performance assessment for the STI is mostly based on specific sustainability targets, which are set annually by the Supervisory Board to incentivize the most important strategic initiatives in a targeted manner. The criteria chosen by the Supervisory Board relate to environmental and climate targets, alternative drives, corporate governance, occupational health and safety, diversity, personnel development, and supply chains. The following are some of the environmental and climate-related criteria that the performance assessment was based on in 2024: installation of a pilot plant for hydrogen production for supplying energy to a site, conversion of a site's fleet to HVO, and definition of the requirements for optimizing a component in the Classic segment. The further targets for the year under review are presented in the 2024 Remuneration Report.

The performance assessment for the LTI is mostly based on specific sustainability metrics and/or criteria that are embedded in the remuneration system. For the 2024 tranche and regularly thereafter, the performance criteria are made up of the climate-related targets 'Revenue in the Green segment' and 'Carbon emissions of the production sites (in tonnes of CO2 equivalents) in relation to Group revenue' (environmental dimension), and of non-climate-related social targets (social dimension). The social targets are based on three equally weighted performance criteria: 'ratio of trainees to total employees', 'staff turnover', and 'employee enablement'. At the start of each financial year, the Supervisory Board sets demanding threshold, target, and cap values for the sustainability performance criteria for each new LTI tranche, which are valid for the entire four-year term of the tranche. The performance of the members of the Board of Management is consequently assessed in line with the GHG target of DEUTZ AG of reducing carbon emissions relative to Group revenue by 2029.[98] The Supervisory Board has the right to amend the sustainability performance criteria, include additional targets, and omit targets for the LTI tranches from 2025 onwards. This will enable it to react appropriately to short-term developments and any strategic changes. Should the Supervisory Board exercise this right, the sustainability performance criteria are published in the remuneration report in which the decision is made.

The STI and LTI account for 56% (CEO) and 54% (ordinary members of the Board of Management) of the target total direct remuneration (sum of basic remuneration, STI, and LTI with 100% target achievement of variable remuneration), which means that the proportion of remuneration linked to sustainability-related targets or performance criteria and climate-related considerations is 56% and 54% respectively (calculation basis, including for the following percentages, unless stated otherwise: target remuneration, STI 2024, and LTI 2024–2027).

The proportion of variable remuneration linked to sustainability-related targets and/or performance criteria was around 23.3% in 2024. From 2025, the strategy targets and the sustainability targets in the STI will be combined into sustainability targets and strategy implementation targets, and weighted at 40% in total. Assuming that half of the sustainability targets and strategy implementation targets are sustainability-related targets, the proportion of variable remuneration linked to sustainability-related targets and/or performance criteria will be around 25.5% from 2025.

The proportion of variable remuneration exclusively linked to climate-related targets and/or performance criteria was 13% in 2024. The proportion of target total direct remuneration linked to climate-related targets is 7.3% (Chairman of the Board of Management, equates to 56% x 13%) and 7.0% (ordinary members of the Board of Management, equates to 54% x 13%).

The Human Resources Committee is preparing recommendations for the Board of Management remuneration system, which are partially based on the recommendations and suggestions of the German Corporate Governance Code, as amended. The Supervisory Board discusses the recommendations of the Human Resources Committee and approves the Board of Management remuneration system.

The terms of the incentive schemes for the Board of Management are always approved and updated by the Supervisory Board. If the Supervisory Board decides to make significant changes to the

[98] Target set by DEUTZ that does not represent an ESRS-compliant GHG emission reduction target.

remuneration system, it is submitted for approval at the next Annual General Meeting.

Our approach to incentive schemes and remuneration for members of the Supervisory Board has three main components: fixed remuneration, any additional committee remuneration, and attendance fees. As all components are non-performance-based, sustainability matters and climate-related considerations are not factored into the remuneration system of the Supervisory Board, in line with market practice.

Our compliance with disclosure requirements is consistent with the remuneration report prescribed in articles 9a and 9b of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. For further information, see 'Remuneration report', p. 144 onward.

Disclosure Requirement GOV-4 – Statement on due diligence

The following table shows how and where our sustainability statement presents the application of key aspects and steps of the due diligence process:

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy, and business model	GOV-1: The role of the administrative, management and supervisory bodies GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies GOV-3: Integration of sustainability-related performance in incentive schemes SBM-3: Material impacts, risks, and opportunities and their interaction with strategy and business model
b) Engaging with affected stakeholders in all key steps of the due diligence	SBM-2: Interests and views of stakeholders GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities S1-2: Processes for engaging with the Company's own workforce and workers' representatives about impacts
c) Identifying and assessing adverse impacts	SBM-3: Material impacts, risks, and opportunities and their interaction with strategy and business model. IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities
d) Taking actions to address those adverse impacts	E1-3: Actions and resources related to climate policies, metrics and targets E2-2: Actions and resources related to pollution S1-1: Policies related to the Company's workforce S1-4: Actions related to material impacts on the Company's own workforce, and approaches to managing material risks and pursuing material opportunities related to the Company's own workforce, and effectiveness of those actions and approaches
e) Tracking the effectiveness of these efforts and communicating	E1-5: Energy consumption and mix E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions E2-4: Air, water, and soil pollution S1-6: Characteristics of the Company's employees S1-14: Occupational health and safety metrics S1-17: Incidents, complaints and severe human rights impacts

Disclosure Requirement GOV-5 – Risk management and internal controls over sustainability reporting

Our risk management system and internal control system (ICS) for sustainability reporting meet the requirements of appropriate and effective sustainability-related internal control processes. The configuration of the ICS is characterized by the control environment, which forms the framework within which the principles, procedures, and actions are applied; the risk assessment to identify, analyze, and assess risks; the control activities to manage the identified risks; the information and communication to present all information related to the ICS; and the monitoring of the ICS. According to the configuration of the ICS for sustainability reporting, the ICS looks at the definition of the relevant process activities for sustainability reporting, the identification of the risks inherent in the process, and the analysis and documentation of the risk-managing controls. As a process-independent monitoring body, Corporate Audit reviews the appropriateness and effectiveness of the ICS for sustainability reporting. The findings of these reviews are reported directly to the Board of Management, the ICS coordination team, and the process owners in sustainability reporting, and allow DEUTZ to eliminate any deficiencies that have been identified and ensure that the ICS is continually refined.

Unlike our risk management system, the ICS primarily uses a qualitative risk assessment approach. A catalog of risks inherent in processes will be defined for sustainability reporting and is to be managed through internal controls. These risks are generally assessed and prioritized in the categories 'high', 'medium', and 'low', and are evaluated qualitatively, taking into consideration possible influencing factors such as the scale of the damage (such as significant material and/or reputational risks, potential liability, illegality) and the likelihood of occurrence (such as significant negative prior experience, fragmented and complex structures). Medium to high risks that are inherent in processes are added to the risk catalog. Risks that are already low at the level of inherent risk are not considered in the ICS analysis as they are not material.

An incomplete materiality assessment, the inaccurate collection of metrics, and the failure to prepare and submit reports on time were the main risks identified by the risk assessment conducted for the ICS of previous sustainability reporting. As a mitigation strategy to minimize the aforementioned risks, an ESG and IR manager has been appointed who monitors the process and supports risk management and/or implements risk management measures herself. These risk management measures and controls include checklists, plausibility checks, having work checked by another member of staff, and regular interdepartmental meetings at which tasks are assigned and progress is monitored.

The risk assessment and the identification, analysis, assessment, and documentation of these risk management activities is conducted by the ICS coordination team and in ongoing dialog with process owners in sustainability reporting. The integration of internal functions and processes is a fundamental prerequisite in the ICS methodology. Consequently, the results of the risk assessment and internal controls are integrated into the ICS methodology throughout the sustainability reporting process by involving the relevant internal functions, primarily via joint meetings.

The results of the risk assessment and the status of the internal control system for sustainability reporting are communicated to the Supervisory Board and/or its Audit Committee, to the Chief Financial Officer of DEUTZ AG, and the DEUTZ AG Board of Management on an ad hoc basis. Reasons to do so include upcoming changes to processes and subsequent reviews or audits of the ICS for sustainability reporting. The Chief Financial Officer of DEUTZ AG is regularly informed of all material ICS matters by the head of the central ICS coordination team. Once ICS documentation has been completed, the Board of Management and the process owners are informed of significant insights. The material information includes the processes and risks within the scope, the identified controls, and the recommendations for action.

The Chief Financial Officer or the head of the central ICS coordination team reports to the Supervisory Board and/or its Audit Committee. The reports enable the Board of Management and the Supervisory Board to monitor the appropriateness and effectiveness of the ICS for sustainability reporting.

Materiality assessment and results based on the double materiality principle

Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities

The double materiality assessment was conducted as part of a comprehensive process to identify, assess, prioritize, and monitor potential and actual impacts on people and the environment, as well as risks and opportunities that may in turn have a financial impact on the Company.

The double materiality assessment in accordance with CSRD forms the basis for the content of our current and future sustainability statement and replaces our previous materiality assessment process. Significant differences compared to the previous process include the application of the double materiality principle, formal stakeholder interviews, the consideration of impacts, the factoring in of general risk management methods into the assessment, and the inclusion of the entire value chain. The double materiality process was conducted in collaboration with an external consultancy firm in the 2024 financial year. We intend to review the results of the materiality assessment every year going forward and perform the assessment ourselves every three years. For further information on the previous materiality analysis, see the Non-financial report 2023, p. 115.

The materiality assessment followed a systematic approach based on ESRS 1 chapter 3. The process is as follows:

Establishment of an internal expert group: An internal project group was established to carry out the double materiality assessment. Its members were drawn from a wide range of departments in order to include expertise in environmental, social, and business-specific areas. The expert group was informed about the methods and procedure as well as the scope of consolidation at an early stage. The procedure was agreed with the DEUTZ Board of Management.

Scope of the materiality assessment: The materiality assessment covered the entire value chain of the DEUTZ Group and included the supply chain, own operations, and the product use phase and end-of-life treatment. The analysis did not exclude any specific activities, business relationships, or geographies.

Identification of sustainability topics: Relevant sustainability topics were identified by means of a context analysis and aggregated and described in a topic list. In addition to topics touched upon in CSRD and/or ESRS, the topic list also included the entity-specific topic ‘Research and innovation’.

Involvement of stakeholders: Representatives of various internal and external interest groups were involved in the process through our stakeholder survey. Stakeholders involved included the Supervisory Board, the Works Council, and the managing directors of sites outside of Germany, as well as customers, suppliers, trade associations, and the capital markets. Each representative was asked about actual or potential impacts, risks, and opportunities in the context of the topic list, and they were able to add qualitative and quantitative information about categorization.

Collection of potential and actual impacts, risks, and opportunities: The internal expert group evaluated the results of the stakeholder survey and, guided by external sustainability consultants, collected potential and actual negative and positive impacts on people and the environment resulting from our business.

Impacts mainly arise from our business model and the associated use of raw materials, human resources, and industry-specific aspects. In order to identify sustainability-related risks and opportunities, we mainly looked into dependencies on resources and their availability along our supply chain and value chain. We also checked which risks and opportunities are behind the identified impacts.

Assessment of materiality: For the current materiality process, we applied the criteria described in ESRS 1, chapter 3 for assessing impact materiality and financial materiality.

For actual adverse impacts, materiality is based on the severity of the impact, while for potential adverse impacts it is based on the severity and likelihood of occurrence of the impact. Positive impacts are categorized according to their scale and scope, and, in the case of potential positive impacts, also their likelihood of occurrence.

The financial materiality of risks and opportunities was assessed based on the likelihood of occurrence and the scale of the potential financial implications (risk/opportunity) in relation to the results of operations, specifically EBIT. The assessment scales or monetary and percentage thresholds for the extent of the damage or benefit as well as for the probability of occurrence correspond to those used in general Group-wide risk management.

Supporting parameters in the assessment process: Where available, we used quantitative data in the assessment of impacts, risks, and opportunities in order to make the assessment as objective as possible. Quantitative base data included the number of accidents at work (for impacts on the own workforce and on health and safety) and CO2 emissions (for impacts on climate change). These data sources were put into context by internal expert groups and supplemented by desktop research on specific sustainability matters.

Making decisions and monitoring the results of the materiality assessment: As soon as discrepancies arose in the materiality assessment process, other stakeholders and/or – where possible – reliable quantitative data sources were consulted for an objective assessment.

Monitoring the results of the materiality analysis: Overall, the entire materiality assessment was subject to a rigorous control procedure. The final results of the materiality assessment were validated more than once, first by internal experts and then by the Board of Management. The process has not yet been integrated into due diligence processes and management approaches.

The process to identify, assess, and manage impacts and risks has not yet been integrated into the overall risk management process. As a consequence, key IROs were identified independently of the regular risk management process. Despite this, sustainability-related risks and opportunities identified as material were integrated into the overarching risk management system or used to assess the general risk profile. ESRS 2 IRO-1 53c iii We did not prioritize identified sustainability-related risks relative to other types of risk.

	Negative impacts[99]	**Position in the value chain**
E1	Negative contribution to climate change through GHG emissions in own production (through energy consumption and fuel combustion) (A)	Own business activities
E1	Negative contribution to climate change due to GHG emissions from energy-intensive production steps (A)	
E1	Negative contribution to climate change through GHG emissions from transportation in the supply chain & logistics (upstream) (A)	Upstream value chain Geographical location: Global
E1	Negative contribution to climate change through GHG emissions in the upstream value chain (Scope 3.1) through the purchase of metal components (such as steel)	
E1	Negative contribution to climate change through GHG emissions in the downstream value chain through transportation and logistics (downstream) (A)	Downstream value chain Geographical location: Global
E1	Negative contribution to climate change through GHG emissions in product use phase (A)	
E1	Negative contribution to climate change through potential GHG emissions in the use phase due to non-renewable energy mix in countries of use (P)	
E2	Negative contribution to environmental pollution through raw material extraction and processing, especially of steel and aluminum (A)	Upstream value chain Geographical location: Global
E2	Negative contribution to pollution due to air emissions from fuel combustion in use phase (A)	Downstream value chain Geographical location: Global
S1	Negative contribution to own workforce due to potential health risks (occupational safety) (P)	Own business activities
F&I	Negative contribution to climate change through one-dimensional R&D, especially in further development of the combustion engine (A)	Own business activities and downstream value chain
	Positive impacts	
E1	Positive contribution to climate change mitigation through GHG emission reductions by the Green (A)	Own business activities
F&I	Positive contribution to climate change mitigation through potential GHG emission reductions by avoiding fossil fuels (P)	Own business activities and downstream value chain
F&I	Positive contribution to industry transformation through potential knowledge transfer and positive synergy effects through networks and partnerships (P)	All stages of the value chain
	Risks	
E1	Finanzielles Risiko durch Verlust an Wertschöpfungstiefe durch fortschreitenden Umstieg auf elektrifizierte Antriebssysteme	Own business activities Asset: Revenue
	Chancen	
E1	Financial benefit through competitive edge with emission-neutral products	Own business activities Asset: Revenue
F&I	Financial benefit through increase in market share through the ‘Green’ segment	Own business activities Asset: Revenue
F&I	Financial benefit through increased market share in the hydrogen sector	
F&I	Financial benefit through increased market share in the area of low-emission engines	

In this report, we clearly differentiate between the impacts, risks, and opportunities covered by the disclosure requirements of ESRS, and those that we cover through additional entity-specific disclosures. These refer to the ‘Research and Innovation’ topic, which was identified as material by our materiality assessment due to its importance to the Company’s transformation. Related information can be found in the ‘Entity-specific information’ chapter.

As the 2024 report involved carrying out a materiality assessment in accordance with the requirements of CSRD for the first time, no comparative information on material impacts, risks, and opportunities from previous reporting periods is available. Topic-specific disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

IRO process regarding climate change and pollution: With regard to the procedure for identifying and assessing material impacts, risks, and opportunities, please refer to our non-topic-specific IRO 1 disclosures on pages 98 onward. In line with the process described there, an IRO assessment was also conducted on the topics of climate change and pollution, with the result that these are material for us.

Climate-related physical risks: In addition to the climate impacts we cause, climate change poses a risk to us. With regard to climate-related physical risks, we identify potential hazards for our operations and production. As a minimum, we take into consideration climate scenarios with high emissions (RCP8.5) and assess the vulnerability of our assets and business activities to gross physical risks, such as changes in air temperature, heat waves, and water shortages. Based on the climate risk analyses prepared by an external service provider, we see a need for action in Morocco in relation to the current and future conservation of water resources in the region. Global climate effects also have impacts on our business model and our strategy.

Climate-related transition risks and opportunities: With regard to climate-related transition risks and opportunities, we analyze transition events resulting from global adaptation to a climate scenario that takes into consideration the limitation of global warming to 1.5 °C. As a result of increasing global warming, we expect demand for classic diesel-powered combustion engines (formerly DEUTZ Classic) to decrease. For the same reason,

[99] (A) = actual, (P) = potential.

however, we also anticipate higher demand for our New Technology products.

Assessment of climate-related risks and opportunities: We see a potential negative impact on EBIT due to the loss of depth of value added as a result of the stronger focus on electrified drive systems. At the same time, the transition to a low-emission product portfolio may have a positive impact on EBIT. We regard the creation of new jobs and the increase in production volume as an opportunity, as low-emission products are increasingly being demanded by policymakers, society, and customers. We view all of the aforementioned transition events as long-term events with a duration of more than five years.

We will identify the climate-related physical risks in our upstream and downstream value chain in the 2025 financial year.

IRO process relating to water and marine resources, biodiversity and ecosystems, as well as resource use and circular economy: In its double materiality assessment, DEUTZ examined whether, in relation to the topics 'Water and marine resources', 'Biodiversity and ecosystems', and 'Resource use and circular economy', actual or potential impacts, risks, and opportunities occur in its own operations and/or in its upstream or downstream value chain. For further information on the general process for determining and assessing material effects, risks, and opportunities, see p. 96 onward. The outcome was that the aforementioned topics are deemed not material.

Our assets were not reviewed as part of the aforementioned process and the stakeholder group of affected communities was not consulted.

Dependencies as well as transition risks and physical risks for biodiversity and ecosystems: As far as IROs relating to the topic of 'Biodiversity and ecosystems' are concerned, there was no identification and consequently no assessment of dependencies on biodiversity and ecosystems and their services at our own sites and within our upstream and downstream value chain. Furthermore, no transition risks and physical risks or opportunities in connection with biodiversity and ecosystems were identified, nor were systemic risks taken into consideration.

Locations in vulnerable areas and remedial actions: In the course of checking our compliance with the DNSH principles relating to environmental objective 6 of the EU Taxonomy Regulation, we analyzed our key locations to see whether we have sites in or near biodiversity-sensitive areas and whether activities related to these sites negatively affect these areas by causing degradation of natural habitats and species habitats and disturbance to the species for which the conservation area has been designated. The results did not indicate any significant harm to biodiversity and ecosystems, leading us to conclude that no remedial action relating to biodiversity needs to be taken. For further information, see 'Disclosures pursuant to Article 8 of the EU Taxonomy Regulation', p. 107.

IRO process in relation to governance: For the 'Governance' topic, a comprehensive analysis along the entire value chain was also conducted, including our own business activities and sectors. As a result of our double materiality analysis, the 'Governance' topic was classified as not material.

Disclosure Requirement IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

In this sustainability statement, we have complied with the ESRS disclosure requirements as set out in the Content Index on page 133 onward. There we have also included a list of all data points deriving from other EU legislation, as listed in Appendix B of ESRS 2. Where we omit information prescribed by a datapoint that derives from other EU legislation listed in Appendix B of ESRS 2, the information in question is 'not material'.

The materiality of information on the sustainability topics described in detail in this sustainability statement was determined in a double materiality assessment in accordance with ESRS 1 section 3.2. The usefulness of these topics in the decision-making process was evaluated in the final step of the assessment. This involved checking the relevance for the regulatory requirements of ESRS 1, for the Company's strategy, and for the material stakeholders. The threshold values defined in the materiality assessment were supplemented and validated by the scope of the strategic direction of DEUTZ and of the relevant stakeholders. This process step did not change the materiality results.

Environmental information

Material impacts, risks, and opportunities and their interaction with strategy and business model.

Our materiality analysis has identified significant IROs in the environmental area that are of key importance to DEUTZ.

The most significant **impacts** are, firstly, our contribution to climate change and, secondly, our contribution to climate change mitigation. For example, we release greenhouse gas emissions primarily through our production activities, as well as through the transportation of our products. This is usually driven by high energy consumption or fuel combustion in production. In our upstream and downstream value chain, we also contribute to climate change through our business relationships, such as by purchasing metal components and processing them further. Negative impacts on the environment – particularly on water, soil and air – are primarily caused by the extraction of raw materials in our upstream value chain and fuel combustion. At the same time, our 'Green' segment also has a positive impact on the environment and helps to protect our climate, while promoting the overall transition to low-emission technologies and engines.

However, the strong focus on electrified drive systems also poses a **risk** for DEUTZ, as this goes hand in hand with a loss of our depth of value added. At the same time, this also presents us with **opportunities**, as a strong, low-emission product portfolio can give us a competitive edge.

ESRS 2 SBM-3 48 c) The following table presents the effects of our climate and environmental impacts in detail and shows how they are linked to our business model.

Impacts	Type and extent of impact	Link to business model	Impact trigger	Expected time horizon of impact
Negative contribution to climate change through GHG emissions in own production (energy consumption and fuel combustion) (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Effects arise directly from DEUTZ	Long-term (> 5 years)
Negative contribution to climate change due to GHG emissions from energy-intensive production steps (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Effects arise directly from DEUTZ	Long-term (> 5 years)
Negative contribution to climate change through GHG emissions from transportation in the supply chain and logistics (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily from business relationships (suppliers)	Long-term (> 5 years)
Negative contribution to climate change through GHG emissions in the upstream value chain (Scope 3.1) through the purchase of metal components (such as Steel) (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily from business relationships (suppliers)	Long-term (> 5 years)
Negative contribution to climate change through GHG emissions in the downstream value chain through transportation and logistics (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily through business relationships (end users, customers, and disposal companies)	Long-term (> 5 years)
Negative contribution to climate change through GHG emissions in product use phase (E1)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily through business relationships (end users, customers)	Long-term (> 5 years)
Negative contribution to climate change through potential GHG emissions in the use phase due to non-renewable energy mix in countries of use (E1)	Negative potential impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily through business relationships (end users, customers)	Medium-term (1 to 5 years)
Negative contribution to pollution through raw material extraction and further processing, especially of steel and aluminum (E2)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily from business relationships (suppliers)	Short-term (> 1 year)
Negative contribution to pollution due to air emissions from fuel combustion in use phase (E2)	Positive actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Impacts arise primarily through business relationships (end users, customers)	Short-term (> 1 year)
Positive contribution to climate change mitigation through GHG emission reductions by the Green segment (E1)	Positive actual impact on the environment	An important element of the DEUTZ business model	Effects arise directly from DEUTZ	Long-term (> 5 years)

The main risks and opportunities relating to the environmental sector that arise from our business activities can have financial impacts on our financial position. For this reason, our focus is on proactively minimizing risks and exploiting opportunities in order to limit negative financial impacts while at the same time leveraging long-term opportunities and realizing resultant potentials. The following table shows the effects of the financial risks and opportunities that we have identified as material.

Risks/opportunities (including risks for which an adjustment of carrying amounts is required in the next reporting period)	**Current financial effects of risks/ opportunities**	**Expected financial effects of the impacts (short, medium and long term)**[100]	**Expected time horizons for financial effect**[101]
Financial risk due to loss of depth of value added as the switch to electrified drive systems progresses (E1)	€50 million to €75 million	n.a.	n.a.
Financial opportunity through competitive edge with emission-neutral products (E1)	> €75 million	n.a.	n.a.

The IROs we have identified as material currently have no influence on our business model, our value chain, or our strategy. To this extent, we have not made any changes to our strategy or business model as a result of their identification. However, we intend to take the IROs identified as material in the environmental area into consideration in the further development of our corporate strategy and consequently in related decision-making processes in future. In addition, prior to conducting our double materiality analysis, we set ourselves the goal of offering a climate-neutral product and technology portfolio by 2050 at the latest, which goes hand in hand with a gradual transformation of our portfolio and the further development of our strategy and business model.

We aim to effectively manage significant impacts and risks and optimally leverage significant opportunities. To this end, we will review our strategy and business model in the current financial year in terms of their resilience to environmental risks. We will publish the results of the aforementioned analysis in our sustainability statement for the 2025 financial year.

[100] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.
[101] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.

Climate change

Disclosure Requirement E1-1 – Transition plan for climate change mitigation

We do not currently have a transition plan. We plan to set 2025 as the publication year for the transition plan.

Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation

As we are currently in the process of developing our sustainability strategy, we do not yet have any policies to manage the material impacts, risks and opportunities we have identified in connection with mitigating climate change and adapting to its consequences.

Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies

Pursuant to ESRS 2 MDR-A, the key measures applied and planned in the reporting year to combat climate change include the following:

- In addition to many energy efficiency projects such as the use of LED lighting in Cologne, Ulm, and Zafra, and an energy-efficient roof refurbishment at the Herschbach site, we also commissioned a photovoltaic system with an output of 750 kWp in Cologne-Porz. Further PV systems are planned for 2025 in Herschbach (99 kWp) and two in Cologne-Porz (518 kWp and 528 kWp). We currently expect these to go into operation in 2025. Further actions to reduce Scopes 1, 2 and 3 are still being developed and will be published together with the transition plan.

- We do not consider the investment and operating costs required to implement the existing and planned actions to be significant in relation to the total investment and operating costs and consequently do not report them separately.

Of the actions mentioned, the roof renovation in Herschbach as well as PV systems and the LED replacement are to be regarded as decarbonization levers. The roof renovation in Herschbach results in an emissions reduction of 27 tCO_2e per year. This emissions reduction can be expected annually, depending on the thermal energy used. For electricity-related actions, the purchase of green electricity results in an emissions reduction of 0 tCO_2e.

Our ability to implement the necessary actions depends on resource availability and allocation. Continuous access to funding at affordable capital costs is crucial for the implementation of our actions.

Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation

We are currently pursuing a non-ESRS-compliant target aimed at reducing GHG emissions in relation to consolidated revenue by 2029. Emission reduction targets for Scopes 1, 2 and 3 will be published together with the transition plan.

We have not tracked the effectiveness of our actions on the material sustainability-related impacts, risks, and opportunities.

Disclosure Requirement E1-5 – Energy consumption and mix

We collect only real energy consumption data from our production sites. For our sales and service locations, we extrapolate by using the average energy consumption of an office employee in Cologne and multiplying it by the number of employees at the individual companies.

Steam, heat, or cooling generated as ‘waste energy’ from the industrial processes of a third party are recognized under ‘purchased or acquired’ energy. We classify renewable hydrogen as a renewable fuel. Hydrogen that is not completely derived from renewable sources is included under ‘fuel consumption from other non-renewable sources’. As a company that operates exclusively in sectors with a high climate impact, we disclose the information required by ESRS E1-5 37 a).

Energy consumption of the production sites

	2024
(1) Fuel consumption from coal and coal products [MWh]	0
(2) Fuel consumption from crude oil and petroleum products [MWh]	17,854
(3) Fuel consumption from natural gas [MWh]	26,393
(4) Fuel consumption from other fossil sources [MWh]	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources [MWh]	5,328
(6) Total fossil energy consumption [MWh] (calculated as the sum of lines 1 to 5)	49,575
Share of fossil sources in total energy consumption [%]	39.5
(7) Consumption from nuclear sources [MWh]	460
Share of consumption from nuclear sources, in total energy consumption [%]	0.4
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) [MWh]	1,005
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources [MWh]	73,089
(10) The consumption of self-generated non-fuel renewable energy [MWh]	1,238
(11) Total renewable energy consumption [MWh] (calculated as the sum of lines 8 to 10)	75,332
Share of renewable sources, in total energy consumption [%]	60
Total energy consumption [MWh] (calculated as the sum of lines 6, and 11)	125,368

We have identified the following sectors, including NACE codes, with a significant impact on the climate, which are used to determine energy intensity:

- 27.11 Manufacture of electric motors, generators and transformers,
- 27.2 Manufacture of batteries and accumulators,
- 28.11 Manufacture of engines and turbines, except aircraft, vehicle and cycle engines.

Energy intensity of activities in »sectors with a high climate impact«

	2024
Energy intensity per net revenue [MWh/T€]	69.12
Net revenue attributable to activities in high climate impact sectors [€]	1,813,664,681
Total net sales (annual financial statements) [€]	1,813,664,681
Total Energy consumption attributable to activities in high climate impact sectors [MWh]	125,368

Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Gross Scope 1, 2, 3 and total GHG emissions[102,103]	**Reporting year (N)**
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions [tCO_2e]	10,038
Percentage of Scope 1 GHG emissions from regulated emission trading schmes [%]	0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions [tCO_2e]	12,372
Gross market-based Scope 2 GHG emissions [tCO_2e]	824
Significant Scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions [tCO_2e]	19,571,152
(1) Purchased goods and services [tCO_2e]	541,968
(4) & (9) Up- and downstream transportation and distribution [tCO_2e]	21,400
(11) Use of sold products [tCO_2e]	19,008,054
Total GHG emissions	
Total GHG emissions (location-based) [tCO_2e]	19,593,562
Total GHG emissions (market-based) [tCO_2e]	19,582,014

To calculate our Scope 2 greenhouse gas emissions, we used location and market-based methods as prescribed. For location-based emissions, we have used average emission factors for energy generation for the defined locations, while for market-based emissions we have quantified the greenhouse gas emissions of the producers from whom we have contractually purchased electricity in a package with instruments. We have also provided information on the proportion and types of contractual instruments used for the purchase and sale of energy packaged with energy generation attributes. These instruments include green certificates for electricity, which account for 92.96% of total electricity consumption.

Within our consolidated accounting group, which comprises employees from both the parent company and the subsidiaries, our total Scope 1 emissions amounted to 10,038 tCO_2e. As far as Scope 2 emissions are concerned, our consolidated accounting group reported a total of 824 tCO_2e of gross market-based GHG emissions and 12,372 tCO_2e of gross location-based GHG emissions.

Associated companies, joint ventures, and non-consolidated subsidiaries that are not fully included in the financial statements of our consolidated accounting group were not recognized.

GHG intensity per net sales

	2024
Net sales for calculating the GHG intensity [€]	1,813,664,681
Total net revenue (annual financial statements) [€]	1,813,664,681
Total GHG emissions (location-based) [tCO_2e]	19,593,562
Total GHG emissions (market-based) [tCO_2e]	19,582,014
Total GHG emissions (location-based) per net revenue [tCO_2e/T€]	10.8033
Total GHG emissions (market-based) per net revenue [tCO_2e/T€]	10.7969

Scope 1 and 2 emissions are calculated from our companies' energy consumption. We use the entities' actual energy consumption to determine the GHG emitted from production sites. For the remaining companies (sales and service locations), we extrapolate the emissions. To this end, we have created a DEUTZ-specific factor that reflects the annual energy consumption of an office employee. Using the companies' full-time equivalents, we can then determine the total energy consumption and the associated emissions of the Scope 1 and 2 categories for each company.

To prepare the disclosure of our Scope 3 greenhouse gas emissions, we applied the weight and expenditure-based method in Scope 3.1 and emission factors from the EcoInvent database. Applying the weight-based method, we accounted for the direct purchased goods according to material composition. The

[102] The base year corresponds to the reporting year.
[103] No milestones and target years are listed, as no ESRS-compliant GHG targets have been set.

expenditure-based method was used for indirect purchased goods and we calculated the emissions on the basis of purchase value.

For Scope 3.4, primary data from freight forwarders in the form of carbon reports was used for the most part. Furthermore, a safety margin of 10% was defined to cover any potential non-inclusion. The emission factors used to calculate individual transportation emissions are taken from the UK government's Department for Business, Energy & Industrial Strategy (DBEIS).

The Engine Cloud forms the data basis for the Scope 3.11 calculation. This contains real engine consumption data from our customers, which, together with the number of units sold worldwide, allows us to determine the emissions for real engine behavior. The emission factors for the fuels are also derived from the UK government's DBEIS and the EcoInvent emissions database. As real consumption data are not available for all engine types, a linear extrapolation was conducted from 80% coverage in accordance with the GHG protocol. Coverage of 88.2% was achieved for 2024, resulting in an extrapolation of 11.8%.

These categories include indirect Scope 3 greenhouse gas emissions that originate from the consolidated accounting group, which includes both the parent company and its subsidiaries.

We update our Scope 3 greenhouse gas emissions for each significant category annually based on current activity data. Our complete Scope 3 greenhouse gas inventory is updated after a significant event. The calculation of our Scope 3 greenhouse gas emissions is based on data from activities within our Company's upstream and downstream value chain. The calculated greenhouse gas emissions include all greenhouse gases from the Kyoto Protocol and are stated in CO_2 equivalents.

We did not emit any biogenic emissions from the incineration or biodegradation of biomass during the reporting period.

The calculation of our Scope 3 greenhouse gas emissions is based on data from activities within our Company's upstream and downstream value chain. A total of 85.65% of our Scope 3 greenhouse gas emissions are determined using primary data that we obtain directly from our suppliers or other partners in our value chain.

Our inventory of Scope 3 greenhouse gas emissions comprises three categories, including Scopes 3.1, 3.4, and 3.11. In particular, certain Scope 3 categories were deliberately excluded from the inventory. For example, Scopes 3.10, 3.14, and 3.15 are not relevant scopes, as our products are not further processed, we do not operate a franchise, and we are not a financial company. Although the remaining Scope 3 categories include emissions, they are immaterial in total.

Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

No projects to reduce or mitigate greenhouse gases were financed through carbon credits in the reporting period.

Disclosure Requirement E1-8 – Internal carbon pricing

No internal carbon pricing schemes were used in the reporting period.

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Due to the phase-in provision for chapter E1-9, we are not reporting on the data points contained therein this year.

Pollution

Disclosure Requirement E2-1 – Policies related to pollution

We analyze our environmental impacts in order to identify opportunities and risks and to improve our environmental performance. Our existing DIN EN ISO 14001 environmental certification has been an obligation for us since our initial certification in 2017, and this certification serves as proof that we have implemented the requirements of this standard. Our commitment as part of our environmental certification includes considering our Company's negative environmental impacts, including prevention and control, as well as the avoidance of incidents and emergency situations. Applicable EU regulations and international directives that are binding for us, in particular the CLP Regulation, the REACH Regulation and the RoHS Directive, require us to substitute and minimize the use of substances of concern, especially for non-essential social purposes and in consumer products.

ESRS-compliant policies for dealing with material sustainability aspects were not yet adopted in the reporting year. We are reporting in accordance with ESRS for the first time and have consequently focused on our double materiality analysis this year. Corresponding policies are currently being developed and will be specified in the following year.

Disclosure Requirement E2-2 – Actions and resources related to pollution

In recent years, we have significantly reduced the air pollution caused by our production processes by introducing an optimized engine testing process at our site in Cologne. This process shifts the greater part of an engine test to the cold state, as a consequence of which the engine is not powered by fossil fuel combustion during the test phase. This reduces the emissions produced by the conventional combustion test method. We are continuously improving the testing processes for our engines.

All of our engines are certified for the use of HVO (Hydrotreated Vegetable Oil; paraffinic fuel according to EN 15940). In addition to the option for our customers to run their engines on HVO, HVO is also used in our test benches and for refueling auxiliary vehicles at our Cologne site. The use of HVO fuels significantly improves the carbon footprint of DEUTZ engines. To further reduce our Scope 1 and 2 emissions, we will also continue to gradually switch fuel consumption in our internal operating processes from conventional diesel to HVO.

With regard to substances of very high concern (SVHC) in our products, we work together with our suppliers on an ongoing basis with the aim of being able to bring our products to market in a more environmentally compatible way. We have enshrined key requirements relating to environmental protection and sustainability in our current terms and conditions of purchase and our Supplier Code of Conduct.

We do not consider the investment and operating costs required to implement these actions to be significant in relation to the total investment and operating costs and consequently do not report them separately.

Specific targets relating to the sustainability aspects identified as material and environmentally relevant were not yet agreed in the 2024 financial year. By focusing on the double materiality analysis, we will plan the targets at a later date and specify them in the following year.

With regard to activities aimed at reducing SVHC substances in products, we are in regular contact with our suppliers in order to be able to source components with an alternative chemical composition. The Material Compliance unit ensures that, for example, engines already produced are continuously evaluated in relation to compliance with a wide range of environmental legislation and regulations and that processes are successively optimized in relation to materials and substances used. Our measures relate to direct and indirect contact and exchange with our suppliers in the upstream and downstream value chain.

Disclosure Requirement E2-3 – Targets related to pollution

We have not yet set any measurable outcome-oriented targets.

The effectiveness of measures relating to pollution in terms of impacts, opportunities, and risks is not monitored at present.

Disclosure Requirement E2-4 – Pollution of air, water and soil

This section reports on quantitative information that has an impact on the environment through our own activities and not through the upstream and downstream value chain. As a result of our materiality analysis, however, we only have impacts on the environment from the extraction and processing of raw materials and from air emissions during the combustion of fuel in the use phase of the engines. In other words, the negative impacts occur in our upstream and downstream value chain.

Disclosure Requirement E2-6 – Anticipated financial effects from pollution-related impacts, risks and opportunities

We are not reporting in this financial year on the financial impacts, opportunities, and risks arising from pollution on the basis of the phase-in disclosures (transition periods). In the following three years, we will only make qualitative disclosures when preparing the sustainability report in accordance with ESRS 1 Appendix C.

Disclosures pursuant to Article 8 of the EU Taxonomy Regulation

The EU Taxonomy Regulation is primarily focused on environmental objectives. These objectives are (1) climate change mitigation, (2) climate change adaptation, (3) the sustainable use and protection of water and marine resources, (4) the transition to a circular economy, (5) pollution prevention and control, and (6) the protection and restoration of biodiversity and ecosystems.

Disclosures on the taxonomy alignment and taxonomy eligibility of economic activities related to the first two of these environmental objectives are required for the 2024 reporting year.

See Key performance indicators, calculation rules, and technical screening criteria, p. 107 onward, for further information on taxonomy eligibility and taxonomy alignment.

KEY PERFORMANCE INDICATORS, CALCULATION RULES, AND TECHNICAL SCREENING CRITERIA

Pursuant to Article 8 of the EU Taxonomy Regulation and Article 10 (4) of the Delegated Act (Commission Delegated Regulation (EU) 2021/2178), the key performance indicators to be disclosed for 2024 are the proportions of consolidated revenue, capital expenditure (CapEx), and operating expenses (OpEx) that we have generated from taxonomy-eligible and taxonomy-aligned economic activities.

A taxonomy-eligible economic activity is an economic activity described in the delegated acts supplementing the EU Taxonomy Regulation, regardless of whether that economic activity fulfils some or all of the technical screening criteria set out in those delegated acts.

An economic activity is taxonomy-aligned if it meets certain technical screening criteria and is carried out in accordance with the criteria for the minimum safeguards pursuant to Article 18 of the EU Taxonomy Regulation. The following must apply for an economic activity to be considered taxonomy-aligned:

1. The economic activity makes a substantial contribution to one or more of the six environmental objectives. With regard to climate change mitigation, for example, an economic activity makes a substantial contribution if
   - the activity itself is associated with very low or no greenhouse gas emissions;
   - the activity supports the transition to a climate-neutral economy by 2050 and there is no alternative to it;
   - the activity enables, or is capable of enabling, another economic activity to protect the climate.
2. With regard to the transition to a circular economy, for example, an economic activity makes a substantial contribution if

- the lifetime of a product is extended, e.g. as a result of repair, refurbishment, or remanufacturing;
- the products or product parts that have become waste are reused without any other pre-processing;
- the second-hand product can be resold and reused without prior cleaning, repair, remanufacturing, or refurbishment.

3. The economic activity does not significantly harm any of the other environmental objectives (do no significant harm, DNSH), pursuant to Article 17 of the EU Taxonomy Regulation and the Delegated Acts).
4. The minimum safeguards have been implemented.

The aforementioned minimum safeguards relate to human rights (including labor rights), bribery and corruption, taxation, and fair competition. The underlying frameworks are the **OECD Guidelines**, the **fundamental conventions of the International Labour Organization (ILO)**, the International Bill of Human Rights, and the **UN Guiding Principles on Business and Human Rights**.

Companies must implement at least the following six steps regarding human rights due diligence in order to satisfy the criteria for the minimum safeguards:

1. A responsible approach to business is firmly enshrined in the management systems, policies, and strategies.
2. The negative effects of a company's own business activities, supply chains, and business relationships are identified and evaluated.
3. Negative and/or disadvantageous effects are stopped, avoided, or reduced.
4. The implementation of measures, and the outcomes, are tracked.
5. The way in which negative effects are dealt with is communicated.
6. Where appropriate, remedial action is initiated or supported.

Revenue-related KPI[104] The proportion of total revenue generated from taxonomy-eligible/taxonomy-aligned economic activities is the amount of consolidated revenue – pursuant to point 1.1.1 of Annex I of Article 8 of the EU Taxonomy Regulation – that is derived from products and services associated with taxonomy-eligible/taxonomy-aligned economic activities, divided by consolidated revenue for 2024 pursuant to IAS 1.82(a). As in the

[104] Key performance indicator.

previous year, revenue consists of revenue from contracts with customers. See also the 'consolidated financial statements', p. 169 onward.

KPI related to capital expenditure (CapEx KPI) The taxonomy-eligible/taxonomy-aligned CapEx KPI is calculated by dividing taxonomy-eligible/taxonomy-aligned capital expenditure by total CapEx. This encompasses additions to property, plant and equipment and intangible assets during the reporting period before depreciation, amortization, and any remeasurements, including those resulting from remeasurements and impairment for the year concerned and excluding fair value changes. The CapEx KPI also encompasses the acquisition of property, plant and equipment pursuant to IAS 16, paragraph 73, letter e), (i) and (iii), including right-of-use assets in accordance with IFRS 16 Leases, paragraph 53, letter (h), and additions to intangible assets pursuant to IAS 38, paragraph 118, letter e), (i). Goodwill is not included in the CapEx KPI because it is not defined as an intangible asset pursuant to IAS 38.[105]

Capital expenditure is taxonomy-aligned if it can be assigned to the following three categories a), b), or c):

a) Capital expenditure related to assets or processes that are associated with taxonomy-aligned economic activities

b) Capital expenditure that is part of a capital expenditure plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (not currently applicable to DEUTZ)

c) Capital expenditure that is related to the purchase of output from taxonomy-aligned economic activities and individual measures pursuant to the EU Taxonomy Regulation that enable certain target activities to become low-carbon or that lead to greenhouse gas reductions. Capital expenditure is also deemed taxonomy-aligned if the products purchased or the individual measures correspond to the description of the particular economic activity and the technical screening criteria and adhere to the minimum safeguards.

KPI related to operating expenses (OpEx KPI) The taxonomy-eligible/taxonomy-aligned OpEx KPI is defined as the OpEx KPI associated with taxonomy-eligible/taxonomy-aligned economic activities divided by total OpEx. This covers direct, non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditure relating to the day-to-day maintenance and repair of property, plant and equipment. The taxonomy-eligible/taxonomy-aligned OpEx KPI also covers operating expenses that are part of a capital expenditure plan (CapEx plan) to expand taxonomy-aligned economic activities or to transform taxonomy-eligible economic activities into taxonomy-aligned economic activities. Expenditure related to day-to-day operations is not included.

The OpEx KPI consists of the following items:

- Research and development expenditure that is recognized as an expense during the reporting period; in accordance with IAS 38.126, all non-capitalized expenses and amortization and impairment on development expenditure already capitalized that can be directly assigned to the research and development activities.

- The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases.[106]

- Maintenance and repair costs relating to ongoing maintenance of property, plant and equipment were determined on the basis of the maintenance and repair costs allocated to the internal cost centers. The relevant cost items are included in various line items in the income statement. Building renovation work that helps to reduce carbon emissions is also included here. As a rule, the cost items are staff costs, costs for services, the cost of materials for maintenance, and costs for regular and unscheduled maintenance and repair work.

To ensure that nothing was counted more than once for the purposes of the OpEx and CapEx KPIs, we first determined all capital expenditure and operating expenses in category c) and then determined the remaining capital expenditure and operating expenses in category a). Any unassigned capital expenditure is taxonomy-non-eligible. Our capital expenditure and operating expenses can be assigned to categories a) and c) only. Revenue is recorded at the level of the individual companies to ensure that it is not counted more than once.

TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE DEUTZ GROUP

Business model Our core competencies are primarily the development and production of drive systems for off-highway applications. The current portfolio extends from diesel and gas engines to electric and hydrogen drives. DEUTZ drives are used in a wide range of applications, including construction equipment, agricultural machinery, **material handling** equipment such as forklift trucks and lifting platforms, stationary equipment such as generator sets (gensets) as well as commercial and rail vehicles. In addition, we operate in the field of decentralized energy supply following our acquisition of solution provider Blue Star Power Systems, Inc. at the start of August 2024.

In 2024, our operating activities were divided into the DEUTZ Classic and DEUTZ Green segments. The Classic segment encompassed all activities related to the development, production, distribution, and maintenance of diesel engines, gas engines, and gensets as well as the related service business. The Green segment consisted of all activities related to new drives. This included hydrogen engines, the business of battery

[105] See p. 165 onward for further details of the accounting standards.
[106] See also Leases, Note, p. 210 onward.

management specialist Futavis, electric drives, and the related service business. See also 'Business model and segments', p. 34 onward.

In view of our business model, the economic activities that were taxonomy-eligible and taxonomy-aligned in 2024 were essentially activities in the Green segment and in the service business. Examples in the Green segment include DEUTZ's hydrogen engine, which is used in stationary equipment for generating electricity and other applications, and the activities to electrify our engine portfolio. The latter include the manufacture of electric drive systems (e.g. for use in construction-site vehicles and ground support equipment), the manufacture of modular battery systems, and the manufacture of battery management systems and components by the DEUTZ subsidiary Futavis. In our service business, the taxonomy-eligible and taxonomy-aligned economic activities comprised those that meet the conditions for the transition to a circular economy, primarily the repair, remanufacturing, and refurbishment of engines and product components, plus the sale of second-hand parts.

In addition to the aforementioned activities from which we generate external revenue, we have also identified investing activities that exclusively result in taxonomy-eligible and taxonomy-aligned CapEx. These activities relate to interdisciplinary topics and individual measures in connection with optimizing energy and heat efficiency within operations.

Identification of taxonomy-eligible and taxonomy-aligned economic activities in the DEUTZ Group As the first step in identifying taxonomy-eligible and taxonomy-aligned economic activities, we assessed which of our business activities might potentially be relevant. We did this by referring to Annexes I and II of Delegated Act 2021/2139 (in its current version) supplementing the EU Taxonomy Regulation. In addition, we analyzed and compared Delegated Acts 2023/2485 and 2023/2486 supplementing the EU Taxonomy Regulation, which were published in November 2023.

The following table shows the taxonomy-eligible economic activities – pursuant to Annex I of Delegated Act 2021/2139, including the amendments and additions from November 2023 – in the DEUTZ Group that can be assigned to the environmental objective of (1) climate change mitigation and the environmental objective (4) the transition to a circular economy. The analysis of economic activities does not reveal any activities for us that take into account the environmental objective (2) climate change adaptation.

Overview and assignment of taxonomy-eligible economic activities in the DEUTZ Group

Activity		**Economic activity at DEUTZ**
CCM 3.1.	Manufacture of renewable energy technologies	Gensets with a solar panel and battery storage
CCM 3.2.	Manufacture of equipment for the production and use of hydrogen	Manufacture of hydrogen engines that produce electricity in combination with a generator in stationary equipment
		Manufacture of hydrogen engines to drive rail vehicles
		Hydrogen engines to drive other applications in the future; further development with external partners
		Test rig operation with hydrogen engines in the development unit at the Cologne-Porz site
		Preparation for test rig operation with hydrogen engines in the assembly unit at the Cologne-Porz site
		Hydrogen tank systems
CCM 3.3.	Manufacture of low carbon technologies for transport	Hydrogen engines to drive trucks in transportation logistics
CCM 3.4.	Manufacture of batteries	Futavis subsidiary: manufacture of battery management systems and components
		Manufacture of battery systems for on-highway applications
		Manufacture of battery systems for off-highway applications
CCM 3.6.	Manufacture of other low carbon technologies	Manufacture of electric drive systems, e.g. for use in construction-site vehicles and ground support equipment
CCM 3.10	Manufacture of hydrogen	Facility for manufacturing green hydrogen with solar power at the DEUTZ Spain site in Zafra (Spain)
CE 5.1.	Repair, refurbishment and remanufacturing	Refurbishment and repair of engine parts (DEUTZ Xchange) in order to extend their lifetime at the Ulm site
CE 5.3.	Preparation for re-use of end-of-life products and product components	Preparation of parts for reuse (disassembly, examination, and storage) at the Ulm site
CE 5.4.	Sale of second-hand goods	Sale of cleaned and refurbished second-hand parts
CCM 6.5.	Transport by motorbikes, passenger cars and light commercial vehicles	Use (including leasing) of company cars with an electric, hybrid, or hydrogen drive
CCM 7.1 CE 3.1.	Construction of new buildings	Construction of a logistics hall at the Herschbach site
CCM 7.3.	Installation, maintenance and repair of energy efficiency equipment	Replacement of conventional lighting with LED lighting at the sites in Cologne-Porz and Zafra (Spain)
		Energy-related optimization of building elements such as windows, doors, roofs, and gates
CCM 7.4.	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation and operation of electric charging stations (including PowerTree rapid charging station) at the Cologne-Porz site
CCM 7.5.	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings	Maintenance and expansion of the energy monitoring system to include new meter points at the Cologne and Ulm sites in order to measure consumption, energy flows, and heat flows at additional points
CCM 7.6.	Installation, maintenance and repair of renewable energy technologies	Installation of a photovoltaic system on top of a factory building at the Cologne-Porz site
CCM 9.1.	Close to market research, development and innovation	Use of **HVO** in internal combustion engines
		Operation of internal combustion engines on test rigs where the brakes are linked to an electric drive that generates electricity
		Approval of a development test area for the use of HVO in internal combustion engines
		Use of an inhouse HVO filling station at the Cologne-Porz site

The updating of the EU Taxonomy requirements may lead to adjustments to the economic activities in the future.

The next step was to analyze the economic activities identified as taxonomy-eligible (listed above) to assess their taxonomy alignment. See Key performance indicators, calculation rules, and technical screening criteria, p. 107 onward, for details of the requirements for taxonomy alignment.

1. Substantial contribution In an in-depth analysis, we identified a substantial contribution to two environmental objectives, namely environmental objectives (1) climate change mitigation and (4) the transition to a circular economy.

The table »Overview and assignment of taxonomy-eligible economic activities in the DEUTZ Group« indicates the extent and nature of the substantial contributions.

In 2022 and 2024, we calculated a greenhouse gas footprint (Scopes 1, 2, and 3) in order to provide evidence of the substantial contribution of the economic activities 3.2/3.4 and 3.6 to climate change mitigation. We also calculated a **product carbon footprint** for our electric 360-volt drive system, for its internal combustion engine variant (TCD 2.9), and for the TCD 6.1 as a customer project.

2. Adherence to the DNSH criteria We believe that we have a responsibility to society to play our part in protecting the environment and mitigating climate change around the world by developing innovative drive solutions for our customers. Furthermore, we strive to fulfill our responsibility in this area by continuously optimizing the processes and activities associated with our own business operations with regard to their negative impact on the environment and by continuously improving our management of resources. To this end, we have also established an environmental management system certified in accordance with the international DIN EN ISO 14001:2015 standard.

To assess whether the economic activities assigned to environmental objective (1) do no significant harm to the other environmental targets, a review was conducted pursuant to the current version and scope of Commission Delegated Regulation (EU) 2021/2139, appendices A to D, as well as on the basis of the specific requirements for each economic activity. To assess whether the economic activities assigned to environmental objective (4) do no significant harm to the other environmental targets, we conducted a review pursuant to Commission Delegated Regulation 2023/2486, appendices A to D.

2.1. Adherence to the DNSH principle for environmental objective (1) climate change mitigation Our economic activities that make a substantial contribution to the circular economy do no significant harm to environmental objective (1). By repairing and reusing second-hand and refurbished parts and components, we are actually helping to extend engine lifetimes and thereby extend their product lifecycle. This means that our customers can continue to use these engines incorporating refurbished parts for significantly longer. An analysis of our first greenhouse gas footprint revealed a reduction in carbon emissions.

2.2. Adherence to the DNSH principle for environmental objective (2) climate change adaptation We conducted a climate risk analysis with the assistance of an external consultancy and a climatologist in order to identify the physical climate risks that are material to our taxonomy-eligible economic activities. The analysis covered the following DEUTZ sites, reflecting the location of our taxonomy-eligible economic activities: Cologne, Ulm, Aachen, Herschbach (all Germany), Sapino (Morocco), and Zafra (Spain). Future climate-related risks in the categories temperature, wind, water, and solid matter were evaluated for these sites. We took into account both chronic climate risks, i.e. those that persist over a long period of time, and acute (short-term) but severe climate risks. Four different emissions scenarios were used for the future climate outcomes: SSP2/RCP2.6, SSP2/RCP4.5, SSP4/RCP6.0, and SSP5/RCP8.5. The analysis was carried out for the current climate (2011 to 2030) and the future climate (2031 to 2050). The necessary data was taken either from the ERAS reanalysis (weather maps) or official climate models from the Intergovernmental Panel on Climate Change (IPCC) or it was compiled and processed using external hazard and risk data sets. No material physical climate risks impacting on the economic activities identified as taxonomy-eligible were ascertained.

In addition, we consider potential risks at our direct supplier locations in order, for example, to adequately take supply risks into account when selecting and evaluating suppliers.

2.3. Adherence to the DNSH principle for environmental objective (3) sustainable use and protection of water and marine resources To identify risks in connection with preserving water quality, avoiding water stress, achieving a good environmental status for watercourses and bodies of water, and avoiding the deterioration of the water status, we developed an evaluation form that sites can use to conduct a self-assessment relating to water pollution control, water supply, water disposal, and water consumption. The content of the evaluation form was based on the mandatory environmental impact assessment in accordance with the German Environmental Impact Assessment Act (UVPG). No negative impact resulting from the economic activities was ascertained.

2.4. Adherence to the DNSH principle for environmental objective (4) transition to a circular economy The vast majority of the components that we use in our production processes are designed to last for a very long time and to be capable of being refurbished/overhauled, thereby extending their useful life. The components that are made of materials such as steel, aluminum, or copper are recyclable and still have significant value at the end of their useful life.

After being recycled by a third party, the recovered materials can be used as a secondary resource in the production of new goods. For example, old batteries are added to a register of old electrical goods maintained by Stiftung Elektro-Altgeräte-Register before important raw materials are recovered from them using efficient recycling processes, namely metallurgical, chemical, and mechanical recycling processes.

Sustainable waste management is a key component of our environmental management system. Our waste, such as metal, wood, paper, cardboard, cardboard packaging, and plastic, is sold on our behalf to third parties so that it can be recycled and reused.

2.5. Adherence to the DNSH principle for environmental objective (5) pollution prevention and control We purchase components and raw materials for use in engine production that contain an extensive range of pure substances and minerals and that could cause harm to people and the environment if they are not handled properly. Some of these substances and minerals are subject to international regulations, including the regulation pertaining to the registration, evaluation, authorization, and restriction of chemicals (**REACH**) and the directive restricting the use of certain hazardous substances in electrical and electronic equipment (**RoHS**).

An engine has an average of well over 300 parts, and a variety of different substances are contained in these parts and/or are used in their manufacturing process. The **Materials Compliance** function makes sure that the engines produced are continually assessed for compliance with the many environmental laws and regulations and that processes are incrementally optimized with regard to the materials and substances used. This includes introducing conformity checks in the product development process. In addition, we define materials compliance criteria to be applied when selecting production component suppliers. We have introduced an online database for materials declarations with the aim of monitoring supplier compliance with these criteria and improving the management of processes. Over time, all the materials that we process and use will be recorded in the database. This means it will include the full range of substances and minerals, and not just those that are subject to the regulation pertaining to the registration, evaluation, authorization, and restriction of chemicals (REACH) and to the directive restricting the use of certain hazardous substances in electrical and electronic equipment (RoHS).

We intend to use the information on materials declarations held in our database not only to ensure compliance with the law and relevant policies but also to take steps that will help to avoid pollution caused by the use of chemicals and their placement in the market.

Furthermore, our established approach for managing hazardous substances is aimed at either avoiding hazards entirely through the use of substitutes or reducing them to a minimum as a result of technical and organizational measures.

2.6. Adherence to the DNSH principle for environmental objective (6) protection and restoration of biodiversity and ecosystems The evaluation form referred to in 2.2 also forms the basis for the analysis of risks relating to ecosystems and biodiversity. In addition to criteria for assessing the sustainable use of water resources, it also includes those that concern the protection of ecosystems and the preservation of biodiversity. No significant adverse effects on the protection of ecosystems and biodiversity resulting from the economic activities were ascertained. None of the sites evaluated that are relevant to our taxonomy-eligible economic activities are near to areas with fragile biodiversity.

3. Adherence to the minimum safeguards A responsible approach to business, including in relation to human rights, bribery and corruption, taxation, and fair competition, is a high priority for us and therefore firmly enshrined in our management systems, policies, and strategies. This is also reflected in the content of various internal organizational policies and our groupwide codes of conduct for employees, suppliers, and other business partners. The codes are based on the **German Supply Chain Due Diligence Act** (LkSG), the UN **Universal Declaration of Human Rights**, the ILO's fundamental conventions, the **OECD Guidelines** for Multinational Enterprises, the **UN Guiding Principles on Business and Human Rights**, the ten principles of the **United Nations Global Compact** (UNGC), and other sources.

Regular classroom-based courses and annual compliance training are provided to ensure that our employees understand the content of the code of conduct and that they act in accordance with pertinent laws and regulations. The various modules include anti-corruption, antitrust law, health and safety in the office, and the **German General Equal Treatment Act** (AGG) and non-discrimination. See also 'Corporate governance declaration and corporate governance report', p. 18 onward.

With regard to taxation, we have established a system for managing tax compliance that is designed to ensure lawful conduct in relation to tax matters and to minimize and avoid financial risk, reputational risk, and consequences under criminal law that could arise in the event of unlawful behavior.

As a member of the United Nations Global Compact, we attach particular importance to respect for human rights and measures to combat corruption. We have adopted a human rights code in order to emphasize our zero-tolerance approach to human rights abuses. The code applies to our employees, suppliers, and business partners alike. See also 'Corporate governance declaration and corporate governance report', p. 18 onward, and Purchasing and procurement, p.44 onward.

To identify, as far as possible, any behavior that violates laws or regulations and to immediately put a stop to any proven misconduct, we have provided a publicly accessible whistleblowing system on our website for the purposes of reporting suspected violations of our codes of conduct. Every suspected violation is documented in a uniform way and treated in accordance with the groupwide **compliance** policy.

We have various instruments at our disposal that allow us to identify and evaluate any negative effects on our business activities, supply chains, and business relationships. For example, we conduct quarterly risk inventories for our business activities that also cover risks relating to human rights, bribery and corruption, taxation, and fair competition. We have implemented an IT-based business partner compliance tool that enables us to respond appropriately and at an early stage to matters such as suspected money laundering, anti-competitive practices, the financing of terrorism, corruption, or bribery on the part of our business partners. The tool provides a web-based self-declaration form that business partners are asked to fill out and then checks both the company itself and the members of its governing and supervisory bodies as well as the beneficial owners against up-to-date sanctions lists. On the basis of the information obtained, the business partners are classified using an internal DEUTZ risk model and, if required, action is taken to minimize risks or even terminate an existing business relationship. See also 'Corporate governance declaration and corporate governance report', p. 18.

In addition, we use a tool that draws on publicly accessible information so that we can monitor suppliers on an ongoing basis. Compliance with our supplier code of conduct is also checked during **on-site audits.** See also 'Purchasing and procurement', p. 44 onward.

If any negative or detrimental effects were to be identified, e.g. regarding human rights, bribery and corruption, taxation, and fair competition, we would take action to stop or reduce them and to avoid them in the future. Implementation of the measures above, and the outcomes, would be tracked. Using a suitable channel, we would also communicate the way in which negative effects are dealt with and, where appropriate, would initiate or support remedial action for confirmed violations, including those relating to human rights, bribery, and corruption. In relation to negative effects attributable to our suppliers, we publish a declaration of principles pursuant to LkSG on an ad hoc basis, but at least once a year, on our website. The declaration includes a description of how we fulfill our due diligence obligations regarding human rights and the environment, the results of the regular risk analyses, and the implementation of preventive and remedial measures aimed at minimizing risk. See also 'Purchasing and procurement', p. 44 onward.

Based on the information in this section, we conclude that we satisfy the criteria for the minimum safeguards. Moreover, we have not identified any violations relating to the aforementioned topics in connection with our business activities. Consequently, there have been no convictions in court in respect of such violations.

Our taxonomy-aligned economic activities encompass those taxonomy-eligible economic activities that verifiably satisfy all criteria in Article 3 of the EU Taxonomy Regulation. See 'Key performance indicators, calculation rules, and technical screening criteria', p. 107 onward.

We do not engage in any economic activities related to nuclear power and the use of natural gas.[107]

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle..	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

The following tables show our proportion of total revenue, total CapEx, and total OpEx associated with the economic activities that are taxonomy-eligible pursuant to the EU Taxonomy Regulation and, based on the analysis and checking process described above, can be considered taxonomy-aligned.

[107] Standard templates for the disclosure referred to in Article 8(6) and (7) Template 1 Nuclear and fossil gas related activities

Proportion of revenue in 2024 attributable to goods or services that are associated with taxonomy-aligned economic activities

2024 financial year	Year			Substancial contribution criteria						DNSH criteria (do no significant harm)									
Economic activities	Code[108]	Revenue	Proportion of revenue, 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible proportion of revenue (A.2.), 2023	Enabling activity category	Transitional activity category
		Currency €	%	Y; N; N/EL[109]	Y; N; N/EL[110]	Y; N; N/EL[111]	Y; N; N/EL[112]	Y; N; N/EL[113]	Y; N; N/EL[114]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture off batteries	CCM 3.4	1,963,174.00	0.11	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.11	E	
Repair, refurbishment and remanufacturing	CE 5.1	37,779,208.88	2.08	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Preparation for re-use of end-of-life products and product components[115]	CE 5.3	37,779,208.88	2.08	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Sales of second-hand goods	CE 5.4	37,779,208.88	2.08	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)		**115,300,800.64**	**6.35**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	**0.11**		
Of which: enabling			100.00%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	100.00	E	
Of which: transitional			0.00%	0%						Y	Y	Y	Y	Y	Y	Y	0.00		T
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL[116]	EL;N/EL[117]	EL;N/EL[118]	EL;N/EL[119]	EL;N/EL[120]	EL;N/EL[121]										
Manufacture of other low-carbon technologies	CCM 3.6	433,073.00	0.02	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01		
Revenue from taxonomy-eligible, but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**433,073.00**	**0.02**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.01**		
A. Revenue from taxonomy-eligible activities (A.1 + A.2)		**115,733,873.64**	**6.37**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.12**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue from taxonomy-non-eligible activities		**1,697,930,807.71**	**93.63**																
TOTAL		**1,813,664,681.35**	**100.00**																

[108] Abbreviation of the respective goal to which the economic activity can make a significant contribution (climate protection: CCM corresponds to Climate Change Mitigation; circular economy: CE corresponds to Circular Economy).
[109] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[110] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[111] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[112] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[113] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[114] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[115] The distribution of the turnover figures for economic activities 5.1, 5.3 and 5.4 (each with 33.33%) is based on the total turnover achieved (Service XChange).
[116] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[117] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[118] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[119] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[120] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[121] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.

Proportion of revenue / total revenue

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	0.11	0.02
CCA	0	0
WTR	0	0
CE	6.24	0
PPC	0	0
BIO	0	0

Proportion of CapEx in 2024 attributable to goods or services that are associated with taxonomy aligned economic activities

2024 financial year	Year			Substantial contribution criteria						DNSH criteria (do no significant harm)									
Economic activities	Code[122]	CapEx	Proportion of CapEx, 2024	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible proportion	Enabling activity category	Transitional activity category
		Currency €	%	Y; N; N/[123]	Y; N; N/EL[124]	Y; N; N/EL[125]	Y; N; N/EL[126]	Y; N; N/EL[127]	Y; N; N/EL[128]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	1,071,775.00	0.58	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.92	E	
Manufacture of batteries	CCM 3.4	543,608.75	0.30	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.58	E	
Manufacture of oxygen	CCM 3.10	294,691.00	0.16	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
New building	**CCM 7.1** CE 3.1	4,377,346.23	2.37	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Lighting with LED lamps, energetic optimization of buildings	CCM 7.3	996,666.00	0.54	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.30	E	
E-charging station installation	CCM 7.4	2,578.00	0.00	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.05	E	
Maintenance and expansion of the energy monitoring system (electricity meter) to determine consumption levels	CCM 7.5	20,101.00	0.01	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01	E	
Installation of a photovoltaic system	CCM 7.6	80,526.00	0.04	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.61	E	
CapEx from environmentally sustainable activities (taxonomy-aligned) (A1)		**7,387,291.98**	**4.00**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3.47**		
Of which: enabling			100.00%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	100.00	E	
Of which: transitional			0.00%	0%						Y	Y	Y	Y	Y	Y	Y	0.00		T
A.2. Taxonomy-eligible, but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL;N/EL[129]	EL;N/EL[130]	EL;N/EL[131]	EL;N/EL[132]	EL;N/EL[133]	EL;N/EL[134]										
Use of company cars with an electric, hybrid, or hydrogen drive	CCM 6.5	294,652.00	0.16	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.18		
CapEx from taxonomy-eligible, but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**294,652.00**	**0.16**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.00**		
A. CapEx from taxonomy-eligible activities (A.1 + A.2)		**7,681,943.98**	**4.16**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**3.65**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx from taxonomy-non-eligible activities		**176,767,098.39**	**95.84**																
TOTAL		**184,449,042.37**	**100.00**																

[122] Abbreviation of the respective goal to which the economic activity can make a significant contribution (climate protection: CCM corresponds to Climate Change Mitigation; circular economy: CE corresponds to Circular Economy).
[123] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[124] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[125] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[126] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[127] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[128] N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
[129] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[130] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[131] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[132] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
[133] EL – eligible, activity that is taxonomy-eligible in rsepect of the relevant objective.
[134] EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.

Proportion of CapEx / total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	4.00	0.16
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Proportion of OpEx in 2024 attributable to goods or services that are associated with taxonomy aligned economic activities

2024 financial year	**Year**			**Substantial contribution criteria**						**DNSH criteria (do no significant harm)**									
Economic activities	**Code[135]**	**OpEx**	**Proportion of OpEx, 2024**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Taxonomy-aligned (A.1.) or taxonomy-eligible proportion of revenue (A.2.), 2023**	**Enabling activity category**	**Transitional activity category**
		Currency €	%	Y; N; N/EL[136]	Y; N; N/EL[137]	Y; N; N/EL[138]	Y; N; N/EL[139]	Y; N; N/EL[140]	Y; N; N/EL[141]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities																			
Manufacture of renewable energy technologies	CCM 3.1	493,865.61	0.43	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	11,358,962.00	9.81	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	11.59	E	
Manufacture of low carbon technologies for transport	CCM 3.3	1,864,782.00	1.61	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Manufacture of batteries	CCM 3.4	13,444,390.00	11.61	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.56	E	
Close to market research, development and innovation	CCM 9.1	26,275.00	0.02	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00	E	
OpEx from environmentally sustainable activities (taxonomy-aligned) (A1)		**27,188,274.61**	**23.48**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**18.15**		
Of which: enabling			100.00	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00	E	
Of which: transitional			0.00	0%						Y	Y	Y	Y	Y	Y	Y	0.00		T
A.2. Taxonomy-eligible, but not environmentally																			
				EL;N/	EL;N/EL[143]	EL;N/EL[144]	EL;N/EL[145]	EL;N/EL[146]	EL;N/EL[147]										
Manufacture of equipment for the production and use of hydrogen	CCM 3.6	5,562,849.00	4.80	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9.50		
Use of company cars with an electric, hybrid, or hydrogen drive	CCM 6.5	52,497.00	0.05	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.03		
OpEx from taxonomy-eligible, but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**5,615,346.00**	**4.85**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**9.53**		
A. OpEx from taxonomy-eligible activities (A.1 + A.2)		**32,803,620.61**	**28.33**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**27.68**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx from taxonomy-non-eligible activities		**82,993,989.26**	**71.67**																
TOTAL		**115,797,609.87**	**100.00**																

135 Abbreviation of the respective goal to which the economic activity can make a significant contribution (climate protection: CCM corresponds to Climate Change Mitigation; circular economy: CE corresponds to Circular Economy).
136 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
137 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
138 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
139 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
140 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
141 N/EL - not eligible, activity that is taxonomy-non-eligible in respect of the relevant environmental objective.
142 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
143 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
144 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
145 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
146 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.
147 EL – eligible, activity that is taxonomy-eligible in respect of the relevant objective.

Proportion of OpEx / total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
	%	%
CCM	23.48	4.85
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Quantitative breakdown of CapEx (€)

Delegated Act 2021/2178		Annex I Art. 1.2.3.2. a	
Economic activity	**Additions to property, plant and equipment**	**Additions to property, plant and equipment**	**Additions through right-of-use assets**
3.2	1,071,775.00	0.00	0.00
3.4	529,709.00	0.00	0.00
3.1	294,691.00	0.00	0.00
6.5	294,652.00	0.00	0.00
7.1	4,377,346.23	0.00	0.00
7.3	986,356.00	0.00	0.00
7.4	2,578.00	0.00	0.00
7.5	20,101.00	0.00	0.00
7.6	80,526.00	0.00	0.00
Total	**7,657,734.23**	**0.00**	**0.00**

Quantitative breakdown of OpEx (€)

Delegated Act 2021/2178	Annex I Art. 1.2.3.3. a
R&D costs	32,724,848.61
Building renovation measures	0.00
Non-capitalized leases	0.00
Maintenance and repair	52,497.00
Total	**32,777,345.61**

Social information

The Company's workforce

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode

As part of our materiality analysis, we identified a significant negative impact on our employees' health and safety. We have not identified any sustainability-related risks and opportunities in the 'Social' area.

i Hazardous working conditions due to non-compliance with legal and internal Company regulations and standards as well as a lack of precautions in the area of health and safety in the workplace can have negative impacts on employee health. This negative impact affects all employees of the DEUTZ Group as well as external workers who work for us at our sites.

We have not currently identified any negative impacts from the transition to a more environmentally friendly, climate-neutral economy on our own workforce.

Impacts	Type and extent of impact	Link to business model	Impact trigger	Expected time horizon of impact
Negativer Beitrag auf die eigene Belegschaft durch deren potenzielle Gesundheitsgefährdung (Arbeitssicherheit)	Negative potential impact on the workforce	Inherent part of our business model and our business activities as a manufacturing company	Effects arise directly from DEUTZ	Short-term (> 1 year)

The issue of health hazards is already influencing our corporate strategy and occupational safety strategy. For example, occupational health and safety already formed part of the sustainability strategy we established in 2019. For this reason, we have always worked to improve our health precautions in the workplace, including before it was identified as a material impact as part of our double materiality analysis. As part of a continuous improvement process, the impact identified as significant will consequently also be taken into consideration in the future strategic development of occupational safety. In the 2024 reporting year, for example, awareness-raising measures such as our mandatory compliance training on occupational safety in the office were held again. We have also strengthened behavior-oriented safety measures and the involvement of safety officers in day-to-day business.

We intend to review the resilience of our strategy and our business model as part of our strategic development in relation to occupational safety and to introduce the necessary measures so that we are in a position to manage the material impact of this issue. To this end, in the current financial year we plan to analyze the resilience of our strategy and business model in terms of our related capability. We will publish the results of the aforementioned analysis in our sustainability statement for the 2025 financial year.

The potential negative impact we have identified on our own workforce is directly related to our strategy or derives directly from our business model. As a manufacturing company, experience has shown that we cannot completely rule out potential health hazards, especially work-related accidents, and particularly in the production area. Nevertheless, the fact that negative impacts may arise does not mean that we have to adjust our business model or our corporate strategy. On the other hand, we are continuously developing our occupational safety strategy.

According to our double materiality analysis, risks and opportunities do not arise from the impacts and dependencies associated with our own workforce. When examining our strategy and business model, we were also unable to identify any risks or opportunities in relation to our own workforce.

The information disclosed in this sustainability statement on health hazards relevant to occupational safety was analyzed exclusively in relation to our own area of business.

In principle, all employees working at our sites, in other words, not only our own employees but also self-employed persons or persons provided by third-party companies, may be affected by work-related health hazards and their negative impacts. As our measures to prevent health hazards are workplace-related and not person-related, the prevention measures described below also cover external employees, unless otherwise stated.

The significant negative impact we have identified is common and widespread in manufacturing companies like ours.[148]

We have not identified any significant positive impacts or significant risks and opportunities for our Company. At present, we do not have any transition plans to reduce the negative impact on the environment and to realize more environmentally friendly and climate-neutral activities. To this extent, we are currently unable to make a well-founded statement as to whether the continuation of our climate change mitigation efforts would exert

[148] We base this statement on a comparison of accident figures between the various employers' liability insurance associations; source: https://www.dguv.de/de/zahlen-fakten/au-wu-geschehen/au-1000-vollarbeiter/index.jsp.

any material impacts on our workforce, such as through restructuring or job losses, or whether opportunities would arise, such as through retraining or the creation of new jobs as part of the transformation of our product portfolio. In the 2024 reporting year, there were neither significant opportunities nor significant risks caused by internal or external climate change mitigation efforts and in relation to our own workforce.

Our production facilities and assembly plants are located in Germany, Morocco, Spain, and the USA. With regard to our own business area or our activities as well as the countries or geographical areas where our production and assembly activities are realized, we are not aware of any significant risks in relation to forced or child labor based on our human rights-related risk analyses. See also our remarks about human rights-related risk analyses under ESRS S1-1 20. a) to c), ESRS S1-1 21. and 22. Furthermore, we do not consider our production activities to entail risky activities, in other words, those that are associated with an increased risk of forced or child labor.

In order to develop an understanding of the extent to which people with certain characteristics and/or areas of activity may be more at risk than others in terms of potential health hazards, we use our monthly accident statistics, which include an analysis or classification by area.

Our main negative impacts relate to all our employees. In other words, they are independent of age, location, and area of activity. Even if, on the basis of the above statistics, it can be assumed that workers in the manufacturing areas are exposed to a greater health risk than workers in administrative areas, we have not excluded any group of workers, as the right to physical integrity is one of the fundamental rights of every human being.

Impact, risk and opportunity management

Disclosure Requirement S1-1 – Policies related to the Company's workforce

We do not currently have a formalized IRO-specific policy in place in relation to the management of our identified material negative potential impact on our own workforce. As far as the current 2025 reporting year is concerned, we intend to draw up an IRO-specific policy. To this end, we have defined an ambition level for 2024 for the occupational safety area, among other areas. This serves as the starting point for the operationalization of our sustainability strategy, which has been further developed in this regard and is derived from our key IROs.

In 2021, the **Integrated Management System (IMS)** established by DEUTZ in Germany was expanded to include occupational health and safety. For this purpose, a matrix certification according to the globally valid DIN EN ISO 45001 standard was conducted, starting with the Cologne locations. This describes the requirements for an effective and efficient occupational health and safety management system, which includes the prevention of accidents at work. A successful DIN EN ISO 45001 monitoring audit of our German sites was conducted in 2024. The production site in Zafra, Spain, has been certified in accordance with DIN EN ISO 45001 since 2019.

Our DIN-EN-ISO-45001 certification is published on our Company website.

We have set out our commitments in the area of human rights policy in a Group-wide Code of Human Rights. This documents our most important human rights principles, including those relating to employee rights, forced labor and child labor, and reaffirms our agreement with the content of international conventions and declarations such as the **United Nations Guiding Principles on Business and Human Rights**, the **UN Universal Declaration of Human Rights**, and the **ILO core labor standards**.[149]

Our Code of Human Rights is available to employees on the intranet and to external third parties on our Company's website.

We have established the following processes and mechanisms to monitor compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises in relation to our own business operations:

We regularly conduct risk analyses in accordance with the requirements of the German Supply Chain Due Diligence Act (LkSG) in order to identify human rights-related risks in our own business area. Here, we pursue a three-stage approach:

1. Risk identification using an established information tool that enables continuous abstract monitoring based on internal and external data sources, including reports on labor practices and human rights issues.

2. Conducting meetings with experts in areas such as corporate compliance, occupational safety, human resources, and internal auditing.

3. Risk identification at DEUTZ AG and at all foreign subsidiaries by means of an LkSG-specific questionnaire.

Our LkSG declaration of principles, which is updated at least once a year and contains the results of the aforementioned risk analyses, is publicly available on our Company's website

People from our own workforce are involved via the works councils elected they elect. Direct dialog occurs in the context of works meetings. For further information, see Disclosure Requirement SBM-2 – Interests and views of stakeholders, p. 87 onward. Moreover, compliance training for employees includes awareness-raising and training on human rights issues. For further information, see p. 122.

[149] The issue of human trafficking and the age aspect are currently not explicitly mentioned in our Code of Human Rights, although there is no reason for this.

In order to effectively remedy and/or enable remedial action in the event of negative impacts on human rights, every (reported) suspected case is recorded in accordance with uniform and binding Company-wide guidelines and handled in accordance with a set of Group-wide compliance organization guidelines, for the implementation of which the entire Board of Management is responsible. Potentially serious breaches are investigated by a Compliance Committee set up specifically for this purpose, which comprises the Chief Compliance Officer, the Head of Legal Affairs, the Head of Corporate Audit, and the Head of Human Resources.

In the event of confirmed suspicions or violations, we take proportionate and appropriate measures. If a violation is attributable to a DEUTZ employee, labor law and/or disciplinary measures follow in accordance with internal regulations.

At present, we do not have a specific policy aimed at the elimination of discrimination (including harassment), promoting equal opportunities, and other ways to advance diversity and inclusion. However, we have established various measures aimed at preventing or eliminating discrimination based on race, ethnic origin, skin color, gender, sexual orientation, gender identity, disability, religion, political opinion, national origin, and social background, as well as harassment, and at promoting equal opportunities. Examples include our aforementioned Group-wide Code of Human Rights,[150] internal development programs specifically for female junior managers such as a cross-mentoring program, our talent program that is specifically oriented towards female talent, targeted measures to promote women in the area of recruitment, and our 'InDEUTZ' initiative founded in 2024, which is specifically committed to diversity, equity and inclusion (DE&I) within our Company.

In addition, decisions in recruitment procedures should be made exclusively on the basis of applicants' professional qualifications, and no differences should exist in pay between women and men. For most DEUTZ employees, gender-specific salary differences for equivalent jobs are ruled out from the outset in any case, as they are subject to a binding collective pay agreement.

In order to emphasize our efforts to create an equality-friendly management culture, we signed the Diversity Charter in 2021 and regularly participate in its initiatives, such as the annual Diversity Day.

As far as our workforce in Germany is concerned, we are subject to the political and regulatory obligation under Section 154 of the German Social Security Code (SGB) IX to fill at least five percent of our jobs with employees with severe disabilities or equivalent status. The Company has no further internal obligations.

The particular interests of employees with disabilities or equivalent status are monitored and protected by the disabled persons' representative and an inclusion officer. Performing a similar role to that of the works council of DEUTZ AG, the disabled persons' representative ensures that DEUTZ AG adheres to the laws, collective pay agreements, and works agreements that are in place for disabled employees. DEUTZ also appointed an Equality Officer in 2024. For further information, see Disclosure Requirement SBM-2 – Interests and views of stakeholders, p. 87 onward.

In order to help our employees to ensure that they are generally not guilty of any legal or regulatory violations, they are required to complete annual **compliance** training in the form of e-learning courses or to participate in face-to-face events. In addition to fixed modules such as 'Occupational health and safety in the office', the training program also includes annually changing modules such as relating to Germany's **General Act on Equal Treatment Act (AGG)** as well as 'Equal treatment'. For further information, see 'Corporate governance declaration and Corporate Governance Report', p. 18.

Disclosure Requirement S1-2 – Processes for engaging with the Company's own workforce and workers' representatives about impacts

We do not currently have a formalized IRO-specific approach in place to manage the impacts we have identified in relation to our workforce. To this extent, there is also no procedure in place for involving people from our own workforce and employee representatives in relation to actual and potential IRO-specific impacts.

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for the Company's workforce to raise concerns

We do not currently have a formal process in place for conducting or participating in IRO-specific remediation activities.

Our employees have access to various reporting channels, which can also be used anonymously, through which they can express concerns in connection with employee matters – as well as in relation to any other topics: Firstly, they can contact their line manager, the Chief Compliance Officer, the Compliance Officers, the HR department, the Company employee representatives, and the Inclusion Officer and/or Equal Opportunities Officer directly. Secondly, a publicly accessible whistle-blower system exists on our website that we have set up ourselves. In addition, information can be reported by e-mail, post, or fax.

In order to be able to process complaints relating to employee matters effectively, every complaint is recorded in accordance with uniform and binding Company-wide guidelines and handled in accordance with a Group-wide organizational guidelines, for which the Chief Compliance Officer bears overall responsibility. Potentially serious breaches are investigated by a Compliance Committee set up specifically for this purpose, which comprises the Chief Compliance Officer, the Head of Legal Affairs, the Head of Corporate Audit, and the Head of Human Resources.

At present, a procedure is not in place to ensure the effectiveness of the aforementioned channels.

[150] The issue of human trafficking and the age aspect are currently not explicitly mentioned in our Code of Human Rights, although there is no reason for this.

We support the availability of channels for reporting complaints relating to employee concerns in the workplace by ensuring that the digital reporting channels are available around the clock. The whistleblower system can be accessed both via the Company website and the intranet. Moreover, the direct contact persons are available at any time without the need for an appointment.

At present, we do not have a procedure in place to determine whether our own employees are aware of, and trust, the existing reporting and grievance mechanisms.

No individual who in good faith raises concerns or addresses actual or suspected misconduct or reports such matters through our aforementioned reporting channels should or will be penalized or punished in any way or under any circumstances. This also applies if the notification subsequently proves to be unfounded. Discrimination, intimidation, and hostility based on a tip-off or report will be investigated and punished in the same manner as other incidents. This is also set out in our general Code of Conduct.

ESRS S1-4 – Actions related to material impacts on the Company’s own workforce, and approaches to managing material risks and pursuing material opportunities related to the Company’s own workforce, and effectiveness of those actions and approaches

Although we do not currently have a formalized IRO-specific approach in place to manage the material potential negative impact we have identified in relation to our own workforce, we are constantly working to initiate and implement measures aimed at continuously improving the health and safety of our employees in the workplace.

As a DIN-EN-ISO-45001-certified company, we implement comprehensive measures to promote our employees’ health and safety. Our occupational health and safety management system is based on preventive, systematic, and continuous improvement processes to minimize risks and ensure a safe working environment.

Although not all locations are certified to this standard, more than 70% of our employees are covered by its application.

Actions taken in the reporting year and planned for the future		Scope of key actions in terms of activities and geography of upstream and/or downstream value chain	Time horizon for implementation of actions
Internal DIN-EN-ISO-45001 inspection	Regular internal audits	Cologne, Herschbach, Ulm (Germany), Zafra (Spain)	Annually (Zafra); rolling at all locations every three years
Risk assessments	Observe risks in occupational health and safety and derive measures	Group-wide	Annual audit as well as in the event of process changes and new processes/systems
Safety inspections	Observe risks in occupational health and safety and derive measures	Cologne, Herschbach, Ulm (Germany)	At least once a quarter per plant section
Accident analyses	Derivation of improvements	Group-wide	Occasion-related for every reportable accident
Safety training	Employee awareness-raising	All DEUTZ employees and external workers working on the Company premises	General safety instruction and instruction on hazardous substances at least once a year/ External workers receive safety instruction on site
Near-accident management	Derivation of improvements	Group-wide	Every critical near miss / compilation of one-pagers
Emergency plan and emergency drills	Derive improvements / raise employee awareness	Group-wide	For new installations and as repetition without a fixed interval
First aider and fire safety assistant training	Employee awareness-raising	Group-wide	Every two years
Occupational Safety Committee	Derivation of improvements/ raise employee awareness	Cologne, Herschbach, Ulm (Germany)	At least once a quarter per plant section

No actual material effects were identified in the IRO assessment, as a consequence of which no remedial measures had to be taken in this context.

We do not consider the investment and operating costs required to implement the aforementioned actions to be significant in relation to the total investment and operating costs, as a consequence of which we do not report them separately.

We do not have an IRO-specific process through which we determine which actions are necessary and appropriate to respond to the negative impact we have identified on our workforce. When implementing our occupational safety measures, we currently rely primarily on compliance with the requirements of the DIN EN ISO 45001 standard for occupational health and safety.

To date, we have monitored and evaluated the effectiveness of our measures and initiatives in relation to achieving improvements in the area of occupational safety on the basis of the accident frequency **(Recordable Incident Rate; 'RIR')**. For further information, see p. 128.

Our DIN EN ISO 45001-certified management system ensures that significant risks for our employees are minimized and opportunities are exploited in a targeted manner. Occupational health and safety is a top priority, which is why, for example, regular risk assessments, safety inspections and training courses are conducted. To promote a good work-life balance, we rely on flexible and mobile working time models and programs to promote mental and physical health, among other measures.

To ensure long-term employee retention, we offer attractive remuneration systems, extensive training programs and cooperation with educational institutions to secure skilled workers. The digitalization of training measures and the automation of physically demanding activities create additional development opportunities. Through annual audits and continuous feedback, we are constantly optimizing our measures to ensure a safe and motivating working environment.

As part of its IRO assessment, DEUTZ has not identified any actual material impact in connection with its own workforce. To this extent, no remedial measures had to be taken.

For more information about our measures and/or initiatives aimed at achieving a positive impact on our workforce, please see our disclosures on ESRS 2 SBM-2 – Interests and views of stakeholders, p. 87 onward and page 124 onward.

DEUTZ has established a Group-wide Code of Human Rights that is binding not only for employees, but also for the Company itself, in order to thereby avert being either in breach of human rights or complicit in human rights violations, thereby causing significant negative effects on its workforce. For further information, see p. 126 onward. In addition, the Works Council and the employee representatives on the Supervisory Board ensure that employees' interests are taken into consideration in business decisions and that socially acceptable solutions are found in the event of decisions that have or could have a negative impact on the workforce. For further information, see Disclosure Requirement SBM-2 – Interests and views of stakeholders, p. 87

Occupational health and safety management at DEUTZ AG is organized by DEUTZ SICHERHEIT Gesellschaft für Industrieservice mbH as part of safety management. Its original business activity consists of implementing the aforementioned occupational safety measures on an ongoing basis, for which no separate financial resources are required.

Disclosure Requirement S1-5 – Targets related to managing material negative impacts

To date, we have used the Recordable Incident Rate (RIR) to track the effectiveness of the aforementioned actions to manage material negative impacts in the area of occupational safety and have also set ourselves targets for continuous improvement as part of the sustainability strategy we established in 2019.

In the 2024 reporting year, we decided to track the effectiveness of our occupational safety measures in future using the Lost Time Injury Rate (LTIR). However, we do not currently have any specific targets, nor do we track the effectiveness of our IRO-specific measures in any other way. We intend to define specific targets in the current 2025 financial year as part of the further development of our sustainability strategy and its operationalization, and will publish them in our sustainability statement for the 2025 financial year.

S1-6 – Characteristics of the Company's employees

	Gender	Number of employees (head count)
2024	Female	733
	Male	4,382
	Other	0
	n.a.	0
	Total number of employees	5,115

	Country	Number of employees (head count)
2024[151]	Germany	3,213
	Spain	574
	USA	563

2024				
Female	**Male**	**Other** [152]	**n.a.**	**Total**
Number of employees (head count)				
733	4,382	0	0	5,115
Number of employees with permanent employment contracts (number of individuals)				
713	4,200	0	0	4,913
Number of employees with fixed-term employment contracts (number of individuals)				
21	180	0	0	201
Number of on-call staff (number of individuals) [153]				
0	2	0	0	2

A total of 373 of our employees left the Company in the 2024 reporting year. The employee turnover rate amounted to 7.30% in the reporting period.

The above data are stated as the number of individuals. The total figures in the table above reflect the average figures for the reporting period. For this purpose, the sum of the quarterly figures was divided by four.

DEUTZ generally manages short-term peaks in employment resulting from unplanned increases in production volumes by offering flexible employment arrangements in the form of fixed-term employment contracts and temporary employment. Due to the decrease in production volumes caused by the economic downturn, DEUTZ has allowed the majority of fixed-term employment contracts to expire, which explains their low proportion of the Group's workforce.

The total number of our employees by number of persons and compositions by gender and country for countries in which we have 50 or more employees who accounted for at least 10% of our total number of employees cannot be reconciled with the information in the consolidated financial statements in chapter 35. A comparison is not possible as the number of employees is stated in FTEs (full-time equivalents) in both the management report and in the notes to the financial statements. Employee figures can be found in the management report on page 45.

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts

	2024
Total number of reported cases of discrimination [154]	4
Number of complaints submitted via channels through which DEUTZ employees can raise concerns[155]	12

We are not aware of any complaints concerning our Company that have been submitted to national contact points for multinational OECD companies.

The total amount of significant fines, sanctions, and compensation payments in connection with the incidents and complaints listed in the table above amounted to €0.00 in the 2024 reporting year.

	2024
Number of severe human rights incidents [156]	**0**
of which violations of the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and/or the OECD Guidelines for Multinational Enterprises	*0*

The total amount of significant fines, sanctions, and compensation payments in connection with the incidents and complaints listed in the table above amounted to €0.00 in the 2024 reporting year.

[151] Countries where 50 or more people were employed, accounting for at least 10% of our total headcount.
[152] Gender as specified by the employees themselves.
[153] The information about on-call staff relates to the locations in Russia and Slovenia.
[154] The disclosures include, subject to the relevant privacy regulations, work-related incidents of discrimination on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external stakeholders across operations in each case in the entire reporting period. This includes incidents of harassment as a specific form of discrimination.
[155] Including complaint mechanisms.
[156] Human rights incidents involving forced labor, human trafficking, and/or child labor.

S1-14 – Health and safety metrics

	Employees	External workers [157]
Percentage of individuals covered by the health and safety management system [158]	71.46%	n.a.
Fatalities as a consequence of work-related injuries and illnesses	0	n.a.
Number of reportable accidents at work	87	n.a.
Ratio of reportable accidents at work [159]	0.1191	n.a.
Number of notifiable work-related illnesses	n.a.[160]	n.a.
Days lost due to work-related injuries and fatalities as a result of occupational accidents and work-related illnesses and resulting fatalities	n.a.[161]	n.a.

[157] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.
[158] DIN-EN-ISO-45001-certified management system; percentage calculated on a headcount basis.
[159] LTIR 2024 without the number of notifiable work-related illnesses.
[160] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.
[161] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.

Entity-specific disclosures

Research & innovation

Material impacts, risks, and opportunities and their interaction with strategy and business model

Our materiality analysis has identified significant IROs in the area of research and innovation (R&I) that are of key importance to DEUTZ.

Our activities in the R&I area and the resultant further development of the product and service portfolio are significant in terms of environmental and social impacts as well as financial opportunities as defined by the ESRS. Research & Innovation in the Classic segment is aimed in particular at reducing the emissions of the combustion engines on offer and at thereby making the products sold by DEUTZ more environmentally and climate-friendly in the downstream value chain – in other words, in operation at the end customer – than would be the case without ongoing research and innovation. In the Green segment (renamed New Technology as part of the new DEUTZ Solutions segment from the 2025 financial year onwards), R&I is building a product portfolio that, by offering hydrogen combustion engines and electric drives, will enable virtually or locally emission-free operation of the drives in the respective application areas.

In connection with R&I, we have identified three significant environmental and social impacts and three significant financial opportunities, which are explained below.

Negative environmental impacts due to one-dimensional research & development (R&D): To date, DEUTZ has only generated positive results in the Classic segment, in other words, in its traditional business with combustion engines and related services, and here again largely with diesel engines. The Green segment is making losses as revenue from the alternative drives on offer is still very low, while considerable R&D costs, in particular, are incurred. In the short term, focusing business activities and consequently research and development on traditional combustion engines would thereby boost earnings. At the same time, such one-dimensional R&D measures would have negative long-term impacts on the environment, as DEUTZ, a leading supplier of drives in the off-highway sector, would no longer be a driver of innovation and a provider of alternative drive solutions for these applications.

Reducing emissions by avoiding fossil fuels: Positive impacts derive from the fact that DEUTZ's R&D activities enable it to offer products that do not require fossil fuels for operation, thereby reducing greenhouse gas emissions and exhaust gases that are harmful to health. Both electrified drives and combustion engines powered by fuels such as HVO or synthetic fuels play a role in this context.

Knowledge transfer and positive synergy effects through networks and partnerships: DEUTZ is involved in various bodies and initiatives aimed at sustainable industrial transformation in our areas of activity and at promoting political and social support for sustainable drive solutions. DEUTZ also cooperates bilaterally and in consortia with other industrial companies. This can help to ensure that advanced and consequently less environmentally and climate-damaging engines become established more quickly worldwide and that alternative drive systems are developed and produced more rapidly and successfully by pooling knowledge and financial resources.

In-house initiative to design a low-emission engine: Low-emission engines developed by DEUTZ represent a financial opportunity, as they are likely to be in high demand worldwide and would consequently be a significant driver of revenue and earnings. Demand is likely to be driven both by the private sector and society as well as by political decisions.

Growth through development in the hydrogen area: DEUTZ's R&D activities in the hydrogen area present a financial opportunity that can be realized if hydrogen combustion engines become established as an environmentally and climate-friendly alternative in both the on- and off-highway sectors. Such a trend depends, for example, on the expansion of the necessary infrastructure, the supply of green hydrogen, and regulatory issues.

Growth through the Green segment:[162] Future growth in the Green segment represents a financial opportunity for DEUTZ. For further information, see 'Strategy and objectives', p. 35. For example, our customers in the construction machinery, material handling, and agricultural machinery application areas are in the midst of a fundamental, long-term transformation towards greater climate neutrality, as a consequence of which demand for alternative drive solutions is increasing. For this reason, a very high probability exists that a corresponding product and service portfolio in the Green segment will have a positive impact on revenue and earnings.

The following table shows our R&I-related impacts and how they relate to our business model:

[162] DEUTZ adjusted its previous segmentation as of January 1, 2025. While the Company's operating activities were still divided into the DEUTZ Classic and DEUTZ Green segments in the 2024 financial year, segment reporting now comprises the DEUTZ Engines & Services and DEUTZ Solutions segments. In addition to alternative drive systems, the DEUTZ Solutions segment comprises those business activities that extend beyond the production and servicing of engines and are located in markets where DEUTZ controls both technology and servicing. The DEUTZ Solutions segment will comprise the DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy divisions.

Impacts [163]	Type and extent of impacts	Link to business model	Impact trigger	Expected time horizon of impact
Negative contribution to climate change through one-dimensional R&D, especially in further development of the combustion engine	Negative actual impact on the environment	DEUTZ's core business and consequently an important part of the business model	Effects arise directly from DEUTZ	Long-term (> 5 years)
Positive contribution to climate change mitigation through potential GHG emission reductions by avoiding fossil fuels (P)	Positive potential impact on the environment	DEUTZ's core business and consequently an important part of the business model	Effects arise directly from DEUTZ	Long-term (> 5 years)
Positive contribution to industry transformation through potential knowledge transfer and positive synergy effects through networks and partnerships (P)	Positive potential impact on the environment and society	DEUTZ's core business and consequently an important part of the business model	Effects arise directly from DEUTZ	Long-term (> 5 years)

The main risks and opportunities relating to R&I that arise from our business activities can have financial impacts on our financial position. For this reason, our focus is on proactively minimizing risks and exploiting opportunities in order to limit negative financial impacts while at the same time leveraging long-term opportunities and realizing resultant potentials. The following table shows the financial impacts of the risks and opportunities identified as material.

Risks/opportunities (including risks for which an adjustment of carrying amounts is required in the next reporting period)	Current financial impacts of opportunities/risks	Expected financial effects of the impacts (short, medium and long term)[164]	Expected time horizon of impact[165]
Financial benefit through increase in market share through the 'Green' segment	> €75 million	n.a.	n.a.
Financial benefit through increased market share in the hydrogen sector	> €75 million	n.a.	n.a.
Financial benefit through increased market share in the area of low-emission engines	€50 - 75 million	n.a.	n.a.

The main R&I-related IROs identified will be taken into consideration in the further development of our corporate strategy in the future. We will establish processes to ensure the additional consideration of relevant impacts, risks, and opportunities in decision-making processes.

We aim to effectively manage significant R&I-related impacts and risks and optimally leverage significant opportunities. To this end, we will review our strategy and business model in the current financial year in terms of their resilience to R&I-related risks. We intend to publish the results of this analysis in our sustainability statement for the 2025 financial year.

Policy in connection with research & innovation

The strategic focus of R&I at DEUTZ addresses the aforementioned impacts and opportunities. In its product range, and consequently also in its research and development, DEUTZ is generally pursuing the policy of gradually approaching the goal of climate-neutral off-road drives through a technology-neutral approach, as envisaged in the Company's Dual+ strategy. As a consequence, we are continuing to develop and offer both combustion engines that are more efficient than their predecessors and more environmentally friendly to operate thanks to the use of alternative fuels, as well as electrified drive solutions. DEUTZ is thereby meeting the different performance requirements and demands on refueling and charging times in the respective application areas of the engines without neglecting a product range that is prospectively significantly more climate-friendly.

This policy is implemented via R&D activities across the entire Group, in other words, the related activities relate to both the Classic segment and the Green segment. This can also include upstream and downstream sections of the value chain, such as suppliers and customers.

Responsibility for implementing the concept lies at Board of Management level, and here largely with the Chief Technology Officer (CTO), to whom the Technology and Product Development & Technical Customer Interface functions are assigned. As corporate acquisitions and/or partnerships also play or can play a role in the implementation of this policy, the CEO is also directly

[163] (A) = actual, (P) = potential.
[164] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.
[165] Not specified, as we do not make any phase-in disclosures in this sustainability declaration.

involved with the Mergers & Acquisitions and Strategy & Transformation functions.

The Dual+ strategy reflected in the policy is communicated to managers and all employees throughout the Group, in particular by the Strategy & Transformation department with the support of Corporate Communications. This takes place both regularly and on an ad hoc basis via face-to-face and digital management meetings as well as 'town hall meetings' for the entire workforce.

Policies in connection with research & innovation

DEUTZ Classic segment: The portfolio of combustion engines in the Classic segment is being continuously developed, with a focus on innovative, more fuel-efficient, and environmentally friendly diesel engines. The entire diesel engine program was approved for the use of e-fuel in 2021, as a consequence of which it can be operated on carbon-neutral basis when using this regeneratively produced synthetic fuel. As a member of the eFuel Alliance, DEUTZ is committed to the industrial expansion and promotion of the worldwide production and use of e-fuels. In 2022, all DEUTZ engines of EU emission Stage V were approved for operation with paraffinic diesel fuels such as HVO. The use of HVO fuels significantly improves the carbon footprint of DEUTZ engines.

Our latest newly developed diesel engines are more environmentally friendly than their predecessor series in various respects. For example, the DEUTZ TCD 3.9 engine developed in partnership with John Deere, whose development was completed in 2024 and which will go into series production in 2025, is a low-emission engine platform that is already suitable for HVO fuel and can also be easily expanded to run on re-fuels and hydrogen. In the 2024 reporting year, DEUTZ realize considerable investments in the development of the DEUTZ TCD 3.9 engine.[166]

DEUTZ's research and development activities in 2025 will also focus on the further development of the MDEG and HDEP medium- and heavy-duty engine series as part of the partnership with Daimler Truck agreed in 2023 and the supplementary transaction with Rolls-Royce Power Systems concluded in 2024. This is further evidence that DEUTZ is focusing not only on the increased development of a green product portfolio but also on the optimization and further development of classic engines, as envisaged in the Dual+ strategy.

The partnership with Indian agricultural technology group TAFE agreed in mid-2024 includes the licensed production of DEUTZ engines with a displacement of 2.2 and 2.9 liters by TAFE Motors for use in the Group's tractors. This makes DEUTZ a partner for TAFE for the future Indian Trem Stage V emission stage and will complement and strengthen the Group's engine range across emission standards in the future. The partners are also examining the possibility of expanding the cooperation to include alternative drive systems. Following the signing of the agreement, the partners began preparatory measures for the start of production in India.

In December 2024, DEUTZ agreed to acquire a 50% interest in the company HJE Emission Technology, which develops and produces exhaust gas aftertreatment systems for internal combustion engines. This also involves DEUTZ assuming strategic and operational management as well as the consolidation of HJS Emission Technology within the DEUTZ Group. The transaction, which was completed in January 2025, brings DEUTZ further technology and production expertise in the important area of exhaust gas aftertreatment to make combustion engines even cleaner and more efficient.

DEUTZ Green segment (New Technology)[167]: DEUTZ is building an emission-free product ecosystem with the Green segment. At present, the range encompasses electric technologies and hydrogen combustion engines. The E-DEUTZ strategy initiated in 2017 is aimed at a scalable product range of electric drives and fast-charging solutions for specific customer requirements in the off-highway sector. With the DEUTZ E360 Electric System, the 360-volt system that will be ready for series production in 2023, we offer a turnkey solution for the electrification of a wide range of applications. Pilot projects with customers include mini excavators, concrete pumps, and cleaning vehicles. In addition to the development of new electrified vehicles and machines by customers, DEUTZ is also focusing on retrofitting, where existing diesel vehicles are converted to an electric drive; the current focus here is on airfield equipment. Since 2024, DEUTZ has been offering the DEUTZ PowerTree, a complete off-highway fast charging station for charging electrically powered machines and construction site vehicles. Overall, considerable research and development expenditures were realized in the electrical technologies area in the 2024 reporting year.

With the DEUTZ TCG 7.8 H2 engine, which was made ready for the market in 2021, we have the first EU Stage V-certified hydrogen combustion engine in our range. Considerable research and development expenditures were realized in connection with the hydrogen engine in the 2024 reporting year. The production-ready motor was produced for the first time in 2024 on flexible assembly line 6 for initial projects in the stationary sector as well as for rail applications. The HyCET (Hydrogen Combustion Engine Trucks) research project, which was launched in 2022 and is scheduled to run for four years, aims to demonstrate the sustainability potential of trucks with hydrogen combustion engines in transport logistics. The consortium project with several partners, led by the BMW Group, is developing two 18-tonne trucks that will use the DEUTZ TCG 7.8 H2 engine and will be tested in regular BMW Group and DEUTZ logistics operations.

[166] In connection with the aforementioned measures, these relate to significant expenditures given that they account for around one tenth or more of the Group-wide R&D expenditure after grants of €93.4 million. With reference to ESRS 1 7.7, DEUTZ does not provide any further financial information on the individual measures.
[167] DEUTZ adjusted its previous segmentation as of January 1, 2025. While the Company's operating activities were still divided into the DEUTZ Classic and DEUTZ Green segments in the 2024 financial year, segment reporting now comprises the DEUTZ Engines & Services and DEUTZ Solutions segments. In addition to alternative drive systems, the DEUTZ Solutions segment comprises those business activities that extend beyond the production and servicing of engines and are located in markets where DEUTZ controls both technology and servicing. The DEUTZ Solutions segment will comprise the DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy divisions.

DEUTZ is also a partner in the three-year ‘PoWer’ project to develop hydrogen engines for off-road applications, which was launched at the end of 2024. Here, vehicle and engine manufacturers, suppliers, and scientists have joined forces to comprehensively investigate the cross-application use of hydrogen engine powertrain concepts for construction and agricultural applications. DEUTZ firmly believes that the transformation of mobility will only succeed with the help of innovative capabilities and openness to technology. With the climate-neutral further development of combustion engine technology through the use of hydrogen, the potentials offered by all available drive technologies are being leveraged. This project was still in the start-up phase in the reporting year, with the official launch in November 2024.

Metrics in connection with research & innovation

The key metrics relating to research and innovation in the DEUTZ Group are research and development expenditure after grants, which is reported for the Group as a whole as well as for the Classic and Green segments. Budget planning ensures that the R&D department has the necessary financial resources in the respective financial year to implement the planned projects.

In the 2024 financial year, R&D expenditure after grants amounted to €93.4 million (previous year: €97.9 million). The Classic segment accounted for €63.0 million (previous year: €66.5 million) and the Green segment for €30.4 million (previous year: €31.4 million). The DEUTZ Group’s R&D ratio in 2024 amounted to 5.1% (previous year: 4.7%).

Targets in connection with research & innovation

MDR-T DEUTZ has set itself various short- and medium-term goals in relation to the research- and innovation-driven transformation of its product portfolio towards climate neutrality. The short-term annual target for the implementation of the policy is controlled by the budget targets for research & development, with R&D expenditure after grants forming part of the business forecast. The corresponding budgeting ensures that the planned R&D projects are provided with the necessary financial resources. Accordingly, we are planning R&D expenditure after grants of between €90 million and €100 million for the DEUTZ Group in the 2025 financial year. In addition to series support, the focus will be on the further development of the portfolio in the <4 L engine segment, including in relation to the TAFE partnership, as well as the MDEG and HDEP engine platforms. In the alternative drives area, the focus is on the further development of the DEUTZ TCG 7.8 H2 hydrogen engine and its application areas, as well as electric drives and battery solutions. No structural changes occurred to these targets and the corresponding key metrics in the 2024 reporting year.

The forecast annual R&D expenditure with the aim of implementing the measures planned for the financial year as part of the R&I policy is based on the Company’s internal decision-making process, as a consequence of which scientific findings are only incorporated indirectly. External stakeholders are also not directly involved in setting targets.

As part of the update to the Dual+ strategy in autumn 2024, DEUTZ has also set itself the target of generating revenue of around €300 million in the New Technology segment by 2030 as part of its medium-term ambitions. Revenue in the Green segment amounted to €7.7 million in the 2024 financial year. The target quantifies DEUTZ’s ambition to establish emission-free technologies in off-highway applications and thereby generate significant revenue. This is a business and financial objective that is not derived from scientific principles or stakeholder engagement.

The revenue forecast for the Green segment and, from 2025, the New Technology segment[168] forms part of the annual forecast report (see the Outlook section of the Annual Report); revenue is reported externally on a quarterly basis. Internally, revenue is calculated on a monthly basis and submitted to the management as part of the internal control system in order to be able to respond promptly to any anomalies and take corrective action.

Especially when considering the medium-term targets, DEUTZ emphasizes that the targeted revenue volume is dependent on dynamic and only partially foreseeable technology trends, the necessary infrastructure and availability of hydrogen, for example, and regulatory requirements in the most important sales markets. Following the substantial investment of financial resources over the past years to build up the current product portfolio in the Green segment and recently the DEUTZ New Technology division, DEUTZ will align its R&D spending in the future even more closely with market demand trends.

[168] DEUTZ adjusted its previous segmentation as of January 1, 2025. While the Company's operating activities were still divided into the DEUTZ Classic and DEUTZ Green segments in the 2024 financial year, segment reporting now comprises the DEUTZ Engines & Services and DEUTZ Solutions segments. In addition to alternative drive systems, the DEUTZ Solutions segment comprises those business activities that extend beyond the production and servicing of engines and are located in markets where DEUTZ controls both technology and servicing. The DEUTZ Solutions segment will comprise the DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy divisions.

Other information

CSRD Content Index

#	Standard	Cross-cutting/ Topic	No.	Reporting area	Designation of the DRs	Page number
1	ESRS 2	General disclosures	BP-1	General	General basis for preparation of the sustainability statement	83
2	ESRS 2	General disclosures	BP-2	General	General basis for preparation of the sustainability statement, disclosures in relation to specific circumstances - Time horizons - Value chain estimation - Sources of estimation and outcome uncertainty Disclosures in relation to specific matters - Changes in preparation or presentation of sustainability information Disclosures in relation to special circumstances - Reporting errors in prior periods Disclosures in relation to specific circumstances - Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements - Incorporation by reference - Application of phase-in provisions pursuant to Appendix C of ESRS 1	84 onward
3	ESRS 2	General disclosures	GOV-1	Governance (GOV)	The role of the administrative, management and supervisory bodies	89 onward
4	ESRS 2	General disclosures	GOV-2	Governance (GOV)	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	91
5	ESRS 2	General disclosures	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	93
6	ESRS 2	General disclosures	GOV-4	Governance (GOV)	Statement on due diligence	94
7	ESRS 2	General disclosures	GOV-5	Governance (GOV)	Risk management and internal controls over sustainability reporting	95
8	ESRS 2	General disclosures	SBM-1	Strategy (SBM)	Strategy, business model and value chain	86 onward
9	ESRS 2	General disclosures	SBM-2	Strategy (SBM)	Interests and views of stakeholders	87 onward
10	ESRS 2	General disclosures	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	98, 101 onward, 122 onward, 129 onward
11	ESRS 2	General disclosures	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material impacts, risks and opportunities	96 onward
12	ESRS 2	General disclosures	IRO-2	Impact, risk and opportunity management (IRO)	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	99 onward
17	ESRS E1	Climate change	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	93
18	ESRS E1	Climate change	E1-1	Strategy (SBM)	Transition plan for climate change mitigation	102
19	ESRS E1	Climate change	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	98, 101 onward, 122 onward, 129 onward
20	ESRS E1	Climate change	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	98 onward
21	ESRS E1	Climate change	E1-2	Impact, risk and opportunity management (IRO)	Policies related to climate change mitigation and adaptation	102
22	ESRS E1	Climate change	E1-3	Impact, risk and opportunity management (IRO)	Actions and resources in relation to climate change policies	102

23	ESRS E1	Climate change	E1-4	Metrics and targets (MT)	Targets related to climate change mitigation and adaptation	102
24	ESRS E1	Climate change	E1-5	Metrics and targets (MT)	Targets related to climate change mitigation and adaptation	102
25	ESRS E1	Climate change	E1-6	Metrics and targets (MT)	Gross Scopes 1, 2, 3 and Total GHG emissions GHG Intensity based on net revenue	104
26	ESRS E1	Climate change	E1-7	Metrics and targets (MT)	GHG removals and GHG mitigation projects financed through carbon credits	not material
27	ESRS E1	Climate change	E1-8	Metrics and targets (MT)	Internal carbon pricing	not material
28	ESRS E1	Climate change	E1-9	Metrics and targets (MT)	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-In
29	ESRS E2	Pollution	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	98 onward
30	ESRS E2	Pollution	E2-1	Impact, risk and opportunity management (IRO)	Policies related to pollution	106
31	ESRS E2	Pollution	E2-2	Impact, risk and opportunity management (IRO)	Actions and resources related to pollution	106
32	ESRS E2	Pollution	E2-3	Metrics and targets (MT)	Targets related to pollution	106
33	ESRS E2	Pollution	E2-4	Metrics and targets (MT)	Pollution of air, water and soil	106
34	ESRS E2	Pollution	E2-5	Metrics and targets (MT)	Substances of concern and substances of very high	not material
35	ESRS E2	Pollution	E2-6	Metrics and targets (MT)	Anticipated financial effects from material pollution-related impacts, risks and opportunities	Phase-in
57	ESRS S1	The Company’s workforce	SBM-2	Strategy (SBM)	Interests and views of stakeholders	87 onward
58	ESRS S1	The Company’s workforce	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	122 onward
59	ESRS S1	The Company’s workforce	S1-1	Impact, risk and opportunity management (IRO)	Policies related to own workforce	123
60	ESRS S1	The Company’s workforce	S1-2	Impact, risk and opportunity management (IRO)	Processes for engaging with own workforce and workers’ representatives about impacts	124
61	ESRS S1	The Company’s workforce	S1-3	Impact, risk and opportunity management (IRO)	Processes to remediate negative impacts and channels for own workers to raise concerns	124 onward
62	ESRS S1	The Company’s workforce	S1-4	Impact, risk and opportunity management (IRO)	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	125 onward
63	ESRS S1	The Company’s workforce	S1-5	Metrics and targets (MT)	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	126
64	ESRS S1	The Company’s workforce	S1-6	Metrics and targets (MT)	Characteristics of the undertaking’s employees	127
65	ESRS S1	The Company’s workforce	S1-7	Metrics and targets (MT)	Characteristics of non-employee workers in the undertaking’s own workforce	Phase-in
66	ESRS S1	The Company’s workforce	S1-8	Metrics and targets (MT)	Collective bargaining coverage and social dialogue	not material
67	ESRS S1	The Company’s workforce	S1-9	Metrics and targets (MT)	Diversity metrics	not material

68	ESRS S1	The Company's workforce	S1-10	Metrics and targets (MT)	Adequate wages	not material
69	ESRS S1	The Company's workforce	S1-11	Metrics and targets (MT)	Social protection	not material
70	ESRS S1	The Company's workforce	S1-12	Metrics and targets (MT)	Persons with disabilities	not material
71	ESRS S1	The Company's workforce	S1-13	Metrics and targets (MT)	Training and skills development metrics	not material
72	ESRS S1	The Company's workforce	S1-14	Metrics and targets (MT)	Health and safety metrics	131
73	ESRS S1	The Company's workforce	S1-15	Metrics and targets (MT)	Work-life balance metrics	not material
74	ESRS S1	The Company's workforce	S1-16	Metrics and targets (MT)	Remuneration metrics (pay gap and total remuneration)	not material
75	ESRS S1	The Company's workforce	S1-17	Metrics and targets (MT)	Incidents, complaints and severe human rights impacts	131

ESRS 2 IRO-2-56: Disclosure of all data points taken into consideration in the preparation of the sustainability statement

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section	Page number
ESRS 2 GOV-1	21 (d)	Board gender diversity	x		x		ESRS 2 | General disclosures	90
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x		ESRS 2 | General disclosures	90
ESRS 2 GOV-4	30	Statement on due diligence	x				ESRS 2 | General disclosures	94
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		ESRS 2 | General disclosures	87
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		ESRS 2 | General disclosures	87
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		ESRS 2 | General disclosures	87
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		ESRS 2 | General disclosures	87
ESRS E1-1	17	Transition plan to reach climate neutrality by 2050				x	E1 - Climate change	102
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		E1 - Climate change	not material
ESRS E1-4	34	GHG emission reduction targets	x	x	x		E1 - Climate change	102
ESRS E1-5	37	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				E1 - Climate change	102
ESRS E1-5	37	Energy consumption and mix	x				E1 - Climate change	103
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impacts sectors	x	x			E1 - Climate change	103
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	x	x	x		E1 - Climate change	104
ESRS E1-6	53-55	GHD emissions intensity	x		x		E1 - Climate change	104
ESRS E1-7	56	GHG removals and carbon credits				x	E1 - Climate change	not material

ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x			not material
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk	x					not material
ESRS E1-9	67 (c)	Breakdown of the carrying value of the Company's real estate assets by energy-efficiency classes		x				not material
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x			not material
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				E2 - Pollution	not material
ESRS E3-1	9	Water and marine resources	x					not material
ESRS E3-1	13	Special policy	x					not material
ESRS E3-1	14	Sustainable oceans and seas	x					not material
ESRS E3-4	28 (c)	Total water recycled and reused	x					not material
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x					not material
ESRS 2 - SBM 3 - E4	16 (a) i	—	x					not material
ESRS 2 - SBM 3 - E4	16 (b)	—	x					not material
ESRS 2 - SBM 3 - E4	16 (c)	—	x					not material
ESRS E4-2	24 (b)	Sustainable land and agriculture practices or policies	x					not material
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	x					not material
ESRS E4-2	24 (d)	Policies to combat deforestation	x					not material
ESRS E5-5	37 (d)	Non-recycled waste	x					not material
ESRS E5-5	39	Hazardous and radioactive waste	x					not material
ESRS 2 - SBM3 - S1	14 (f)	Risk of forced labor	x				S1 - The Company's workforce	122
ESRS 2 - SBM3 - S1	14 (g)	Child labor	x				S1 - The Company's workforce	123
ESRS S1-1	20	Commitments in the area of human rights policy	x				S1 - The Company's workforce	123 onward
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		S1 - The Company's workforce	123 onward
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				S1 - The Company's workforce	123 onward
ESRS S1-1	23	Workplace accident prevention policy or management system	x				S1 - The Company's workforce	123 onward
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				S1 - The Company's workforce	124 onward
ESRS S1-14	88 (b) & (c)	Number of fatalities and number and rate of work-related accidents	x		x		S1 - The Company's workforce	128
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				S1 - The Company's workforce	128
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x			not material
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x					not material
ESRS S1-17	103 (a)	Cases of discrimination	x				S1 - The Company's workforce	127
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines	x		x		S1 - The Company's workforce	127
ESRS 2 - SBM3 - S2	11 (b)	Significant risk of child labor or forced labor in the value chain	x					not material
ESRS S2-1	17	Commitments in the area of human rights policy	x					not material
ESRS S2-1	18	Policies related to value chain workers	x					not material
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines			x			not material

ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	x					not material
ESRS S2-4	36	Human rights issues and incidents connected to the upstream and downstream value chain	x					not material
ESRS S3-1	16	Human rights policy commitments	x					not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines	x		x			not material
ESRS S3-4	36	Human rights issues and incidents	x					not material
ESRS S4-1	16	Policies related to consumers and end-users	x					not material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles, and OECD guidelines	x		x			not material
ESRS S4-4	35	Human rights issues and incidents	x					not material
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	x					not material
ESRS G1-1	§10 (d)	Protection of whistle-blowers	x					not material
ESRS G1-4	§10 (d)	Fines for violation of anti-corruption and anti-bribery laws	x		x			not material
ESRS G1-4	§24 (b)	Standards of anti-corruption and anti-bribery	x					not material

Assurance report of the independent german public auditor on a limited assurance engagement in relation to the group sustainability statement

To the DEUTZ Aktiengesellschaft, Cologne

ASSURANCE CONCLUSION

We have conducted a limited assurance engagement on the Group Sustainability Statement, included in section “Group Sustainability Statement” of the group management report, of DEUTZ Aktiengesellschaft, Cologne (hereinafter referred to as “DEUTZ” or “the Company”) for the financial year from 1. January 2024 to 31. December 2024. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Articles 315b and 315c in conjunction with Articles 289b to 289e of the German Commercial Code (HGB) for a group non-financial statement.

References to the Group’s website, contained in the Group Sustainability Statement (see appendix to this Assurance Report) are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained as part of our limited assurance engagement, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement, is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Articles 315b and 315c in conjunction with Articles 289b to 289e HGB for a combined non-financial statement and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section “ESRS 2: General Disclosures” of the Group Sustainability Statement, or

- the disclosures in the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

- We do not express an assurance conclusion on references to the Group’s Website in the Group Sustainability Statement (see appendix to this Assurance Report).

BASIS FOR THE ASSURANCE CONCLUSION AND OPINION

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the Group Sustainability Statement".

We are independent of DEUTZ in accordance with the requirements of European law and Ger-man commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion and opinion.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE GROUP SUSTAINABILITY STATEMENT

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of the Group Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

INHERENT LIMITATIONS IN PREPARING THE GROUP SUSTAINABILITY STATEMENT

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

GERMAN PUBLIC AUDITOR’S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE GROUP SUSTAINABILITY STATEMENT

Our objectives are to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement, has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the Company's executive directors, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of an assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within entity’s control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity’s control, as both the entity’s executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

SUMMARY OF THE PROCEDURES FOR THE LIMITED ASSURANCE ENGAGEMENT BY THE GERMAN PUBLIC AUDITOR

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement.
- considered the presentation of the information in the Group Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement.

RESTRICTION OF USE

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the assurance report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

ENGAGEMENT TERMS

This engagement is based on the "Special Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft" dated January 1, 2024, agreed with the Company as well as the „General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated Janu-ary 1, 2024, issued by the IDW (www.bdo.de/engagement-terms-conditions).

Hamburg, March 12, 2025

BDO AG Wirtschaftsprüfungsgesellschaft

sgd. Hyckel German Public Auditor	sgd. Winkler German Public Auditor

APPENDIX TO THE ASSURANCE REPORT: UNASSURED ELEMENTS OF THE GROUP SUSTAINABILITY STATEMENT

References to the Group's website, contained in the Group Sustainability Statement (see appendix to this Assurance Report) were not subject to our assurance engagement. The information to which these references pertain has not been substantively audited by us.

Forecast for 2025

ECONOMIC OUTLOOK

GDP growth forecast for 2024 and 2025[169]

YoY change (%)	2025	2026
Global	3.3	3.3
Industrialized countries	1.9	1.8
Eurozone	1.0	1.4
Germany	0.3	1.1
USA	2.7	2.1
Emerging markets	4.2	4.3
China	4.6	4.5

The International Monetary Fund (IMF) is forecasting global economic growth of 3.3% in both 2025 and 2026, which is the same rate as seen in the two preceding years.[170] Overall, the forecast released in January 2025 was very similar to the previous assessment from October 2024, although a higher rate of growth is expected in the USA, thereby making up for the now weaker growth anticipated in the major European economies and in Canada. The IMF's outlook is based on the economic policy situation at the start of this year and takes account of the current – and probably temporary – uncertainties, particularly with regard to trade policy. Potential protectionist measures, such as extensive trade tariffs, therefore represent a downside risk for the IMF's baseline scenario. The IMF's GDP expectations indicate that Germany will achieve growth of 0.3% in 2025, following on from a mild recession in the two preceding years. This means that it will still lag behind the eurozone as a whole, which is predicted to generate growth of 1.0%. See also 'Economic environment', p. 46.

The IMF believes that inflation rates will continue to fall, albeit at a diminished pace in some countries. Consequently, the central banks are being cautious in their loosening of monetary policy. Fundamentally, however, the major central banks are likely to make further cuts to their key interest rates. Global inflation is expected to slow to 4.2% in 2025 and then to 3.5% in 2026. According to the IMF's forecast, global trade will expand by 3.2% in 2025 and 3.3% in 2026. The estimates from October 2024 have therefore been downgraded slightly owing to the considerable increase in uncertainty surrounding trade policy. In the described scenario, however, the effect is expected to be only temporary, although there could be some front-loading of trade flows in the short term.

PROCUREMENT MARKET

The outlook for 2025 is dominated by persistent geopolitical uncertainty in connection with the Middle East conflict and the war in Ukraine. Coupled with elevated inflation and political debate surrounding the shift toward renewable energies and a carbon-neutral economy, this means that conditions in the procurement market will likely remain challenging.

Supply risks could arise as a result of a persistently high – or rising – number of supplier insolvencies due to the poor market environment, the electric transformation, and the switch to green steel.

We anticipate stable energy prices year on year, particularly in the case of electricity. With regard to transportation costs, we expect sea freight prices to decline slightly owing to the slowdown in global economic growth.

DEUTZ also intends to increase the remuneration of its employees not covered by collective pay agreements and its senior managers.

DIESEL ENGINE MARKET

DEUTZ customer industries: Forecast for 2025

YoY change in unit sales (%)	Europe	North America	China
Construction Equipment[171,172]	-5 to +5	-5 to +5	-5 to +5
Material Handling[173]	-5 to 0	-5 to 0	-5 to 0
Agricultural machinery[174,175]	-5 to +5	-5 to +5	-5 to +5

Currently available figures suggest that the key industries for sales of DEUTZ diesel engines for the off-highway segment should experience similar levels of growth in 2025.

No significant recovery is expected in the construction equipment sector for 2025: In Europe, further muted demand resulting from the persistently high level of material prices is likely to put a brake on growth in the construction industry. By contrast, demand will probably rise in North America due to the planned expansion of oil and gas drilling. However, the retreat from the clean energy transition means that many wind, solar and rail infrastructure projects are now unlikely to be implemented. In China, the difficulties posed by a lingering real estate crisis and weak economic growth are set to persist. Moreover, in contrast to previous years, the country's central government has not launched any new economic stimulus packages encompassing large-scale infrastructure projects. Only exports could lead to a moderate rise in sales of construction equipment.

[169] IMF, World Economic Outlook Update, January 2025.
[170] IMF, World Economic Outlook Update, January 2025.
[171] Power Systems Research 'OE Link Update Bulletin Q4 2024', January 2025.
[172] VDMA 'Economic Situation - Construction Equipment', January 2025.
[173] Power Systems Research 'OE Link Update Bulletin Q4 2024', January 2025.
[174] Power Systems Research 'OE Link Update Bulletin Q4 2024", January 2025.
[175] VDMA 'Geschäftsklima und Marktentwicklung weltweit', February 2025.

In the material handling sector, there is a growing trend in the application segments with the strongest sales – for example, those comprising forklift trucks, lifting platforms, and telehandlers – for customers to switch to electric-driven models. As a result, demand for diesel-powered material handing applications is poised to fall across all regions.

No major growth impetus is forecast for the agricultural machinery sector in 2025. New orders should rise in Europe, but only by a small amount as dealers are still holding significant inventories. In North America, there are signs that the pace of growth, which had fallen in 2024, will continue to drop off in 2025. In addition to high costs, the factors in play here include the import duties that have been announced, which could make it much more expensive to import machinery and so would make customers even more reluctant to invest.

In China, demand for agricultural machinery is set to rise, but at a low level. Indeed, while demand is set to be fueled by new state subsidies aimed at modernizing agriculture and revitalizing rural regions, and by incentives to replace old machinery, investment will likely be inhibited by the reality that tractors in particular have become significantly more expensive following the introduction of the new China 4 emissions standard.

BUSINESS OUTLOOK

The business outlook presented here was made on the basis of the information available at the beginning of March 2025 and assumes a tangible market recovery in the second half of 2025. However, it does not factor in an assessment of the higher US tariffs that have been announced.

Unlike in the previous published business outlook, a forecast for unit sales of DEUTZ engines is no longer provided. Firstly, the expansion of business activity with a particular focus on the Energy sector in the Solutions segment, and the growing share of service business means that unit sales are becoming less significant as a driver of consolidated revenue, and this trend is set to continue as the Dual+ strategy is implemented. Secondly, there is an increasing difference between the prices of the individual engines, especially as a result of taking over the portfolio of Daimler Truck off-highway engines from Rolls-Royce Power Systems, which means that the number of units alone is also becoming less meaningful. Nevertheless, DEUTZ will continue to disclose its unit sales of engines in its financial reporting.

REVENUE

DEUTZ anticipates revenue of between €2.1 billion and €2.3 billion in 2025. The DEUTZ Engines & Services segment is expected to contribute between €2.0 billion and €2.2 billion, the DEUTZ Solutions segment between €150 million and €200 million.

EARNINGS

On the back of the revenue growth described above, DEUTZ expects the EBIT margin before exceptional items (adjusted EBIT margin) at Group level to be in a range of 5.0% to 6.0%. This span reflects the revenue range stated, as well as the assumption that cost-savings will more than offset inflationary effects, such as the wage settlement agreed at the end of 2024. Furthermore, prices for raw materials and energy are expected to remain stable in 2025. See also 'Employees', p. 45, and 'procurement market', p. 46.

Looking at the individual segments, the adjusted EBIT margin for the DEUTZ Engines & Services segment is predicted to be between 6% and 7%, while the adjusted EBIT margin for the DEUTZ Solutions segment is likely to be in a range of minus 10% to break-even level. This must be viewed in the context of the DEUTZ New Technology business unit generating a low level of revenue while continuing to spend significant amounts on research and development in order to build up the portfolio of alternative drive systems, thereby reducing the positive contribution to EBIT from the Energy business. The latter is expected to achieve an adjusted EBIT margin of between 10.0% and 13.0%. See also 'Strategy and objectives', p. 35 onward, and 'Research and development', p. 40 onward.

Based on the Company's earnings guidance, the return on capital employed (ROCE) before exceptional items in 2025 is expected to be a high-single-digit percentage figure.

RESEARCH AND DEVELOPMENT EXPENDITURE[176]

After deducting grants[177], DEUTZ expects expenditure on research and development to be in the range of €80 million to €90 million in 2025. This money is to be spent primarily on activities in the field of alternative drive systems, on the ongoing development of the portfolio of engines with capacities of less than 4 liters, and on the heavy-duty and medium-duty engine platforms. See also 'Research and development', p. 35 onward.

CAPITAL EXPENDITURE[178]

After deducting grants, capital expenditure[179] is likely to be in a range of €75 million to €90 million in 2025. See also 'Production and logistics', p. 42 onward.

[176] Research and development expenditure constitutes actual spending on R&D projects. It differs from the research and development costs recognized in the income statement in that development expenditure that can be capitalized is deducted and amortization on completed development projects is added.
[177] Grants from development partners and subsidies.
[178] Capital expenditure on property, plant and equipment (including right-of-use assets in connection with leases) and intangible assets, excluding capitalized development expenditure.
[179] Excl. M&A.

WORKING CAPITAL RATIO, FREE CASH FLOW, AND EQUITY RATIO

The average working capital ratio for 2025 is predicted to be between 17% and 20%. Free cash flow excluding any M&A expenditure is likely to be an amount in the mid-double-digit millions of euros. The equity ratio is expected to remain well over 40%.

EMPLOYEES

Staffing levels As a rule, short-term peaks in demand for labor as a result of unexpected increases in production volumes should continue to be managed through flexible employment in the form of fixed-term and temporary employment contracts.

Anticipated economic volatility in 2025 is to be cushioned through the use of instruments to increase flexibility, which the IG Metall labor union, the works council, and DEUTZ have agreed. These instruments include short-time working, a collective reduction in working hours as defined by the framework collective agreements of North Rhine-Westphalia and Rhineland-Palatinate, and the conversion by the employer of collectively agreed one-off payments into leave.

Future Fit cost-cutting program Job losses of up to 300 FTEs have been decided under the Future Fit program, with most of these to be achieved through a voluntary redundancy program at the Cologne site. In March 2025, a new company-specific collective agreement with the labor union was concluded, the provisions of which include safeguarding the Cologne and Herschbach sites and protecting jobs at these sites until the end of 2029.[1] The program is likely to result in an expense of between €20 million and €30 million, which will be recognized as an exceptional item and will therefore not adversely affect adjusted EBIT. See also 'Events after the reporting period', p. 236.

Wage settlement In December 2024, IG Metall reached a new wage settlement for the metalworking and electrical engineering industry, to which DEUTZ AG belongs. The settlement includes an increase of 2.0% from April 2025 and 3.1% from April 2026 in the monthly basic pay of employees covered by collective pay agreements. A one-off payment of €600 gross was also agreed, which DEUTZ paid out in January 2025. Apprentices' monthly pay rose by €140 with effect from January 1, 2025. It will rise by a further 3.1% in April 2026.

In challenging economic conditions, DEUTZ is entitled to make certain changes, e.g. adjusting the number of jobs, in order to protect the Company's economic future and for the benefit of the workforce as a whole. The exceptional situations in which it is entitled to do so are defined in a key issues paper.

Outlook for 2028

DEUTZ has set itself a medium-term target of raising its revenue to between €3.2 billion and €3.4 billion by 2028 and, at the same time, achieving an EBIT margin before exceptional items of between 8% and 9%.

The targeted growth is to be generated by all segments and divisions. DEUTZ's strategy for facilitating the continued growth of its classic internal combustion engine business is unchanged. It intends to take an active role in the consolidation of the market, to reduce its costs and enhance its competitiveness – for example, by making production more flexible – and to break into new growth markets. Revenue in the high-margin service business is to be increased to between €700 million and €800 million by 2028 by pursuing strategic acquisitions in regions offering further untapped potential and by developing new business models.

To further underpin the Company's earnings performance going forward, DEUTZ will continue to implement measures aimed at optimizing prices while raising efficiency. In addition, the Company initiated a cost-cutting program in 2024 in response to the softening of demand caused by the economic headwinds. The objective is to permanently lower costs by €50 million by the end of 2026. See also 'Strategy and objectives', p. 35 onward, for further information on the strategy and financial targets for 2030.

Disclaimer This management report includes certain statements about future events and developments, together with disclosures and estimates provided by the Company. Such forward-looking statements include known and unknown risks, uncertainties, and other factors that may mean that the actual performances, developments, and results in the Company or those in sectors important to the Company are significantly different (especially from a negative point of view) from those expressly or implicitly assumed in these statements. The Board of Management cannot therefore make any guarantees with regard to the forward-looking statements made in this management report.

REMUNERATION REPORT

OF DEUTZ AG PURSUANT TO SECTION 162 AKTG

The remuneration report provides details of the remuneration granted and owed to former and current members of the Board of Management and Supervisory Board of DEUTZ AG in 2024. It meets the requirements of section 162 of the German Stock Corporation Act (AktG).

I. Review of 2024 from a remuneration perspective

Changes occurred to the composition of the Board of Management in the 2024 financial year: Mr. Timo Krutoff stepped down from the Board of Management on November 30, 2024. Mr. Oliver Neu was appointed to the Board of Management as of October 1, 2024. Mr. Neu assumes responsibility for the Finance area as well as the function of Labor Director. In addition, Dr.-Ing. Markus Müller asked the Supervisory Board in December 2024 to terminate his Board of Management mandate early as of January 31, 2025, by mutual agreement. The Supervisory Board has complied with this request.

No changes occurred to the composition of the Supervisory Board.

In accordance with the provisions of the AktG, the remuneration report for 2023 prepared jointly by the Board of Management and the Supervisory Board was submitted for approval to the Annual General Meeting of DEUTZ AG on May 8, 2024, at which it was approved with 97.90 percent of the votes. This resolution did not lead to any need to amend the 2023 remuneration report.

A new remuneration system for the Board of Management was also put to the vote at the 2024 Annual General Meeting. The new remuneration system was approved by the Annual General Meeting on May 8, 2024, with 96.30 percent of the votes. The main new components of the remuneration system are the abolition of special remuneration, the addition of a sustainability component to the LTI, the addition of Share Ownership Guidelines (SOG) for Board of Management members, and an adjustment to maximum remuneration.

The following remuneration report was jointly prepared by the Board of Management and the Supervisory Board and was audited in relation to its form and content by the auditor. See the Auditor's report, p. 168 onward.

II. Remuneration for Board of Management members

A. General principles of the remuneration system

The Supervisory Board of DEUTZ AG has revised the remuneration system for the members of the Board of Management, taking into consideration statutory requirements and the main recommendations of the **German Corporate Governance Code** (DCGK) in the version dated April 28, 2022. The remuneration system comprises non-performance-related and performance-related remuneration components and supports the long-term, sustainable development of DEUTZ AG. The new remuneration system for the members of the Board of Management has been applied since 2024.

The aim of the remuneration system is to support the achievement of DEUTZ's strategic objectives and ensure that the members of the Board of Management are paid appropriately. In line with the corporate strategy, the remuneration system incentivizes the Board of Management members to achieve profitable growth and sustainable value creation. Long-term variable remuneration is higher than short-term variable remuneration in order to underscore the particular importance of the long-term development of DEUTZ AG. To this end, it includes a share-based element.

The Supervisory Board of DEUTZ AG is responsible for the remuneration system and for setting the remuneration of the individual members of the Board of Management. It is supported by the Human Resources Committee, which prepares recommendations on the Board of Management remuneration system and carries out the preparatory work for the decisions of the Supervisory Board and for the review of the appropriateness of the level of remuneration.

B. Remuneration system in 2024

In 2024, the remuneration of the members of DEUTZ's Board of Management consisted of non-performance-related and performance-related remuneration components. The individual components of the remuneration system in 2024 are summarized in the following table:

Remuneration components	Support for long-term development	Structure in 2024
Non-performance-related remuneration		
Basic remuneration	Forms the basis for attracting and retaining highly qualified Board of Management members who develop and implement the strategy	■ Fixed remuneration paid in monthly installments
Additional benefits		■ Company car and insurance policies
Retirement pension		■ Annual contribution to a benevolent fund
Performance-related remuneration		
Short-term variable remuneration (bonus/STI)	Rewards the degree to which the corporate strategy has been operationalized, including how forward-looking sustainability targets have been implemented during a year	■ Plan type: target bonus ■ Performance criteria: – 30 percent revenue – 30 percent EBIT – 25 percent strategy target – 15 percent sustainability target ■ Payment cap: 150 percent of target amount ■ Term: one year
Long-term variable remuneration (LTI)	Incentivization of the sustainable growth of DEUTZ AG and its value appreciation over the long term, aligning the interests of investors and Board of Management members	■ Plan type: virtual performance share plan ■ Performance criteria: – 20 percent relative total shareholder return (TSR) compared to DAXSubsector All Industrial Machinery – 50 percent return on capital employed (ROCE) – 30 percent sustainability target ■ Payment cap: 180 percent of target amount ■ Term: 4 years
Miscellaneous		
Malus/clawback	Safeguards responsible corporate governance for the benefit of DEUTZ AG	■ Option to reduce or claw back some or all of the variable remuneration in the event of a serious compliance violation
Share Ownership Guidelines	Intensification of the share price reference of Board of Management remuneration in order to even more closely align Board of Management interests with shareholder interests.	■ Obligation to hold DEUTZ AG shares until the end of the Management Board mandate ■ Equivalent value of the shares to be held in relation to the annual net basic remuneration: – Chairman of the Board of Management: 150 percent – Ordinary members of the Board of Management: 100 percent ■ Accumulation period: 5 years
Maximum amount of remuneration	Limits remuneration to an amount that is high enough to motivate the members of the Board of Management but is not inappropriately high	■ Limit on the total remuneration granted for a year in accordance with section 87a (1) sentence 2 no. 1 AktG: – Chairman of the Board of Management: € 3,200,000 – Ordinary members of the Board of Management: € 2,200,000
Cap on severance pay	Avoids excessive several payments that are not in the interests of DEUTZ AG	■ Severance payments are limited to twice the amount of annual remuneration and may not exceed the remuneration due for the remaining

B.1. Non-performance-related remuneration

Non-performance-related remuneration is granted to the Board of Management members irrespective of their specific performance in relation to their targets and irrespective of the Company's performance. This remuneration comprises basic remuneration, additional benefits, and a retirement pension. The components of non-performance-related remuneration form the basis for attracting and retaining highly qualified Board of Management members who develop and implement the corporate strategy.

Basic remuneration The basic remuneration is a fixed amount that is granted irrespective of the actual performance of DEUTZ AG.

Additional benefits Each Board of Management member receives additional benefits in the form of non-monetary remuneration and other benefits. In 2024, the additional benefits for the members of the Board of Management comprised the provision of a company car that can also be used privately, the option of a driver for the car, and payment of insurance premiums for accident and D&O insurance policies.

Retirement pension The retirement pension for Board of Management members is structured as a defined contribution plan. For the Board of Management members, DEUTZ AG paid an amount into a reinsured benevolent fund in 2024 (pension expense). When they retire, the Board of Management members are entitled to the capital promised to them; this payment is made by the benevolent fund.

Aspect	Details
Pension plan type	Defined contribution pension plan
Start of retirement	Standard retirement age is 65; earliest possible retirement age is 62 (provided that the statutory pension is also drawn)
Return	The return depends on the policyholder dividend arrangements of the insurer. There is no guaranteed return, i.e., there is no return over and above what is agreed in the policyholder dividend arrangements
Payment options	An amount of capital is promised. DEUTZ AG can agree a lifelong annuity instead of a lump-sum. This annuity is paid by the benevolent fund once there has been a pension trigger event.
Invalidity/death	Death before the start of retirement: The policy value is paid out. Benefits may also be paid in the form of a share of the valuation reserves. Death after the start of retirement (applies only if a lifelong annuity has been arranged): payment of ten times the annual annuity guaranteed from the start of retirement. Guaranteed annuities that have already been paid are deducted from this amount.

Pension expense for Board of Management members The pension expenses in 2024 are shown in the following table:

	Pension expense in FY 2024 (€ thousand)
Dr. Sebastian C. Schulte (Chairman of the Board of Management)	150
Timo Krutoff (until November 30, 2024)	50
Oliver Neu (since October 1, 2024)	50
Dr.-Ing. Petra Mayer	50
Dr.-Ing. Markus Müller	50

B.2. Performance-related remuneration

The following chapters describe the structure of the remuneration granted or owed. Remuneration granted is the remuneration for which the related (one-year or multiple-year) work has been performed in full (i.e. the performance period has ended and the performance criteria have been met). Remuneration owed is when DEUTZ has a legal obligation to the Board of Management member that is due but has not yet been fulfilled.

The structure of the LTI promised in 2024 (2024–2027) is also described. Remuneration promised is the remuneration that is promised to the Board of Management members for 2024, irrespective of the timing of payment (target remuneration).

2.1 Short-term variable remuneration (bonus/STI)

The bonus contributes to the Company's long-term development by specifying how the corporate strategy is to be implemented operationally during a year and rewarding its implementation. Success is assessed on the basis of financial, strategic, and sustainability performance criteria. The financial targets revenue and EBIT underpin the growth strategy of DEUTZ AG and its regional growth initiatives because together they incentivize the Board of Management members to contribute to profitable growth. The strategy target is based on the achievement of specific strategic initiatives. The sustainability target reflects the social and environmental responsibility of DEUTZ AG and is derived from the groupwide "Taking Responsibility" sustainability strategy, which forms part of the overall strategy.

Shortterm Incentive

The target amount is the starting point for the STI. The target amount is multiplied by the total target achievement rate to obtain the amount payable. Total target achievement for the STI is the weighted sum of the rates of target achievement for the four performance criteria revenue, EBIT, strategy target, and sustainability target. For the 2024 financial year, the Supervisory Board has defined a strategic goal from the categories "Partnership", "Value Add", and "Alternative Drives", and a sustainability goal from the categories "Environmental & Climate Targets", "Alternative Drives", "Corporate Governance", "Diversity", and "HR Development".

The target values for the performance criteria are set by the Supervisory Board, and target achievement in respect of these values is determined by the Supervisory Board after the end of the performance period. If performance is below a threshold, target achievement for the relevant share of the STI is 0 percent. This may result in no STI being paid at all. Target achievement is limited to a maximum of 150 percent. Linear interpolation is applied between the aforementioned rates of target achievement.

Revenue Revenue is defined as the consolidated revenue calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. Revenue has a weighting of 30 percent.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value achieved in 2024, and the resulting rate of target achievement for the revenue performance criterion are shown in the following table:

STI 2024

	Revenue	Target achievement
Minimum threshold	€1,600 million	50 percent
Target value	€1,900 million	100 percent
Cap	€ 2,200 million	150 percent
Actual value	€1,813.7 million	85.6 percent

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 150 percent.

EBIT EBIT is defined as the consolidated earnings before interest and tax (EBIT) less income generated or expenses incurred that are outside the scope of the Company's ordinary business activities and are unlikely to recur (EBIT before exceptional items). It is calculated and audited in accordance with the accounting principles that apply to DEUTZ AG by law. EBIT has a weighting of 30 percent.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value achieved in 2024, and the resulting rate of target achievement for the EBIT performance criterion are shown in the following table:

STI 2024

	EBIT	Target achievement
Minimum threshold	€ 60 million	50%
Target value	€ 80 million	100%
Cap	€ 100 million	150%
Actual value	€ 76.7 million	91.8%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 150 percent.

Strategic and sustainability target The strategic target for the 2024 financial year is reflected with a 25 percent weighting; the sustainability target for the 2024 financial year has a 15 percent weighting.

Ten individual targets were set for the strategy target and ten for the sustainability target. These individual targets are shown in the following table:

Strategy targets for 2024 derived from the growth and internationalization strategy

Target cluster	Examples of individual targets
Partnership	Arrangement of a partnership in the Classic area, including defining an integration roadmap; agreement of a strategic partnership in Asia; successful establishment of a partnership in the H2 area; signing of a basic agreement with a strategic partner in the H2 area
Value Add	Takeover of a strategic service partner, and progress with a further partner; post-merger integration concept and implementation; commissioning of a further production line
Alternative Drives	Creation and approval of the production footprint concept; series commissioning of an H2 engine; creation and approval of various product group strategies

Sustainability targets for 2024 derived from the sustainability strategy

Target cluster	Examples of individual targets
Environmental & Climate Targets	Installation of a pilot plant for hydrogen production for one site's energy supplies; conversion of site fleet supply to HVO at one site; fixing the requirements of a further developed component from the Classic area
Alternative Drives	Reaching the pre-series stage in an H2 project; acquisition of a retrofit project and initial implementation of the project
Corporate Governance	Implementation of the CSRD; assessment and further development of individual corporate governance systems and further development of the integrated overall approach
Diversity	Specification of a program for the advancement of women and establishment of an equal opportunities officer
HR Development	Boost the level of participation in in-house further training; implementation of the qualification campaign

Target achievement for the strategy target and sustainability target is measured by the number of individual targets that were reached in the relevant category in 2024. The correlation between the number of targets reached and target achievement is shown in the following table along with the actual rate of target achievement in 2024:

STI 2024

	Number of individual targets reached in the categories for the strategy target and sustainability target	Target achievement
Minimum threshold	3	50%
Target value	5	100%
Cap	7	150%
Actual value: strategy target	7	150%
Actual value: sustainability	8	150%

Ex post changes to the performance criteria and target values for the performance criteria are not permitted. However, in accordance with the remuneration system, the Supervisory Board has the option of taking appropriate account of exceptional developments in justified special cases. As was also the case in 2023, the Supervisory Board did not exercise this option in 2024.

Determination of the STI The determined target achievement rates are multiplied by the relevant weightings for the performance criteria and then added up to give the total target achievement. This is multiplied by the target amount to obtain the amount payable, which is limited to 150 percent of the target amount.

The following table summarizes the target amount, total target achievement, and the resulting amount payable under the STI 2024 for each member of the Board of Management:

STI 2024

	Dr. Sebastian C. Schulte	Timo Krutoff[180]	Dr.-Ing. Petra Mayer	Dr.-Ing. Markus Müller	Oliver Neu[181]
Target amount (€ thousand)	480	275	300	348	75
Total target achievement (in %)	113.2	113.2	113.2	113.2	113.2
Amount payable (€ thousand)	543	311	340	394	85

1 Timo Krutoff stepped down from the Board of Management on November 30, 2024. His remuneration was reduced pro rata temporis in the reporting period.

2 Oliver Neu was appointed to the Board of Management with effect from October 1, 2024. His remuneration was reduced pro rata temporis in the reporting period.

[180] Timo Krutoff stepped down from the Executive Board on November 30, 2024. His remuneration was reduced pro rata temporis during the reporting period.
[181] Oliver Neu was appointed to the Executive Board effective October 1, 2024. His remuneration was reduced pro rata temporis during the reporting period..

2.2 Long-term variable remuneration (LTI)

Long-term variable remuneration contributes to the Company's long-term development by rewarding implementation of the corporate strategy, its focus on sustainability, and the long-term increase in the value of DEUTZ AG on the basis of the remuneration system initially applicable to the Board of Management from 2021 and the new remuneration system applicable from 2024. Success is assessed using financial, sustainability-based, and share-based performance criteria derived from the strategy of DEUTZ AG.

2.2.1 LTI (LTI 2021 – 2024)

In the 2024 financial year, Board of Management members Dr. Sebastian C. Schulte and Dr. Markus Müller as well as former Border Management members Dr.-Ing. Frank Hiller, Michael Wellenzohn, and Dr. Andreas Strecker were granted remuneration deriving from the LTI granted in the 2021 financial year. The LTI promised in 2021 was promised in the form of virtual performance shares. The target amount is the starting point for the allocation.

At the start of the four-year term, the target amount was divided by the average DEUTZ AG share price (arithmetic mean of the **Xetra closing price** during the last 60 trading days prior to the start of the performance period) in order to determine a number of virtual shares that are promised conditionally (**virtual performance shares** – VPSs). The start of the term was January 1, 2021. The average DEUTZ AG share price to be applied amounted to € 4.97.[182] The number of VPSs promised to the Board of Management members for 2021 is shown in the following.[183]

Number of virtual shares promised conditionally 2021 to each Board of Management member

Board of Management member	Number of virtual shares promised conditionally in 2021
Dr. Sebastian C. Schulte	74,417
Dr.-Ing. Markus Müller	59,131
Dr.-Ing. Frank Hiller (until February 13, 2022)	104,988
Michael Wellenzohn (until September 6, 2022)	73,411
Dr. Andreas Strecker (until February 28, 2021)	12,168

Long-term Incentive (2021 – 2024)

[182] The 2021 remuneration report was based on an incorrect share price.
[183] The number of conditionally granted virtual shares shown differs from the presentation in the 2021 remuneration report. The reason for this is that the information in the 2021 remuneration report was based on an incorrect share price.

The final number of VPSs depends on the aggregated rates of target achievement for the performance criteria return on capital employed (ROCE) and relative total shareholder return (relative TSR).

Target achievement for relative TSR is determined after the end of the performance period on the basis of the percentile ranking of DEUTZ AG within a TSR peer group. The target value for the ROCE performance criterion is set by the Supervisory Board. Target achievement for ROCE is determined once the relevant consolidated financial statements for the final year of the performance period have been approved by the Supervisory Board.

The LTI payment is limited to 180 percent of the target amount. Target achievement for the performance criteria is calculated as follows:

Relative total shareholder return Relative TSR compares DEUTZ's TSR performance against that of a specific peer group and has a weighting of 50 percent. TSR performance is calculated by comparing the share price (plus the dividend paid) at the end of the performance period with the value at the start of the performance period. The TSR peer group comprises companies in the DAXsubsector All Industrial Machinery.

Some of the companies in this peer group are therefore different from those in the peer group used to check whether the Board of Management's remuneration is typical in comparison with that in similar companies. The composition of the peer group for assessing how remuneration compares with that of other companies is based on stock-corporation law criteria, such as sector, size, and country. The composition of the TSR peer group has been given a greater sectoral focus, which means that companies that are larger or smaller than DEUTZ are also included. Some companies in the TSR peer group would therefore not meet the stock-corporation law criteria regarding size that are applied in the comparison of Board of Management remuneration with that in similar companies. The Supervisory Board believes that a peer group with a greater sectoral focus is better suited to evaluating DEUTZ's performance relative to relevant competitors and the overall sector than the peer group used to compare Board of Management remuneration with that in similar companies.

As the end of the performance period in December 2024, the TSR peer group comprised the following companies:

Aumann AG, Datron AG, DMG MORI AG, Dürr AG, Francotyp-Postalia Holding AG, GEA Group AG, Heidelberger Druckmaschinen AG, Jungheinrich AG, KHD Humboldt Wedag International AG, KHD Humboldt Wedag Vermögensverwaltungs AG, KION GROUP AG, Knorr-Bremse AG, Koenig & Bauer AG, Krones AG, KSB SE & Co. KGaA, Maschinenfabrik Berthold Hermle AG, Masterflex SE, NORMA Group SE, PITTLER Maschinenfabrik AG, RENK Group AG, STEYR MOTORS AG, Stabilus SE, Wacker Neuson SE, WashTec AG.

TSR performance is determined for each company in the peer group and for DEUTZ after the end of the performance period. The individual values are then ranked and given a percentile ranking in which the 0th percentile ranking represents the lowest TSR performance and the 100th percentile ranking represents the highest TSR performance.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value achieved in the 2021-2024 performance period, and the resulting rate of target achievement for the relative TSR performance criterion are shown in the following table:

LTI grant in 2024

	DEUTZ's percentile ranking for TSR	Target achievement
Minimum threshold	25th percentile	0%
Target value	50th percentile	100%
Cap	75th percentile	180%
Actual value in 2024	52nd percentile	108.7%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 0 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 180 percent.

Return on Capital Employed ROCE is the ratio of EBIT before exceptional items (consolidated earnings before interest and tax less income generated or expenses incurred that are outside the scope of the Company's ordinary business activities and are unlikely to recur, based on the consolidated financial statements) to capital employed, which is weighted at 50 percent. The relevant figure for the assessment of target achievement for the 2021-2024 tranche is the average ROCE value achieved during the performance period.

The minimum threshold, the target value corresponding to 100 percent target achievement, the cap, the actual value of the average ROCE achieved in the 2021-2024 performance period, and the resulting rate of target achievement are shown in the following table:

LTI grant in 2024

	ROCE	Target achievement
Minimum threshold	7.6%	50%
Target value	10.0%	100%
Cap	≥ 15.0%	180%
Average ROCE 2021 - 2024	7.7%	52.1%

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 180 percent.

Ex post changes to the performance criteria and target values for the performance criteria are not permitted. In accordance with the 2021 remuneration system, the Supervisory Board also has the option, in exceptional cases and where it is justifiable to do so, of taking extraordinary developments appropriately into account in the LTI if such developments were not explicitly factored into the strategic planning and defined individual targets. The Supervisory Board did not utilize this option in 2024.

Determination of the LTI After the end of the performance period, the final number of VPSs is determined by multiplying the number of VPSs that are promised conditionally by the weighted total target achievement. To calculate the amount of the cash payment after the end of the performance period, the final number of VPSs is multiplied by the average DEUTZ AG share price (arithmetic mean of the closing price in **Xetra** trading on the Frankfurt Stock Exchange during the last 60 trading days prior to expiry of the performance period). The amount payable is limited to 180 percent of the target amount.

The following table summarizes various items of information, including the target amount, total target achievement, and the resulting amount payable for the LTI 2021–2024 for each member of the Board of Management to whom the LTI 2021–2024 was granted:

LTI 2021–2024

	Dr. Sebastian C. Schulte	Dr.-Ing. Markus Müller	Dr.-Ing. Frank Hiller	Michael Wellenzohn	Dr. Andreas Strecker[184]
Target amount	€ 370 thousand	€ 294 thousand	€ 522 thousand	€ 365 thousand	€ 61 thousand
Allocation price	4.97€	4.97€	4.97€	4.97€	4.97€
Number of VPSs	74,417	59,131	104,988	73,411	12,168
Total target achievement	80.4%	80.4%	80.4%	80.4%	80.4%
Final number of VPSs	59,824	47,535	84,400	59,015	9,782
Closing price	4.09€	4.09€	4.09€	4.09€	4.09€
Amount payable	€ 245 thousand	€ 194 thousand	€ 345 thousand	€ 241 thousand	€ 40 thousand

1 The number of conditionally granted virtual shares shown differs from the presentation in the 2021 remuneration report. The reason for this was the lack of disclosure of target remuneration in the 2021 Remuneration Report

[184] The target amount presented and the number of conditionally granted virtual shares differ from the presentation in the 2021 Remuneration Report. This was due to the lack of disclosure of the target remuneration in the 2021 Remuneration Report.

2.2.2 LTI (ALLOCATION IN 2024)

The LTI promised in 2024 is promised in the form of annual tranches of VPSs. The target amount is the starting point for the promised LTI and totals between 64 and 69 percent of the Board of Management members' basic remuneration.

At the start of the four-year term, the target amount is divided by the average DEUTZ AG share price (arithmetic mean of the Xetra closing price during the last 60 trading days prior to the start of the performance period) in order to determine a number of VPSs that are promised conditionally.

For 2024, the average DEUTZ AG share price amounted to € 4.17. The number of VPSs promised to the Board of Management members for 2024 is shown in the following table:

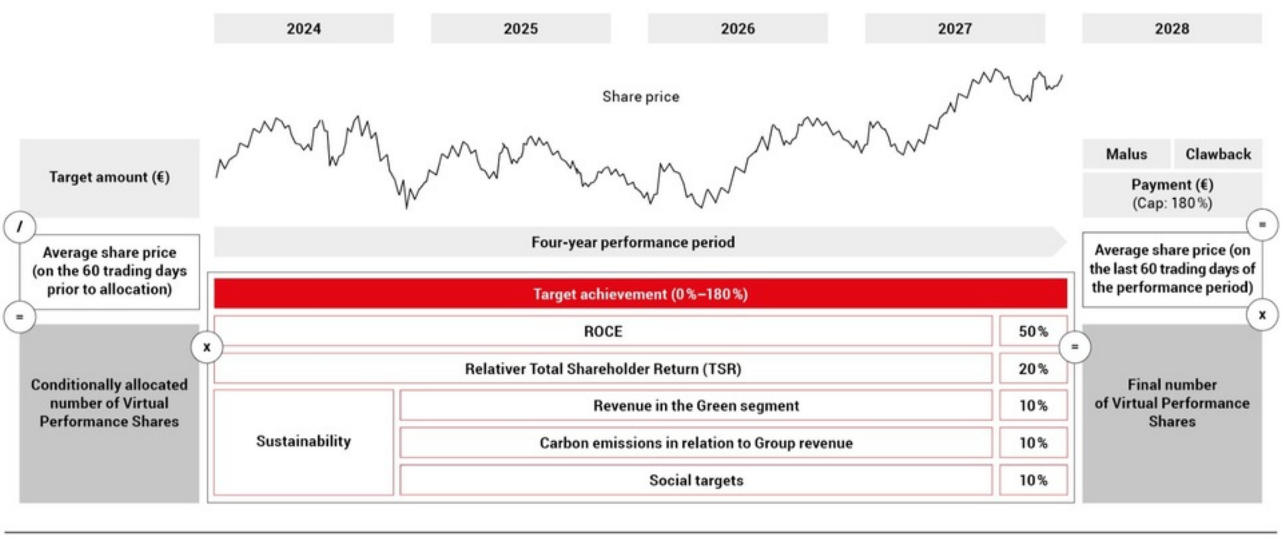
VPS allocation in 2024

Board of Management member	Promised LTI amount (target amount)	Number of virtual shares allocated conditionally in 2024
Dr. Sebastian C. Schulte (Chairman of the Board of Management)	€ 587 thousand	140,767
Timo Krutoff (until November 30, 2024)	€ 339 thousand	81,334
Dr.-Ing. Petra Mayer	€ 370 thousand	88,729
Dr.-Ing. Markus Müller	€ 417 thousand	99,987
Oliver Neu (since October 1, 2024)	€ 93 thousand	22,182

The final number of VPSs depends on the aggregated rates of target achievement for the performance criteria return on capital employed (ROCE) and relative total shareholder return (relative TSR).

Target achievement for relative TSR is determined after the end of the performance period on the basis of the percentile ranking of DEUTZ AG within a TSR peer group. The target values for the ROCE performance criterion and the sustainability performance criteria are set by the Supervisory Board. Target achievement for ROCE and the sustainability targets are determined once the relevant consolidated financial statements for the final year of the performance period have been approved by the Supervisory Board.

Long-term Incentive (2024 – 2027)



The LTI payment is limited to 180 percent of the target amount. Target achievement for the performance criteria is calculated as follows:

Return on Capital Employed ROCE is the ratio of EBIT before exceptional items (consolidated earnings before interest and tax less income generated or expenses incurred that are outside the scope of the Company's ordinary business activities and are unlikely to recur, based on the consolidated financial statements) to capital employed, which is weighted at 50 percent. The relevant figure for the assessment of target achievement for the 2024 tranche is the average ROCE value achieved during the performance period.

The minimum threshold, the target value corresponding to 100 percent target achievement, and the cap including the resulting target achievement for the average ROCE during the performance period are as follows:

LTI allocation in 2024

	ROCE	Tagret achievement
Minimum threshold	7.0%	50 %
Target value	10.0%	100 %
Cap	13.0%	180 %

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 50 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 180 percent.

Relative total shareholder return Relative TSR compares DEUTZ's TSR performance against that of a specific peer group and has a weighting of 20 percent. TSR performance is calculated by comparing the share price (plus the dividend paid) at the end of the performance period with the value at the start of the performance period. The TSR peer group comprises companies in the DAXsubsector All Industrial Machinery.

Some of the companies in this peer group are therefore different from those in the peer group used to check whether the Board of Management's remuneration is typical in comparison with that in similar companies. The composition of the peer group for assessing how remuneration compares with that of other companies is based on stock-corporation law criteria, such as sector, size, and country. The composition of the TSR peer group has been given a greater sectoral focus, which means that companies that are larger or smaller than DEUTZ are also included. Some companies in the TSR peer group would therefore not meet the stock-corporation law criteria regarding size that are applied in the comparison of Board of Management remuneration with that in similar companies. The Supervisory Board believes that a peer group with a greater sectoral focus is better suited to evaluating DEUTZ's performance relative to relevant competitors and the overall sector than the peer group used to compare Board of Management remuneration with that in similar companies.

As at December 2024, the TSR peer group comprised the following companies:

Aumann AG, Datron AG, DMG MORI AG, Dürr AG, Francotyp-Postalia Holding AG, GEA Group AG, Heidelberger Druckmaschinen AG, Jungheinrich AG, KHD Humboldt Wedag International AG, KHD Humboldt Wedag Vermögensverwaltungs AG, KION GROUP AG, Knorr-Bremse AG, Koenig & Bauer AG, Krones AG, KSB SE & Co. KGaA, Maschinenfabrik Berthold Hermle AG, Masterflex SE, NORMA Group SE, PITTLER Maschinenfabrik AG, RENK Group AG, STEYR MOTORS AG, Stabilus SE, Wacker Neuson SE, WashTec AG.

TSR performance is determined for each company in the peer group and for DEUTZ after the end of the performance period. The individual values are then ranked and given a percentile ranking in which the 0th percentile ranking represents the lowest TSR performance and the 100th percentile ranking represents the highest TSR performance.

Target achievement for relative TSR is determined after the end of the performance period on the basis of the percentile ranking of DEUTZ AG as follows:

LTI allocation in 2024

	DEUTZ's percentile ranking for TSR	Target achievement
Minimum threshold	25th percentile	0 %
Target value	50th percentile	100 %
Cap	≥ 75th percentile	180 %

If a value is achieved between the minimum threshold and the target value, target achievement is interpolated on a linear basis between 0 and 100 percent. If a value is achieved between the target value and the cap, target achievement is interpolated on a linear basis between 100 and 180 percent.

Sustainability The sustainability targets, weighted at 30 percent, consist of three individual targets, each weighted at 10 percent. For the LTI 2024-2027, the performance criteria comprise the targets for revenue in the Green segment and carbon emissions at the production sites (in tonnes of carbon dioxide equivalents) in relation to Group revenue (environmental dimension), as well as social targets (social dimension). The social targets consist of three equally weighted sub-targets: training rate, staff turnover rate, and employee empowerment.

At the beginning of each financial year, the Supervisory Board decides on demanding threshold, target, and cap values for the sustainability performance criteria, and any sub-targets for a new tranche, which are valid for the entire four-year term of the tranche. The threshold, target, and cap values for the sustainability performance criteria will be published in the remuneration report after the expiry of the LTI 2024-2027, unless this is inexpedient for the market position of DEUTZ AG. Target achievement for the sustainability performance criteria is determined once the relevant consolidated financial statements for the final year of the performance period have been approved by the Supervisory Board. This is conducted for each sustainability performance criterion and any sub-targets by comparing the performance actually achieved with the defined targets. Target achievement levels are determined for each year of the performance period, which are then averaged. As far as the sub-targets of the social dimension are concerned, target achievement levels are also determined for each year of the performance period, which are averaged to determine the individual target achievement level of a sub-target. The individual target achievement levels of the sub-targets are then averaged to determine an average target achievement for the social targets.

Ex post changes to the performance criteria and target values for the performance criteria are not permitted. However, in justified special cases, the Supervisory Board has the option of taking appropriate account of extraordinary developments in the LTI in accordance with the remuneration system.

Determination of the LTI After the end of the performance period, the final number of VPSs is determined by multiplying the number of VPSs that are promised conditionally by the weighted total target achievement. To calculate the amount of the cash payment after the end of the performance period, the final number of VPSs is multiplied by the average DEUTZ AG share price (arithmetic mean of the closing price in **Xetra** trading on the Frankfurt Stock Exchange during the last 60 trading days prior to expiry of the performance period). The amount payable is limited to 180 percent of the target amount.

2.3 Overview of the variable remuneration granted and owed in 2024

The following table summarizes the short-term and long-term variable remuneration resulting from the performance criteria that was granted or owed for 2024:

	Dr. Sebastian C. Schulte	Timo Krutoff (until November 30, 2024)	Dr.-Ing. Petra Mayer	Dr.-Ing. Markus Müller	Oliver Neu (since October 1, 2024)
STI 2024					
Target amount	€ 480 thousand	€ 275 thousand	€ 300 thousand	€ 348 thousand	€ 75 thousand
Total target achievement	113.2 %	113.2 %	113.2 %	113.2 %	113.2 %
Amount payable	**€ 543 thousand**	**€ 311 thousand**	**€ 340 thousand**	**€ 394 thousand**	**€ 85 thousand**
LTI 2021–2024					
Target amount	€ 370 thousand	–	–	€ 294 thousand	–
Allocation price	4.97€	–	–	4.97€	–
Number of virtual shares	74,417	–	–	59,131	–
Total target achievement	80.4 %	–	–	80.4 %	–
Final number of VPSs	59,824	–	–	47,535	–
Closing price	4.09 €	–	–	4.09 €	–
Amount payable	**€ 245 thousand**	**–**	**–**	**€ 194 thousand**	**–**
Variable remuneration granted and owed (total)	**€ 788 thousand**	**€ 311 thousand**	**€ 340 thousand**	**€ 588 thousand**	**€ 85 thousand**

	Dr.-Ing. Frank Hiller	Dr. Andreas Strecker	Michael Wellenzohn
STI 2024			
Target amount	–	–	–
Total target achievement	–	–	–
Amount payable	–	–	–
LTI 2021–2024			
Target amount	€ 522 thousand	€ 365 thousand	€ 61 thousand
Allocation price	4.97€	4.97€	4.97€
Number of virtual shares	104,988	73,411	12,168
Total target achievement	80.4 %	80.4 %	80.4 %
Final number of VPSs	84,400	59,015	9,782
Closing price	4.09€	4.09€	4.09€
Amount payable	**€ 345 thousand**	**€ 241 thousand**	**€ 40 thousand**
Variable remuneration granted and owed (total)	**€ 345 thousand**	**€ 241 thousand**	**€ 40 thousand**

2.4 Miscellaneous

Malus and clawback The short-term variable remuneration and the virtual performance shares are subject to malus and claw-back conditions. This means that if, as proved by the Company, a Board of Management member is in serious violation of applicable law, his or her statutory obligations, or the obligations in his or her employment contract, the Supervisory Board is entitled to withhold some of the variable remuneration that has not yet been paid (malus) and to claw back variable remuneration that has already been paid. The Supervisory Board decides on this at its professional discretion. The Supervisory Board did not withhold or claw back any variable remuneration components in 2024.

Share Ownership Guidelines Management Board members are obligated to hold shares in DEUTZ AG in accordance with the Share Ownership Guidelines. The Share Ownership Guidelines set an investment target of 150 percent of annual net basic annual remuneration for the Management Board Chair (CEO), and a target of 100 percent for the ordinary Management Board members. The required shareholdings must be accumulated over five-year period from the effective date of the Share Ownership Guidelines, or from a new, first-time order period. Board of Management members are obligated to hold the shares until the end of their Board of Management mandate. The shares held by Board of Management members are valued on the basis of the current equivalent value as of the time of purchase. The shareholdings of the members of the Board of Management as of December 31, 2024, are as follows:

Share Ownership Guideline

	Target	Staus quo	
Board of Management	€ thousand	€ thousand	%
Dr. Sebastian C. Schulte (Chairman of the Board of Management)	€ 638 thousand	€ 1,093 thousand	171%
Timo Krutoff (until November 30, 2024)[185]	€ 290 thousand	€ 135 thousand	47%
Dr.-Ing. Petra Mayer	€ 290 thousand	€ 211 thousand	73%
Dr.-Ing. Markus Müller	€ 337 thousand	€ 244 thousand	72%
Oliver Neu (since October 1, 2024)	€ 290 thousand	€ 51 thousand	17%

Adherence to the maximum remuneration limit As well as limiting the variable remuneration components, the Supervisory Board has specified a maximum amount of remuneration for each member of the Board of Management pursuant to section 87a (1) sentence 2 no. 1 AktG that limits the remuneration to be paid that was granted for a particular year. This maximum remuneration encompasses the basic remuneration granted, additional benefits, retirement pension, payments under the STI and LTI, and any special bonuses.

The following maximum remuneration amounts for the members of the DEUTZ Board of Management correspond to the maximum remuneration amounts specified in the 2024 remuneration system and therefore meet the requirements of the 2024 remuneration system:

Maximum remuneration pursuant to section 87 a (1) sentence 2 no. 1 AktG

Board of Management member	
Dr. Sebastian C. Schulte (Chairman of the Board of Management)	€ 3,200 thousand
Timo Krutoff (until November 30, 2024)	€ 2,200 thousand
Dr.-Ing. Petra Mayer	€ 2,200 thousand
Dr.-Ing. Markus Müller	€ 2,200 thousand
Oliver Neu (since October 1, 2024)	€ 2,200 thousand

For 2024, the maximum remuneration limit was adhered to in respect of the basic remuneration, additional benefits, retirement pension, and payments under the STI without having to reduce any component. Because the amount payable for the multi-year variable remuneration will not be known until the third year after the end of the reporting year owing to the four-year performance period, it will not be possible to report conclusively on adherence to the maximum remuneration limit for 2024 until the remuneration report for 2027.

[185] The shareholdings of Mr. Krutoff shown reflect the status up to and including November 30, 2024

With the end of the performance period for the multi-year variable remuneration 2021-2024 on December 31, 2024, it is clear that the maximum remuneration has been met by each of the Board of Management members active in the 2021 financial year without a reduction in any component:

Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG

	Dr. Sebastian C. Schulte	Dr.-Ing. Markus Müller	Dr.-Ing. Frank Hiller	Michael Wellenzohn	Dr. Andreas Strecker
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Basic remuneration 2021	580	459	750	580	97
+ Additional benefits 2021	21	19	22	30	3
+ STI 2021	436	345	622	436	72
+ LTI 2021 – 2024	245	194	345	241	40
= Total remuneration granted in 2021	**1,282**	**1,017**	**1,739**	**1,287**	**212**
+ Pension expense in 2021	50	50	150	80	13
Total remuneration in 2021	**1,332**	**1,067**	**1,889**	**1,367**	**225**
Maximum remuneration 2021	**1,900**	**1,900**	**2,800**	**1,900**	**1,900**

C. Amount of Board of Management remuneration in 2024

C.1. Remuneration for Board of Management members who were current members in the reporting year

Remuneration promised and remuneration granted and owed in 2024 The remuneration that was promised to the members of the Board of Management and the remuneration that was granted and owed in 2024 pursuant to section 162 (1) sentence 1 AktG is shown in the following tables.

Promised remuneration: Remuneration promised is the remuneration that is promised to the Board of Management members for 2024, irrespective of the timing of payment (target remuneration).

In respect of the remuneration components in 2024, “promised” specifically refers to the following:

Remuneration promised in 2024

Remuneration components
Basic remuneration
Additional benefits
Pension expense
STI 2024 (granted in 2024)
LTI 2024–2027 (to be granted in 2027)

Granted and owed: Remuneration granted is the remuneration for which the related (one-year or multiple-year) work has been performed in full. Remuneration owed is when DEUTZ has a legal obligation to the Board of Management member that is due but has not yet been fulfilled.

In respect of the remuneration components in 2024, »granted and owed« specifically refers to the following:

Remuneration granted and owed in 2024 (section 162 (1) sentence 1 AktG)[186]

Remuneration components
Basic remuneration
Additional benefits
STI 2024 (promised in 2024)
LTI 2021–2024 (promised in 2021)
Other (severance payment to Mr. Krutoff)

The following tables show the remuneration promised to the members of the Board of Management in 2024 (target remuneration):

Target remuneration

	Dr. Sebastian C. Schulte, Chairman of the Board of Management				Timo Krutoff, ordinary member of the Board of Management (until November 30, 2024)			
	2024		2023		**2024[187]**		2023	
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand	%
Basic remuneration	850	40.7	850	40.7	532	44.1	580	44.1
+ Additional benefits	20	1.0	19	0.9	13	1.1	16	1.2
= Total non-performance-related remuneration	**870**	**41.7**	**869**	**41.7**	**545**	**45.2**	**596**	**45.3**
+ One-year variable remuneration (total)	480	23.0	480	23.0	275	22.8	300	22.8
STI 2023	–	–	480	23.0	–	–	300	22.8
STI 2024	480	23.0	–	–	275	22.8	–	–
+ Multi-year variable remuneration (total)	587	28.1	587	28.1	339	28.2	370	28.1
LTI 2023 – 2026	–	–	587	28.1	–	–	370	28.1
LTI 2024 – 2027	587	28.1	–	–	339	28.2	–	–
= Total performance-related remuneration	**1,067**	**51.1**	**1,067**	**51.2**	**614**	**51.0**	**670**	**50.9**
+ Expense for occupational pension scheme	150	7.2	150	7.2	46	3.8	50	3.8
= Total remuneration	**2,087**	**100.0**	**2,086**	**100.0**	**1,205**	**100.0**	**1,316**	**100.0**

[186] Pension expenses for a year are not deemed remuneration granted and owed pursuant to section 162 (1) sentence 2 no. 1 AktG because the work to which the remuneration is related has not yet been performed in full.
[187] Mr. Krutoff’s Board of Management contract ended on 30 November 2024, and he left the Board of Management on the same date. During the report, the remuneration was reduced pro rata temporis as of the end of the Board of Management contract.

Target remuneration

	Dr.-Ing. Petra Mayer, ordinary member of the Board of Management				**Dr.-Ing. Markus Müller, ordinary member of the Board of Management**			
	2024		2023		**2024**[188]		2023	
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand	%
Basic remuneration	580	44.0	580	44.0	673	44.6	580	44.0
+ Additional benefits	18	1.4	17	1.3	20	1.3	19	1.4
= Total non-performance-related remuneration	**598**	**45.4**	**597**	**45.3**	**693**	**46.0**	**599**	**45.4**
+ One-year variable remuneration (total)	300	22.8	300	22.8	348	23.1	300	22.7
STI 2023	–	–	300	22.8	–	–	300	22.7
STI 2024	300	22.8	–	–	348	23.1	0	–
+ Multi-year variable remuneration (total)	370	28.1	370	–	417	27.6	370	–
LTI 2023 – 2026	–	–	370	–	–	–	370	–
LTI 2024 – 2027	370	28.1	–	–	417	27.6	0	–
= Total performance-related remuneration	**670**	**50.8**	**670**	**50.9**	**765**	**50.7**	**670**	**50.9**
+ Expense for occupational pension scheme	50	3.8	50	3.8	50	3.3	50	3.8
= Total remuneration	**1,318**	**100.0**	**1,317**	**100.0**	**1,508**	**100.0**	**1,319**	**100.0**

Target remuneration

	Oliver Neu, ordinary member of the Board of Management (since October 1, 2024)			
	2024		2023	
	€ thousand	%	€ thousand	%
Basic remuneration	145	44.1	–	–
+ Additional benefits	4	1.2	–	–
= Total non-performance-related remuneration	**149**	**45.3**	–	–
+ One-year variable remuneration (total)	75	22.8	–	–
STI 2023	–	–	–	–
STI 2024	75	22.8	–	–
+ Multi-year variable remuneration (total)	93	28.1	–	–
LTI 2023 – 2026	–	–	–	–
LTI 2024 – 2027	93	28.1	–	–
= Total performance-related remuneration	**168**	**50.9**	–	–
+ Expense for occupational pension scheme	13	3.8	–	–
= Total remuneration	**329**	**100.0**	–	–

188

The following tables show the remuneration granted and owed to the members of the Board of Management in 2024 pursuant to section 162 (1) sentence 1 AktG:

Remuneration granted and owed

	Dr. Sebastian C. Schulte, Chairman of the Board of Management				Timo Krutoff, ordinary member of the Board of Management (until November 30, 2024)			
	2024		2023		**2024**[189]		2023	
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand	%
Basic remuneration	850	51.3	850	54.2	532	35.7	580	56.2
+ Additional benefits	20	1.2	19	1.2	13	0.9	16	1.2
= Total non-performance-related remuneration	**870**	**52.5**	**869**	**55.4**	**545**	**36.5**	**596**	**55.4**
+ One-year variable remuneration (total)	543	32.8	699	44.6	311	20.9	437	44.6
STI 2023	–	–	699	44.6	–	–	437	44.6
STI 2024	543	32.8	–	–	311	20.9	–	–
+ Multi-year variable remuneration (total)	245	14.8	–	–	–	–	–	–
LTI 2020 – 2023	–	–	–	–	–	–	–	–
LTI 2021 – 2024	245	14.8	–	–	0	–	–	–
= Total performance-related remuneration	**788**	**47.5**	**699**	**44.6**	**311**	**20.9**	**437**	**44.6**
+ Miscellaneous [190]	0	0.0	–	0.0	634[191]	42.6	–	0.0
= Total remuneration	**1,658**	**100.0**	**1,568**	**100.0**	**1,490**	**100.0**	**1,033**	**100.0**

Remuneration granted and owed

	Dr.-Ing. Petra Mayer, ordinary member of the Board of Management				Dr.-Ing. Markus Müller, ordinary member of the Board of Management			
	2024		2023		**2024**		2023	
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand	%
Basic remuneration	580	61.9	580	56.1	673	52.5	580	56.0
+ Additional benefits	18	1.9	17	1.6	20	1.6	19	1.8
= Total non-performance-related remuneration	**598**	**63.8**	**597**	**57.7**	**693**	**54.1**	**599**	**57.8**
+ One-year variable remuneration (total)	340	0.0	437	42.3	394	30.7	437	42.2
STI 2023	–	–	437	42.3	–	–	437	42.2
STI 2024	340	36.2	–	–	394	30.7	–	–
+ Multi-year variable remuneration (total)	–	–	–	–	194	15.2	–	–
LTI 2020 – 2023	–	–	–	–	–	–	–	–
LTI 2021 – 2024	–	–	–	–	194	15.2	–	–
= Total performance-related remuneration	**340**	**36.2**	**437**	**42.3**	**588**	**45.9**	**437**	**42.2**
+ Miscellaneous	–	0.0	–	0.0	0	0.0	–	0.0
= Total remuneration	**938**	**100.0**	**1,034**	**100.0**	**1,281**	**100.0**	**1,036**	**100.0**

[189] Mr. Krutoff's Board of Management contract ended on 30 November 2024, and he left the Board of Management on the same date. During the reporting period, the basic remuneration, additional benefits, and STI 2021 were reduced pro rata temporis as of the end of the Board of Management contract.
[190] Miscellaneous remuneration comprises any remuneration not covered by the other remuneration components, e.g. severance payments or compensation for a non-compete period.
[191] Other remuneration includes the compensation payment to settle Mr. Krutoff's contractual entitlements following his early departure, and is 100 % non-performance-related.

See Benefits in the event of early termination of Board of Management activity.

Remuneration granted and owed

	Oliver Neu, ordinary member of the Board of Management (since October 1, 2024)			
	2024		2023	
	€ thousand	%	€ thousand	%
Basic remuneration	145	62.0	–	–
+ Additional benefits	4	1.7	–	–
= Total non-performance-related remuneration	**149**	**63.7**	–	–
+ One-year variable remuneration (total)	85	36.3	–	–
STI 2023	–	–	–	–
STI 2024	85	36.3	–	–
+ Multi-year variable remuneration (total)	–	–	–	–
LTI 2020 – 2023	–	–	–	–
LTI 2021 – 2024	–	–	–	–
= Total performance-related remuneration	**85**	**36.3**	–	–
+ Miscellaneous	–	–	–	–
= Total remuneration	**234**	**100.0**	–	–

Remuneration of the Board of Management members in 2024 pursuant to section 314 (1) no. 6a HGB The total remuneration for the Board of Management of DEUTZ AG recognized in expenses for 2024 was € 5,182 thousand (2023: € 5,583 thousand). This consisted of short-term benefits of € 4,361 thousand (2023: € 4,958 thousand) and share-based long-term benefits as part of the long-term incentive plans amounting to € 821 thousand (2023: € 625 thousand).

Remuneration to former members of the Board of Management and their surviving dependants amounted to € 2,697 thousand at DEUTZ AG and within the Group (2023: € 1,021 thousand). These include benefits in connection with the early termination of Mr. Krutoff's employment contract in 2024 in the amount of € 1,630 thousand. Provisions of € 8,495 have been formed to cover pension obligations to former members of the Board of Management (December 31, 2023: € 9,396 thousand).

Review of whether Management remuneration is typical The Supervisory Board regularly reviews the level of the Board of Management's remuneration in order to ensure that it is typical for the market and is competitive. This review involves checking and assessing factors such as whether the remuneration is typical in comparison with that of Board of Management members in similar companies and is typical in comparison with remuneration and employment conditions within DEUTZ. Companies are selected that are similar to DEUTZ, particularly in terms of the criteria country, sector, and size. Within DEUTZ, a comparison is made with the current situation and with the situation over time in respect of senior management and the workforce as a whole.

The remuneration of the Board of Management members was last reviewed in 2023. It was found to be typical. Two peer groups were formed in order to assess whether the remuneration is typical in comparison with that in similar companies. The first peer group primarily consisted of German listed companies that were similar to DEUTZ in terms of sector, volume of revenue, and number of employees. The following companies formed part of this peer group: Aumann AG, DMG Mori AG, ElringKlinger AG, Hella GmbH & Co. KGaA, Jost Werke SE, Jungheinrich AG, Kion Group AG, Knorr-Bremse AG, SAF-Holland SE, Schaeffler AG, SGL Carbon SE, STABILUS SE, Sulzer AG, Traton SE, VARTA AG, Vitesco Technologies Group AG, Wacker Neuson SE. The SDAX was chosen as the second peer group because DEUTZ is listed on the SDAX.

C.2. Remuneration of former members of the Board of Management

The remuneration that was granted and owed to the former members of the DEUTZ AG Board of Management pursuant to section 162 (1) sentence 2 no. 1 AktG amounted to €1,244 thousand in 2024.

Dr.-Ing. Hiller, who stepped down from the Board of Management in the 2022 financial year, is entitled to granted and owed compensation of € 233.2 thousand in the 2024 financial year to settle his remuneration entitlements due to early termination, which were entirely attributable to non-performance-related components. Of the granted and owed compensation, € 232.6 thousand (40.21 percent of total remuneration) is attributable to the STI 2024, for which a target achievement of 145 percent was agreed as part of the compensation payment and € 0.7 thousand (0.1 percent of total remuneration) to additional benefits. The portion of the compensation for the LTI 2024 depends crucially on the performance of the DEUTZ share price during the relevant performance periods, which means that the financial value of this variable component of the compensation cannot be determined until 2027 after the end of the performance period for the LTI 2024 tranche. Furthermore, an amount of € 55 thousand was paid into the benevolent fund under the occupational pension plan agreed with Dr. Ing. Hiller. In the 2024 financial year, Dr.-Ing. Hiller was also granted the performance-related LTI of € 345 thousand that was allocated in 2021 (59.7 % of total remuneration).

Mr. Wellenzohn, who stepped down from the Board of Management in the 2022 financial year, was granted remuneration of € 241 thousand in the 2024 financial year, which is fully attributable to the performance-related LTI granted in the 2021 financial year. Dr. Strecker, who stepped down from the Board of Management in the 2021 financial year, was also granted € 40 thousand, all of which is attributable to the performance-related LTI granted in 2021. The remuneration granted and owed to Dr. Margarete Haase, who left in 2018, amounted to € 57 thousand in the 2024 financial year, and was entirely attributable to her fixed, non-performance-related retirement pension. Dr.-Ing. Helmut Leube, who left in 2016, received a fixed, non-performance-related retirement pension of € 80 thousand in 2024. The remuneration of the other former members, who stepped down from the DEUTZ AG Board of Management more than ten years ago, amounted to € 247 thousand in 2024 and was entirely attributable to the granting of fixed, non-performance-related retirement pensions.

C.3. Disclosures on the relative change in the remuneration of the Board of Management, the remuneration of the rest of the workforce, and the Company's earnings performance

The following table shows the year-on-year change in the remuneration granted and owed to the Board of Management members in the reporting year, the earnings performance of DEUTZ AG, and the remuneration of the workforce. The change in the remuneration granted and owed to the Management Board members is based on the remuneration shown above (see section C. “Amount of Management Board remuneration in 2024”, chapters 1 and 2, remuneration granted and owed).

The earnings performance is presented on the basis of EBIT for the Company (DEUTZ AG) and on the basis of EBIT before exceptional items for the Group (DEUTZ Group). The remuneration of the workforce shows the average remuneration of the salaried and non-salaried employees of the Company (DEUTZ AG) in Germany (excluding trainees, apprentices, and interns). To ensure comparability, the remuneration of part-time workers was extrapolated into remuneration for full-time equivalents.

The pension payments to Dr. Margarete Haase and Dr.-Ing. Helmut Leube, who have already stepped down from the Management Board, will be made by the benevolent fund and not by DEUTZ AG.

	2024	2024 vs. 2023	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020
Board of Management remuneration	Absolute values	Year-on-year change (%)			
Dr. Sebastian C. Schulte	€ 1,658 thousand	5.7	7.8	40.3	–
Timo Krutoff (until November 30, 2024)	€ 1,490 thousand	44.3	1144.4	–	–
Dr.-Ing. Petra Mayer	€ 938 thousand	-9.3	522.8	–	–
Dr.-Ing. Markus Müller	€ 1,281 thousand	23.7	3.1	22.0	–
Oliver Neu (since October 1, 2024)	€ 234 thousand	–	–	–	–
Dr.-Ing. Frank Hiller (until February 13, 2022)	€ 578 thousand	-17.4	-73.3	80.1	88.3
Michael Wellenzohn (until September 6, 2022)	€ 241 thousand	-45.9	-7.7	-7.7	75.6
Dr. Andreas Strecker (until February 28, 2021)	€ 40 thousand	–	–	-100.0	75.6
Dr. Margarete Haase (until April 30, 2018)	€ 57 thousand	1.0	1.0	1.0	1.0
Dr.-Ing. Helmut Leube (until December 31, 2016)	€ 80 thousand	1.0	1.0	1.0	1.0
Earnings performance of DEUTZ					
EBIT of DEUTZ AG	€ 20.9 million	-71.3	-1.9	104.1	131.7
EBIT before exceptional items of the DEUTZ Group	€ 76.7 million	-36.3	34.7	140.3	149.8
Average remuneration of the DEUTZ AG workforce					
Workforce		-8.8	12.2	3.5	-0.2

III. Remuneration for Supervisory Board members

A. Remuneration system in 2024

The remuneration system for the Supervisory Board, which is governed by section 15 of the Company's Statutes, was submitted to the Annual General Meeting on April 27, 2023, and approved by the AGM with 99.73 percent of the votes. The remuneration of the Supervisory Board is structured so as to help to attract highly qualified people to the Supervisory Board and ensure that they remain with the Company. This means that the Supervisory Board can advise the Board of Management on the development of strategy and monitor the work of the Board of Management.

The annual remuneration of the Supervisory Board members consists of fixed basic remuneration, fixed remuneration for committee membership, and attendance fees for participating in meetings of the Supervisory Board and its committees. The basic remuneration and committee remuneration are paid annually after the end of the financial year, before the Annual General Meeting; the attendance fees are paid after each meeting attended.

Each ordinary member of the Supervisory Board is paid fixed basic remuneration of € 45,000 per year. The chairperson of the Supervisory Board receives € 112,500 and the deputy receives € 67,500. In addition, members of the Audit Committee receive €25,000 per year and members of the Human Resources Committee receive €20,000 per year, members of the Nomination Committee receive €10,000 per year and members of the Mediation Committee receive €5,000 per year. The chairpersons of each committee receive double these amounts, and their deputies one-and-a-half times these amounts. In addition, each member is paid an attendance fee of € 2,000 for each Supervisory Board meeting and committee meeting attended.

Furthermore, DEUTZ reimburses the members of the Supervisory Board for any VAT they incur in connection with the performance of their mandate and ensures that appropriate liability insurance is taken out (D&O insurance).

B. Remuneration granted and owed in 2024

The remuneration granted and owed to the members of the Supervisory Board in 2024 is shown below. Remuneration granted is the remuneration for which the related (one-year or multiple-year) work has been performed in full. Remuneration owed is when DEUTZ has a legal obligation to the Supervisory Board member that is due but has not yet been fulfilled.

In respect of the remuneration components in 2024, »granted and owed« specifically refers to the following:

Remuneration granted and owed in 2024
(section 162 (1) sentence 2 no. 1 AktG)

Remuneration components
Fixed basic remuneration (promised for membership of the Supervisory Board in 2024)
Remuneration for committee membership (promised for membership of a committee in 2024)
Attendance fee (promised for attendance of meetings in 2024)

The remuneration granted and owed for the 2024 financial year amounts to a total of € 1,229 thousand for all members of the Supervisory Board in the 2024 financial year, including pro rata temporis where applicable. The breakdown of the total remuneration by individual Supervisory Board member is shown in the following table:

	Fixed basic remuneration		**Remuneration for committee membership**		**Attendance fee**		**Total remune-ration**
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand
Dr. Dietmar Voggenreiter (Chair)	112.5	44.7	95.0	37.8	44.0	17.5	251.5
Sabine Beutert (Deputy Chair)ER[192]	67.5	37.1	72.5	39.8	42.0	23.1	182.0
Dr. Fabian DietrichER	45.0	45.7	23.5	23.9	30.0	30.5	98.5
Helmut Ernst	45.0	71.4	0.0	0.0	18.0	28.6	63.0
Melanie FreytagER	45.0	66.2	5.0	7.4	18.0	26.5	68.0
Patricia Geibel-Conrad	45.0	32.8	60.0	43.8	32.0	23.4	137.0
Ismail-Hilmi KocerER	45.0	71.4	0.0	0.0	18.0	28.6	63.0
Gottfried LaengertER	45.0	66.2	5.0	7.4	18.0	26.5	68.0
Dr.-Ing. Rudolf Maier	45.0	42.1	30.0	28.0	32.0	29.9	107.0
Bernd Maierhofer	45.0	71.4	0.0	0.0	18.0	28.6	63.0
Katja OlligschlägerER	45.0	69.8	1.5	2.3	18.0	27.9	64.5
Hans-Jörg SchallerER	45.0	71	0.0	0.0	18.0	28.6	63.0
Total	**630.0**		**292.5**		**306.0**		**1,228.5**

[192] ER = employee representative

C. Disclosures on the relative change in the remuneration of the Supervisory Board, the remuneration of the rest of the workforce, and the Company's earnings performance

The following table shows the year-on-year change in the remuneration granted and owed to the Supervisory Board members in the reporting year, the earnings performance of DEUTZ AG, and the remuneration of the workforce. The earnings performance of DEUTZ AG and the remuneration of its workforce are calculated in the same way as in the section on Board of Management remuneration.

	2024	**2024 vs. 2023**	**2023 vs. 2022**	**2022 vs. 2021**	**2021 vs. 2020**
Supervisory Board remuneration	Absolute values (€ thousand)	Year-on-year change (%)			
Dr. Dietmar Voggenreiter (Chair)	251.5	13.8	29.9	236.8	9.8
Sabine Beutert (Deputy Chair)ER[193]	182.0	14.3	70.7	25.1	6.4
Dr. Fabian DietrichER	98.5	26.6	41.4	8.9	9.8
Helmut Ernst	63.0	43.8	–	–	–
Melanie Freytag	68.0	43.5	–	–	–
Patricia Geibel-Conrad	137.0	18.9	35.6	5.6	5.9
Ismail-Hilmi KocerER	63.0	71.7	–	–	–
Gottfried LaengertER	68.0	73.5	–	–	–
Dr.-Ing. Rudolf Maier	107.0	23.0	58.3	8.9	368.0
Bernd Maierhofer	63.0	43.8	–	–	–
Katja OlligschlägerER	64.5	132.0	–	–	–
Hans-Jörg SchallerER	63.0	71.7	–	–	–
Earnings performance of DEUTZ					
EBIT of DEUTZ AG	€ 20.9 million	-71.3	-1.9	104.1	13,170.0
EBIT before exceptional items of the DEUTZ Group	€ 76.7 million	-36.3	34.7	140.3	149.8
Average remuneration of the DEUTZ AG workforce					
Workforce		-8.8	12.2	3.5	-0.2

[193] ER = employee representative

Auditors's report

To DEUTZ Aktiengesellschaft, Köln

We have audited the accompanying remuneration report of DEUTZ Aktiengesellschaft, Cologne, prepared to comply with § 162 AktG (Aktiengesetz: German Stock Corporation Act) for the financial year from 1 January 2024 to 31 December 2024 and the related disclosures.

Responsibilities of the executive directors and the Supervisory Board

The executive directors and the supervisory board of DEUTZ Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2024, to December 31, 2024, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Other matters – Formal audit of the remuneration report

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Engagement Terms and Liability

This auditor's report is intended exclusively for DEUTZ Aktiengesellschaft, Cologne, for information on the result of the audit and liability is limited in accordance with the "BDO AG Wirtschaftsprüfungsgesellschaft - Special Terms and Conditions" dated March 1, 2024 agreed with the company and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated January 1, 2024 as issued by the IDW (www.bdo.de/engagement-terms-conditions).

It was explicitly agreed in the audit contract with the client that the inclusion of third parties in the scope of protection is not intended. Therefore, we do not assume any responsibility towards third parties.

Hamburg, March 12, 2025

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Winkler Wirtschaftsprüfer (German Public Auditor)	signed Hyckel Wirtschaftsprüfer (German Public Auditor)

INDEX FOR 2024 CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE DEUTZ GROUP

€ million

	Note	2024	2023
Revenue	1	**1,813.7**	**2,063.2**
Cost of sales	2	-1,412.9	-1,616.4
Research and development costs	3	-100.4	-109.6
Selling expenses	4	-143.0	-129.8
General and administrative expenses	4	-111.7	-77.6
Other operating income	5	24.7	24.0
Other operating expenses	6	-29.6	-25.8
Impairment of financial assets and reversals thereof		-0.2	0.4
Profit/loss on equity-accounted investments	7	0.9	-5.5
Other net investment income	7	0.4	0.6
EBIT		**41.9**	**123.5**
Interest income	8	2.4	1.8
Interest expense	8	-20.9	-16.4
Other financial income	8	1.3	-0.7
Financial income, net	8	**-17.2**	**-15.3**
Net income before income taxes from continuing operations		**24.7**	**108.2**
Income taxes	9	17.3	-1.3
Net income from continuing operations		**42.0**	**106.9**
Net income from discontinued operations[194]	10	**9.8**	**-25.0**
Net income		**51.8**	**81.9**
thereof attributable to shareholders of DEUTZ AG		51.8	81.9
Earnings per share (basic/diluted, €)	11	**0.39**	**0.66**
thereof from continuing operations		0.32	0.86
thereof from discontinued operations		0.07	-0.20

STATEMENT OF COMPREHENSIVE INCOME FOR THE DEUTZ GROUP

€ million

	Note	2024	2023
Net income		**51.8**	**81.9**
Amounts that will not be reclassified to the income statement in the future	12	**3.6**	**-6.3**
Remeasurement of defined benefit plans		3.6	-6.3
Amounts that will be reclassified to the income statement in the future if specific conditions are met	12	**-0.1**	**-7.3**
Currency translation differences		4.7	-5.4
thereof profit/loss on equity-accounted investments		-0.9	-3.2
thereof translation differences from discontinued operations		0.0	0.0
Effective portion of change in fair value from cash flow hedges		-2.3	0.7
Fair value of financial instruments		-2.5	-2.6
Other comprehensive income, net of tax	12	**3.5**	**-13.6**
Comprehensive income		**55.3**	**68.3**
thereof attributable to shareholders of DEUTZ AG		55.3	68.3

[194] For further details, please refer to the notes on accounting policies under »Non-current assets held for sale and discontinued operations« and Note 10 »Net income from discontinued operations«.

BALANCE SHEET FOR THE DEUTZ GROUP

€ million

Assets	Note	**Dec. 31, 2024**	Dec. 31, 2023
Property, plant and equipment	13	418.4	379.3
Intangible assets	14	303.0	159.9
Equity-accounted investments	15	43.8	41.4
Other financial assets	16	18.4	26.7
Non-current assets (before deferred tax assets)		**783.6**	**607.3**
Deferred tax assets	17	153.9	127.4
Non-current assets		**937.5**	**734.7**
Inventories	18	431.6	433.9
Trade receivables	19	186.4	201.9
Other receivables and assets	19	53.4	49.8
Receivables in respect of tax refunds		12.4	4.1
Cash and cash equivalents	20	62.0	90.1
Assets of discontinued operations classified as held for sale	21	0.0	75.7
Current Assets		**745.8**	**855.5**
Total assets		**1,683.3**	**1,590.2**

Equity and liabilities	Note	**Dec. 31, 2024**	Dec. 31, 2023
Issued capital		**354.7**	**322.5**
Additional paid-in capital		78.9	40.3
Other reserves		-6.8	-6.7
Retained earnings and accumulated income		421.1	387.1
Equity attributable to shareholders of DEUTZ AG		**847.9**	**743.2**
Equity	22	**847.9**	**743.2**
Provisions for pensions and other post-retirement benefits	23	77.3	87.7
Deferred tax liabilities	17	5.6	5.8
Other provisions	24	26.5	23.9
Financial debt	25	131.7	65.9
Other liabilities	26	20.0	19.6
Non-current liabilities		**261.1**	**202.9**
Provisions for pensions and other post-retirement benefits	23	9.8	10.7
Other provisions	24	82.5	73.8
Financial debt	25	155.9	187.6
Trade payables	26	235.0	256.0
Liabilities arising from income taxes		1.5	6.4
Other liabilities	26	89.6	90.6
Liabilities directly associated with assets of discontinued operations	21	0.0	19.0
Current liabilities		**574.3**	**644.1**
Total equity and liabilities		**1,683.3**	**1,590.2**

STATEMENT OF CHANGES IN EQUITY FOR THE DEUTZ GROUP

€ million

	Issued capital[195]	Additional paid-in capital[196]	Retained earnings & accumulated income[197]	Fair value reserve[198,199]	Currency translation reserve[200]	Equity attributable to shareholders of DEUTZ AG	Total[201]
Balance at Jan. 1, 2023	**309.0**	**28.8**	**330.4**	**-4.4**	**5.0**	**668.8**	**668.8**
Dividend payments to shareholders			-18.9			-18.9	-18.9
Capital increase	13.5	11.5				25.0	25.0
Net income			81.9			81.9	81.9
Other comprehensive income			-6.3	-1.9	-5.4	-13.6	-13.6
Comprehensive income			75.6	-1.9	-5.4	68.3	68.3
Balance at Dec. 31, 2023	**322.5**	**40.3**	**387.1**	**-6.3**	**-0.4**	**743.2**	**743.2**
Balance at Jan. 1, 2024	**322.5**	**40.3**	**387.1**	**-6.3**	**-0.4**	**743.2**	**743.2**
Dividend payments to shareholders			-21.4			-21.4	-21.4
Capital increase	32.2	38.6				70.8	70.8
Net income			51.8			51.8	51.8
Other comprehensive income			3.6	-4.8	4.7	3.5	3.5
Comprehensive income			55.4	-4.8	4.7	55.3	55.3
Balance at Dec. 31, 2024	**354.7**	**78.9**	**421.1**	**-11.1**	**4.3**	**847.9**	**847.9**

[195] The items of equity are explained in Note 22 of the notes to the consolidated financial statements.
[196] The items of equity are explained in Note 22 of the notes to the consolidated financial statements.
[197] The items of equity are explained in Note 22 of the notes to the consolidated financial statements.
[198] On the balance sheet these items are aggregated under 'Other reserves'.
[199] Reserves from the measurement of cash flow hedges and reserves from the measurement of financial instruments.
[200] On the balance sheet these items are aggregated under 'Other reserves'.
[201] The items of equity are explained in Note 22 of the notes to the consolidated financial statements.

CASH FLOW STATEMENT FOR THE DEUTZ GROUP

€ million

	Note	2024	2023
EBIT		**41.9**	**123.5**
Income taxes paid		-23.7	-21.6
Depreciation, amortization and impairment of non-current assets		104.1	108.7
Gains/losses on the sale of non-current assets		-0.7	0.0
Profit/loss and impairment on equity-accounted investments		0.4	6.1
Other non-cash income and expenses		-0.8	-0.5
Change in working capital		14.4	-58.1
Change in inventories		27.7	-9.4
Change in trade receivables		34.7	-15.5
Change in trade payables		-48.0	-33.2
Change in other receivables and other current assets		-1.7	-2.7
Change in provisions and other liabilities (excluding financial liabilities)		-23.5	-3.9
Cash flow from operating activities – continuing operations		**110.4**	**151.5**
Cash flow from operating activities – discontinued operations		-8.7	-12.7
Cash flow from operating activities – total		**101.7**	**138.8**
Capital expenditure on intangible assets, property, plant and equipment		-64.2	-65.0
Expenditure on investments		-0.8	-0.2
Acquisition of subsidiaries / business operations		-183.1	-31.1
Proceeds from the sale of non-current assets		1.1	0.3
Cash flow from investing activities – continuing operations		**-247.0**	**-96.0**
Cash flow from investing activities – discontinued operations		75.1	-1.9
Cash flow from investing activities – total		**-171.9**	**-97.9**
Dividend payments to shareholders	22	-21.4	-18.9
Interest income		2.5	1.9
Interest expense		-19.0	-15.6
Capital contributions from capital increase		70.8	0.0
Cash receipts from borrowings		175.7	55.9
Repayment of loans	25	-148.5	-9.1
Principal elements of lease payments		-18.0	-15.3
Cash flow from financial activities – continuing operations		**42.1**	**-1.1**
Cash flow from financial activities – discontinued operations		-0.8	-3.5
Cash flow from financial activities – total		**41.3**	**-4.6**
Cash flow from operating activities – total		101.7	138.8
Cash flow from investing activities – total		-171.9	-97.9
Cash flow from financing activities – total		41.3	-4.6
Change in cash and cash equivalents		**-28.9**	**36.3**
Cash and cash equivalents at Jan. 1		**90.1**	**54.9**
Change in cash and cash equivalents		-28.9	36.3
Change in cash and cash equivalents related to exchange rates		0.8	-1.1
Cash and cash equivalents at Dec. 31	20	**62.0**	**90.1**

Notes to the consolidated financial statement

Basis of presentation

PARENT COMPANY

The parent company of the DEUTZ Group is DEUTZ AG. Its registered office is located at Ottostrasse 1, 51149 Cologne, Germany, and the Company is entered under no. HRB 281 in the commercial register at the local court in Cologne. The Board of Management approved these consolidated financial statements for publication by adoption of a resolution dated February 25, 2025.

DEUTZ AG shares are listed in the Deutsche Börse SDAX segment and are publicly traded on the **Xetra** electronic trading platform and on all German stock exchanges.

DEUTZ is one of the world's leading manufacturers of drive systems for off-highway applications. Its portfolio extends from diesel and gas engines to hybrid, electric, and hydrogen drives that are used in various applications, including construction equipment, agricultural machinery, material handling equipment such as forklift trucks and lifting platforms, commercial vehicles, and rail vehicles. The business is broken down into the main application segments of Construction Equipment, Material Handling, Agricultural Machinery, and Stationary Equipment. Comprehensive aftersales service rounds off the product range offered. The Group's activities are divided into two operating segments: DEUTZ Classic and DEUTZ Green. The Classic segment encompasses activities related to the development, production, distribution, and servicing of diesel engines as well as the equity-accounted joint venture with Chinese construction equipment manufacturer SANY. The Green segment consists of all activities unrelated to diesel engines. Firstly, this includes electric drives, hydrogen-powered drive solutions, and mobile rapid charging stations. Secondly, the Green segment includes Futavis, a development services provider that specializes in high-voltage battery management systems. In its operating segments, DEUTZ focuses on value creation processes involving the development, design, production, and sales of liquid-cooled and air-cooled engines and electrified drive systems.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The DEUTZ Group's consolidated financial statements prepared for the parent company DEUTZ AG are based on uniform accounting policies. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as adopted by the European Union (EU) and are consistent with the statutory obligations applicable to publicly traded parent companies subject to disclosure requirements pursuant to section 315e (1) of the German Commercial Code (HGB) in conjunction with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council dated July 19, 2002 concerning the application of international accounting standards, as amended (IAS Regulation).

The consolidated financial statements are generally prepared using the cost method. Specific exceptions are derivative financial instruments and other financial instruments that are measured at fair value. The consolidated financial statements are prepared in euros. Unless otherwise stated, all figures are in millions of euros rounded up or down to one decimal place.

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

1) Amendments to accounting policies

The accounting policies on which the consolidated financial statements are based are fundamentally the same as the policies applied in 2023 with the exceptions set out below:

»Classification of Liabilities as Current or Non-Current« (Amendments to IAS 1) In January 2020, the International Accounting Standards Board (IASB) made changes to IAS 1, introducing a comprehensive definition of liabilities in order to ensure a more accurate presentation of an entity's financial position. Essentially, the amendments clarify that the classification of liabilities as current or non-current has to be based on the contractual rights in place as at the balance sheet date. They also provide a more precise definition of the settlement of a liability. Initial application of these amendments did not have a material impact on the consolidated financial statements.

»Non-current Liabilities with Covenants« (Amendments to IAS 1) In October 2022, the IASB published amendments to IAS 1 that affect the amendments to IAS 1 that had been published in January 2020 concerning the classification of liabilities as current or non-current. The amendments introduce new disclosures for non-current loan liabilities that have covenants with which an entity must comply within twelve months after the balance sheet date. Applying these amendments resulted not only in these new disclosures but also in a change to the accounting policy used to assess whether liabilities should be classified as current or non-current. Liabilities are classified as current unless the Group has the right at the end of the reporting period to defer settlement of the liability by at least twelve months after the end of the reporting period. When classifying loan liabilities with covenants as current or non-current, the Group takes into account the covenants with which it must comply at or before the end of the reporting period. Covenants with which the Group must comply after the reporting period do not affect classification. This did not result in any changes to the assessment of whether liabilities are to be classified as current or non-current.

»Supplier Finance Arrangements« (Amendments to IAS 7 and IFRS 7) In May 2023, the IASB published amendments to IAS 7 and IFRS 7. The amendments require entities to include additional disclosures about finance arrangements with suppliers in the notes to the financial statements. They must also disclose how these arrangements affect their liabilities, cash flows, and liquidity risk and what the consequences will be for them if the arrangements are no longer available to them. Initial application of the amended standard did not have any other impact on the consolidated financial statements.

»Lease Liability in a Sale and Leaseback« (Amendments to IFRS 16) The IASB published amendments to IFRS 16 in September 2022 that seek to clarify how a seller-lessee subsequently measures sale and leaseback transactions. The gain or loss arising from the transaction in relation to the retained right of use is not recognized. There has been no impact on the consolidated financial statements since initial application of the amendments.

2) Published standards, interpretations, and amendments that have already become part of EU law but are not yet mandatory

The IASB and the IFRS Interpretations Committee (IFRS IC) have published the following standards and amendments to standards that have already become part of EU law via the comitology procedure. However, the application of these standards was not yet mandatory in 2024 and DEUTZ has not opted to apply these interpretations or amendments to standards before the mandatory application date.

»Lack of Exchangeability« (Amendments to IAS 21) The IASB published amendments to IAS 21 in August 2023. The amendments specify when a currency is exchangeable and how to determine the exchange rate when it is not. A currency is exchangeable when, as at the measurement date, it can be exchanged in any amount for another currency for a specified purpose without undue delay through a market or exchange mechanism in which a transaction would create enforceable rights and obligations. If the currency is not exchangeable, the spot rate as at the measurement date must be estimated. This would be the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. When a currency is not exchangeable, the entity must disclose information in the notes on how the currency's lack of exchangeability affects the entity's financial position and financial performance. The amendments are effective for financial years commencing on or after January 1, 2025. They are not to be applied retrospectively. Where the functional currency differs from the presentation currency, the cumulative amount of translation differences must be recognized in equity. The amendments are not expected to have any material impact on the consolidated financial statements.

3) Published standards, interpretations, and amendments that have not yet been adopted by the EU

The IASB and the IFRS IC have published the following standards and interpretations that have not yet been adopted by the EU and have not yet been applied by the DEUTZ Group.

»Amendments to the Classification and Measurement of Financial Instruments« (Amendments to IFRS 9 and IFRS 7) In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 that are designed to clarify the assessment of contractual cash flows of financial assets with an environmental, social, or corporate governance (ESG)-linked feature. Another amendment relates to the settlement of liabilities using electronic payment systems. It aims to clarify the timing of the derecognition of financial assets or liabilities and introduces an option to derecognize a financial liability before the entity makes the cash payment on the settlement date. Furthermore, additional disclosures will be required in the notes to the financial statements regarding equity instruments measured at fair value and regarding financial instruments with contingent features (ESG). The amendments are effective for financial years commencing on or after January 1, 2026. The amendments are not expected to have any material impact on the consolidated financial statements.

»Contracts Referencing Nature-dependent Electricity« (Amendments to IFRS 9 and IFRS 7) In December 2024, the IASB published amendments to IFRS 9 and IFRS 7 that are designed to help entities to better report the effects of nature-dependent electricity contracts (power purchase agreements, PPAs) in their financial statements. A distinction is made between physical and virtual PPAs. Both types are long-term energy supply agreements. A physical PPA involves the physical delivery of a fixed proportion of electricity at a fixed unit price. A virtual PPA involves net settlement in the amount of the difference between a predefined price and the spot price for the volume of electricity generated. The generation of nature-dependent electricity is unforeseeable in terms of timing and quantity, which means that an imbalance between electricity demand and electricity production can arise. According to the IASB's amendments, the own-use exemption must be applied to the long-term energy supply agreements if the entity is expected to be the net purchaser of the electricity throughout the term of the agreement, even if it has to sell any oversupply of electricity soon after delivery. The amendments also affect hedge accounting because contracts referencing nature-dependent electricity can be used as hedging instruments. New quantitative and qualitative disclosures are also required. These amendments are effective for reporting periods commencing on or after January 1, 2026. The rules regarding the own-use exemption must be applied retrospectively, while those regarding hedge accounting must be applied prospectively. Early adoption is permitted, but DEUTZ will not be taking up this option. The evaluation of the impact on the Group is still ongoing.

IFRS 18 »Presentation and Disclosure in Financial Statements« In April 2024, the IASB published the new IFRS 18 reporting standard, which is intended to replace IAS 1 »Presentation of Financial Statements« and make minor changes to IAS 7 »Statement of Cash Flows«. IFRS 18 will have an impact on the presentation and disclosure of information in the financial statements and in the notes. Entities will be required to assign all items of income and expense in the income statement to one of five categories: operating, investing, financing, income taxes, and discontinued operations.

IFRS 18 also contains extended, more detailed guidance on grouping information in the primary financial statements and in the notes. In the future, goodwill will have to be presented separately on the balance sheet, which will result in a change to the current practice of reporting it as part of intangible assets.

Certain entity-specific management-defined performance measures (MPMs), which are measures defined by the entity's management and are not specified in the IFRS accounting standards, will have to be disclosed separately in the notes to the financial statements.

Where the indirect method is used for the cash flow statement, the new rules require that operating profit be used as the starting point for the calculation of cash flow from operating activities. Furthermore, the presentation options for interest and dividends have been removed.

The new standard is effective for financial years commencing on or after January 1, 2027. The DEUTZ Group will apply the new standard from when application becomes mandatory. As it must be applied retrospectively, the comparative information for 2026 will have to be adjusted in accordance with IFRS 18. The Group is currently analyzing the possible impact of the new standard, in particular regarding the structure of the consolidated income statement, the cash flow statement, and the additional disclosures in relation to MPMs. It is also examining the impact on the way in which information is grouped in the financial statements.

IFRS 19 »Subsidiaries without Public Accountability: Disclosures« In May 2024, the IASB published the new IFRS 19 reporting standard. The new standard specifies reduced disclosure requirements that an eligible subsidiary is permitted to apply when preparing its IFRS annual financial statements. Eligible subsidiaries are those that do not have public accountability and whose parent entity prepares IFRS consolidated accounts that are available for public use. Application of the standard is voluntary. Subsidiaries that are required to calculate and report IFRS figures for the parent entity's consolidated financial statements can, if they apply this standard, only include reduced disclosures in their own IFRS financial statements. The new standard is effective for financial years commencing on or after January 1, 2027. Earlier adoption is permitted. A new decision about whether to apply IFRS 19 can be made in every reporting period. The new standard has no direct impact on DEUTZ AG's consolidated financial statements.

»Annual Improvements to IFRS Accounting Standards – Volume 11« In July 2024, the IASB published amendments to the standards IAS 7, IFRS 1, IFRS 7, IFRS 9, and IFRS 10. The amendments clarify some of the wording and remove inconsistencies between the standards. These amendments are effective for reporting periods commencing on or after January 1, 2026. Earlier adoption is permitted, but DEUTZ will not be taking up this option. The amendments are not expected to have a material impact on the consolidated financial statements.

SIGNIFICANT ESTIMATES AND ASSUMPTIONS

To a certain extent, the preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions that have an impact on the recognition, measurement, and reporting of assets and liabilities, the disclosure of contingent liabilities as at the balance sheet date, and the reporting of income and expenses. Estimates and assumptions giving rise to a material risk in the form of adjustments to the carrying amounts of assets or liabilities over the next financial year are explained below. Adjustments to estimates are recognized in income when better knowledge becomes available.

Impairment of non-financial assets The DEUTZ Group conducts tests at each balance sheet date to determine whether there are any indications that non-financial assets, except goodwill, may be impaired. Goodwill must be tested for impairment at least once a year and on an ad hoc basis if there are any indications of impairment. In order to determine the recoverable amount, the management must exercise judgment to estimate the future cash flows expected to be derived from the asset or from the cash-generating unit and select an appropriate discount rate to determine the present value of these cash flows.

Deferred tax assets The DEUTZ Group is obliged to pay income taxes in various countries. It therefore needs to make estimates on the basis of which tax provisions and deferred taxes can be recognized. When determining the amount of deferred tax assets, the management must make judgments – which may involve material uncertainties – regarding the expected timing and amount of future taxable income as well as future tax planning strategies. DEUTZ mainly recognizes deferred tax assets on losses carried forward. They are recognized for all unused tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the loss carryforwards can actually be set off. Planning forecasts over a period of five years are used to determine the future taxable profit that is likely to be available.

As at December 31, 2024, the carrying amount of deferred tax assets recognized in respect of tax loss carryforwards amounted to €116.6 million (December 31, 2023: €94.8 million). Further details can be found in Note 17.

Pension benefits The expense for defined benefit plans is determined using actuarial calculations. These actuarial calculations are based largely on assumptions regarding discount rates, mortality, and future increases in pensions. These estimates are subject to material uncertainty owing to the long-term nature of these plans.

Because of changes in economic and market conditions, the costs and liabilities actually incurred may differ significantly from the estimates made on the basis of actuarial assumptions. The rate of pension increases, the longevity of those entitled to pension benefits, and the discount rate used can have a material impact on the amount of the defined benefit obligation and, consequently, on future pension costs.

Development expenditure is capitalized in accordance with the accounting policies described below. In order to determine the amounts to be capitalized, management makes assumptions about the amount of future cash flows expected to be generated from the development projects, the discount rates to be applied, and the period over which the cash is expected to flow into the Company. As at December 31, 2024, the carrying amount of capitalized development expenditure was €65.9 million (December 31, 2023: €82.8 million).

Pending or potential legal disputes DEUTZ AG and other companies in the DEUTZ Group are subject to a variety of regulations under tax, competition, and patent law as well as to other legal and statutory requirements. Existing and potential legal disputes are recorded and analyzed on an ongoing basis at DEUTZ; they are assessed in terms of their legal and financial impact and an appropriate amount is recognized in the risk provisions in the accounts. At present, it is not possible to predict the outcome of pending cases with any degree of certainty beyond the provisions already recognized. We do not expect them to have a significant adverse impact on the DEUTZ Group's financial position or financial performance. The overall position as regards the legal risks facing the DEUTZ Group is explained in more detail in Note 30.

Business combinations When acquirees are consolidated for the first time, the identifiable assets and liabilities (including contingent liabilities) are recognized at their fair value as at the date of acquisition. The measurement of intangible assets is particularly subject to uncertainties. They are measured using accepted valuation methods on the basis of estimates of future cash flows, expected growth rates and exchange rates, discount rates, and useful lives.

Leases The lessee's incremental borrowing rate is used to measure lease liabilities because it is not possible to ascertain the interest rate implicit in the lease. The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow – over a similar term and with a similar level of security – the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. This incremental borrowing rate is determined using observable inputs: interbank rate, intragroup interest margin for contributions and short-term funding, interest rates for mortgage bonds, and country risk premium. The average duration is also calculated. As lease liabilities are fully repaid over the lease term, it is assumed that the duration in each case is equivalent to half of the lease term.

For leases with an indefinite term, the duration of the lease term is estimated by taking account of aspects such as material disadvantages resulting from termination of the lease, the overall economic situation, the distinctive features of the leased asset, and the materiality of leasehold improvements. Leases with an annual termination option that can be exercised by either the lessee or the lessor, such option giving rise to only an immaterial termination penalty or other immaterial disadvantages for the lessee, are treated as short-term leases.

Basis of consolidation

All subsidiaries, joint ventures, and associates are included in the consolidated financial statements.

Subsidiaries are all entities directly or indirectly controlled by DEUTZ AG. DEUTZ AG has control over an entity when it is exposed to variable returns from its involvement with the entity and has power over the entity. It has power when it has existing rights that give it the current ability to direct the relevant activities of the entity in order to materially affect the variable returns. Control usually results from indirectly or directly holding the majority of the voting rights. Subsidiaries are consolidated from the point at which the parent company acquires control. Consolidation ends when the parent company no longer has control. In addition to DEUTZ AG, the consolidated financial statements include eight German subsidiaries (2023: nine) and 29 foreign subsidiaries (2023: 29).

Blue Star Power Systems, Inc., North Mankato (USA), was included in the consolidated financial statements of DEUTZ AG for the first time as at August 5, 2024.

With effect from August 1, 2024, DEUTZ AG took over the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce’s Power Systems division. The takeover of these business activities constitutes the acquisition of a business operation and is thus a business combination pursuant to IFRS 3 »Business Combinations«.

Biuro Techniczno-Handlowe FAST Sp.z.o.o., Walendów (Poland), was included in the consolidated financial statements of DEUTZ AG for the first time as at November 4, 2024.

Details of the acquisitions during the reporting year can be found under »Acquisitions« in these notes to the financial statements.

The companies in the Torqeedo Group, which had previously been fully consolidated, were accounted for and recognized as a discontinued operation pursuant to IFRS 5 »Non-current Assets Held for Sale and Discontinued Operations« as at December 31, 2023. The sale of the Torqeedo Group was completed with effect from April 3, 2024. The Torqeedo Group companies are Torqeedo GmbH, Oberpfaffenhofen/Wessling, Torqeedo Inc., Illinois (USA), and Torqeedo Asia-Pacific Ltd., Bangkok (Thailand). For further details, please refer to the notes on accounting policies under »Non-current assets held for sale and discontinued operations« and Note 10 »Net income from discontinued operations«.

Joint ventures are companies over which control is exercised jointly by DEUTZ and other entities on the basis of a contractual agreement. Associates are entities over whose business and financial policies DEUTZ AG is able to exert a significant influence but are neither subsidiaries nor joint ventures. Associates and joint ventures are both accounted for in the consolidated financial statements using the equity method.

In the year under review, the consolidated financial statements included two foreign joint ventures (2023: one) and two foreign entities in accordance with the rules governing associates (2023: two).

DEUTZ, through its subsidiary DEUTZ China Verwaltungs GmbH, linked up with Zhongguancun Summit Enviro-Protection Co., Ltd. to found the joint venture DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd. in 2024. Each partner holds 50% of the shares in the joint venture. The shares are classified as a joint venture and accounted for in the consolidated financial statements using the equity method. The objective is to further drive sales of hydrogen electricity generators (H2 gensets), i.e. generators that produce electricity using the hydrogen combustion engine developed by DEUTZ.

Principles of consolidation

The separate financial statements of the individual entities included in the consolidated financial statements have been prepared using uniform accounting policies in accordance with the regulations on consolidation. The consolidated financial statements comprise the financial statements of DEUTZ AG, of its subsidiaries, and of business combinations in which the acquired set of activities and assets meets the definition of a business. The financial statements are prepared each year for the twelve months ended December31.

The acquisition method has been used to account for business combinations since January 1, 2010. The consideration transferred for an acquisition (including contingent consideration) and the identifiable assets acquired and liabilities assumed (including contingent liabilities) are measured at fair value as at the date of acquisition, irrespective of the amount of any non-controlling interests. The excess of the cost of acquisition over the value of net assets, after deduction of any non-controlling interests in acquirees, is recognized as goodwill. Negative goodwill is recognized in profit or loss in the period in which the business combination takes place. For each business combination, the Group decides whether to measure the non-controlling interest in the acquiree at fair value (full goodwill method) or at the proportionate fair value of the assets acquired and the liabilities assumed. The option to measure non-controlling interests at fair value is currently not exercised.

Non-controlling interests are thus recognized at their proportionate share of the net assets, disregarding the goodwill.

Acquisition-related costs arising in connection with business combinations are expensed as incurred.

The acquisition method was used to account for acquisitions between the transition to accounting based on IFRS on January 1, 2005 and December 31, 2009. Under this method, the carrying amount of the investment was offset against the DEUTZ Group's proportionate share of equity in the consolidated subsidiary remeasured at fair value on the acquisition date. Transaction costs directly attributable to the acquisition constituted some of the acquisition-related costs.

Non-controlling interests are the share of net profit/loss and net assets not attributable to the DEUTZ Group. There were no non-controlling interests as at December 31, 2024.

Income and expenses, receivables and payables, and intercompany profits and losses generated between the consolidated entities are eliminated unless they are material.

Joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method. Under the equity method, investments in an associate or joint venture are recognized on the balance sheet at cost plus any changes in the DEUTZ Group's share of the entity's net assets that have occurred since the acquisition. The goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not amortized. The income statement includes the DEUTZ Group's share of the profit or loss generated by the associate or joint venture. Unless they are material, gains and losses on transactions between the Group and its associates or joint ventures are eliminated. Changes recognized directly in the equity of the associate or joint venture are recognized by the DEUTZ Group in the amount of its investment and, as such, are appropriately presented in the statement of changes in equity. With one exception, the financial statements of the associates and the joint venture are prepared to the same balance sheet date as the financial statements for the parent. Interim financial statements have not been prepared for reasons of materiality. Where required, figures are adjusted in line with the uniform accounting policies throughout the DEUTZ Group.

Acquisitions

Blue Star Power Systems, Inc.

On August 5, 2024, DEUTZ Amerika Holding GmbH, Cologne (Germany), acquired all of the shares in Blue Star Power Systems, Inc., North Mankato, Minnesota (USA). Through its subsidiary, DEUTZ AG therefore holds 100% of the shares in Blue Star Power Systems, Inc. and controls it. The US company develops, manufactures, and sells electricity generators (gensets) and is one of the leading manufacturers in the US market.

The acquisition of Blue Star Power Systems, Inc. impacted on the DEUTZ Group's net assets as follows:

€ million	Fair values as at the acquisition date
Property, plant and equipment	11.5
Customer relationships	26.7
Brand	8.9
Order backlog	9.3
Other intangible assets	0.1
Non-current assets	**56.5**
Inventories	16.1
Trade receivables	13.9
Other receivables and assets	1.0
Cash and cash equivalents	3.4
Current Assets	**34.4**
Total assets	**91.0**
Trade payables	5.6
Other liabilities	9.8
Deferred tax liabilities	0.0
Current liabilities	**15.4**
Total liabilities	**15.4**
Net assets acquired	**75.6**
thereof attributable to the DEUTZ Group	75.6
Consideration transferred (cash payment)	**114.6**
Goodwill of the DEUTZ Group	39.0

In accordance with the rules of IFRS 3 »Business Combinations«, the purchase price allocation was still provisional as at the balance sheet date.

The goodwill resulting from the acquisition is derived from the strengthening of DEUTZ AG's business in the Americas. DEUTZ intends to increase its presence in the rapidly growing market for decentralized electricity generation in the USA and is therefore laying the foundations needed to be able to offer all-in-one solutions for local electricity generation. This goodwill is tax-deductible in the USA. The purchase price allocation has not yet been finalized as more time is needed to measure the assets acquired. The goodwill calculated on a provisional basis has been assigned to the Classic segment for now. Blue Star Power Systems' business forms the core of the new Energy business unit and will therefore be part of the new DEUTZ Solutions segment from the start of 2025. This new segment also constitutes the relevant cash-generating units.

The consideration transferred amounts to €114.6 million (US$ 123.6 million) and comprises a cash payment of €101.7 million, a cash payment for land and buildings of €9.3 million, and a contingent consideration of €3.6 million. The Group is obliged to make two additional payments to the seller equivalent to 2% of the revenue of Blue Star Power Systems, Inc. for the 2025 and 2026 financial years. The Group recognized €3.6 million as contingent consideration in connection with the additional payments; this sum equates to their fair value as at the date of acquisition. Measurement was based on a binomial option pricing model.

The net amount of the acquired trade receivables comes to €13.9 million. At the date of acquisition, there were no uncollectible receivables.

The business combination caused consolidated revenue for the period August 1 to December 31, 2024 to rise by €61.8 million and net income for that period by €10.4 million. If the acquisition of the company had taken place with effect from January 1, 2024, it is estimated that consolidated revenue for the full year would have risen by €134.8 million and net income for the full year by €19.8 million. Management's calculation of these amounts assumed that the provisionally calculated adjustments of the fair values carried out at the acquisition date would have also been valid if the acquisition had taken place on January 1, 2024.

A net cash outflow (after deduction of the cash acquired) of €107.5 million has been recognized for the acquisition of the company in the »Acquisition of subsidiaries/business operations« line item in the cash flow statement.

Rolls-Royce's Power Systems division business operation for various Daimler Truck industrial engines

With effect from August 1, 2024, DEUTZ AG took over the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce's Power Systems division. The takeover of these business activities constitutes the acquisition of a business operation and is thus a business combination pursuant to IFRS 3 »Business Combinations«. The set of activities and assets acquired on the acquisition date of August 1, 2024 generates revenue (i.e. outputs). DEUTZ AG also acquired tangible assets, intangible assets, and employees (inputs). These inputs, either individually or in combination, produce substantive processes. The DEUTZ Group therefore concludes that the acquired inputs and process together make a material contribution to the ability to earn revenue, which means that the acquired set of assets and activities constitutes a business operation. These activities have, regardless of the service business, primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic business.

The acquisition of the business impacted on the DEUTZ Group's net assets as follows:

€ million	Fair values as at the acquisition date
Property, plant and equipment	0.2
Customer relationships	33.1
Order backlog	0.4
Advantageous contract (Right of use brand)	0.8
Other intangible assets	47.1
Non-current assets	**81.6**
Inventories	13.4
Current Assets	**13.4**
Total assets	**95.0**
Other provisions	7.4
Other liabilities	5.3
Current liabilities	**12.7**
Total liabilities	**12.7**
Net assets acquired	**82.3**
thereof attributable to the DEUTZ Group	82.3
Consideration transferred	**82.3**
Goodwill of the DEUTZ Group	0.0

In accordance with the rules of IFRS 3 »Business Combinations«, the purchase price allocation was still provisional as at the balance sheet date.

The consideration transferred amounts to €82.3 million and comprises the purchase consideration (including the purchase consideration for inventories) of €93.5 million, an obligation to make a payment to the seller for each employee unwilling to transfer (€1.5 million), less liabilities of €12.7 million assumed in connection with the acquired business operation.

The business combination caused consolidated revenue for the period August 1 to December 31, 2024 to rise by €77.5 million and consolidated operating profit (EBIT) for that period by around €5 million. If the acquisition of the company had taken place with effect from January 1, 2024, it is estimated that consolidated revenue for the full year would have risen by €186 million and EBIT for the full year by around €15 million. Management's calculation of these amounts assumed that the provisionally calculated adjustments of the fair values carried out at the acquisition date would have also been valid if the acquisition had taken place on January 1, 2024. Owing to the information not being available, the amounts for the year were estimated on the basis of linear extrapolation.

A net cash outflow (after deduction of the cash acquired) of €69.4 million has been recognized for the acquisition of the company in the »Acquisition of subsidiaries/business operations« line item in the cash flow statement.

Biuro Techniczno-Handlowe FAST Sp.z.o.o.

DEUTZ acquired all of the shares in Biuro Techniczno-Handlowe FAST Sp.z.o.o. with effect from November 4, 2024. Founded in 1990, this Polish DEUTZ dealer mainly serve the markets for mining equipment, industrial applications, railway systems, and agricultural machinery and has therefore primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic business.

The acquisition of Biuro Techniczno-Handlowe FAST Sp.z.o.o. impacted on the DEUTZ Group's net assets as follows:

€ million	Fair values as at the acquisition date
Property, plant and equipment	0.3
Non-current assets	**0.3**
Inventories	0.6
Trade receivables	1.1
Current Assets	**1.7**
Total assets	**2.0**
Provisions for pensions and other post-retirement benefits	**0.1**
Non-current liabilities	**0.1**
Trade payables	0.6
Other current liabilities	0.7
Current liabilities	**1.3**
Total liabilities	**1.4**
Net assets acquired	**0.6**
thereof attributable to the DEUTZ Group	0.6
Consideration transferred (cash payment)	**6.2**
Goodwill of the DEUTZ Group	5.6

In accordance with the rules of IFRS 3 »Business Combinations«, the purchase price allocation is still provisional because the acquisition only took place on November 4, 2024. Notably, the carrying amounts of intangible assets, such as customer relationships, have not yet been identified and measured. The goodwill calculated is therefore provisional. It has been assigned to the Classic segment, which also constitutes the relevant cash-generating units.

The provisional purchase consideration amounts to €6.2 million and was transferred in cash.

The provisional net amount of the acquired trade receivables comes to €1.1 million. At the date of acquisition, there were no uncollectible receivables.

The business combination caused consolidated revenue to rise by €2.1 million and net income by €0.2 million. If the acquisition of the company had taken place with effect from January 1, 2024, it is estimated that consolidated revenue for the full year would have risen by €11.5 million and net income for the full year by €1.3 million. The contribution to net income is disclosed before the elimination of intercompany profits and losses on inventories, which is carried out at Group level.

A net cash outflow (after deduction of the cash acquired) of €6.2 million has been recognized for the acquisition of the company in the »Acquisition of subsidiaries« line item in the cash flow statement.

HJS Emission Technology GmbH & Co. KG

With commercial effect from January 2, 2025, DEUTZ Verwaltungs GmbH, Cologne (a wholly owned subsidiary of DEUTZ AG) acquired, as a limited partner, 50% of the shares in HJS Emission Technology GmbH & Co. KG (HJS Emission Technology), a family-run firm specializing in exhaust aftertreatment. At this time, DEUTZ Beteiligungs GmbH is investing in the company as a general partner. The general partner is not obliged to make a capital contribution, does not participate in the company's fixed capital or its profit or loss, and does not have any voting rights at the company's shareholders' meeting. HJS Emission Technology holds 100% of the voting rights in the subsidiaries HJS Emission Technology Ltd., Somerset (United Kingdom) and HJS Emission Technology India Pvt. Ltd., Delhi (India), and 51% of the voting rights in HJS Emission Technology SA (PTY) LTD, Roodepoort, Gauteng (South Africa). By acquiring these shares, DEUTZ is strengthening its technological and production-related expertise in making internal combustion engines cleaner and more efficient. DEUTZ plans to source the bulk of the exhaust aftertreatment components and systems for selected engine series from HJS Emission Technology and thus from within the DEUTZ Group itself.

Although the DEUTZ Group holds 50% of the shares and thus less than the majority of the voting rights, it controls HJS Emission Technology owing to existing rights that give it the ability to direct the relevant activities that significantly affect the investee's returns. The company has an advisory board consisting of four members. Each member has one vote. DEUTZ is represented by two advisory board members, one of whom is the chairperson. All resolutions are adopted by a simple majority. In the event of a tied vote, the chairperson of the advisory board (and thus DEUTZ) has the casting vote. It has been agreed and decided that the advisory board will adopt resolutions on the relevant activities that influence the company's business and financial policies. According to management's provisional assessment, the company is therefore controlled by DEUTZ.

As the initial recognition of the business combination had not been completed by the time that the financial statements were approved for publication, no disclosures on the measurement of the net assets acquired and on the influence of the acquisition on the Group's net assets can be made.

The provisional purchase consideration amounts to €3.4 million and was transferred in cash.

Acquisitions in previous years

Mauricio Hochschild Ingeniería Servicios S.A.

Following the acquisition of the company in July 2023, measurement of the net assets acquired was completed in 2024. The completed purchase price allocation impacted on the DEUTZ Group's net assets as follows:

€ million	Fair values as at the acquisition date
Property, plant and equipment	0.2
Customer relationships	1.8
Brand	0.5
Order backlog	0.3
Right of use assets for leases	1.8
Deferred tax assets	0.4
Non-current assets	**5.0**
Inventories	3.6
Trade receivables and other receivables and assets	4.9
Cash and cash equivalents	0.4
Current Assets	**8.9**
Total assets	**13.9**
Other provisions	2.2
Non-current liabilities	**2.2**
Trade payables	0.9
Other liabilities	1.3
Deferred tax liabilities	0.7
Current liabilities	**2.9**
Total liabilities	**5.1**
Net assets acquired	**8.8**
thereof attributable to the DEUTZ Group	8.8
Consideration transferred (cash payment)	**9.2**
Goodwill of the DEUTZ Group	0.4

As part of the purchase price allocation carried out, unrecognized intangible assets (long-term customer relationships, brand, and orders on hand), an adjustment to net assets recognized in 2023, and deferred taxes were identified and reclassified to the relevant line items on the balance sheet. The adjustments caused goodwill to decrease by €0.9 million, from €1.3 million to €0.4 million.

The goodwill resulting from the acquisition is mainly derived from the strengthening of DEUTZ AG's service business. This goodwill is not tax-deductible. The goodwill calculated has been assigned to the Classic segment, which also constitutes the relevant cash-generating units.

The finalized purchase consideration remains unchanged at €9.2 million and was transferred in cash.

The net amount of the acquired trade receivables and other receivables and assets comes to €4.9 million. At the date of acquisition, there were no uncollectible receivables.

The adjustments have no impact on the cash flow statement.

Currency translation

The items in the financial statements of each individual entity in the DEUTZ Group are measured in the currency that corresponds to the currency of the primary economic environment in which the entity operates (functional currency). Foreign-currency transactions are translated at the exchange rates prevailing at the time of the transaction. On the balance sheet date, monetary items are translated at the exchange rate as at the balance sheet date, while non-monetary items are translated at the exchange rate on the date of the transaction. All currency translation differences are recognized in profit or loss. Contrary to this principle, currency translation differences relating to the following items are recognized in other comprehensive income: qualified cash flow hedges (provided they are effective) and equity instruments that are subsumed under the category »financial instruments measured at fair value through other comprehensive income«.

With the exception of equity, balance sheet items in separate financial statements denominated in foreign currency are translated into the functional currency of the DEUTZ Group (euros) at closing rates. Income and expense items – including net income or loss – are translated at the average rates for the year. Equity – with the exception of net income or loss – is translated at the prevailing historical closing rates.

Differences arising from the translation of equity at historical rates and the translation of net income or loss at average rates for the year are reported in other comprehensive income in a separate item.

The main exchange rates used for currency translation purposes are shown in the following table (€1 translated into foreign currencies):

		Average rates		Closing rates at Dec. 31	
		2024	2023	**2024**	2023
USA	USD	1.08	1.08	1.04	1.11
China	CNY	7.77	7.68	7.58	7.85
Marocco	MAD	10.77	10.95	10.51	10.93
Australia	AUD	1.64	1.63	1.68	1.63
UK	GBP	0.85	0.87	0.83	0.87

Accounting policies

The material accounting policies used to prepare these consolidated financial statements are described below:

Revenue recognition

Revenue generated by the sale of engines and services comprises the fair value received excluding VAT, discounts, and price reductions.

Revenue and other income are recognized as follows:

Revenue from the sale of engines Revenue from the sale of engines is recognized once a DEUTZ Group entity has delivered to a customer and control has passed to the customer. Estimates of future price reductions are covered by provisions and deducted from revenue.

Revenue generated by services Revenue generated by services mainly relates to the sale of remanufactured engines (Xchange business) as well as spare parts and is recognized at the time that control passes to the customer. Revenue from maintenance work is recognized over the period of time in which the services are rendered.

Interest income, dividends, and other income Interest income is recognized pro rata using the effective interest method. Dividend income is recognized at the time the right to receive the payment arises. Other income is recognized according to contractual agreements on the transfer of risks and rewards.

Borrowing costs

Borrowing costs that can be directly attributed to the construction or manufacture of an asset for which a substantial period is required to bring the asset to its intended usable condition are capitalized as part of the costs of the relevant asset. All the other borrowing costs are expensed as incurred. Borrowing costs are the interest and other costs incurred by a company in connection with borrowing funds.

Property, plant and equipment

Property, plant and equipment is recognized at cost and, if depreciable, less any depreciation on a straight-line basis and any additional impairment losses. Cost comprises the purchase price and any directly attributable costs incurred to bring the asset to the required location and working condition.

The costs of conversion of property, plant and equipment constructed internally comprise directly attributable costs, pro rata material and production overheads, and administrative expenses related to production or delivery of the service.

Subsequent costs are added to the carrying amount of the asset concerned as incurred, provided that the recognition criteria are satisfied. Repair and maintenance costs are expensed as incurred.

The depreciation period is based on the expected useful life of the asset. Land is not depreciated.

Straight-line depreciation is based on the following useful lives for the main asset categories:

	Useful life (years)
Buildings and grounds	15 – 33
Technical equipment and machines	10 –15
Other equipment, furniture and fixtures	3 –10

Residual carrying amounts, useful lives, and depreciation methods are reviewed at the end of each year and adjusted where appropriate. Based on an analysis of useful lives performed after stock-taking was carried out, the useful lives of the production equipment was extended from ten years to 15 years in the fourth quarter of 2024. This changed estimate had a positive impact on EBIT of €1.2 million in the reporting year. In each of the five upcoming financial years, a reduction in depreciation of approximately €4.9 million is expected. It is assumed that this positive effect will disappear in the periods after that.

An item of property, plant or equipment is derecognized either on disposal or if no further economic benefit is expected from further use or sale of the asset. Gains or losses arising from the derecognition of the asset are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement in the period in which the asset is derecognized.

Leases

At the inception of a contract, an assessment is made about whether the contract is or contains a lease. This is deemed 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 lessee recognizes a right-of-use asset and a lease liability at the time the underlying asset becomes available for use.

A right-of-use asset is measured at its cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred, any costs for restoring the underlying asset to its original condition or for restoring the site or similar, and any lease payments made when or before the asset was made available, less any lease incentives received. Depreciation is recognized on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If ownership of the asset is transferred to the lessee, the right-of-use asset is depreciated until the end of the useful life of the underlying asset. Right-of-use assets are also tested for impairment.

A lease liability is measured at the present value of the lease payments still to be made. These payments are discounted at the lessee's incremental borrowing rate, because the interest rate implicit in the lease cannot be readily determined. The lease payments comprise fixed payments less any lease incentives received, variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the exercising of that option is reasonably certain, and payments of penalties in the event that an option to terminate the lease is exercised. Extension options and purchase options, the exercising of which is reasonably certain, are taken into account when determining lease terms. Upon subsequent measurement, the lease liability's carrying amount is increased by the interest expense and reduced by the lease payments made. The lease liability is remeasured if there is a change in the lease term, a change in the assessment of an option to purchase the underlying asset, or a change in the lease payments.

A practical expedient is applied to short-term leases with a term of no more than twelve months and to low-value leased assets (less than €5,000). The lease payments under these leases are recognized as an expense on a straight-line basis over the term of the lease.

Intangible assets

Goodwill

Goodwill is the difference between the cost of an acquisition and the fair value of the net assets acquired less any non-controlling interests. As goodwill has an indefinite useful life, it is not amortized. However, it must be tested for impairment at least once a year in accordance with the provisions of IAS 36. It must also be tested for impairment on an ad hoc basis if there are any indications of impairment. Goodwill is tested for impairment at the level of the cash-generating units (CGUs). A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or other CGUs. Goodwill has to be allocated at the lowest level within the entity that is monitored for goodwill for internal management purposes. The CGUs defined in this way must not be bigger than an operating segment.

In an impairment test, the carrying amount of the goodwill is compared with the recoverable amount (higher of the fair value less costs to sell and the value in use) of the CGU in question. The recoverable amount of a CGU is calculated by determining the fair value less costs to sell according to the discounted cash flow (DCF) method. Fair value less costs to sell is calculated by discounting estimated future cash flows to their present value. The calculation uses a discount rate that reflects current market expectations in respect of the time value of money and the risks inherent in the CGU. The cash flows used in the calculation are derived from operational planning (five-year period) and extrapolated in order to achieve a sustainable level prior to the transition to perpetuity.

For further information and information on the allocation of goodwill to the Group's operating segments, see Note 14.

Miscellaneous intangible assets

Miscellaneous intangible assets are measured at cost. The cost of purchase or conversion includes directly attributable costs. The cost of conversion also includes a proportion of overheads and borrowing costs for long-term projects provided the recognition criteria are met. In subsequent periods, intangible assets are reported at cost less amortization on a straight-line basis and any additional impairment losses. Investment grants from customers are deducted from cost. The useful lives of both purchased and internally generated intangible assets are limited. Amortization relating to internally generated intangible assets is reported under the cost of sales in the income statement. Amortization relating to other intangible assets is split across all functional areas in the income statement.

The following principles are applied:

Internally generated intangible assets The accounting treatment of internally generated intangible assets is based on an implemented development process with defined milestones. During this process, the development costs for the products are capitalized provided that

– they are technically and commercially feasible;
– a future economic benefit is likely;
– there is the intention to complete their development and sufficient resources are available to do so; and
– the costs of development can be reliably determined.

The review of whether these criteria are met takes place in connection with the achievement of defined milestones in the development process. Development projects at DEUTZ relate almost exclusively to the development of new engine series. The fact that these development projects are technically feasible and will actually be completed is borne out by a multitude of evidence from the past. The development expenditure incurred up to this point, and the research costs, are recognized in the income statement in the period in which they are incurred. Amortization begins when the asset is available for use, which is usually at the start of production. As a rule, completed development projects are amortized on a straight-line basis over the expected production cycle of eight to ten years.

As at December 31, 2024, all material, completed development projects had a remaining useful life of nine years.

The useful lives and amortization methods for completed development projects are reviewed at the end of each year, if not more frequently. If any changes in their useful lives are required, they are treated as changes in accounting estimates. Owing to a new estimate regarding the introduction of the next highest emissions standards in Europe and the USA, all capitalized engine series are expected to have a longer production cycle. The changed estimate led to a reduction in the amortization expense in the fourth quarter of 2024 and thus to an improvement in EBIT of €2.3 million. Over the entire residual life, the changed estimate will have the following impact on amortization:

Financial year	(-) Decrease/ (+) increase in amortisation	(-) Decrease/ (+) increase in deferred tax income	(-) Decrease/ (+) increase in net income
	€ million	€ million	€ million
2025	-5.3	-1.7	3.6
2026	-2.4	-0.8	1.6
2027	-0.3	-0.1	0.2
2028	-0.3	-0.1	0.2
2029	1.4	0.4	-1.0
2030	1.4	0.4	-1.0
2031	1.4	0.4	-1.0
2032	1.4	0.4	-1.0
2033	1.4	0.4	-1.0

Property rights, right-of-use assets, customer relationships, brands, and other intangible assets These are measured at amortized cost and amortized on a straight-line basis over their estimated useful life of three to 16 years.

Owing to a new estimate regarding the introduction of the next highest emissions standards in Europe and the USA, the estimate of the useful life of a sales license was changed. The changed estimate led to an improvement in operating profit of €0.1 million in the fourth quarter of 2024. In the years 2025 to 2028, a rise in net income of €0.4 million per year is expected. From the 2029 financial year until the end of the new useful life in 2033, a negative impact on net income of €0.3 million per year is expected.

Gains or losses arising from the derecognition of intangible assets are the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement in the period in which the asset is derecognized.

Impairment of non-financial assets

At each balance sheet date, the DEUTZ Group carries out tests to establish whether there are any indications that an asset may be impaired. An impairment test is carried out at least once a year on intangible assets that are not yet available for use.

Impairment is determined by comparing the carrying amount with the recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If future cash inflows cannot be allocated to an individual asset separately from cash flows generated independently by other assets, the impairment test is applied to the cash-generating unit that includes the asset concerned. When impairment tests are conducted, assets are aggregated into cash-generating units at the lowest-possible level at which cash inflows can largely be independently identified.

Value in use is calculated by discounting estimated future cash flows to their present value. The calculation uses a discount rate that reflects current market expectations in respect of the time value of money and the risks inherent in the asset or cash-generating unit. The cash flows used in the calculation are derived and extrapolated from operational planning (five-year period). If the reasons for previously recognized impairment losses no longer exist, these impairment losses are reversed.

In 2024, there were indications of impairment (»trigger events«) on property, plant and equipment and on intangible assets due to a year-on-year decline in expectations regarding profitability in the detailed planning phase. Subsequent impairment tests identified a need to recognize impairment losses on the affected intangible assets. For further details, see Note 14 in these notes to the consolidated financial statements.

The estimates and assumptions used in the impairment tests are based on projections, which by their nature are subject to uncertainty, particularly with regard to future prices and volumes. Adjustments to the estimates made, for example due to unexpectedly poor economic conditions, could result in an impairment loss, especially in the case of individual engine series.

Government grants

Government grants are recognized when there is sufficient certainty that the associated conditions will be fulfilled and the grants will actually be awarded. The DEUTZ Group deducts government grants relating to purchases of non-current assets from the cost of the respective asset. The amount of depreciation and amortization is based on the cost of purchase after deduction of such grants.

Taxes

Deferred taxes Deferred taxes are recognized using the liability method for temporary differences between the carrying amount of an asset or a liability on the consolidated balance sheet and its tax base as at the reporting date as well as for tax loss and interest carryforwards.

Deferred tax assets are recognized to the extent that sufficient future taxable income is likely to be generated over the planning period against which the deductible temporary differences and the as yet unused tax loss carryforwards can be offset.

Deferred tax liabilities that arise from temporary differences in connection with investments in subsidiaries, joint ventures, and associates are always recognized unless the timing of the reversal of the temporary differences can be controlled and it is unlikely that the temporary differences will reverse in the foreseeable future.

Deferred taxes relating to items recognized in other comprehensive income are likewise recognized in other comprehensive income and not in the income statement.

Deferred tax assets and liabilities are netted if the DEUTZ Group is entitled to have the current tax assets offset against tax liabilities and if the deferred taxes relate to income taxes levied by the same tax authority.

Deferred taxes are recognized at the rates anticipated on recognition of the asset or liability. The anticipated tax rate is the rate that has already been enacted or announced at the balance sheet date, provided announcement of the tax rate has the substantive effect of actual enactment.

Current taxes Current income taxes for the current period and for previous periods are recognized at the amount that is expected to be paid to (or recovered from) the tax authorities or has already been paid. The tax amount is calculated on the basis of tax rates and tax legislation enacted or substantively enacted as at the relevant balance sheet date.

Minimum taxation The global minimum tax that has to be paid in accordance with national legal requirements for pillar two constitutes an income tax within the scope of IAS 12.

Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price achievable in the ordinary course of business less estimated costs still to be incurred.

The cost of raw materials and consumables as well as bought-in and spare parts is calculated using weighted average purchase prices.

Work in progress and finished goods are measured at the cost of conversion, which includes production materials and production wages as well as the pro rata share of overheads for materials and an appropriate proportion of production overheads based on normal production capacity.

Additional write-downs are applied to cover risks resulting from inventories’ period of storage and impaired usability as well as contract-related losses.

Financial assets

In the DEUTZ Group, financial assets within the meaning of IFRS 9 can be in any of the following categories and are classified accordingly:

1. Financial assets measured at fair value through profit or loss,
2. Financial assets measured at fair value through other comprehensive income, or
3. Financial assets measured at amortized cost

On initial recognition, financial assets are measured at fair value. In the case of financial assets other than those measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the assets are also included.

Financial assets are assigned to one of the measurement categories on initial recognition. Assets may be reclassified if this is permitted and necessary.

Except in the case of held-for-trading financial assets, all regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by DEUTZ. Held-for-trading financial assets are recognized on the trade date, i.e. the date on which the DEUTZ Group enters into the obligation to buy or sell the asset. Regular way purchases and sales are purchases or sales of financial assets that provide for the delivery of the asset within a period determined by market regulations or conventions.

1. Financial assets measured at fair value through profit or loss In the DEUTZ Group, the group of financial assets measured at fair value through profit or loss includes held-for-trading financial assets. Equity instruments purchased for the purposes of trading and trade receivables earmarked for **Factoring** are also allocated to this category.

Derivatives, including separately recognized embedded derivatives, are classified as held for trading unless they are derivatives designated as hedging instruments and are deemed effective. Gains and losses on financial assets held for trading are recognized in the income statement. At the time the DEUTZ Group first becomes a party to a contract, it determines whether an embedded derivative needs to be accounted for separately from the host contract. This decision is only reassessed if there is a substantial amendment to the terms of the contract and this amendment results in a significant change to the cash flows that would otherwise have been derived from the contract.

2. Financial assets measured at fair value through other comprehensive income Financial assets measured at fair value through other comprehensive income include debt instruments that are held either for sale or in order to collect the contractual cash flows. The contractual cash flows must consist solely of principal repayments and interest payments and accrue at specified intervals. At the time of derecognition, the changes in fair value recognized in other comprehensive income must be reclassified to the income statement. Non-current securities that do not constitute equity instruments are allocated to this category in the DEUTZ Group.

Equity instruments can also be subsumed under this category provided that they have not been purchased for trading purposes. In this instance, however, the changes in fair value recognized in other comprehensive income do not need to be reclassified to the income statement at the time of derecognition. The DEUTZ Group has invested €7.5 million in a 9.1% stake in Blue World Technologies Holding ApS, Aalborg (Denmark). The investment constitutes an equity instrument that was not acquired for trading purposes and DEUTZ elected to assign it to this category.

3. Financial assets measured at amortized cost This group includes financial assets that are held for the purposes of collecting contractual cash flows. The contractual cash flows must consist solely of principal repayments and interest payments on outstanding repayment amounts. In the DEUTZ Group, this category covers all receivables and financial assets that are not intended for disposal. The assets are measured using the effective interest method less any impairment losses. A gain or loss is recognized in profit or loss when these financial instruments are derecognized or written down, and through the amortization process.

Impairment of financial assets

For all financial debt instruments, with the exception of financial assets measured at fair value through profit or loss, a loss allowance is recognized on the date the asset is initially recognized that is equivalent to the expected loss from default events over the next twelve months. At every subsequent balance sheet date, the financial assets are subjected to an impairment test to establish whether there are any indications of impairment (for example, substantial financial difficulties on the part of the debtor, significant probability of insolvency proceedings against the debtor, the disappearance of an active market for the financial asset, significant changes in the technological, economic, legal, and/or market environment in which the issuer operates, a sustained fall in the fair value of the financial asset below amortized cost). In the event of a significant increase in credit risk, the loss allowance is adjusted to reflect the losses expected over the term to maturity or a write-down is recognized in the event of default of the financial asset if there are objective indications of impairment.

1. Financial assets measured at amortized cost Expected credit losses reflect the difference between the contractually agreed cash flows and those that are actually anticipated. They are recognized in the income statement as an impairment loss in a valuation allowance account. However, the gross carrying amount continues to be used to determine the interest income. If there are objective indications that financial assets measured at amortized cost are permanently impaired, the loss allowance is offset against the gross carrying amount of the financial asset. Following this partial write-down, the amortized cost is used to determine the interest income.

The loss allowance for trade receivables is calculated immediately over the entire term of the financial instrument. The allowance for other receivables and assets that are subject to low credit risk is recognized upon initial recognition of the asset for a period covering the subsequent twelve months.

If the amount of this impairment loss is found to be lower in subsequent reporting periods, the previously recognized impairment loss is reversed. However, the new carrying amount of the asset must not exceed what the amortized cost would have been at the time the impairment loss is reversed if the impairment loss had not been recognized. The reversal of the impairment loss is recognized in the income statement.

2. Financial assets measured at fair value through other comprehensive income The impairment of debt instruments measured at fair value through other comprehensive income is recognized in profit or loss for the period and reduces the loss resulting from measurement at fair value that would otherwise be recognized in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short-term deposits with an original term of up to three months, and credit balances held with banks.

Non-current assets held for sale and discontinued operations

Assets deemed material are recognized as »held for sale« if they are highly likely to be sold and are presently in sellable condition. This can apply to individual non-current assets, groups of assets, or entire lines of business. A disposal group may also comprise liabilities if these liabilities are transferred together with the assets as part of the transaction.

The companies in the Torqeedo Group, which had previously been fully consolidated, were accounted for and recognized as a discontinued operation pursuant to IFRS 5 »Non-current Assets Held for Sale and Discontinued Operations« as at December 31, 2023. The sale and deconsolidation of the Torqeedo Group was completed with effect from April 3, 2024. The Torqeedo Group companies are Torqeedo GmbH, Oberpfaffenhofen/Wessling, Torqeedo Inc., Illinois (USA), and Torqeedo Asia-Pacific Ltd., Bangkok (Thailand). The activities of the Torqeedo Group are reported as discontinued operations in this report up to the point of deconsolidation.

Within the DEUTZ Green operating segment, the Torqeedo Group constitutes a separate material line of business generating a clearly segregated cash flow. Under the provisions of IFRS 5, the Torqeedo Group thus constitutes a discontinued operation. It is generally subject to the same measurement principles as continuing operations; explanations are provided in relation to any deviations. The consolidated financial statements and the information about the DEUTZ Group presented below focus on continuing operations.

In the comparative period, the assets and liabilities of the Torqeedo Group were each reported as a separate item on the balance sheet. Intangible assets held for sale and property, plant and equipment were not subject to continued amortization and depreciation and were recognized on the balance sheet as at the time of their classification as »for sale« – either at their carrying amount or at fair value less costs to sell, whichever was lower. Intragroup receivables and liabilities were fully eliminated.

The notes relating to line items on the balance sheet for the comparative period cover the reconciliation of start-of-year figures to end-of-year figures. The presentation of reconciliations focuses on continuing operations. Figures for discontinued operations are recognized under the line item »Adjustments in accordance with IFRS 5«.

The presentation on the income statement focuses on the calculation of continuing operations. The net income or loss on discontinued operations is recognized under the line item »Net income from discontinued operations«. The net income or loss from any intragroup provision of goods and services that is continued either with the discontinued operations or with third parties following the deconsolidation of the discontinued operations is recognized under continuing operations. Eliminations recognized as part of the consolidation of income and expenses are assigned to discontinued operations in their entirety.

The presentation of the cash flow statement also focuses on continuing operations. The cash flows from operating activities, investing activities, and financing activities of discontinued operations are each stated as a separate line item.

Financial liabilities

In the DEUTZ Group, financial liabilities within the meaning of IFRS 9 can be in either of the following categories and are classified accordingly:

1. Financial liabilities measured at fair value through profit or loss, or
2. Other financial liabilities.

1. Financial liabilities measured at fair value through profit or loss In the DEUTZ Group, the group of financial liabilities measured at fair value through profit or loss includes held-for-trading financial liabilities. To date, the DEUTZ Group has not made use of the option to designate financial liabilities as at fair value through profit or loss on initial recognition.

Derivatives, including separately recognized embedded derivatives, are classified as held for trading unless they are derivatives designated as hedging instruments and determined to be effective. If the fair value of these derivatives is negative, they are recognized under financial liabilities. Gains and losses on financial liabilities held for trading are recognized in the income statement.

2. Other financial liabilities in the DEUTZ Group for the most part comprise the following:

– Financial debt (liabilities to banks)
– Trade payables, and
– Other liabilities

Other financial liabilities are classified as current unless the DEUTZ Group does not have the right to settle the liability until at least twelve months after the balance sheet date.

Other financial liabilities are initially recognized at their fair value including transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Derivative financial instruments and hedges

DEUTZ only uses derivative financial instruments (interest-rate and currency derivatives) for hedging purposes as part of its business operations, in particular to reduce foreign currency risk in forecast transactions involving foreign currencies and to reduce interest-rate risk through the use of interest-rate swaps.

Derivatives are initially recognized at their fair value on the day they are entered into and are subsequently measured at the fair value prevailing at the time. The fair value of derivatives corresponds to the present value of estimated future cash flows. The fair value of currency forwards is based on the forward exchange rate as at the balance sheet date.

Changes in the fair value of non-hedging derivatives are immediately recognized in the income statement.

Cash flow hedges Forecast transactions (cash flows) in foreign currency and interest-rate risk are hedged using cash flow hedges. The effective portion of the changes in the fair value of derivatives designated as cash flow hedges is recognized in other comprehensive income. The ineffective portion of the changes in fair value is reported in the income statement under other income or other expenses.

The changes in fair value reported in the reserve for cash flow hedges are reclassified to the income statement in the period in which the hedged item is recognized in income.

The fair values of derivatives designated as hedging instruments are stated in Note 28. Changes in the cash flow hedge reserve are reported under a separate item in other comprehensive income (fair value reserve).

Provisions for pensions and other post-retirement benefits

The occupational pension scheme offered by the DEUTZ Group takes account of the relevant legislation in various countries and the benefits that each company provides for its staff.

Occupational pensions take the form of defined benefit pension plans, which are funded by the recognition of pension provisions. Besides entitlements to an employer-funded pension, employees in Germany can build up an employee-funded pension by participating in a deferred compensation plan. In the UK (branch of DEUTZ AG), there is an employer-funded pension plan and the option of building up an employee-funded pension by participating in a deferred compensation plan. There are also employer-funded pension plans at Deutz Corporation, Atlanta (USA), at DEUTZ FRANCE S.A.S., Gennevilliers (France), and at DEUTZ Italy S.r.l., Milan (Italy).

The Group’s liabilities arising from employer-funded defined benefit pension plans are calculated separately for each plan using actuarial principles. First, the pension benefits vested in earlier periods and in the current period are estimated. The next step is to discount these benefits using the projected unit credit method. The resulting present value represents the defined benefit obligation. The fair value of the plan asset is then deducted from the defined benefit obligation to determine the net liability to be reported on the balance sheet.

The interest rate used to discount the estimated pension benefits is determined using the yields available in the market on each valuation date for investment-grade, fixed-income corporate paper. The currency and terms to maturity of the underlying corporate paper match the currency and predicted duration of the post-retirement pension liabilities to be met.

The net interest cost is calculated by multiplying the net liability at the beginning of the reporting period by the interest rate used to discount the pension obligations at the beginning of the period.

The effects of the revaluation include the actuarial gains and losses on the valuation of the defined benefit obligation and the difference between the actual return on plan assets and the typical return on plan assets assumed at the beginning of the period when calculating the net interest cost.

While the revaluation effects are recognized in other comprehensive income, the net interest cost and the current service cost are reported in profit or loss in the reporting period. Net interest cost is reported in operating profit.

The calculation of the individual cost components in the net liability to be reported on the balance sheet on each reporting date is based on a report by a qualified actuary.

In the case of the employee-funded deferred compensation plan, the Company has taken out a reinsurance policy with a life insurance company based on the amount of salary contribution and undertakes to pay a pension based on the guaranteed capital that has been underwritten. The present value of the benefit obligation corresponds to the fair value of the entitlements to reinsurance cover on the basis of the asset values calculated by the insurer. For the purposes of recognition on the balance sheet, the present value of the benefit obligation is offset against the fair value of the entitlements to reinsurance cover in an equal amount.

As well as defined benefit pension plans, there are also defined contribution pension plans (e.g. direct insurance policies). The mandatory contributions are immediately recognized as staff costs. In this case, the recognition of provisions is not required because the DEUTZ Group has no obligation apart from the obligation to pay premiums.

Other provisions

Other provisions are recognized if there are legal or constructive obligations toward third parties that arise from past events and are likely to result in cash outflows. Furthermore, it must be possible to estimate the obligation reliably. Provisions are recognized at their settlement value calculated at the balance sheet date and take account of projected cost increases. Non-current provisions are discounted.

Provisions for **warranty obligations** are recognized when products are sold or when new warranties are initiated. The measurement of potential warranty liabilities is based primarily on historical experience.

A provision for **restructuring** is recognized as soon as the Group has approved a detailed and formal restructuring plan and has either begun to implement the restructuring plan or publicly announced it. Future operating losses are not recognized.

Provisions for **onerous contracts** are recognized when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Contracts with customers are grouped into one unit of account if they are dependent on one another under a framework agreement.

Provisions for **share option programs** contain provisions for cash-settled share-based payments. They are measured at fair value. The fair value is recalculated at the grant date and at every balance sheet date based on the performance of the options. Changes to the fair value are recognized in profit or loss. At the time of settlement, the fair value is adjusted to the settlement value (which is equivalent to the intrinsic value of the share options) and recognized in profit or loss. The expense recognized over the full term of maturity corresponds to the amount paid out. For further information, see Note 33.

Contingent liabilities

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the DEUTZ Group. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Notes to the income statement[202]

1. Revenue

Breakdown of revenue by application segment and by timing of recognition in 2024

€ million

	Classic	Green	**Total**
Construction Equipment	406.8	0.3	**407.1**
Material Handling	457.3	0.0	**457.3**
Agricultural Machinery	197.6	0.0	**197.6**
Stationary Equipment	166.6	0.7	**167.3**
Service	510.5	1.1	**511.6**
Miscellaneous	67.2	5.6	**72.8**
Total	**1,806.0**	**7.7**	**1,813.7**
thereof at a point in time	1,763.4	7.7	**1,771.1**
thereof over a period of time	42.6	0.0	**42.6**

Breakdown of revenue by application segment and by timing of recognition in 2023

€ million

	Classic	Green	**Total**
Construction Equipment	585.9	0.2	**586.1**
Material Handling	467.9	0.0	**467.9**
Agricultural Machinery	272.3	0.0	**272.3**
Stationary Equipment	184.7	0.1	**184.8**
Service	483.5	0.3	**483.8**
Miscellaneous	63.9	4.4	**68.3**
Total	**2,058.2**	**5.0**	**2,063.2**
thereof at point in time	2,023.7	5.0	**2,028.7**
thereof over a period of time	34.5	0.0	**34.5**

Breakdown of revenue by region in 2024

€ million

	Classic	Green	**Total**
Europe/Middle East/ Africa	1,038.4	4.5	**1,042.9**
Americas	524.6	2.4	**527.0**
Asia-Pacific	243.0	0.8	**243.8**
Total	**1,806.0**	**7.7**	**1,813.7**

Breakdown of revenue by region in 2023

€ million

	Classic	Green	**Total**
Europe/Middle East/ Africa	1,247.6	5.0	**1,252.6**
Americas	504.0	0.0	**504.0**
Asia-Pacific	306.6	0.0	**306.6**
Total	**2,058.2**	**5.0**	**2,063.2**

[202] The tables and notes below relate to continuing operations.

The Group primarily generates revenue from the sale of engines and spare parts (service) to manufacturers of applications and to dealers. The revenue is recognized when control of the products is transferred to the purchaser and no unfulfilled obligations remain. This is usually deemed to have occurred when the products have been delivered or when the shipping documents have passed to the purchaser, whichever is the earlier. At this point in time, the opportunities and risks are transferred to the purchaser and the obligation to pay the purchase price is created.

Retrospective volume discounts that are based on total revenue for the financial year are often agreed with major customers for the sale of engines and spare parts. Revenue from these sales is recognized in the amount specified in the contract less the estimated volume discount. The provision is estimated mainly on the basis of the sales that are expected to be generated from the customer (most likely amount), a figure that is periodically updated. The provision is recognized as a contract liability under other liabilities. No significant financing components are involved as payment terms in line with market practice (30–60 days) are usually agreed with the customer. A provision for guarantees is recognized to cover the Group's obligation to repair or replace defective products in accordance with standard guarantee conditions.

When a remanufactured engine is sold (Xchange business), the customer is invoiced for the remanufactured engine and for a deposit for their old reconditionable engine. The revenue for the remanufactured engine is recognized at the point at which control is transferred. This is usually deemed to have occurred when the products have been delivered or when the shipping documents have passed to the purchaser, whichever is the earlier. At this point in time, the opportunities and risks are transferred to the purchaser and the obligation to pay the purchase price is created. The purchase price received for the deposit is recognized as a contract liability until the obligation to take back the reconditionable old engine expires.

In the reporting period, revenue of €6.6 million (2023: €2.8 million) was recognized that, at the beginning of the period, had been included in the balance of contract liabilities.

As part of its service business, the Group also carries out maintenance work. The revenue generated from this is recognized in the reporting period in which the services are rendered. As the services are usually rendered within a very short period of time, however, any revenue accrued at the end of the reporting period for services that have been rendered but not yet invoiced is not material.

DEUTZ applies the practical expedients in accordance with IFRS 15.121, IFRS 15.63, and IFRS 15.94.

2. Cost of sales

The cost of sales comprises the following cost items:

€ million	**2024**	2023
Cost of materials	942.2	1,108.7
Staff costs	240.7	243.0
Depreciation and amortization on property, plant and equipment and intangible assets	66.2	73.4
Other cost of sales items	163.8	191.3
Total	**1,412.9**	**1,616.4**

3. Research and development costs

The table below gives a breakdown of research and development costs:

€ million	**2024**	2023
Cost of materials	24.7	35.2
Staff costs	56.1	55.2
Depreciation, amortization and impairment	14.4	19.0
Own work capitalized and reimbursements	-7.0	-10.9
Other research and development costs	12.2	11.1
Total	**100.4**	**109.6**

In 2024, impairment losses of €9.2 million (2023: €14.3 million) were recognized on capitalized development expenditure as a consequence of lower unit sales forecasts for an engine series.

4. Selling expenses and general administrative expenses

Selling expenses amounted to €143.0 million in the year under review (2023: €129.8 million). General and administrative expenses came to €111.7 million (2023: €77.6 million). Both the selling expenses and the general and administrative expenses predominantly consisted of staff costs. The respective amounts were €89.1 million and €60.5 million (2023: €77.0 million and €47.0 million). Depreciation, amortization, and impairment was included in selling expenses in an amount of €14.1 million (2023: €7.9 million) and in general and administrative expenses in an amount of €9.3 million (2023: €8.4 million).

5. Other operating income

€ million	2024	2023
Foreign currency gains	10.5	5.9
Research allowances for subsidized projects	3.5	0.0
Income from recharged costs and services	2.8	4.6
Income from reversal of provisions	2.8	9.4
Income from the derecognition of liabilities	0.9	0.3
Income from the measurement of derivatives	0.6	0.8
Sundry other income	3.6	3.0
Total	**24.7**	**24.0**

The rise in other operating income was largely due to higher foreign currency gains and to research allowances for subsidized projects.

6. Other operating expenses

€ million	2024	2023
Other expenses from the adjustment of provisions	8.5	5.1
Foreign currency losses	5.9	10.4
Expenses for pensions and other post-employment benefits	4.9	4.9
Other cost of fees, contributions and advice	2.9	2.8
Expenses in connection with the measurement of derivatives	1.1	0.5
Sundry other expenses	6.3	2.1
Total	**29.6**	**25.8**

The rise in other operating expenses was largely due to the recognition of provisions for onerous contracts in respect of orders on hand and to an adjustment to the value of other assets.

7. Profit/loss on equity-accounted investments, write-downs of equity-accounted investments and other investment income

€ million	2024	2023
Profit/loss on equity-accounted investments		
Income from equity-accounted investments	1.5	1.6
Expenses relating to equity-accounted investments	-0.6	-7.1
Total	**0.9**	**-5.5**
Other net investment income	**0.4**	**0.6**
Total	**1.3**	**-4.9**

Income from equity-accounted investments consisted of DEUTZ AG’s share in the profits of its associates D. D. Power Holdings (Pty) Ltd., Elandsfontein (South Africa), and DEUTZ Power Solution (Xuzhou) Co., Ltd., Xuzhou (China). The expenses consisted of DEUTZ AG’s share of the losses of the joint venture Hunan DEUTZ Power, Ltd., Changsha (China).

As in the previous year, other net investment income related to profits transferred by DEUTZ Sicherheit GmbH, Cologne.

8. Financial income, net

€ million	2024	2023
Interest income on credit balances with banks	0.7	0.6
Other interest income	1.7	1.2
Interest income	**2.4**	**1.8**
Interest paid on liabilities on banks	-11.1	-7.5
Interest paid on sales of receivables	-4.5	-5.9
Interest paid on lease liabilities	-3.7	-3.0
Other interest expense	-1.6	0.0
Interest expense	**-20.9**	**-16.4**
Other finance income/finance costs	**1.3**	**-0.7**
Financial income, net	**-17.2**	**-15.3**

No borrowing costs were capitalized in either 2024 or 2023.

9. Taxes

Income taxes

The following table gives a breakdown of income taxes:

€ million	2024	2023
Current tax expense	11.3	20.7
thereof unrelated to the reporting period	-0.6	0.4
Deferred tax expense (+)/ deferred tax income (-)	-28.6	-19.4
thereof from temporary differences	-7.3	-4.5
thereof from loss carry-forwards	-21.3	-14.9
Total tax expense (+)/ income (-)	**-17.3**	**1.3**

The current income tax expenses predominantly related to current income generated by Group companies in 2024.

The deferred tax income included income of €7.3 million arising from temporary differences (2023: tax income of €4.5 million). These resulted predominantly from a reduction in capitalized development expenditure that is not recognized in the tax accounts.

It is likely that more loss carryforwards can be used over the upcoming medium-term period of five years, resulting in deferred tax income on the recognition of deferred tax assets on loss carryforwards.

The tax reconciliation table shows the reconciliation from anticipated income taxes to effective income taxes as shown in the income statement. Effective income taxes include current and deferred taxes. The applicable tax rate is 31.58% (2023: 31.44%), comprising corporation tax at 15%, the solidarity surcharge (5.50% of the corporation tax), and trade tax at 15.75% based on an average assessment rate.

€ million	2024	2023
Net income before income taxes	**24.7**	**108.2**
Anticipated tax expense (+)/ income (-)	7.8	34.0
Effect from trade tax add-backs and deductions	0.9	1.2
Effects of differing tax rates	-1.9	-4.1
Effects of deferred taxes on loss carryforwards and of the utilization of loss carryforwards	-23.4	-32.4
Effect of non-deductible expenses	0.9	1.3
Share of profit (loss) of equity-accounted investments	0.1	2.2
Effect of tax-exempt income	-2.7	-1.0
Effect of potential dividend distributions	0.4	0.2
Effects not related to the reporting period		
Prior-year tax payments	-0.2	0.4
Deferred taxes resulting from prior-year adjustments	0.5	-0.3
Other	0.3	-0.2
Effective tax expense (+)/ income (-)	**-17.3**	**1.3**
Effective tax rate (%)	**-70.0**	**1.2**

The tax effect arising from deferred taxes on loss carryforwards essentially resulted from the capitalization of deferred taxes recognized on loss carryforwards.

Global minimum tax DEUTZ AG falls within the scope of the OECD pillar two model rules for national implementation of global minimum tax and is applying the exemption from accounting for deferred taxes in this context. The German Minimum Tax Act (MinStG), which came into force in December 2023 for financial years beginning after December 31, 2023, requires the DEUTZ Group to pay top-up tax in each jurisdiction; the amount to be paid is the difference between the GloBE[203] effective tax rate and the minimum rate of 15%. The Group has checked whether the CbCR safe harbor rules are pertinent. As all jurisdictions satisfy at least one of the CbCR safe harbor rules, no additional tax was incurred for the 2024 reporting year.

[203] Global Anti-Base Erosion Rules

10. Net income from discontinued operations

The companies in the Torqeedo Group, which had previously been fully consolidated, were accounted for and recognized as a discontinued operation pursuant to IFRS 5 »Non-current Assets Held for Sale and Discontinued Operations« as at December 31, 2023. The sale and deconsolidation of the Torqeedo Group was completed with effect from April 3, 2024. The Torqeedo Group companies are Torqeedo GmbH, Oberpfaffenhofen/Wessling, Torqeedo Inc., Illinois (USA), and Torqeedo Asia-Pacific Ltd., Bangkok (Thailand). The activities of the Torqeedo Group are reported as discontinued operations up to the point of deconsolidation.

The table below gives a breakdown of the net income/loss from discontinued operations:

€ million	**1.1.2024-3.4.2024**	2023
Revenue	7.6	**41.5**
Cost of sales	-8.0	-35.1
Research and development costs	-1.7	-8.3
General and administrative expenses	-4.9	-20.1
Other operating income and expenses	-0.3	-1.3
Interest expenses, net	-0.4	-2.4
Income taxes	0.8	0.7
Income after taxes	-6.9	-25.0
Gain on the sale of the Torqeedo Group less transaction costs	16.7	0.0
Income taxes	0.0	0.0
Gain on the sale after taxes	16.7	0.0
Net income	**9.8**	**-25.0**

The gain on the sale of the Torqeedo Group is tax-exempt. The offsetting of losses up to the time of the sale had a positive impact on taxes of €0.8 million at the level of DEUTZ AG because of the consolidated tax group formed for income tax purposes.

The gain on the sale of the Torqeedo Group contains cumulative currency losses of €0.3 million resulting from the disposal of the net assets.

EBIT from discontinued operations in the reporting year amounted to €9.3 million and comprised not only the current loss of the Torqeedo Group up to the time of its disposal and deconsolidation but also the gain on the disposal.

11. Earnings per share

Earnings per share is calculated in accordance with IAS 33. The DEUTZ Group calculates basic earnings per share by dividing the net income attributable to its shares by the weighted average number of shares outstanding. It is determined on the basis of continuing and discontinued operations.

There were no dilutive effects in 2024 or 2023 because there are no exercisable options to convert financial instruments with equity components.

	2024	2023
Net income attributable to shareholders of the DEUTZ Group (€ million)	51.8	81.9
thereof from continuing operations	42.0	106.9
thereof from discontinued operations	9.8	-25.0
Weighted average number of shares outstanding (thousand)	132,420	124,902
Earnings per share (€)	**0.39**	**0.66**
thereof from continuing operations	0.32	0.86
thereof from discontinued operations	0.07	-0.20

Notes to the statement of comprehensive income

12. Other comprehensive income

Other comprehensive income comprises the elements of the statement of comprehensive income not reported in the income statement. The taxes resulting from other comprehensive income are shown in the following table:

€ million	**2024**			2023		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Amounts that will not be reclassified to the income statement in the future	**5.3**	**-1.7**	**3.6**	**-9.2**	**2.9**	**-6.3**
Remeasurements of defined benefit plans	5.3	-1.7	3.6	-9.2	2.9	-6.3
Amounts that will be reclassified to the income statement in the future if specific conditions are met	**-2.4**	**2.3**	**-0.1**	**-8.2**	**0.9**	**-7.3**
Currency translation differences	4.7	0.0	4.7	-5.4	0.0	-5.4
thereof profit/loss on equity-accounted investments	-0.9	0.0	-0.9	-3.2	0.0	-3.2
Effective portion of change in fair value from cash flow hedges	-3.4	1.1	-2.3	1.0	-0.3	0.7
Fair value of financial instruments	-3.7	1.2	-2.5	-3.8	1.2	-2.6
Other comprehensive income	**2.9**	**0.6**	**3.5**	**-17.4**	**3.8**	**-13.6**

In 2024, gains totaling €0.4 million on cash flow hedges (2023: gains of €0.4 million) recognized in other comprehensive income during the year (prior to the inclusion of deferred taxes) were reclassified to other operating income in the consolidated income statement.

Notes to the balance sheet

13. Property, plant and equipment

Gross figures Cost of purchase/ conversion	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Advances paid and construction in progress	Total
€ million					
Balance at Jan. 1, 2024	**326.5**	**594.1**	**370.8**	**18.2**	**1,309.6**
Currency translation differences	1.7	1.4	1.2	0.0	4.3
Additions	12.8	19.5	34.0	32.0	98.3
Investment grants	0.0	-0.6	0.0	0.0	-0.6
Disposals	-9.1	-10.5	-11.6	-0.3	-31.5
Company mergers	7.9	3.6	0.3	0.0	11.8
Reclassifications	1.8	7.0	3.5	-12.3	0.0
Balance at Dec. 31, 2024	**341.6**	**614.5**	**398.2**	**37.6**	**1,391.9**

Gross figures Depreciation and impairment	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Advances paid and construction in progress	Total
€ million					
Balance at Jan. 1, 2024	**163.7**	**485.9**	**280.3**	**0.4**	**930.3**
Currency translation differences	0.9	1.0	0.7	0.0	2.6
Depreciation	16.7	20.9	29.5	0.0	67.1
Impairment	0.0	0.0	1.3	0.0	1.3
Disposals	-8.8	-8.5	-10.5	0.0	-27.8
Reclassifications	0.3	-0.3	0.0	0.0	0.0
Balance at Dec. 31, 2024	**172.8**	**499.0**	**301.3**	**0.4**	**973.5**
Net carrying amount at Dec. 31, 2024	**168.8**	**115.5**	**96.9**	**37.2**	**418.4**

Gross figures Cost of purchase/conversion	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Advances paid and construction in progress	Total
€ million					
Balance at Jan. 1, 2023	**332.9**	**572.4**	**371.9**	**22.2**	**1,299.4**
Currency translation differences	-0.9	-0.9	-1.0	-0.2	-3.0
Additions	8.6	20.1	32.2	14.1	75.0
Investment grants	0.0	0.1	0.0	0.0	0.1
Disposals	-6.4	-8.4	-28.7	-0.1	-43.6
Changes to basis of consolidation	3.1	0.0	1.0	0.0	4.1
Reclassifications	0.5	10.7	4.3	-15.8	-0.3
Reclassifications according to IFRS 5	-11.3	0.1	-8.9	-2.0	-22.1
Balance at Dec. 31, 2023	**326.5**	**594.1**	**370.8**	**18.2**	**1,309.6**

Gross figures Depreciation and impairment	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture and fixtures	Advances paid and construction in progress	Total
€ million					
Balance at Jan. 1, 2023	**150.3**	**471.4**	**282.6**	**0.4**	**904.7**
Currency translation differences	-0.6	-0.7	-0.6	0.0	-1.9
Depreciation	17.1	21.8	29.3	0.0	68.2
Impairment	0.0	1.3	1.2	0.0	2.5
Disposals	-2.5	-7.9	-28.3	0.0	-38.7
Changes to basis of consolidation	0.4	0.1	0.7	0.0	1.2
Reclassifications	0.0	-0.1	0.1	0.0	0.0
Reclassifications according to IFRS 5	-1.0	0.0	-4.7	0.0	-5.7
Balance at Dec. 31, 2023	**163.7**	**485.9**	**280.3**	**0.4**	**930.3**
Net carrying amount at Dec. 31, 2023	**162.8**	**108.2**	**90.5**	**17.8**	**379.3**

Property, plant and equipment also includes right-of-use assets in connection with leases. These are described in detail in Note 27 in these notes to the financial statements.

Of the additions in 2024, a sum of €26.0 million was attributable to right-of-use assets in connection with leases (2023: €17.1 million). Capital expenditure in respect of right-of-use assets was mainly attributable to the extension of leases for leased property and to new leases for properties and technical equipment and machines.

Investment in property, plant and equipment (excluding right-of-use assets for leases) mainly related to IT equipment, the establishment of the new multi-function center, new test rigs for gas, electric, and hydrogen drives, new machinery and tools, the set-up of the new assembly line for engine series with capacities of between 4 and 8 liters, and replacement investment in machinery.

Total government grants recognized as at December 31, 2024 amounted to €2.9 million (December 31, 2023: €2.9 million). In 2024, grants of €0.4 million (2023: €0.5 million) were recognized in profit or loss (as a reduction of the depreciation expense).

Purchase commitments for property, plant and equipment are described in Note 30.

14. Intangible assets

Gross figures Cost of purchase/ conversion	Goodwill	Internally generated intangible assets Completed	Internally generated intangible assets In development	Other intangible assets	Total
€ million					
Balance at Jan. 1, 2024	**38.0**	**471.9**	**70.9**	**180.2**	**761.0**
Currency translation differences	0.0	0.0	0.0	1.4	1.4
Additions	0.0	0.0	2.2	2.5	4.7
Disposals	0.0	0.0	0.0	-0.5	-0.5
Company mergers	44.6	0.2	0.0	128.9	173.7
Recognition of goodwill acquired in the previous year[204]	-0.9	0.0	0.0	0.0	-0.9
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance at Dec. 31, 2024	**81.7**	**472.1**	**73.1**	**312.5**	**939.4**

Gross figures Amortization and impairment	Goodwill	Internally generated intangible assets Completed	Internally generated intangible assets In development	Other intangible assets	Total
€ million					
Balance at Jan. 1, 2024	**0.0**	**433.5**	**26.5**	**141.1**	**601.1**
Currency translation differences	0.0	0.0	0.0	0.2	0.2
Amortization	0.0	10.1	0.0	16.2	26.3
Impairment	0.0	0.0	9.2	0.1	9.3
Disposals	0.0	0.0	0.0	-0.5	-0.5
Reclassifications	0.0	0.0	0.0	0.0	0.0
Balance at Dec. 31, 2024	**0.0**	**443.6**	**35.7**	**157.1**	**636.4**
Net carrying amount at Dec. 31, 2024	**81.7**	**28.5**	**37.4**	**155.4**	**303.0**

Gross figures Cost of purchase/ conversion	Goodwill	Internally generated intangible assets Completed	Internally generated intangible assets In development	Other intangible assets	Total
€ million					
Balance at Jan. 1, 2023	**55.5**	**471.9**	**33.1**	**196.7**	**757.2**
Currency translation differences	0.0	0.0	0.0	-0.2	-0.2
Additions	0.0	0.0	37.8	4.3	42.1
Investment grants	0.0	0.0	0.0	-0.1	-0.1
Disposals	0.0	0.0	0.0	-12.2	-12.2
Changes to basis of consolidation	2.1	0.0	0.0	16.7	18.8
Reclassifications	0.0	0.0	0.0	0.3	0.3
Reclassifications according to IFRS 5	-19.6	0.0	0.0	-25.3	-44.9
Balance at Dec. 31, 2023	**38.0**	**471.9**	**70.9**	**180.2**	**761.0**

[204] The goodwill was reduced by €0.9 million when the purchase price allocation was finalized. This resulted from the recognition of deferred taxes on the net assets that were acquired and are measured at fair value (effect on goodwill: increase of €0.3 million) and from an adjustment to the net assets that are measured at fair value (effect on goodwill: decrease of €1.2 million).

Gross figures Amortization and impairment	Goodwill	**Internally generated intangible assets** Completed	In development	Other intangible assets	Total
€ million					
Balance at 1.1.2023	**0.0**	**417.0**	**13.6**	**157.3**	**587.9**
Currency translation differences	0.0	0.0	0.0	-0.2	-0.2
Amortization	0.0	15.1	0.0	6.8	21.9
Impairment	0.0	1.4	12.9	1.9	16.2
Reversals of impairment losses	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	-12.2	-12.2
Reclassifications	0.0	0.0	0.0	0.0	0.0
Reclassifications according to IFRS 5	0.0	0.0	0.0	-12.5	-12.5
Balance at Dec. 31, 2023	**0.0**	**433.5**	**26.5**	**141.1**	**601.1**
Net carrying amount at Dec. 31, 2023	**38.0**	**38.4**	**44.4**	**39.1**	**159.9**

Other intangible assets as at December 31, 2024 mainly comprised customer relationships (including orders on hand) in connection with the acquisitions carried out in the reporting year and in previous years with an aggregate value of €86.7 million (December 31, 2023: €21.4 million). In the reporting year, customer relationships (including orders on hand) totaling €70.3 million were acquired as part of the acquisitions of Blue Star Power Systems, Inc. and the business comprising Rolls-Royce's Power Systems division for Daimler Truck industrial engines. Furthermore, property rights and right-of-use assets in development work for Daimler Truck industrial engines worth €47.1 million were assumed when the business was taken over. Other intangible assets also included the Blue Star Power Systems brand, a sales license, and subsidies for resources owned by suppliers.

As at December 31, 2024, the internally generated intangible assets largely comprised intellectual property rights (IP rights) for medium-duty engines (MDEG engines) and license rights for heavy-duty engines (HDEP engine series) of Daimler Truck AG amounting to €37.4 million.

The impairment losses of €9.2 million on internally generated intangible assets related to capitalized development expenditure on an engine series and were the consequence of lower unit sales forecasts. These impairment losses were recognized under research and development costs in the income statement. The impairment testing of these assets was carried out at the level of the cash-generating unit represented by the engine series. Impairment losses totaling €1.4 million were recognized on the property, plant and equipment and other intangible assets linked to the cash-generating unit. The total impairment loss for the engine series therefore came to €10.6 million. The recoverable amount, calculated on the basis of the value in use of these cash-generating units, stood at minus €6.0 million. The recognized impairment losses relate to the DEUTZ Classic segment. The pre-tax discount rate used for measurement was 22.8% and resulted from a phase of increased losses in the early years of the product lifecycle of this engine series from a pre-tax perspective.

Amortization relating to internally generated intangible assets, amounting to €10.1 million (2023: €15.1 million), was recognized under the cost of sales in the income statement. Amortization relating to other intangible assets, amounting to €16.2 million (2023: €6.8 million), was split across all functional areas in the income statement.

Goodwill

Goodwill of €81.7 million was attributable to the DEUTZ Classic and DEUTZ Green segments and is managed at the level of these segments.

The table below shows the changed allocation of goodwill to the operating segments of the Group.

€ million	DEUTZ Classic	DEUTZ Green	Not yet allocated	Total
Balance at Jan. 1, 2024	**34.6**	**3.4**	**0.0**	**38.0**
Additions	44.6	0.0	0.0	**44.6**
Disposals	0.0	0.0	0.0	**0.0**
Reclassification	-0.9	0.0	0.0	**-0.9**
Balance at Dec. 31, 2024	**78.3**	**3.4**	**0.0**	**81.7**

Goodwill was tested for impairment at the level of the DEUTZ Classic and DEUTZ Green operating segments as at December 31, 2024 as these are the groups of cash-generating units (CGUs) to which the goodwill has been allocated. The recoverable amounts of these operating segments were then offset against the carrying amounts of the operating segments including the allocated goodwill. As market prices are not available for these groups of cash-generating units, the recoverable amount of an operating segment is calculated by determining fair value less costs to sell in accordance with the discounted cash flow (DCF) method. Fair value less costs to sell is measured on the basis of unobservable inputs (level 3). Fair value less costs to sell was calculated by discounting estimated future cash flows to their present value. The calculation uses a discount rate that reflects current market expectations in respect of the time value of money and the risks inherent in the group of CGUs. The cash flows used in the calculation were derived from the financial plan approved by management, which reflects market expectations and covers a five-year period (detailed planning phase). For the two groups of CGUs, DEUTZ Classic and DEUTZ Green, the detailed planning phase was extended by an additional rough planning period of one year in order to achieve the stable outlook for the CGUs required for the calculation for perpetuity. The detailed planning phase was extended by 15 years for the DEUTZ Classic CGU and by twelve years for the DEUTZ Green CGU. As the process of developing and evolving traditional internal combustion engines into hydrogen-based and electric drive solutions is still in its early stages, further significant revenue and profit growth is expected in the Green segment over the course of the detailed planning phase. Consequently, the likely picture at the end of the detailed planning phase remains in flux. Key assumptions underlying the calculation of cash flows in the detailed planning phase include assumptions concerning unit sales volumes, sales prices, and costs that are based on inhouse experience and data collected outside the Company. As planning in the DEUTZ Green segment revolves around new technologies, DEUTZ maintains an ongoing dialogue with customers in this area in order to gauge needs and assess the competitiveness of its products. Cash flows that extend beyond the detailed planning phase are determined using appropriate unit sales growth rates and EBIT figures extrapolated from these. For the rough planning period, a CAGR[205] of 11% was assumed (December 31, 2023: 13%). The growth rate applied in perpetuity is 1%. In light of the anticipated growth in the DEUTZ Green segment, sales expectations for the DEUTZ Classic segment will diminish over the long term. Here too, the likely picture at the end of the detailed planning phase remains subject to change. For cash flows in the rough planning period for the DEUTZ Classic segment, a CAGR of minus 9% was assumed (December 31, 2023: minus 9%). The growth rate applied in perpetuity is minus 3%. Planning for unit sales in both segments is based on a technology matrix that illustrates the expected impact of shifting the Company's product and service portfolio toward climate-neutral drive systems. The trajectory of political discussions around the transition to renewable energies and carbon neutrality can affect the Group's technology matrix and prompt changes to the assumptions.

[205] Compound annual growth rate (CAGR) representing the average annual rate of growth.

DEUTZ Classic operating segment:
Revenue in the DEUTZ Classic operating segment in the planning period will be generated mainly through the sale of diesel and gas engines and through the spare parts business (service). The planning is based both on market data and on a management estimate. Our revenue planning considered not only the anticipated performance of the market for diesel engines in our key application segments but also the trends in the industries in which our major customers operate.

The goodwill acquired in connection with the acquisition of Blue Star Power Systems, Inc., North Mankato (USA), was provisionally allocated to the DEUTZ Classic segment. A new segment structure applies from January 1, 2025. The DEUTZ Solutions segment will comprise two business units: DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy. Blue Star Power Systems, Inc., will be assigned to the DEUTZ Energy business unit within the DEUTZ Solutions segment. Once the assignment of Blue Star Power Systems, Inc., has been finalized, the DEUTZ Classic segment will therefore remain unchanged.

The goodwill allocated to the DEUTZ Classic segment was tested for impairment, but not the goodwill from the acquisition of Blue Star Power Systems, Inc. Because the purchase price allocation and the segment assignment have not yet been completed, this goodwill was tested to determine whether there were any indications that it could be impaired. This was not the case as at December 31, 2024.

The post-tax cost of capital used for discounting was 8.03% (December 31, 2023: 8.6%). The discount interest rate was based on a risk-free interest rate of 2.50% (December 31, 2023: 2.75%) and a market risk premium that was unchanged at 7.0%. In addition, the beta factor, the cost of debt, and the capital structure were determined using a peer group specific to the business unit.

The impairment test carried out for the DEUTZ Classic operating segment verified the recoverability of the goodwill allocated to this segment. The following sensitivity analyses were performed for the material assumptions in addition to the impairment test. A potential increase/decrease in the weighted average cost of capital (WACC) by 1 percentage point or a potential increase/ decrease in the growth rate by 0.5 percentage points – which are all possible in the view of management – would have the following impact on the recoverable amount of the DEUTZ Classic segment's group of cash-generating units:

Sensitivity analysis of recoverable amount – DEUTZ Classic CGU

Change in recoverable amount		Change in growth rate Terminal value (percentage points)		
€ million		**-0,5**	**0**	**+0,5**
	-1	298.8	315.8	334.7
WACC change (percentage points)	**0**	-11.0	0.0	12.0
	+1	-264.6	-257.4	-249.6

Excess/shortfall compared with the carrying amount of the CGU		Change in growth rate Terminal value (percentage points)		
€ million		**-0,5**	**0**	**+0,5**
	-1	1,636.6	1,653.6	1,672.5
WACC change (percentafe points)	**0**	1,326.8	1,337.8	1,349.8
	+1	1,073.2	1,080.4	1,088.2

DEUTZ Green operating segment:
The post-tax cost of capital used for discounting was 8.44% (December 31, 2023: 9.9%). The discount interest rate was based on a risk-free interest rate of 2.50% (December 31, 2023: 2.75%) and a market risk premium that was unchanged at 7.0%. In addition, the beta factor, the cost of debt, and the capital structure were determined using a peer group specific to the business unit.

The impairment test carried out for the DEUTZ Green operating segment is based on continuing operations and verified the recoverability of the goodwill allocated to this segment. The following sensitivity analyses were performed for the material assumptions in addition to the impairment test. A potential increase/decrease in the weighted average cost of capital (WACC) by 1 percentage point or a potential increase/decrease in the growth rate by 0.5 percentage points – which are all possible in the view of management – would have the following impact on the recoverable amount of the DEUTZ Green segment's group of cash-generating units:

Sensitivity analysis of recoverable amount – DEUTZ Green CGU

Change in recoverable amount		Change in growth rate Terminal value (percentage points)		
€ million		**-0,5**	**0**	**+0,5**
	-1	40.2	53.3	68.5
WACC change (percentage points)	**0**	-8.4	0.0	9.6
	+1	-43.2	-37.6	-31.4

Excess/shortfall compared with the carrying amount of the CGU		Change in growth rate Terminal value (percentage points)		
€ million		**-0,5**	**0**	**+0,5**
	-1	89.5	102.5	117.8
WACC change (percentafe points)	**0**	40.9	49.3	58.9
	+1	6.0	11.6	17.9

If a WACC of around 9.84% instead of 8.44% were used, the fair value less costs to sell would correspond to the carrying amount.

15. Equity-accounted investments

The shares held by the DEUTZ Group in associates and joint ventures, none of which are listed companies, are as follows:

€ million	**2024**	2023
Jan. 1	**41.4**	**50.6**
Additions	1.3	0.0
Pro-rata profit/loss on equity-accounted investments	0.9	-5.5
Other changes arising from measurement using the equity method	0.2	-3.7
Dec. 31	**43.8**	**41.4**

A summary of further financial information about associates and joint ventures is provided in Note 29 »Interests in other entities«.

16. Other assets and financial assets (non-current)

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Equity investments	1.3	7.6
Non-current securities	4.2	3.9
Cost of borrowing	0.3	0.5
Loans	1.3	0.0
Other non-current assets	10.8	13.0
Other	0.5	1.7
Total	**18.4**	**26.7**

Equity investments
This line item consists of the carrying amount of the equity investment in Blue World Technologies, Aalborg, Denmark. The decrease of €6.3 million was largely due to an adjustment to the equity investment, which is measured at fair value.

Non-current securities
This line item on the balance sheet includes securities in the form of equities and bonds. The securities are mainly used to hedge the pension obligations of the Group company DEUTZ Corporation, Atlanta, USA.

Cost of borrowing

The cost of borrowing directly associated with the working capital facility is accounted for as a non-current asset and is recognized in the income statement in installments over the capital commitment period. The financial debt (including the pro rata cost of borrowing) is recognized when the working capital facility is drawn down as a loan and is subsequently measured using the effective interest method.

Lending

This line item contains the increase in value of the loan to the former suppliers Gusswerke Saarbrücken GmbH and Gusswerke Leipzig GmbH resulting from an inflow of cash that is expected due to a distribution of assets as part of insolvency proceedings.

Other non-current assets

This item comprises an entitlement of DEUTZ to be granted a right of use regarding intellectual property rights that arise from the further development of the on-highway HDEP engines in connection with the license agreement.

17. Deferred taxes, current taxes and other tax liabilities

As at the balance sheet date, DEUTZ AG had unutilized tax losses carried forward of €715.3 million for corporation tax (2023: €722.7 million) and €816.3 million for trade tax (2023: €826.0 million). The figures disclosed in 2023 for tax loss carryforwards (corporation tax: €713.5 million; trade tax: €826.5 million) were adjusted in line with tax audits and updated tax assessments.

Further tax loss carryforwards were also available to international companies in the Group.

The following table gives a breakdown of the deferred tax assets and liabilities and the current tax assets and liabilities reported on the balance sheet:

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Non-current		
Deferred tax assets	153.9	127.4
Deferred tax liabilities	5.6	5.8
Current		
Current tax assets	12.4	4.1
Liabilities arising from income taxes	1.5	6.4

In 2024, the deferred tax assets net of deferred tax liabilities amounted to €153.9 million. They were largely the result of capitalizing deferred tax assets on tax losses carried forward and of temporary differences, particularly those between the carrying amount of provisions for pensions and other post-retirement benefits on the consolidated balance sheet and their tax base in the financial statements at DEUTZ AG. Deferred tax assets from items recognized in other comprehensive income amounted to €15.3 million (December 31, 2023: €16.8 million) for provisions for pensions and other post-retirement benefits and minus €0.5 million (December 31, 2023: minus €0.7 million) for measurement of cash flow hedges.

The following table shows the breakdown of deferred tax assets and liabilities:

€ million	**Dec. 31, 2024**		Dec. 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	0.7	11.6	0.0	18.9
Property, plant and equipment	0.9	21.2	0.8	20.6
Investments	1.4	0.0	3.0	0.0
Inventories	13.7	0.0	12.3	0.1
Receivables and other assets	0.6	3.0	3.3	0.1
Pensions	7.2	0.1	9.2	0.1
Other liabilities	77.2	34.1	75.9	37.9
Tax loss carryforwards	116.6	0.0	94.8	0.0
Deferred taxes (gross)	**218.3**	**70.0**	**199.3**	**77.7**
Netting	64.4	64.4	71.9	71.9
Deferred taxes (net)	**153.9**	**5.6**	**127.4**	**5.8**

The tax assets in excess of deferred tax liabilities – for which sufficient taxable profit will be available in the future – amounted to €153.9 million (December 31, 2023: €127.4 million).

The following table shows the changes in deferred taxes:

€ million	**2024**	2023
Deferrex taxes as at January 1	**121.6**	**99.3**
Adjustments in accordance with IFRS 5	0.0	3.9
Expense/income recognized in the income statement	28.6	19.4
Deferred taxes recognized in other comprehensive income	-1.9	-1.0
Deferred taxes as at December 31	**148.3**	**121.6**

The decrease in deferred taxes in respect of temporary differences, which was recognized in other comprehensive income, was €1.9 million as at December 31, 2024 (December 31, 2023: decrease of €1.0 million) and largely resulted from the change in provisions for pensions and other post-retirement benefits.

As at December 31, 2024, the DEUTZ Group had not recognized any deferred tax liabilities on temporary differences of €1.60 million (December 31, 2023: €1.47 million) in connection with subsidiaries, associates, or joint ventures because the timing of the reversal of the differences can be controlled and no material impact on taxes is expected in the near future.

Deferred tax assets are only recognized to the extent that sufficient future taxable income is likely to be generated over a certain planning period against which the as yet unused tax loss carryforwards can be offset. Consequently, as well as tax loss carryforwards on which deferred taxes have been recognized, there are loss carryforwards for which deferred taxes have not been recognized because the losses cannot be utilized. The following tables show the amounts and expiry dates of the tax loss carryforwards on which deferred taxes have not been recognized:

Loss carryforwards in the Group on which deferred taxes have not been recognized

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Corporation tax/solidarity surcharge	379.7	441.6
Trade tax	447.3	535.6

Thereof: expiry periods for German and international loss carryforwards in the Group

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Up to 5 years	0.0	0.0
Indefinite		
Corporation tax/ solidarity surcharge	379.7	441.6
Trade tax	447.3	535.6

The figures disclosed in 2023 for loss carryforwards on which deferred taxes had not been recognized in full (corporation tax: €432.4 million, trade tax: €536.2 million) were adjusted following updates to tax assessments.

18. Inventories

€ million	**Dec. 31, 2024**	Dec. 31,2023
Raw materials, consumables, bought-in parts and spare parts	239.6	248.9
Work in progress	62.0	56.1
Finished goods	130.0	128.9
Total	**431.6**	**433.9**

The cost of materials came to €942.2 million in the year under review (2023: €1,108.7 million).

The following table shows the change in the valuation allowance accounts for inventories:

€ million	**2024**	2023
Jan. 1	**47.9**	**49.4**
Changes	8.1	-0.4
Reclassifications according to IFRS 5	0.0	-1.1
Dec. 31	**56.0**	**47.9**

19. Other receivables and assets

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Trade receivables	192.0	207.3
Less write-downs	-5.6	-5.4
Trade receivables (net)	**186.4**	**201.9**
Other reicevables and assets		
Receivables arising from other taxes	17.1	11.4
Bonuses and other receivables from suppliers	8.4	7.8
Receivables remaining after sale of receivables	2.4	3.0
Receivables arising from investment grants	2.3	1.7
Prepayments	6.2	5.7
Receivables arising from reimbursements	0.4	1.0
Receivables due from investments	0.4	0.5
thereof trade receivables	0.4	0.5
thereof other receivables	0.0	0.0
Derivative financial instruments	0.0	1.5
Advances paid	0.6	0.1
Sundry other receivables	15.6	17.1
Total	**53.4**	**49.8**

As at December 31, 2024, the volume of receivables sold under factoring agreements was €103.9 million (December 31, 2023: €151.2 million). Not all the opportunities and risks connected with title to the receivables that were sold were transferred to the factor. While the entire credit risk was transferred, a risk of late payment remains for trade receivables of €0.8 million that were sold. This risk was mitigated by recognizing a liability in the corresponding amount. These receivables of €0.8 million continue to be recognized as part of the continuing involvement. The fair values of the receivables transferred and the related liabilities amounted to €103.9 million and €0.8 million respectively. The net value of the receivables transferred was €103.1 million. The total carrying amount of the receivables before they were transferred as part of factoring arrangements stood at €289.5 million. An amount of €186.4 million continues to be recognized. DEUTZ AG remains responsible for managing the receivables that were sold. As at December 31, 2024, the Group had access to factoring lines totaling €250.0 million (December 31, 2023: €250.0 million). They are revolving lines. In 2024, interest expense of €4.5 million (2023: €5.9 million) was recognized in connection with the sale of receivables.

As at December 31, 2024, there were receivables amounting to €2.4 million due from one factor (December 31, 2023: €3.0 million) in connection with the sale of receivables. The fair value of these receivables was also €2.4 million (December 31, 2023: €3.0 million). The risk arising from the factoring transaction was the credit risk of the factor, which was lower than the credit risk of the original debtors. The maximum downside risk as at December 31, 2024 was limited to the amount receivable of €2.4 million (December 31, 2023: €3.0 million).

Trade receivables had been written down by an amount of €5.6 million as at December 31, 2024 (December 31, 2023: €5.4 million). The table showing the change in the valuation account can be found in Note 28 »Financial risk management and additional information on capital management«.

If other receivables or assets are found to be impaired, a direct write-down is applied to the relevant carrying amounts. Total impairment losses of €9.2 million were recognized on other receivables and assets as at December 31, 2024 (December 31, 2023: €9.2 million). The table showing the change in the valuation account can be found in Note 28.

There were no contract assets arising from contracts with customers as at December 31, 2024 or as at December 31, 2023.

20. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, short-term deposits, and credit balances with banks. It amounted to €62.0 million as at December 31, 2024 (December 31, 2023: €90.1 million). There were no access restrictions, as had also been the case in the previous year.

21. Assets held for sale of discontinued operations and liabilities associated with assets of discontinued operations

The following table provides an overview of the carrying amounts of the assets and liabilities of the Torqeedo Group recognized as relating to discontinued operations as at the point of sale (April 3, 2024) and as at December 31, 2023:

€ million	**Apr. 3, 2024**	Dec. 31, 2023
Property, plant and equipment	16.2	15.9
Intangible assets and goodwill	30.3	30.3
Non-current assets	**46.5**	**46.2**
Inventories and trade receivables	27.7	28.4
Other assets	1.4	1.1
Cash and cash equivalents	**2.0**	**0.0**
Current assets	**31.1**	**29.5**
Total assets	**77.6**	**75.7**
Lease liabilities	6.8	7.1
Deferred tax provisions	3.3	3.3
Non-current liabilities	**10.1**	**10.4**
Other provisions	4.0	4.0
Lease liabilities	1.0	1.0
Trade payables	3.0	2.5
Other liabilities	1.8	1.1
Current liabilities	**9.8**	**8.6**
Total Liabilities	**19.9**	**19.0**

The assets and liabilities of the disposal group were measured at the lower of the carrying amount and fair value less costs to sell. No impairment losses arose as part of this process.

The intangible assets included the DEUTZ Green operating segment’s goodwill of €19.6 million attributable to the disposal group.

22. Equity

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Issued capital	354.7	322.5
Additional paid-in capital	78.9	40.3
Other reserves	-6.8	-6.7
Retained earnings and accumulated income	421.1	387.1
Equity attributable to the shareholders of the parent	847.9	743.2
Total	**847.9**	**743.2**

Issued capital

At the end of 2024, the issued capital (share capital) of DEUTZ AG amounted to €354,739,200.24 (December 31, 2023: €322,490,184.06) and was divided into 138,761,914 no-par-value bearer shares (December 31, 2023: 126,147,195). The no-par-value shares had a notional par value of €2.56 each (December 31, 2023: €2.56). Each share confers one vote and determines the corresponding share of profit.

The rise in issued capital was attributable to the placement of new shares with institutional investors in July 2024. The Company used some of its authorized capital to issue the new shares and disapplied pre-emption rights.

Authorized capital

As at December 31, 2024, the composition of the authorized capital was as follows:

By way of a resolution adopted by the Annual General Meeting on April 27, 2023, the Board of Management has been authorized, in accordance with Article 4 (3) of the Statutes of DEUTZ AG and subject to the consent of the Supervisory Board, to increase the issued capital of the Company on or before April 26, 2028 on one or more occasions in installments through the issue of up to 24,172,356 new no-par-value bearer shares for cash by up to a total amount of €61,795,646.86 (authorized capital 2023/I).

By way of a resolution adopted by the Annual General Meeting on April 27, 2023, the Board of Management has moreover been authorized, in accordance with Article 4 (3) of the Statutes of DEUTZ AG and subject to the consent of the Supervisory Board, to increase the issued capital of the Company on or before April 26, 2028 on one or more occasions in installments through the issue of up to 11,557,637 new no-par-value bearer shares for cash by up to a total amount of €29,546,629.82 (authorized capital 2023/II).

The issue of new shares or the creation of conversion rights and/or option rights or obligations is permitted only to the extent that the new shares issued and/or the conversion and/or option rights or obligations created do not in total exceed 40% of the issued capital. All utilizations of the authorizations granted at the Annual General Meeting on April 27, 2023 (authorized capital I and II, conditional capital, issue of profit-sharing rights without conversion rights or option rights, purchase and use of treasury shares) are thus to be aggregated.

Existing shareholders generally have pre-emption rights when authorized capital 2023/I or II is utilized. However, these can be disapplied in the specific cases stipulated in Article 4 (3) of the Statutes of DEUTZ AG, subject to the consent of the Supervisory Board. Authorizations to disapply pre-emption rights are provided for to an extent that corresponds, as a maximum, to the quantitative requirements of section 186 (3) sentence 4 of the German Stock Corporation Act (AktG), which have preferential status.

The Board of Management prepared a written report detailing the reasons for the proposed disapplication of pre-emption rights pursuant to section 203 (2) sentence 2 AktG in conjunction with section 186 (4) sentence (2) AktG, which was made accessible online at www.deutz.com/en/investor-relations/annual-general-meeting/2023 from the date on which the 2023 Annual General Meeting was convened.

The total of all shares issued (or to be issued in the case of convertible bonds and warrant-linked bonds) under disapplication of pre-emption rights in accordance with these authorizations may not cumulatively exceed the limit of 10% of the issued capital. This limit is determined by the issued capital of the Company at the time these authorizations take effect or – if lower – the issued capital at the time these authorizations are utilized.

The nominal amount of the as-yet unutilized authorized capital 2023/I was €61,795,646.86 as at December 31, 2024, while the nominal amount of the partly utilized authorized capital 2023/II was €29,546,629.82. A sum of €32,249,017.04 was utilized in connection with the capital increase. Please see also the notes relating to issued capital. As at December 31, 2023, the nominal amount of the existing authorized capital 2023/I and II had been €61,795,646.86.

Conditional capital

As at December 31, 2024, the composition of the conditional capital was as follows:

Based on a resolution adopted by the Annual General Meeting on April 27, 2023, the share capital of DEUTZ AG is conditionally increased by up to €61,795,646.86 by issuing up to 24,172,356 new shares.

The conditional capital will only be increased to the extent to which the holders of convertible bonds or of warrants from warrant-linked bonds that are issued by the Company or a subsidiary on or before April 26, 2028 on the basis of the authorization granted to the Board of Management by the Annual General Meeting on April 27, 2023 exercise their conversion/option rights or – if they have a conversion obligation or an obligation to exercise the option – fulfill such obligation, and provided that no other means are used to satisfy such rights and/or obligations. The new shares shall be issued at the conversion or option exercise prices to be determined in each case in accordance with the aforementioned authorization resolution as set out in the bond/warrant terms and conditions (conditional capital 2023).

The shares issued on the basis of this provision entitle their holders to a share of the Company's profits from the beginning of the financial year in which they are created. The Board of Management was authorized to decide on the finer details for implementing the conditional capital increase, subject to the consent of the Supervisory Board.

For further information on the capital threshold and the disapplication of pre-emption rights, please refer to the notes on authorized capital. Existing shareholders generally have pre-emption rights.

Profit-sharing rights

By way of a resolution adopted by the Annual General Meeting on April 27, 2023, the Board of Management has been authorized to issue on or before April 26, 2028 on one or more occasions registered and/or bearer profit-sharing rights to a total value of up to €100,000,000 without conversion rights or option rights in respect of shares in the Company and with or without a limited maturity, subject to the consent of the Supervisory Board. The profit-sharing rights may be denominated in euros or in any other legal tender of an OECD member state. If profit-sharing rights are issued in another currency, the relevant corresponding value in euros is the value calculated at the ECB reference rate on the date the resolution on the issue of the profit-sharing rights is adopted. The profit-sharing rights may be issued for cash or in return for a non-cash contribution.

For further information on the capital threshold and the disapplication of pre-emption rights, please refer to the notes on authorized capital. Existing shareholders generally have pre-emption rights.

Treasury shares pursuant to section 71 (1) no. 8 AktG

By way of a resolution adopted by the Annual General Meeting on April 27, 2023, the Board of Management has been authorized to purchase treasury shares on or before April 26, 2028 in an amount equivalent to up to a total of 10% of the Company's share capital in existence when the resolution is adopted or – if lower – of the Company's share capital in existence at the time the authorization is exercised, subject to the consent of the Supervisory Board. The shares purchased on the basis of this authorization, together with other treasury shares that the Company has already purchased and still holds or which are attributable to the Company pursuant to sections 71a onward AktG, must at no time account for more than 10% of the Company's share capital.

The authorization must not be used for the purpose of trading in treasury shares.

The Company did not purchase any treasury shares under this authorization in 2024 or 2023.

Additional paid-in capital

The additional paid-in capital contains premiums and contributions from shareholders as well as the equity component of compound financial instruments such as non-interest-bearing convertible profit-sharing rights and low-interest-bearing convertible bonds. The value of the conversion right linked to previous profit-sharing rights and bonds was recognized in equity on the issue date at fair value less pro rata transaction costs, taking account of deferred taxes.

No such compound financial instruments were in issue, either in 2024 or in 2023.

The 12,614,719 new shares were placed with institutional investors at a price of €5.71 per share. The issue proceeds that exceeded the nominal amount per share of €2.56, which amounted to €39.8 million, were added to additional paid-in capital.

Other reserves

Currency translation Translation differences allocated to the shareholders of DEUTZ AG arising from the translation of equity at historical rates and the translation of the net income or loss at average rates for the year are reported under accumulated other comprehensive income/loss. The cumulative gain on translation differences recognized in other reserves amounted to €4.3 million as at the end of 2024 (December 31, 2023: loss of €0.4 million recognized).

As at December 31, 2023, other reserves had included a currency translation adjustment from discontinued operations of minus €0.3 million.

Fair value reserve This reserve is used for the recognition of changes in the fair value of financial instruments that are measured at fair value. That portion of the gain or loss on a cash flow hedging instrument determined to be an effective hedge is also recognized in the fair value reserve.

Retained earnings and accumulated income

This item includes DEUTZ AG's legal reserve of €4.5 million (December 31, 2023: €4.5 million).

Non-controlling interests

There were no non-controlling interests in existence either in the reporting year or in the comparative period.

Dividend

According to the German Stock Corporation Act (AktG), the dividend is paid from the accumulated income reported in the annual financial statements of DEUTZ AG prepared in accordance with the German Commercial Code (HGB). In 2024, DEUTZ AG distributed a dividend of €21.4 million to its shareholders (€0.17 per share) from the accumulated income reported as at December 31, 2023.

The Board of Management proposes using €23.6 million of the accumulated income reported by DEUTZ AG as at December 31, 2024 to pay a dividend of €0.17 per no-par-value share.

23. Provisions for pensions and other post-retirement benefits

DEUTZ AG has both defined contribution plans and defined benefit plans for its employees.

Defined contribution plans

Employees in Germany receive statutory social insurance benefits for which contributions are paid as part of income. At DEUTZ, there are also further direct insurance policies that are financed by employees. These plans are treated as defined contribution plans because the Company has no obligation beyond the payment of contributions to private insurers. Ongoing contribution payments are reported as an expense for the period concerned.

The employer's contribution to the German statutory pension insurance scheme in 2024 came to €22.3 million (2023: €21.0 million). In addition, a further €1.6 million (2023: €1.6 million) was paid for pension and direct insurance policies in connection with deferred compensation.

Defined benefit plans

The DEUTZ Group maintains several defined benefit pension plans in Germany and abroad. The largest pension plans are in Germany and the UK. Together, they accounted for more than 95% of defined benefit obligations (December 31, 2023: 95%) and 100% of plan assets (December 31, 2023: 100%).

In all, there are four defined benefit pension plans in Germany. While three of the plans are employer funded, the fourth is a deferred compensation plan. As a rule, the employer-funded pension plans comprise a general employee retirement pension for life, a disability pension, and a surviving dependants' pension. The level of the monthly pension paid under the employer-funded pension plans is based on earned income and years of service in the DEUTZ Group. Since the pension plans were frozen in 1995, employees can no longer acquire any further employer-funded pension entitlements. In the case of the deferred compensation plan, the Company has taken out a reinsurance policy with a life insurance company based on the amount of salary contribution and undertakes to pay a pension based on the guaranteed capital that has been underwritten. In Germany, occupational pension schemes are governed by the Occupational Pensions Act (BetrAVG), according to which the DEUTZ Group has sole responsibility for meeting the requirements of defined benefit pension plans. The normal retirement age is 67.

The existing defined benefit plan in the UK entitles pension beneficiaries to a pension that depends on the level of their basic salary and the number of eligible years of service. However, since the pension plans were frozen in 2016, no employees can now acquire any further employer-funded pension entitlements. The retirement age is between 62 and 65. The annual pension paid is between 1/55 and 1/60 of the highest basic salary received in the final five years of service for each eligible year of service. The pension plan is primarily funded by converting pension beneficiaries' basic salary and employer contributions into plan assets. The DEUTZ Group undertakes to compensate for any shortfall in the scheme. Every year, the amount for which the Company is liable is determined with reference to a report by an independent pensions actuary.

The pension plan including the plan assets in the UK must be administered by independent trustees in accordance with UK legislation. The investment policy for the pension plan specifies that the accumulated plan assets must be invested in such a way as to strike the optimum balance between equity instruments and debt instruments from a risk and reward perspective in the current market situation. This investment strategy is specifically intended to counteract capital market risk and the associated risk of mismatches between the Company's payment obligations arising from the pension plan on the one hand and the plan assets on the other.

In connection with the defined benefit pension plans, the Group is exposed to capital market risk arising from its investment of the plan's assets in addition to general actuarial risks such as interest-rate risk, the risk of rising annuity rates, and longevity risk.

Funded status of pension plans

€ million	2024	2023
Pension plans in Germany		
Present value of defined benefit obligation	87.1	98.2
Fair value of plan assets	4.7	4.6
Deficit (net liabilty)	**82.4**	**93.6**
Pension plans in the UK		
Present value of defined benefit obligation	16.7	17.4
Fair value of plan assets	16.7	17.4
Deficit (net liability)	**0.0**	**0.0**
Other pension plans		
Present value of defined benefit obligation	4.7	4.8
Fair value of plan assets	0.0	0.0
Deficit (net liability)	**4.7**	**4.8**
Total		
Present value of definied benefit obligation	108.5	120.4
Fair value of plan assets	21.4	22.0
Deficit (net liability)	**87.1**	**98.4**

The following table shows the breakdown of separate groups to which the pension plans in Germany and the UK have obligations to pay benefits:

Breakdown of defined benefit obligation by beneficiary

€ million	2024	2023
Pension plans in Germany		
Active members	6.1	5.3
Deferred members	0.9	1.1
Pensioners	80.1	91.8
Present value of defined benefit obligation	**87.1**	**98.2**
Pension plans in the UK		
Active members	0.0	0.0
Deferred members	8.5	8.7
Pensioners	8.2	8.7
Present value of defined benefit obligation	**16.7**	**17.4**

The change in the net liability for defined benefit pension plans is shown in the table below:

Change in the net liability for defined benefit pension plans

€ million	2024	2023
Net liability as at Jan. 1	**98.4**	**97.1**
Amounts recognized in the income statement	2.9	3.3
Amounts recognized in other comprehensive income	-5.2	9.3
Employer contributions	0.0	-0.3
Employee contributions	-0.4	0.0
Pension benefits paid	-9.7	-10.6
Effects of changes in foreign exchange rates	0.1	-0.4
Net liability as at Dec. 31	**87.1**	**98.4**

The following table shows the change in the present value of the defined benefit obligation:

Change in present value of defined benefit obligation

€ million	2024	2023
Definied benefit obligation as at Jan. 1	**120.4**	**118.9**
Service cost	0.0	0.0
Employee contributions	0.0	0.0
Interest expense	4.0	4.4
Unrecognized past service cost	0.0	0.0
Remeasurements	-6.8	9.2
thereof: experience adjustments	-5.2	5.5
thereof: actuarial (gains)/ losses arising from changes in biometric assumptions	0.0	0.1
thereof: actuarial (gains)/ losses arising from changes in financial assumptions	-1.6	3.6
Effects of changes in foreign exchange rates	1.0	0.0
Pension benefits paid	-11.1	-12.1
Business combinations	1.0	0.0
Defined benefit obligation as at Dec. 31	**108.5**	**120.4**

As at December 31, 2024, the weighted average life of the defined benefit obligation in Germany was 7.2 years (December 31, 2023: 7.3 years).

The following two tables show the change in the fair value of the plan assets and the breakdown of the plan assets:

Change in fair value of plan assets

€ million	2024	2023
Fair value of plan assets at Jan. 1	**22.0**	**21.8**
Employer contributions	0.0	0.3
Employee contributions	0.4	0.0
Interest income	1.1	1.1
Return on (+)/expenses (-) from plan assets (excl. interest income)	-1.6	-0.1
Pensions paid from plan assets	-1.4	-1.6
Currency translation differences	0.9	0.5
Other	0.0	0.0
Fair value of plan assets at Dec. 31	**21.4**	**22.0**

Breakdown of plan assets

€ million	2024	2023
Cash and cash equivalents	**1.8**	**0.7**
Equity instruments (by region)		
UK	0.0	0.0
Europe (without UK)	0.0	0.0
North America	0.0	0.0
Japan	0.0	0.0
Asia-Pacific	0.0	0.0
Other	**0.0**	0.0
	0.0	**0.0**
Assets held by insurance company	14.9	0.0
Debt instruments measured		
Government bonds	0.0	11.1
Corporate bonds	0.0	5.6
	0.0	**16.7**
Reinsurance cover	4.7	4.6
Total	**21.4**	**22.0**

Market prices were available for all the equity and debt instruments because they are traded in active markets.

In view of the objective of protecting capital, the investment strategy is primarily aimed at achieving a balanced regional allocation for the investments and a combination of equity instruments and debt instruments.

The breakdown of the portions of the net pension cost recognized in current income and expense for 2024 and 2023 is as follows:

Net pension cost

€ million	2024	2023
Unrecognized past service cost	0.0	0.0
Net interest cost	2.9	3.3
Total	**2.9**	**3.3**

The measurement of pension obligations is based on actuaries' reports. The tables below show the main actuarial assumptions underlying the calculations for the material defined benefit obligations in Germany and the UK as at the balance sheet date. The discount rates and pension increases are reported in the form of weighted averages.

Actuarial assumptions

%	2024	2023
Discount rate		
Germany	3.34	3.34
UK	5.50	4.80
Rate of pension increase		
Germany	2.00	2.00
UK	2.50	2.30

Sterbetafeln

Deutschland	Heubeck-Richttafeln 2018G
Großbritannien	S1 YoB (Standardsterblichkeitstafeln für selbstverwaltete Pläne unter Berücksichtigung künftiger Sterblichkeitsveränderungen)

The following sensitivity analysis for each material actuarial assumption as at the balance sheet date shows the impact that potential changes in the assumptions at the relevant balance sheet date would have on the material defined benefit obligations in Germany and the UK.

Sensitivity analysis

2024	**Impact on defined benefit obligation of**	
€ million		
	Anstieg um 0,5 %	Rückgang um 0,5 %
in discount rate		
Germany	-2.7	2.9
UK	-1.0	1.0
in rate of pension increase		
Germany	3.0	-2.8
UK	0.7	-0.6

Sensitivity analysis

2023	**Auswirkung auf die Pensionsverpflichtung bei einem**	
€ million		
	Anstieg um 0,5 %	Anstieg um 0,5 %
in discount rate		
Germany	-3.2	3.4
UK	-1.1	1.2
in rate of pension increase		
Germany	3.5	-3.3
UK	0.6	-0.7

Furthermore, we also believe it is possible that the life expectancy of eligible DEUTZ employees will change. If the .,life expectancy of eligible DEUTZ employees had risen by one year, the increases in the defined benefit obligation arising from the pension plans in Germany and the UK as at December 31, 2024 would have been €8.7 million and €0.4 million respectively (December 31, 2023: €9.7 million and €0.4 million respectively).

The sensitivity calculations are based on the average duration of the pension obligations calculated as at November 30, 2024. In order to highlight the impact on the present value of the defined benefit obligations calculated as at December 31, 2024 separately, the calculations were carried out for each of the actuarial parameters deemed to be material and capable of changing.

Future cash flows

For 2024, the DEUTZ Group is not anticipating any payments into pension plans (2023: payments of €0.5 million).

The following table shows the expected future benefit payments arising from defined benefit obligations:

Expected benefit payments

€ million	**Dec. 31, 2024**
2025	11.0
2026	10.2
2027	9.5
2028	8.9
2029	8.4
2030–2034	35.0

24. Other provisions

The following table gives a breakdown of other provisions:

	2024			2023		
€ million	**Total**	**Residual term of up to 1 year**	**Residual term of more than 1 year**	Total	Residual term of up to 1 year	Residual term of more than 1 year
Warranties	45.9	36.7	9.2	40.5	30.2	10.3
Obligation to employees	36.9	25.9	11.0	36.8	25.5	11.3
Restructuring	0.6	0.2	0.4	1.0	1.0	0.0
Onerous contracts	8.9	8.9	0.0	3.3	3.3	0.0
Other	16.7	10.8	5.9	16.1	13.8	2.3
Total	**109.0**	**82.5**	**26.5**	**97.7**	**73.8**	**23.9**

The majority of the outflow of cash in connection with the provisions is expected to have materialized by 2026.

Other provisions are recognized at their settlement value calculated as at the balance sheet date and take account of projected cost increases. Non-current provisions were discounted at a rate of 4.6% (December 31, 2023: 5.0%). Provisions for obligations to employees include provisions for pre-retirement part-time employment. The non-current portion was discounted at 2.58%, or 2.92% in non-contractually agreed cases (December 31, 2023: 3.06% or 3.15%).

Other provisions cover all identifiable risks and other contingent liabilities. The main items are the cost of warranties and potential risks, provisions for obligations to employees, and onerous contracts. Warranty provisions are recognized for repair or replacement obligations in the event of manufacturing defects or other product defects, free reworking or replacements, purchase price reductions, and compensation for non-performance; they also include general provisions recognized for revenue in respect of which the warranty period had not expired by the reporting date. Provisions for obligations to employees predominantly consist of provisions for early retirement, pre-retirement part-time employment, bonuses, incentives, personnel obligations under share-based payment programs, and profit-sharing. Restructuring provisions primarily relate to obligations under the program to optimize the network of sites and obligations under the Transform for Growth restructuring program. Onerous contracts include losses in relation to orders on hand. The other provisions essentially relate to obligations arising from legal risk and obligations under public law.

The following table shows the changes to other provisions in 2024:

€ million	Warranties	Obligation to employees	Restructuring	Onerous contracts	Other	**Total**
Jan. 1	**40.5**	**36.8**	**1.0**	**3.3**	**16.1**	**97.7**
Additions	25.9	30.0	0.4	5.6	14.8	76.7
Currency translation differences	0.3	0.2	0.0	0.0	0.3	0.8
Amounts utilized	-15.2	-30.0	-0.8	0.0	-10.5	-56.5
Reversals	-6.1	-0.5	0.0	0.0	-3.6	-10.2
Additions to basis of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Effect of changes in interest rates	0.5	0.0	0.0	0.0	0.0	0.5
Reclassifications	0.0	0.4	0.0	0.0	-0.4	0.0
December 31st 2024	**45.9**	**36.9**	**0.6**	**8.9**	**16.7**	**109.0**

25. Financial debt

€ million	December 31st 2024				December 31st 2023			
	Total	**Residual term up to 1 year**	**Residual term of 1–5 years**	**Residual term of more than 5 years**	Total	Residual term of up to 1 year	Residual term of 1–5 years	Residual term of more than 5 years
Liabilities to banks	200.3	129.0	0.0	71.3	171.5	171.5	0.0	0.0
Lease liabilities	86.9	26.8	34.2	25.9	81.5	15.9	40.4	25.2
Other financial debt	0.4	0.1	0.2	0.1	0.5	0.2	0.2	0.1
Total	**287.6**	**155.9**	**34.4**	**97.3**	**253.5**	**187.6**	**40.6**	**25.3**

Liabilities to banks

In May 2022, the total volume of the revolving line of credit provided by a consortium of banks was increased from €160 million to €250 million. The line of credit has a floating interest rate and is unsecured. In May 2024, an extension option was utilized, which extended the term to May 2, 2029. The syndicated working capital facility had been drawn down in an amount of €85.0 million as at December 31, 2024.

The lending arrangements include an ESG component derived from our sustainability strategy. A continuous improvement in the recordable incident rate (RIR) and a reduction in CO_2 emissions by 2028 were the specific key performance indicators that were agreed.

DEUTZ also has access to five existing bilateral credit lines with a total value of €140 million. These five credit lines are also unsecured, floating-rate facilities and fall due at the end of the second quarter of 2025. None of the five credit lines were drawn down as at December 31, 2024. DEUTZ has short-term lines of credit at its disposal too.

At the start of August 2024, DEUTZ utilized a loan that was agreed for the specific purpose of funding the takeover of sales and service for selected off-highway engines from Rolls-Royce Power Systems. The loan has a volume of €90 million.

As part of the funding agreements, DEUTZ has undertaken to comply with certain financial covenants (ratio of financial debt to equity and ratio of financial debt to EBITDA) at the end of each quarter. If it does not comply with them, the drawn down credit line may have to be repaid. The Group predicts that it will continue to comply with the covenants after the balance sheet date. However, there is a risk of these covenants being breached in the short term if there is a dramatic deterioration in the general economic situation. The reasons for such an economic downturn have previously included – and could include in the future – the effects of the coronavirus pandemic, the fallout from the war in Ukraine, and shifts in trade policy that result in tariff changes. Should such a risk materialize, DEUTZ would approach its funding partners in advance in order to negotiate the necessary waiver and to enable further amounts to be drawn down under the syndicated loan. Compliance with the financial covenants would not place any restrictions on DEUTZ's ability to pursue growth projects.

In addition, our Chinese subsidiary DEUTZ Shanghai has a credit line of CNY 320 million with the HSBC Shanghai branch.

Lease liabilities

The increase in lease liabilities was mainly attributable to the extension of leases for leased property and to new property leases. Further details about the right-of-use assets and lease liabilities recognized can be found in Note 27 in these notes to the financial statements.

Other financial debt

Other financial debt comprises an interest-free government loan.

The fair value of financial debt is described in Note 28.

The weighted average interest rates (after hedging) of the financial debt were:

%	**December 31st 2024**	December 31st 2023
Liabilities to banks	4.44	5.13
Lease liabilities	4.31	4.49
Other financial debt	0.00	0.00

The liabilities to banks were denominated in euros or renminbi. Other financial debt was denominated in euros. Most of the current and non-current lease liabilities were denominated in euros, US dollars, or renminbi.

The level of financial debt changed as follows over the course of 2024:

			Non-cash changes					
€ million	**January 2024**	Cash changes	Acquisition of companies	Exchange rate effects	Fair value changes	Reclassifications according to IFRS 5	Accrued interest and other changes	**December 31st 2024**
Non-current financial debt								
Liabilities to banks	0.0	71.3						71.3
Lease liabilities	65.6		0.5	0.5			-6.5	60.1
Other financial debt	0.3							0.3
Total non-current financial debt	**65.9**	**71.3**	**0.5**	**0.5**	**0.0**	**0.0**	**-6.5**	**131.7**
Current financial debt								
Liabilities to banks	171.5	-43.2		0.6			0.1	129.0
Lease liabilities	15.9	-18.0	0.2	0.4			28.3	26.8
Other financial debt	0.2	-0.2					0.1	0.1
Total current financial debt	**187.6**	**-61.4**	**0.2**	**1.0**	**0.0**	**0.0**	**28.5**	**155.9**
Total financial debt	**253.5**	**9.9**	**0.7**	**1.5**	**0.0**	**0.0**	**22.0**	**287.6**

			Non-cash changes				
€ million	**January 01, 2024**	Cash changes	Acquisition of companies	Exchange rate effects	Fair value changes	Accrued interest and other changes	**December 31st 2023**
Non-current financial debt							
Liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities	76.8	0.0	1.5	-1.0	0.0	-3.8	65.6
Other financial debt	0.4	0.0	0.0	0.0	0.0	-0.1	0.3
Total non-current financial debt	**77.2**	**0.0**	**1.5**	**-1.0**	**0.0**	**-3.9**	**65.9**
Current financial debt							
Liabilities to banks	123.9	40.3	0.2	0.0	0.0	7.1	171.5
Lease liabilities	17.8	-18.3	0.2	-0.3	0.0	17.6	15.9
Other financial debt	0.2	-0.1	0.0	0.0	0.0	0.1	0.2
Total current financial debt	**141.9**	**21.9**	**0.4**	**-0.3**	**0.0**	**24.8**	**187.6**
Total financial debt	**219.1**	**21.9**	**1.9**	**-1.3**	**0.0**	**20.9**	**253.5**

26. Trade payables and other liabilities

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Trade Payables	**235.0**	**256.0**
Other liabilities		
Personnel-related liabilities	15.1	23.4
Price reduction liabilities	22.2	19.0
Liabilities to customers and factors	14.6	11.0
Advances received	6.3	7.9
Liabilities to investments	4.0	3.6
Liabilities arising from other taxes	8.1	8.5
Derivative financial instruments	2.9	0.0
Sundry other liabilities	36.4	36.8
Total	**109.6**	**110.2**

Trade payables included liabilities of €8.8 million under a supplier finance arrangement (December 31, 2023: €18.6 million). Under the supplier finance arrangement, the financial services provider pays the invoices from certain suppliers ahead of the invoice due date. On the invoice due date, DEUTZ AG is charged for the invoice amounts due. To this end, longer payment terms have been agreed with suppliers that are comparable to the payment terms for suppliers not covered by supplier finance arrangements. DEUTZ AG guarantees that the liabilities have arisen legally, are legally enforceable in the disclosed amount, are free of other encumbrances and third-party rights, and are not disputed. No other security is provided to the financial services provider. Furthermore, DEUTZ AG does not acknowledge any debt toward the financial services provider. In the reporting period, suppliers received payments of €7.7 million from the financial services provider under the supplier finance arrangement. These continue to be recognized as trade payables. In the reporting period, the due dates for the liabilities under the supplier finance arrangement ranged from 128 days to 217 days. The due dates for comparable trade payables not covered by a supplier finance arrangement ranged from 30 days to 90 days.

The other liabilities include current contract liabilities arising from contracts with customers, including volume discounts:

€ million	**December 31st 2024**	December 31st 2023
Price reduction liabilities	22.2	19.0
Advances received	6.3	7.9
Total	**28.5**	**26.9**

In the reporting period, revenue of €6.6 million was recognized that, at the beginning of the reporting period, had been included as advances received in the balance of contract liabilities (2023: €2.8 million).

The Company had unfulfilled performance obligations amounting to €0.1 million as at the reporting date (December 31, 2023: €0.1 million).

Notes to the cash flow statement

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, short-term deposits, and credit balances held with banks.

Dividend income of €1.3 million was included in cash flow from operating activities (2023: €0.5 million).

Investing activities amounted to €247.0 million and predominantly related to cash payments for the takeover of the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce’s Power Systems division and for the acquisition of Blue Star Power Systems, Inc. North Mankato (USA). A net cash inflow (after deduction of the cash disposed of) of €75.1 million was recognized under »Cash flow from investing activities – discontinued operations« for the disposal of the Torqeedo Group.

Cash flow from financing activities included the dividend paid to the shareholders of DEUTZ AG for 2023, amounting to €21.4 million.

Cash and cash equivalents had fallen by €28.1 million to €62.0 million as at December 31, 2024 (December 31, 2023: €90.1 million).

Segment reporting

In accordance with the provisions of IFRS 5, the activities of the Torqeedo Group are reported as discontinued operations until the point of deconsolidation. Within internal management and financial reporting, the segment reporting for 2024 – as had also been the case for 2023 – does not include the activities of the Torqeedo Group as these are no longer being actively managed by the Board of Management of the DEUTZ Group. Segment reporting thus no longer covers the Torqeedo Group. The following table provides an overview of the reportable segments in the DEUTZ Group for 2024 and 2023. Information on the DEUTZ Green segment continues to be reported separately as this segment is crucial to the shift of the product and service portfolio toward climate-neutral drive systems in the coming years; however, this process is currently still in its early stages.

2024	DEUTZ Classic	DEUTZ Green	**Total segments**	Reconciliation	**DEUTZ Group**
€ million					
External revenue	1,806.0	7.7	**1,813.7**	0.0	**1,813.7**
Intersegment revenue	0.0	0.0	**0.0**	0.0	**0.0**
Total revenue	**1,806.0**	**7.7**	**1,813.7**	**0.0**	**1,813.7**
Research and development costs	70.1	30.3	**100.4**	0.0	**100.4**
Depreciation and amortization	93.1	0.3	**93.4**	0.0	**93.4**
Impairment of property, plant and equipment and intangible assets	10.6	0.0	**10.6**	0.0	**10.6**
Reversals of impairment losses on property, plant and equipment and intangible assets	0.0	0.0	**0.0**	0.0	**0.0**
Profit/loss on equity-accounted investments	0.9	0.0	**0.9**	0.0	**0.9**
Income from the reversal of provisions	2.8	0.0	**2.8**	0.0	**2.8**
Adjusted EBIT (EBIT before exceptional items)	113.1	-35.3	**77.8**	-1.1	**76.7**

2023	DEUTZ Classic	DEUTZ Green	**Total segments**	Reconciliation	**DEUTZ Group**
€ million					
External revenue	2,058.2	5.0	**2,063.2**	0.0	**2,063.2**
Intersegment revenue	0.0	0.0	**0.0**	0.0	**0.0**
Total revenue	**2,058.2**	**5.0**	**2,063.2**	**0.0**	**2,063.2**
Research and development costs	78.2	31.4	**109.6**	0.0	**109.6**
Depreciation and amortization	89.8	0.3	**90.1**	0.0	**90.1**
Impairment of property, plant and equipment and intangible assets	18.7	0.0	**18.7**	0.0	**18.7**
Reversals of impairment losses on property, plant and equipment and intangible assets	0.0	0.0	**0.0**	0.0	**0.0**
Profit/loss on equity-accounted investments	-5.5	0.0	**-5.5**	0.0	**-5.5**
Income from the reversal of provisions	9.4	0.0	**9.4**	0.0	**9.4**
Adjusted EBIT (EBIT before exceptional items)	180.1	-37.1	**143.0**	0.6	**143.6**

Reconciliation from overall profit of the segments to net income

€ million	2024	2023
Overall profit of the segments	**77.8**	**143.0**
Consolidation	-1.1	0.6
Operating profit (EBIT before exceptional items)	**76.7**	**143.6**
Exceptional items	-34.8	-20.1
EBIT	**41.9**	**123.5**
Financial income, net	-17.2	-15.3
Net income before income taxes	**24.7**	**108.2**
Income taxes	17.3	-1.3
Net income of continuing operations	**42.0**	**106.9**

In 2024, there were exceptional items amounting to an expense of €34.8 million. The following table provides a breakdown of the main items:

DEUTZ Group: Exceptional items

€ million	2024	2023
Costs of integrating Rolls-Royce Power Systems' business operations	-14.6	0.0
Impairment of development costs including operating resources	-10.6	-17.2
Transaction costs for acquisitions	-4.3	0.0
Changes in management	-2.5	0.0
Restructuring costs	-1.9	0.0
Impairment of sales licence	0.0	-1.5
Costs in connection with the sale of the Torqeedo Group	0.0	-1.0
Additions to provisions for share options of former Executive Board members	-0.9	-0.4
Total	**-34.8**	-20.1

External segment reporting is based on intragroup corporate management and internal financial reporting and, in line with the nature of the products and services offered, covers the following reportable operating segments:

DEUTZ Classic This segment encompasses all activities related to the development, production, distribution, maintenance, and servicing of diesel and gas engines (including the nascent defense business), the equity-accounted joint venture Hunan DEUTZ Power Co., Ltd., Changsha (China), and the equity-accounted company DEUTZ Power Solution (Xuzhou) Co., Ltd., Xuzhou (China).

The business of the subsidiary Blue Star Power Systems, Inc., North Mankato (USA), which was acquired in 2024, has been provisionally assigned to the DEUTZ Classic segment. A new segment structure applies from January 1, 2025. The DEUTZ Solutions segment will comprise two business units: DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy. Blue Star Power Systems, Inc., will be assigned to the DEUTZ Energy business unit within the DEUTZ Solutions segment. The equity-accounted company DEUTZ Power Solution (Xuzhou) Co., Ltd., Xuzhou (China) and the equity-accounted joint venture DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd., Beijing (China) will also be assigned to the DEUTZ Solutions segment. For the interim period until the new segment structure is in place, they are managed at the level of the DEUTZ Classic segment. The activities, which were assigned to the former DEUTZ Classic segment, are assigned to the DEUTZ Engines & Services segment from January 1, 2025 onward. The only exception is DEUTZ Power Solution (Xuzhou) Co., Ltd., which has been assigned to a different segment.

DEUTZ Green In 2024, this segment encompassed business involving all-electric and hybrid-electric drives, hydrogen-powered drive solutions, mobile rapid charging stations, and the development of battery management hardware and software.

The designation of a business area as an operating segment is based on internal reporting by segment regularly used by the Board of Management to monitor performance and allocate resources.

The measurement principles applied to the DEUTZ Group's segment reporting are based on the IFRS principles applied in the consolidated financial statements. The Board of Management, in its capacity as the senior decision-making body, assesses the performance of the segments in terms of their adjusted EBIT (EBIT before exceptional items). If entities included in the consolidated financial statements using the equity method are directly attributable to a particular segment, the relevant share of the net income or loss for the period is reported under that segment. Finance costs, financial income, and income taxes are reported for the DEUTZ Group as a whole and are not allocated to individual operating segments. External revenue constitutes the revenue that the segments generate from their customers. Revenue generated between segments – where relevant – is reported as intersegment revenue. Transfers between segments are reported at fair value.

Information about products and services

€ million	2024	2023
Engines	1,295.5	1,574.7
Service	510.5	483.5
DEUTZ Classic	**1,806.0**	**2,058.2**
DEUTZ Green	**7.7**	**5.0**
Total	**1,813.7**	**2,063.2**

Geographical information about external revenue[206]

€ million	2024	2023
Germany	**344.8**	**396.2**
Outside Germany	**1,468.9**	**1,667.0**
Rest of Europe	621.7	763.1
Middle East	34.0	46.0
Africa	42.4	47.3
Americas	527.0	504.0
Asia-Pacific	243.8	306.6
Total	**1,813.7**	**2,063.2**

Of the European countries outside Germany, Switzerland accounted for €155.5 million in the reporting year (2023: €158.5 million), France for €108.8 million (2023: €134.3 million), and Italy for €95.3 million (2023: €145.3 million).

No customer accounted for 10% or more of total revenue in 2024. In 2023, only one customer had accounted for 10% or more of total revenue. This revenue amounted to €232.9 million and was predominantly reported in the Classic segment.

Geographical information about non-current assets

€ million	31.12.2024	31.12.2023
Germany	491.6	416.2
Outside Germany	273.6	164.4
Total	**765.2**	**580.6**

The non-current assets comprise property, plant and equipment, goodwill, miscellaneous intangible assets, and equity-accounted investments. They are presented by location of the consolidated entity.

Other information

27. Leases

The DEUTZ Group has leases in which it acts as lessee for land and buildings (used for office space, warehousing, and manufacturing), technical equipment and machines, office furniture and equipment, and vehicles. It has also entered into short-term leases with a total term of no more than twelve months and leases where the value of the underlying assets does not exceed €5,000. A practical expedient has been applied to these leases, as a result of which the lease payments under these leases are recognized as an expense on a straight-line basis over the term of the lease. The DEUTZ Group also has leases in which it acts as lessor. These leasing activities predominantly relate to the renting out of parts of the Group's premises as office space. The overall volume of lease income is insignificant.

The following table shows the carrying amounts of the right-of-use assets and changes over the reporting period:

Right-of-use assets

€ million	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture- and fixtures	Advances paid and construction in progress	Total
Balance at Jan. 1, 2024	**55.6**	**8.5**	**6.7**	**–**	**70.8**
Currency translation differences	0.3	0.1	0.0	–	0.4
Additions	11.8	6.1	8.1	–	26.0
Disposals	-0.2	-1.9	-1.2	–	-3.3
Reclassifications	0.0	0.0	0.0	–	0.0
Depreciation and impairment	-11.9	-3.2	-3.6	–	-18.7
Balance at Dec. 31, 2024	**55.6**	**9.6**	**10.0**	**–**	**75.2**

[206] The revenue generated from external customers is assigned to the individual countries on the basis of the home country of each customer.

Right-of-use assets

€ million	Land, leasehold rights and buildings	Technical equipment and machines	Other equipment, furniture- and fixtures	Advances paid and construction in progress	**Total**
Balance at Jan. 1, 2023	**73.3**	**7.5**	**6.5**	**–**	**87.3**
Currency translation differences	-0.4	-0.4	-0.1	–	-0.9
Additions	8.0	5.5	3.7	–	17.2
Disposals	-3.9	-0.5	-0.2	–	-4.6
Reclassifications	0.0	-0.5	0.0	–	-0.5
Depreciation and impairment	-12.7	-3.1	-3.0	–	-18.8
Reclassifications according to IFRS 5	-8.7	0.0	-0.2	–	-8.9
Balance at Dec. 31, 2023	**55.6**	**8.5**	**6.7**	**–**	**70.8**

In the reporting period, the total cash outflow for leases (including payments for short-term leases and low-value leased assets) was €22.1 million (2023: €18.9 million).

The following amounts were recognized in profit or loss in 2024:

€ million	**2024**	2023
Depreciation of right-of-use assets	18.7	18.8
Interest paid on lease liabilities	3.7	3.0
Expense for short-term leases	0.2	0.3
Expense for lease with low-value assets	0.2	0.3
Total amount recognized in profit or loss	**22.8**	**22.4**

A number of leases contain extension and/or termination options. These options provide the flexibility to adjust the leasing portfolio in the event of changed business requirements. Assessing the probability of the options being exercised requires significant judgments to be made. If, taking all facts and circumstances into account, the exercising of the options is regarded as highly probable, the options are deemed exercisable. In the event that facts or circumstances change, the probability of the options being exercised has to be reassessed. Until then, the liability recognized is deemed the best indicator of the future cash outflows. Details of future cash outflows in connection with leasing are presented in Note 28.

As at the balance sheet date, there were no leases in the real estate asset class that were signed but not yet recognized. Moreover, there were no unrecognized residual value guarantees that may give rise to possible cash payments in the future. The leases entered into do not contain any clauses that restrict DEUTZ or require it to comply with certain key financial performance indicators. There were no variable lease payments in the reporting period. Furthermore, no right-of-use assets were subleased and no sale and leaseback transactions were entered into. The balance of short-term leases was negligible as at December 31, 2024. The expense for short-term leases amounted to €0.2 million in the reporting period (2023: €0.3 million). An overview of the terms of the lease liabilities is shown in Note 25.

Extension options that were not factored into the measurement of lease liabilities, because it is not reasonably certain that they will be exercised, could result in future cash outflows of €14.0 million (2023: €16.7 million). These are predominantly extension options of up to ten years on property leases. Termination options that were not factored into the measurement of lease liabilities because it is not reasonably certain that they will be exercised did not result in any termination penalties in 2024 (2023: termination penalties of €1.5 million).

28. Financial risk management and additional information on capital management

Owing to its global business operations, the DEUTZ Group is exposed to various financial risks that can arise from adverse movements and trends in the international sales, procurement, interest-rate, and foreign-exchange markets. Information about the principles of risk management with regard to financial instruments can be found in the relevant section of the risk report in the DEUTZ Group's combined management report.

a) Liquidity risk

Prudent liquidity management includes the holding of a sufficient reserve of cash and cash equivalents, the option of obtaining funding through bank loans, and the ability to issue short-term and long-term capital market instruments. Because the business environment is constantly changing, the Treasury department aims to ensure that it has sufficient unused credit lines at its disposal at all times.

The management of liquidity risk in the DEUTZ Group has a number of components: annual planning with interim updates, rolling four-week planning updated weekly, and monthly planning updated monthly up to the end of the financial year. Liquidity risk is also assessed in the regular meetings of the Finance Committee.

In order to ensure sufficient liquidity, DEUTZ has at its disposal a syndicated, revolving cash credit line amounting to €250 million that runs until May 2029 as well as five bilateral credit lines for a total amount of €140 million that run until June 2025. As part of the loan agreements, the Company is required to comply with certain covenants.

The liquidity analysis also provides information about contractually agreed interest payments and capital repayments in connection with financial liabilities as at the balance sheet date.

As far as the utilization of revolving credit facilities was concerned, it was assumed that the amounts already drawn down by the balance sheet date would continue to apply until the facilities expire.

The supplier finance arrangements do not pose a heightened liquidity risk because the extent of the liabilities is limited and DEUTZ does not incur any additional fees for the payment of the trade payables by the financial services provider.

Dec. 31, 2024	2025 cash payments	2026 – 2029 cash payments	>2029 cash payments	Total
€ million				
Lease liabilities	**-30.1**	**-43.2**	**-27.3**	**-100.6**
Primary financial instruments	**-132.5**	**-77.9**	**0.0**	**-210.4**
Derivative financial instruments	**-2.8**	**0.0**	**0.0**	**-2.8**
Currency derivatives				
thereof settled gross: cash payments	-72.1	0.0	0.0	-72.1
thereof settled gross: cash receipts	69.1	0.0	0.0	69.1
Interest rate derivatives				
Presentation of net cash flow	0.2	0.0	0.0	0.2

Dec. 31, 2023	2024 cash payments	2025 – 2028 cash payments	>2028 cash payments	Total
€ million				
Lease liabilities	**-19.1**	**-47.3**	**-29.2**	**-95.6**
Primary financial instruments	**-172.1**	**0.0**	**0.0**	**-172.1**
Derivative financial instruments	**0.0**	**0.0**	**0.0**	**0.0**
Currency derivatives				
thereof settled gross: cash payments	-0.8	0.0	0.0	-0.8
thereof settled gross: cash receipts	0.8	0.0	0.0	0.8

b) Credit risk

Credit risk arises in relation to cash and cash equivalents, to the contractual cash flows from debt instruments measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss, and to derivatives with a positive fair value.

There are no significant concentrations of potential credit risk in the DEUTZ Group. With regard to cash and cash equivalents, DEUTZ works only with selected banks with at least an investment-grade rating. The risk from bad debts is restricted by constant monitoring and regular analysis of receivables and their breakdown. Receivables are to a large extent covered by credit insurance. Further measures, such as guarantees and creditworthiness checks, are used to protect against credit risk. The Group has also put in place procedures and guidelines to ensure that products and services are only sold to customers who have a satisfactory payment record. The maximum credit risk exposure is limited to the carrying amount in the case of trade receivables and other financial assets such as cash and cash equivalents, available-for-sale financial assets, and derivative financial instruments. Credit risk in connection with financial instruments is limited by careful selection of counterparties.

As at December 31, 2024, the bulk of the DEUTZ Group’s trade receivables were insured with the COFACE Group. There is usually an obligation to the trade credit insurance association (WKV) or, where applicable, the German government’s export credit guarantee scheme (APG) to meet defaults on the receivables unless they are secured by letters of credit confirmed by a bank or similar instruments. DEUTZ does not produce any standardized credit rating for its customers itself but usually sets the maximum customer exposure in accordance with the level of cover provided by the credit insurance agency. In the period under review, DEUTZ did not receive any collateral in the form of payment guarantees for foreign trade receivables (December 31, 2023: €1.0 million) .

Impairment of financial assets

The model of expected credit losses is applied to the following types of financial asset in the Group:

1. Trade receivables
2. Debt instruments measured at amortized cost
3. Debt instruments measured at fair value through other comprehensive income

1. Trade receivables

The Group applies the simplified approach in line with IFRS 9 to calculate the expected credit losses. Under this approach, the lifetime expected credit losses are calculated for all unsold trade receivables measured at amortized cost. Expected losses on receivables not sold under factoring agreements and not insured, as well as the excess on insured receivables, are calculated using the current external credit ratings of the relevant debtors, taking into account the Group's own experience. The individual receivables are initially assigned to one of two categories on the basis of defined criteria such as credit rating or age structure. Undisputed receivables with a low to medium credit risk and due in up to 90 days are assigned to category 1. For category 1 receivables, which according to the defined criteria have a lower credit risk, the default rates assigned to the credit ratings are used to calculate the expected losses. Category 2 receivables have a higher level of risk according to the criteria and a specific value adjustment is recognized.

Impairment losses on trade receivables that were identified using this method were as follows:

Dec. 31, 2024	Category 1	Category 2	**Total**
€ million			
Gross carrying amount of trade receivables	177.5	5.2	**182.7**
Impairment	0.8	4.8	**5.6**

Dec. 31, 2023	Category 1	Category 2	Total
€ million			
Gross carrying amount of trade receivables	189.6	7.6	**197.2**
Impairment	0.9	4.5	**5.4**

The following tables show the changes in impairment losses on trade receivables in 2024 and 2023:

€ million	
Jan. 1, 2024	**5.4**
Changes to basis of consolidation	0.1
Additions	1.9
Utilized	-0.4
Reversals	-1.4
Dec. 31, 2024	**5.6**

€ million	
Jan. 1, 2023	**9.9**
Changes to basis of consolidation	0.0
Additions	1.5
Utilized	-0.1
Reversals	-5.2
Reclassifications according to IFRS 5	-0.7
Dec. 31, 2023	**5.4**

Trade receivables are derecognized when it is reasonable to assume that they are no longer realizable. A debtor refusing to agree on a repayment plan with the Group or a debtor filing for insolvency are among the indicators that a receivable is unlikely to be realized.

Impairment losses on trade receivables are recognized in operating profit for the current period under »Write-downs of financial assets«. The same line item is used to recognize amounts received in subsequent periods that had previously been written down.

2. Debt instruments measured at amortized cost

Debt instruments measured at amortized cost comprise current individual items such as receivables due from factoring companies for receivables remaining after the sale of receivables or receivables due from suppliers as a result of discounts or bonuses. The receivables are tested for impairment on an individual basis. A debtor refusing to agree on a repayment plan with the Group or a debtor filing for insolvency are among the indicators that a receivable is unlikely to be realized. The risk of non-performance was very low, because the issuer is always able to meet its contractual payment obligations at short notice. The impairment loss identified in the reporting period was therefore insignificant. The existing impairment losses relate to receivables of €9.2 million due from investments as a result of older items (December 31, 2023: €9.2 million).

The following tables show the changes in impairment losses on debt instruments measured at amortized cost in 2024 and 2023:

€ million	Level 1	Level 3
Jan. 1, 2024	**0.0**	**9.2**
Additions	0.0	0.0
Utilized	0.0	0.0
Reversals	0.0	0.0
Dec. 31, 2024	**0.0**	**9.2**

€ million	Level 1	Level 3
Jan. 1, 2024	**0.0**	**9.2**
Additions	0.0	0.0
Utilized	0.0	0.0
Reversals	0.0	0.0
Dec. 31, 2024	**0.0**	**9.2**

The gross carrying amounts of debt instruments assigned to Level 1 amounted to €20.0 million as at December 31, 2024 (December 31, 2023: €20.4 million) and showed no signs of increased credit risk. The gross carrying amounts of debt instruments assigned to Level 3 amounted to €9.2 million as at December 31, 2024 (December 31, 2023: €9.2 million), all of which (€9.2 million) was written down (December 31, 2023: €9.2 million).

3. Debt instruments measured at fair value through other comprehensive income

The assets referred to here are units in a fund that is invested in exchange-traded debt instruments. Because their credit risk is classified as low, the calculation of the impairment loss is limited to the expected twelve-month credit losses. Management considers the criterion of »low credit risk« to be met in the case of direct or indirect investments in exchange-traded debt instruments that, as a minimum, have an investment-grade credit rating. The volume of such debt instruments was very small as at December 31, 2024 and the credit risk was low. Consequently, no impairment losses were recognized.

Financial assets measured at fair value through profit or loss

The DEUTZ Group is also exposed to credit risk arising from debt instruments and equity instruments measured at fair value through profit or loss. The debt instruments relate to trade receivables that have been earmarked for factoring. At the end of the reporting period, the maximum credit risk was limited to the carrying amounts of the debt instruments, which was €9.3 million in the case of the trade receivables. The equity instruments are units in a fund that is invested in publicly listed shares in order to hedge pension obligations. Here too, the maximum credit risk was limited to the carrying amount of the units (€2.5 million).

Currency risk

The DEUTZ Group operates internationally and, consequently, is exposed to currency risk arising from fluctuating exchange rates, principally US dollar exchange rates. Exchange-rate risks are monitored under a centralized currency management system and mitigated by the use of hedging transactions. The Treasury department uses hedges, primarily currency forwards, to hedge currency risk emanating from the net position of estimated future cash flows in foreign currency. Between 50% and 80% of the net positions anticipated in the budget for the year are usually hedged.

DEUTZ also takes specific action to increase the volume of purchasing in US dollars; this enables the Company to counteract currency risk arising from sales invoiced in US dollars by creating a natural hedge. Risks arising from the translation of financial statements of subsidiaries prepared in currencies other than the euro are not hedged.

Currency sensitivity analysis

The following tables illustrate the sensitivity – from a Group perspective – to a 10% rise or fall in the euro against the different currencies. The sensitivity analysis only takes into account outstanding monetary positions denominated in foreign currency and adjusts the period-end translation of those amounts to reflect a 10% change in the exchange rate. The positions involved include currency forward contracts that form part of an effective cash flow hedge, the purpose of which is to hedge fluctuations in foreign-currency payments and receipts caused by changes in exchange rates. Because hedging transactions are measured at fair value, changes in the exchange rates for the currencies underlying these transactions have an impact on the hedging reserve in other comprehensive income. Other positions involved are currency forward contracts that are no longer used as hedges. Changes in the exchange rates for the currencies underlying these financial instruments result in gains or losses due to restating these instruments at their fair value. Primary instruments (trade receivables and trade payables) denominated in foreign currency and outstanding as at the balance sheet date are also included in the sensitivity analysis. Changes in the exchange rates for the currencies underlying these items result in gains or losses when they are marked to market.

The following tables show the impact on net income before income taxes and on equity if the euro rises or falls by 10% against relevant foreign currencies.

Cash payments and receipts are shown as net amounts under »Notional amounts«.

Euro rises by 10 percent

€ million

2024	Notional amounts	Impact on net income	notional amounts	Impact on equity
USD	132.8	-26.1	64.0	6.6
CNY	30.4	-2.8	0.0	0.0
MAD	7.9	-0.7	0.0	0.0

€ million

2023	Notional amounts	Impact on net income	notional amounts	Impact on equity
USD	108.9	-8.8	49.1	4.4
CNY	50.4	-4.6	0.0	0.0
MAD	8.5	-0.8	0.0	0.0

Euro falls by 10 percent

€ million

2024	Notional amounts	Impact on net income	notional amounts	Impact on equity
USD	132.8	13.0	64.0	-5.7
CNY	30.4	3.4	0.0	0.0
MAD	7.9	0.9	0.0	0.0

€ million

2023	Notional amounts	Impact on net income	notional amounts	Impact on equity
USD	108.9	10.8	49.1	-5.3
CNY	50.4	5.6	0.0	0.0
MAD	8.5	1.0	0.0	0.0

Interest-rate risk and sensitivity analysis

The DEUTZ Group is exposed to risk from interest-rate changes, primarily in relation to floating-rate loans and other debt. To reduce this interest-rate risk, interest-rate swaps were entered into and designated as a cash flow hedge. The DEUTZ Group determines the existence of an economic relationship between the swaps and the hedged loans on the basis of the interest-rate benchmarks, terms to maturity, interest refix dates and due dates, and the nominal or notional amounts. Using the hypothetical derivative method, the DEUTZ Group assesses whether the swaps designated in a hedging relationship are effective in order to offset changes in the cash flows of the hedged loans.

The main causes of ineffectiveness in these hedges are as follows:

– The impact of the counterparty's and the Group's credit risk on the fair value of the swaps that is not reflected in the change in fair value of the hedged cash flows attributable to the change in interest rates
– Differences in the interest refix dates of the swaps and the loans

Because hedging transactions are measured at fair value, changes in interest rates have an impact on the hedge reserve in other comprehensive income. The following table shows the impact of interest-rate sensitivity of 100 basis points on net income before income taxes and on equity.

€ million interest rate	impact on earnings	impact on equity
+100 bps	0.1	0.7
-100 bps	-0.1	-0.7

Capital management

The DEUTZ Group manages its capital with the primary objective of supporting business operations and ensuring the continued existence of the Company as a going concern over the long term. A healthy financial structure is necessary to assure the required flexibility in the provision of financial resources. At present, no credit rating has been set for DEUTZ. However, the DEUTZ Group is endeavoring to achieve a balance-sheet structure that meets the requirements for an investment-grade rating. Capital management therefore extends to both equity and debt.

DEUTZ is not subject to capital requirements under its Statutes. However, it is under an obligation toward the banks from which it has obtained loans to ensure that its ratio of net financial debt to equity does not exceed a certain level. This external requirement has been integrated into capital management and was met at all times.

As at the balance sheet date, the net financial position (cash and cash equivalents less interest-bearing financial debt) was minus €225.6 million, which equated to a year-on-year fall of €62.2 million (December 31, 2023: minus €163.4 million). In addition to the net financial position, free cash flow (defined as cash flow from operating activities and from investing activities less interest expense) is an essential part of active capital management and is used as a key figure to show changes in the liquidity situation. The free cash flow from continuing operations was minus €153.1 million in 2024 (2023: €41.8 million).

The equity ratio is another indicator used by the DEUTZ Group to monitor its capital. This indicator reflects the ratio of total assets to Group equity as reported on the consolidated balance sheet. As at December 31, 2024, the equity ratio for the DEUTZ Group remained at a high level of 50.4% (December 31, 2023: 46.7%), meeting all internal targets in full.

Financial instruments

The following tables show the carrying amounts of the individual financial assets and liabilities for each separate category of financial instrument, reconciled to the corresponding balance sheet item.

Financial instruments (assets)

Dec. 31, 2024	**Measured at amortized cost**	**Measured at fair value**		**Assets not within the scope of IFRS 9**	
€ million					
		Through other comprehensive income	Through profit or loss	Carrying amount	**Carrying amount on the balance sheet**
Non-current financial assets	**0.0**	**3.0**	**3.8**	**11.6**	**18.4**
Current financial assets	**259.1**	**0.0**	**9.3**	**33.4**	**301.8**
Trade receivables	177.1	0.0	9.3	0.0	186.4
Other receivables and assets	20.0	0.0	0.0	33.4	53.4
Cash and cash equivalents	62.0	0.0	0.0	0.0	62.0

Financial instruments (assets)

Dec. 31, 2023	**Measured at amortized cost**	**Measured at fair value**		**Assets not within the scope of IFRS 9**	
€ million					
		Through other comprehensive income	Through profit or loss	Carrying amount	**Carrying amount on the balance sheet**
Non-current financial assets	**0.2**	**9.0**	**2.2**	**15.3**	**26.7**
Current financial assets	**302.1**	**1.4**	**10.2**	**28.1**	**341.8**
Trade receivables	191.8	0.0	10.1	0.0	201.9
Other receivables and assets	20.2	1.4	0.1	28.1	49.8
Cash and cash equivalents	90.1	0.0	0.0	0.0	90.1

Financial instruments (liabilities)

Dec. 31, 2024	**Measured at amortized cost**	**Measured at fair value**		**Liabilities not within the scope of IFRS 9**	
€ million					
	Financial liabilities	designated as hedging instruments (recognized in other comprehensive income/ loss)	Held-for-trading financial liabilities	Carrying amount	**Carrying amount on the balance sheet**
Non-current financial liabilities	**87.1**	**0.5**	**0.0**	**64.1**	**151.7**
Financial debt	71.6	0.0	0.0	60.1	131.7
Lease liabilities	0.0	0.0	0.0	60.1	60.1
Miscellaneous financial debt	71.6	0.0	0.0	0.0	71.6
Other liabilities	15.5	0.5	0.0	4.0	20.0
Current financial liabilities	**436.3**	**2.1**	**0.3**	**41.8**	**480.5**
Financial debt	129.1	0.0	0.0	26.8	155.9
Lease liabilities	0.0	0.0	0.0	26.8	26.8
Miscellaneous financial debt	129.1	0.0	0.0	0.0	129.1
Trade payables	235.0	0.0	0.0	0.0	235.0
Other liabilities	72.2	2.1	0.3	15.0	89.6

Financial instruments (liabilities)

Dec. 31, 2023	**Measured at amortized cost**	**Measured at fair value**		**Liabilities not within the scope of IFRS 9**	
€ million					
	Financial liabilities	designated as hedging instruments (recognized in other comprehensive income/ loss)	Held-for-trading financial liabilities	Carrying amount	**Carrying amount on the balance sheet**
Non-current financial liabilities	**18.8**	**0.0**	**0.0**	**66.7**	**85.5**
Financial debt	0.3	0.0	0.0	65.6	65.9
Lease liabilities	0.0	0.0	0.0	65.6	65.6
Miscellaneous financial debt	0.3	0.0	0.0	0.0	0.3
Other liabilities	18.5	0.0	0.0	1.1	19.6
Current financial liabilities	**501.7**	**0.0**	**0.0**	**32.5**	**534.2**
Financial debt	171.7	0.0	0.0	15.9	187.6
Lease liabilities	0.0	0.0	0.0	15.9	15.9
Miscellaneous financial debt	171.7	0.0	0.0	0.0	171.7
Trade payables	256.0	0.0	0.0	0.0	256.0
Other liabilities	74.0	0.0	0.0	16.6	90.6

The following table shows the carrying amounts and fair values of all financial instruments included in the consolidated financial statements that fall within the scope of IFRS 7 »Financial Instruments: Disclosures« and that are not reported at fair value.

€ million	**Dec. 31, 2024**		Dec. 31, 2023	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Trade receivables	177.1	177.1	191.8	191.8
Other receivables and assets	20.0	20.0	20.4	20.4
Cash and cash equivalents	62.0	62.0	90.1	90.1
Financial liabilities				
Financial debt - liabilities to banks	200.7	200.4	172.0	173.6
Trade payables	235.0	235.0	256.0	256.0
Other liabilities	87.7	87.7	92.5	92.5

In the case of cash and cash equivalents, trade receivables, trade payables, and other current financial assets and liabilities (due within one year), the carrying amounts are virtually the same as the fair values owing to the short residual maturity.

The fair value of non-current financial assets and liabilities is calculated by discounting estimated future cash flows using arm’s length discount rates and taking into account the DEUTZ Group’s own credit risk and that of its counterparties based on credit ratings and exchange rates on the balance sheet date.

The following table shows the assignment to the three levels of the IFRS 13 measurement hierarchy of the fair values as at the balance sheet date of financial assets and liabilities that were measured at fair value in the consolidated financial statements, or for which a fair value was disclosed in the notes to the financial statements:

Dec. 31, 2024

€ million

	Carrying amount	**Fair value**	Level 1[207]	Level 2[208]	Level 3[209]
Financial assets					
	1.3	1.3	0.0	0.0	1.3
Equity investments - recognized through other comprehensive	1.3	1.3	0.0	0.0	1.3
Securities - recognized through other comprehensive income	1.7	1.7	1.7	0.0	0.0
Securities - recognized through profit or loss	2.5	2.5	2.5	0.0	0.0
Currency forwards - recognized through other comprehensive	0.0	0.0	0.0	0.0	0.0
Currency forwards - recognized through profit or loss	0.0	0.0	0.0	0.0	0.0
Trade receivables	9.3	9.3	0.0	0.0	9.3
Financial liabilities					
	0.5	0.5	0.0	0.5	0.0
Currency forwards - designated as hedging instruments	2.1	2.1	0.0	2.1	0.0
Currency forwards - held for trading	0.3	0.3	0.0	0.3	0.0
Financial debt	200.7	200.4	0.0	0.0	200.4

Dec. 31, 2023

€ million

	Carrying amount	**Fair value**	Level 1[210]	Level 2[211]	Level 3[212]
Financial assets					
Equity investments - recognized through other comprehensive	7.5	7.5	0.0	0.0	7.5
Securities - recognized through other comprehensive income	1.5	1.5	1.5	0.0	0.0
Securities - recognized through profit or loss	2.2	2.2	2.2	0.0	0.0
Currency forwards - recognized through other comprehensive	1.4	1.4	0.0	1.4	0.0
Currency forwards - recognized through profit or loss	0.1	0.1	0.0	0.1	0.0
Trade receivables	10.1	10.1	0.0	0.0	10.1
Financial liabilities					
Currency forwards - designated as hedging instruments	0.0	0.0	0.0	0.0	0.0
Currency forwards - held for trading	0.0	0.0	0.0	0.0	0.0
Financial debt	172.0	173.6	0.0	0.0	173.6

[207] Level 1: Measurement is based on the price of identical assets or liabilities in active markets.
[208] Level 2: Measurement is based on the price of a similar instrument in active markets/measurement using a method in which all the critical inputs are based on observable market data.
[209] Level 3: Measurement using a method in which critical inputs are not based on observable market data.
[210] Level 1: Measurement is based on the price of identical assets or liabilities in active markets..
[211] Level 2: Measurement is based on the price of a similar instrument in active markets/measurement using a method in which all the critical inputs are based on observable market data.
[212] Level 3: Measurement using a method in which critical inputs are not based on observable market data.

The loan measured at fair value through profit or loss is the loan to the former suppliers Gusswerke Saarbrücken GmbH and Gusswerke Leipzig GmbH, the value of which has been increased due to an expected €1.3 million distribution of assets as part of insolvency proceedings. The gain resulting from the adjustment of the fair value was recognized in other financial income.

The equity investment measured at fair value through other comprehensive income is the equity investment in Blue World Technologies, Aalborg, Denmark. The decision was made to assign it to this measurement category because it is a long-term equity investment in new drive technologies in a field of strategic importance to DEUTZ AG. Transactions for shares in the investee are the most relevant for measuring fair value. No transactions close in time to the 2024 reporting year have taken place. Consequently, the fair value as at December 31, 2024 was calculated as the present value of the future cash inflows and outflows taken from the Company's medium-term planning based on unobservable inputs (Level 3). For the discount rate, the return of 32.5% that venture capital investors expect from an early-stage start-up was used. A 1 percentage point increase in the expected return would reduce the fair value by around €0.1 million. The fair value amounted to €1.3 million as at December 31, 2024 (December 31, 2023: €7.5 million). The adjustment of €6.2 million was recognized in other comprehensive income.

The fair value of securities is derived from prices in active markets.

The trade receivables recognized at fair value relate to receivables that are sold as part of the existing factoring agreements. The receivables are transferred to the factoring companies at their nominal value. The fair value of the receivables corresponds to the sale price and therefore the nominal value of the receivables. The main influencing factor on the fair value of the receivables is credit risk. However, this is deemed to be negligible given that they are being sold to the factoring company.

The fair value of derivative financial instruments (currency forwards) is calculated over the remaining term of the instrument using current exchange rates, market interest rates, and yield curves and taking into account the DEUTZ Group's own credit risk and also counterparty risk. The disclosures are based on valuations by banks.

The fair value of interest-rate swaps is derived from current yield curves and from discount factors with matching maturities.

Net gains and losses on financial instruments

Net gains or losses recognized in the income statement are broken down by measurement category in IFRS 9 as follows:

	Measured at fair value		Measured at amortized cost	
2024	Financial assets	**Financial liabilities**	Financial assets	**Financial liabilities**
€ million				
Net gains/ losses	1.7	-0.5	6.8	-14.8

	Measured at fair value		Measured at amortized cost	
2023	Financial assets	**Financial liabilities**	Financial assets	**Financial liabilities**
€ million				
Net gains/ losses	-0.3	0.1	-2.4	-11.6

The net gains or losses for each measurement category primarily comprise gains and losses recognized in profit or loss resulting from the measurement of financial instruments at fair value, currency translation of financial instrument carrying amounts, impairment losses and/or reversal of impairment losses on financial instruments, and interest income and expense.

Unrealized losses of €2.5 million on financial investments measured at fair value through other comprehensive income were recognized in other comprehensive income in 2024 (2023: losses of €2.6 million). As had also been the case in 2023, no material realized gains or losses were reclassified from other comprehensive income to the income statement in 2024.

Total interest income and interest expense

In 2024, interest income of €2.4 million (2023: €1.8 million) was attributable to financial assets that were not measured at fair value through profit or loss but rather at amortized cost. In 2024, interest expense of €16.1 million (2023: €11.6 million) was attributable to financial liabilities that were not measured at fair value through profit or loss but rather at amortized cost. In addition to interest paid on lease liabilities, this interest expense mainly comprised interest on financial liabilities and the effects of using the effective interest method.

Hedging

Cash flow hedging As at December 31, 2024, there were currency futures that were classified as hedging instruments. Currency futures are used to hedge the currency risk arising from forecast transactions in foreign currencies. Also at December 31, 2024, there were interest-rate swaps designated as hedging instruments in cash flow hedges. The interest-rate swaps are used to hedge the interest-rate risk attaching to floating-rate loans.

The following table provides a reconciliation of the reserve for cash flow hedges prior to the inclusion of deferred taxes:

Reserve for cash flow hedges

€ million	**2024**	2023
1.1.2024	**1.4**	**0.4**
Change	-3.6	1.4
Release to the income statement	0.4	0.4
Hedge ratio	0.4	0.4
31.12.	**-2.6**	**1.4**

The changes represent the effective portion of the hedge. In 2024, gains of €0.4 million (2023: gains of €0.4 million) recognized in other comprehensive income during the year (prior to the inclusion of deferred taxes) were reclassified to other operating income in the consolidated income statement. There was no ineffectiveness in respect of currency forwards. The ineffectiveness in respect of interest-rate swaps was negligible.

For reasons of simplification, the fair values of the interest-rate swaps are recognized as clean fair values in other comprehensive income. Consequently, no gains or losses recognized in other comprehensive income were reclassified to the consolidated income statement during the year. Gains of €0.6 million before inclusion of deferred taxes were recognized directly in net financial income during the year.

Hedges relating to foreign-currency transactions in the operating business are expected to be unwound within the next 13 months. The associated gains that have been recognized in other comprehensive income will be reclassified to the income statement. With regard to hedging of interest-rate risk, losses that have been recognized in other comprehensive income will be reclassified to the income statement at the end of the hedge in 13 months' time.

Derivative financial instruments

The following derivative financial instruments were reported as at the balance sheet date:

€ million	**National amounts 2024**	Notional amounts 2023	**Fair value 2024**	Fair value 2023
Currency forwards				
not used as hedges	8.2	5.9	-0.3	0.1
used as cash flow hedges	64.0	50.1	-2.1	1.4
Interest rate swaps				
hedging relationship	0.0	0.0	0.0	0.0
in cash flow hedging relationship	80.0	0.0	-0.5	0.0

Currency forwards used as cash flow hedges

€ million	**2024**	2023
Carrying amount (other liabilities/other receivables and assets)	-2.1	1.4
Notional amount	64.0	50.1
Date of maturity	18.02.2025 – 15.01.2026	16.01.2024 – 15.01.2025
Hedge ratio	1:1	1:1
Change in fair value in the reporting period	-2.1	1.4
Change in value of the hedged item used to determine hedge effectiveness	2.1	-1.4
Average hedged rate for 2024	USD 1,0847: EUR 1	USD 1,0846: EUR 1

Interest-rate swaps used as cash flow hedges

€ million	**2024**	2023
Carrying amount (other liabilities/other receivables and assets)	-0.5	0.0
Notional amount	80.0	0.0
Date of maturity	02.02.2026	-
Hedge ratio	1:1	-
Weighted average fixed interest rate	2.8328%	-
Variable interest rate	3M-Euribor	-
Change in fair value in the reporting period	-0.5	-
Change in value of the hedged item used to determine hedge effectiveness	0.5	-

Netting

As at December 31, 2024, there were no material financial assets and liabilities subject to netting agreements in the DEUTZ Group.

29. Interests in other entities

In addition to the parent company DEUTZ AG, the consolidated financial statements for 2024 included 37 subsidiaries, two joint ventures, and two associates.

Subsidiaries and non-controlling interests

There were no non-controlling interests in existence either in the reporting year or in the comparative period.

Joint ventures

One of the joint ventures is Hunan DEUTZ Power Co., Ltd., headquartered in Changsha (China), which DEUTZ established with SANY. Hunan DEUTZ Power Co., Ltd. is an unlisted joint arrangement in which the Group shares joint control and has an ownership interest of 51%. Hunan DEUTZ Power Co., Ltd., Changsha (China), itself holds 100% of the shares in the operational production company Kunshan SANY Power Co., Ltd., Kunshan (China). Despite holding the majority of the voting rights, DEUTZ does not have control over the activities that are material to operating performance. The shares are classified as a joint venture and accounted for in the consolidated financial statements using the equity method.

A summary of financial information for Hunan DEUTZ Power Co., Ltd., based on its consolidated financial statements prepared in accordance with IFRS, is shown in the following table.

€ million	**Dec. 31, 2024**	Dec. 31, 2023
Revenue	100.8	90.3
Depreciation and amortization	-13.8	-19.9
Interest income	0.5	1.0
Interest expense	0.0	-1.0
Interest income, net	0.5	0.0
Income taxes	0.2	-1.7
Profit (loss) from continuing operations	-1.1	-14.0
Net income	**-1.1**	**-14.0**
Current assets	74.3	70.6
thereof cash and cash equivalents	37.9	31.2
Non-current assets	95.6	91.6
Current liabilities	79.2	67.4
thereof current financial liabilities	1.2	0.0
Non-current liabilities	29.9	35.3
thereof non-current financial liabilities	0.0	1.5
Net assets	**60.8**	**59.4**
Group´s share of net assets at Jan. 1	30.3	40.2
Adjustment of net assets after PPA	0.0	0.0
Share of net income	-0.6	-7.1
Dividends received in the financial year	0.0	0.0
Effect of currency translation	1.3	-2.8
Group´s share of net assets at Dec. 31	31.0	30.3
Goodwill of DEUTZ AG after PPA	6.0	6.0
Impairment	0.0	0.0
Carrying amount using the equity method at Dec. 31	**37.0**	**36.3**

Non-material associates and joint ventures

A summary of financial information is shown below for the Group’s interest in the following two companies, both classified as non-material associates: D. D. Power Holdings (Pty) Ltd., Elandsfontein (South Africa), and DEUTZ Power Solution (Xuzhou) Co., Ltd., Xuzhou (China). A summary is also provided for the joint venture founded in September 2024, DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd., Beijing (China). The associate D. D. Power Holdings (Pty) Ltd. has a different financial year (ending on November 30). Annual financial statements for the year ended December 31 have not been prepared for reasons of materiality.

€ million	**2024**	2023
Carrying amount of interests	**6.8**	**5.1**
Group´s share of:		
Profit from continuing operations	1.5	1.6
Other comprehensive income	0.0	0.0
Net income	**1.5**	**1.6**

30. Related-party disclosures

Guarantees and similar commitments

As at the balance sheet date, warranty liabilities in the DEUTZ Group amounted to €0.4 million (December 31, 2023: €0.2 million). Warranty liabilities are recognized for repair or replacement obligations in the event of manufacturing defects or other product defects. This covers free reworking or replacements, purchase price reductions, and compensation for non-performance. The obligations are recognized as contingent liabilities because they do not yet meet the requirements for recognizing provisions.

Other financial obligations

The following table shows the notional amounts and due dates of other financial obligations:

€ million	**Dec. 31, 2024**	Dec. 31, 2023
due in less than 1 year	11.6	10.7
due in 1 to 5 years	8.1	17.9
due in more than 5 years	0.0	0.0
Total	**19.7**	**28.6**

The obligations largely consist of financial obligations in connection with IT services.

Commitments to purchase property, plant and equipment and intangible assets amounted to €39.4 million as at December 31, 2024 (December 31, 2023: €62.4 million) and commitments to purchase inventories amounted to €81.2 million (December 31, 2023: €100.0 million).

Legal disputes

DEUTZ AG and other companies in the DEUTZ Group are involved in a number of legal disputes, claims for damages, and arbitration proceedings that could have an impact on the Group’s financial position.

Financial provision has been made to cover litigation risks facing the respective Group companies if the event in question occurred before the balance sheet date, an obligation is probable, and the amount of the obligation can be determined with a sufficient degree of reliability.

No agreement was reached with the tax authorities concerning the timing of taxation of the profit on the final installment of the purchase consideration for the sale of the Cologne-Deutz site. The final installment depends on the gross aboveground floor area shown in the development plan, so the amount and timing of the payment is not yet known. It is expected to be around €60 million, which would result in a tax liability of approximately €7.5 million. DEUTZ AG has filed a complaint at the finance court. No risk provision was recognized for this complaint because it is considered unlikely that the complaint will not be upheld.

We do not expect the above risks to have a significant adverse long-term impact on the DEUTZ Group’s financial position or financial performance beyond the financial provision already made.

31. Related-party disclosures

In addition to its consolidated subsidiaries, the DEUTZ Group maintains relationships with related parties.

These include the business relationships between the DEUTZ Group and entities in which it holds significant investments.

Related parties also include the Supervisory Board and the Board of Management.

The following table shows the volume of material goods and services either provided for or received from entities in which the DEUTZ Group holds significant investments:

€ million	Goods and services provided		Other expenses for services received		Receivables		Payables	
	2024	2023	**2024**	2023	**Dec. 31, 2024**	Dec. 31, 2023	**Dec. 31, 2024**	Dec. 31, 2023
Associates	12.1	16.9	0.0	0.0	1.6	1.6	1.0	1.0
Joint ventures	0.0	2.4	0.0	0.0	0.4	0.5	0.6	0.0
Other investments	0.0	0.0	5.8	5.1	0.0	0.0	2.3	2.7
Total	**12.1**	**19.3**	**5.8**	**5.1**	**2.0**	**2.1**	**3.9**	**3.7**

As at December 31, 2024, receivables of €9.2 million due from other investments had been written off in full (December 31, 2023: €9.2 million). As had also been the case in 2023, this had no impact on earnings in 2024.

Of these receivables, €5.2 million related to loans granted by DEUTZ (December 31, 2023: €5.2 million) on which impairment losses of €5.2 million had been recognized (December 31, 2023: €5.2 million). In both 2024 and 2023, an interest expense of €0.1 million arose in connection with the interest payable.

The decrease of €4.8 million in goods supplied and services rendered to associates was due to the utilization of existing inventories and lower demand for gensets.

There are liabilities to the new joint venture DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd., Beijing (China), of €0.6 million (December 31, 2023: €0.0 million).

The following payments were made to the Supervisory Board and the Board of Management as related parties of the DEUTZ Group:

€ million	Supervisory Board		Board of Management	
	2024	2023	**2024**	2023
Short-term remuneration[213]	1.9	1.8	4.1	4.7
Post-employment benefits	0.0	0.0	0.3	0.3
Other long-term benefits	0.0	0.0	0.0	0.0
Termination benefits	0.0	0.0	0.0	0.0
Share-based remuneration[214]	0.0	0.0	0.8	0.6
Total	**1.9**	**1.8**	**5.2**	**5.6**

As had also been the case in 2023, no disclosable transactions with related parties took place in 2024. The remuneration paid to the Board of Management and the Supervisory Board is described in Note 38 »Total remuneration for the Board of Management, former Board of Management members, and the Supervisory Board«.

32. Events after the reporting period

In view of the business situation and the challenging economic climate, targeted measures are to be taken to boost competitiveness. These measures are brought together in the Future Fit program. A company-specific collective agreement aimed at safeguarding the Cologne and Herschbach sites and protecting jobs at these sites was reached with the labor unions in March 2025.

Fundamentally, there should be no compulsory redundancies at the Cologne and Herschbach sites between now and the end of 2029. Jobs are primarily to be cut through a voluntary redundancy program at the Cologne site and will focus on Research and Development, Central Sales, Central Services, and SCM. Arrangements regarding instruments for increasing flexibility, such as short-time working and options for reducing working hours, have also been made so that it is possible to respond more flexibly to employment fluctuations.

The Group anticipates that the measures relating to job cuts will have an adverse impact on earnings of between €20 million and €30 million in 2025. This earnings effect will be assigned to exceptional items.

No other events occurred after December 31, 2024 that had a material impact on the financial position or financial performance of the DEUTZ Group.

[213] The short-term remuneration for members of the Supervisory Board includes both remuneration for their work as Supervisory Board members and the regular salaries of the salaried employee representatives.
[214] The disclosure of share-based remuneration corresponds with the expense (+) or income (-) recognized in the operating profit in the reporting year from the changes in provisions made for distributed virtual share options.

33. Share-based remuneration programs

Between 2007 and 2024, DEUTZ AG launched long-term incentive plans as long-term components of remuneration. Under these long-term incentive plans, virtual stock options or, alternatively, virtual performance shares are issued to reward management for its sustained contribution to the Company's success.

General description of the incentive plans of DEUTZ AG under which virtual performance shares are granted

The following incentive plans are based on the issuance of virtual performance shares in DEUTZ AG. The Company decides at its discretion who is eligible to participate in the plans. However, only members of the DEUTZ Group's management and members of the Board of Management of DEUTZ AG may be considered for inclusion. It is at the discretion of the Company to decide how many instruments are granted.

By the balance sheet date, the following long-term incentive plans (LTI) that were still in existence, with the (original) number of performance shares shown, had been granted:

Incentive plan	Date of grant	Number of performance shares
LTI BoM 2021	January 1, 2021	324,113
LTI BoM 2022	January 1, 2022	281,206
LTI BoM 2023	January 1, 2023	648,919
LTI BoM 2024	January 1, 2024	487,316
LTI BoM 2025	January 1, 2025	99,987
LTI No. XV-A	January 1, 2021	104,384
LTI No. XVI-A	January 1, 2022	128,752
LTI No. XVII-A	January 1, 2023	202,997
LTI No. XVIII-A	January 1, 2024	244,804

A total of 1,841,541 of these performance shares were granted to current and former members of the DEUTZ AG Board of Management. LTI BoM 2025 will not be granted to current members of the Board of Management until January 1, 2025. As a result, the table only shows the performance shares granted to former members of the Board of Management upon their departure.

Vesting of performance shares

The performance shares give rise to an entitlement to payment of a cash sum based on their virtual performance since allocation. The vesting period before payment of this cash sum is four years, starting from the date on which the virtual performance shares are allocated (performance period). After the four-year performance period has expired, the final number and value of the performance shares are calculated on the basis of the performance targets described below.

Depending on achievement of various performance targets, the beneficiary receives a cash payment after expiry of the performance period, the amount of which is the average DEUTZ AG closing share price for the 60 trading days prior to expiry of the performance period multiplied by the final number of performance shares determined on the basis of achievement of the various performance targets. The amount payable according to this calculation is limited to 1.8 times the target amount specified for the individual beneficiary. No beneficiary receives shares in the Company.

Performance targets for LTI BoM 2022 to 2024 and LTI no. XVI-A to LTI no. XVIII-A

During the four-year term, the number of performance shares depends on the achievement of a total shareholder return component (TSR component) and a return on capital employed component (ROCE component) (»performance targets«). 50% of the conditionally allocated performance shares are assigned to each of the two performance targets.

The performance shares only have a value at the end of the performance period and therefore only then result in a payment being made

- if the performance of the DEUTZ AG share price plus notionally reinvested gross dividends during the performance period is greater than, or equal to, the 25th percentile ranking of the DAXsubsector All Industrial Machinery peer group (TSR component) and/or

- if the relevant figure for ROCE (EBIT / capital employed) at the end of the final year of the performance period is greater than, or equal to, a predefined target value (ROCE component).

If target achievement for one or both of these two performance targets is below the aforementioned thresholds, the number of performance shares assigned to the performance target in question is reduced to zero. If one or both of these two performance targets are exceeded, the number of performance shares assigned to the performance target in question is increased up to a maximum of 180% of the number of performance shares originally allocated (cap). From 2024, the number of performance shares during the four-year term also depends on the achievement of a sustainability component, under which both environmental and social targets have to be met. The weightings for the performance targets are as follows from 2024: 50% for the ROCE component, 20% for the TSR component, and 30% for the sustainability component.

General description of the incentive plans of DEUTZ AG under which stock options are granted

The following incentive plans are based on the issuance of virtual options on shares in DEUTZ AG. The Company decides at its discretion who is eligible to participate in the plans. However, only members of the DEUTZ Group's management and members of the Supervisory Board of DEUTZ AG may be considered for inclusion. It is at the discretion of the Company to decide how many instruments are granted.

By the balance sheet date, the following long-term incentive plans (LTI) that were still in existence, with the (original) number of virtual options shown, had been granted free of charge:

Incentive Plan	Date of grant	Number of options
LTI No. XI	September 1, 2017	320,000
LTI No. XII	September 1, 2018	322,501
LTI No. XIII	October 1, 2019	280,000
LTI No. XIV	October 1, 2020	290,000
LTI No. XV-B	October 1, 2021	70,000
LTI No. XVI-B	October 1, 2022	70,000
LTI No. XVII-B	October 1, 2023	70,000

Exercise of stock options

One of the fundamental requirements for exercising options is that the option holders themselves invest in the Company at a ratio of one share per ten options. The absolute earliest that options can be exercised is four years after the date of grant (vesting period) and then only within four years from the end of the vesting period and only within ten days from the date of publication of quarterly financial statements. The Company may delay the start of the exercise window for the options or accelerate the exercise and vesting periods.

Furthermore, options may only be exercised

– if the market price of DEUTZ AG shares has risen by at least 30% relative to the reference price (dividend distributions by DEUTZ AG must be taken into consideration, i.e. for the purposes of calculating the performance target, the total gross dividend distribution up to the exercise date must be added to the DEUTZ AG share price); or

– if, in the period starting from the grant date of the option and ending on the date of exercise, DEUTZ AG shares outperform the DAXsector Industrial Performance Index – or any future index that replaces the DAXsector Industrial Performance Index – by at least 30%.

A request to exercise options must be submitted to the Company in writing.

The following specific terms and conditions apply to the incentive plans still in existence under which virtual stock options are granted:

Incentive plan	Earliest exercise date	Reference price
LTI No. XI	September 1, 2021	6.66€
LTI No. XII	September 1, 2022	7.15€
LTI No. XIII	October 1, 2023	5.80€
LTI No. XIV	October 1, 2024	4.56€
LTI No. XV-B	October 1, 2025	7.45€
LTI No. XVI-B	October 1, 2026	6.80€
LTI No. XVII-B	October 1, 2027	3.98€

When an option is exercised, the beneficiary receives a cash payment in the amount of the difference between the DEUTZ AG share price on the exercise date and the reference price at the time the option was granted. No beneficiary receives shares in the Company.

Information on the recognition and measurement of performance shares and stock options

Because the virtual performance shares and the virtual stock options are cash-based instruments rather than equity-based instruments, the Company is obliged to recognize a provision, the amount of which is derived from the fair value of the virtual performance shares and the virtual stock options at the grant date and apportioned pro rata over the applicable vesting period. This provision is recognized as non-current under the »Other provisions« line item on the balance sheet. The provision is remeasured on every reporting date at the fair value of the instruments granted until they are settled.

The amount to be recognized for the instruments granted is closely linked to the fulfillment of the contractual vesting conditions stipulated for the share-based remuneration programs. Market conditions and non-vesting conditions such as those applying to virtual performance shares in the form of a payment cap and TSR target achievement and to stock options in the form of a share price target must be taken into account when calculating the fair value. By contrast, service conditions and non-share-price-related conditions must be taken into account when estimating the number of shares becoming exercisable. Both programs are subject to service conditions. In addition, the virtual performance share program includes a non-share-price-related performance target relating to ROCE and, starting with the 2024 tranche, a sustainability component. All changes to provisions are recognized in profit or loss.

Depending on the complexity of the plan terms and conditions and the financial/mathematical requirements, fair value is determined using either a Monte Carlo simulation or a Black-Scholes-based option pricing model. The models take account of the aforementioned vesting conditions and exercise prices, the term of the plans, the DEUTZ AG share price, and other factors. The relevant measurement parameters for each incentive plan are shown in the following table:

Incentive plan	Risk-free interest rate	Volatility	Assumed maturity
LTI No. XI	2.32%	40%	Aug. 31, 2025
LTI No. XII	2.07%	37%	Aug. 31, 2026
LTI No. XIII	2.01%	37%	Sep. 30, 2027
LTI No. XIV	2.05%	36%	Sep. 30 2028
LTI No. XV-B	2.01%	37%	Oct. 1, 2027
LTI No. XVI-B	2.05%	36%	Oct. 1, 2028
LTI No. XVII-B	2.11%	38%	Oct. 1, 2029
LTI BoM 2022	2.07%	32%	Jan. 1, 2026
LTI BoM 2023	1.97%	32%	Jan. 1, 2027
LTI BoM 2024	1.98%	34%	Jan. 1, 2028
LTI No. XVI-A	2.07%	32%	Jan. 1, 2026
LTI No. XVII-A	1.97%	32%	Jan. 1, 2027
LTI No. XVIII-A	1.98%	34%	Jan. 1, 2028

Information on the total expense recognized for share-based remuneration programs in 2024

In accordance with the requirement for the fair value of the performance shares and options to be recalculated on each balance sheet date, a calculation was carried out on the basis of the DEUTZ AG share price of €4.04 as at December 31, 2024 (December 31, 2023: €4.80), which resulted in an overall expense of €3,336 thousand in 2024 (2023: €1,436 thousand). A total provision of €8,416 thousand was recognized at the end of 2024 (December 31, 2023: €5,080 thousand). Of this amount, €1,380 thousand was classified as a current provision because the LTI BoM 2021 and LTI no. XV-A tranches expired on December 31, 2024.

The year-on-year increase was due to more of the shares granted becoming vested and due to the issue of new tranches. Furthermore, the LTI BoM 2022 to 2024 tranches include shares granted to former members of the Board of Management. The LTI BoM 2025 tranche was also granted to a former member of the Board of Management upon his departure in 2024. For the performance shares granted to the former member of the Board of Management, the service condition was cancelled upon his departure in 2024, which meant that the instruments granted were already vested as at December 31, 2024.

The amount is broken down as follows:

Incentive plan	Dec. 31, 2024 € thousand	Dec. 31, 2023 € thousand
LTI No. X	0	79
LTI No. XI	6	60
LTI No. XII	22	81
LTI No. XIII	99	207
LTI No. XIV	146	169
LTI No. XV-B	17	31
LTI No. XVI-B	22	27
LTI No. XVII-B	32	10
LTI BoM 2021	1,133	1,134
LTI BoM 2022	1,158	1,063
LTI BoM 2023	2,518	1,272
LTI BoM 2024	1,491	351
LTI BoM 2025	554	0
LTI No. XV-A	247	196
LTI No. XVI-A	245	176
LTI No. XVII-A	444	224
LTI No. XVIII-A	282	0
Total	**8,416**	**5,080**

The options granted had the following intrinsic values, provided the vesting conditions were met:

Incentive plan	Intrinsic value per option, provided the vesting conditions are met (€)	
	Dec. 31, 2024	Dec. 31, 2023
LTI No. X	0.00	0.86
LTI No. XI	0.00	0.00
LTI No. XII	0.00	0.00
LTI No. XIII	0.00	0.00
LTI No. XIV	0.00	0.24
LTI No. XV-B	0.00	0.00
LTI No. XVI-B	0.00	0.00
LTI No. XVII-B	0.06	0.82

34. Staff costs

€ million	**2024**	2023
Salaries	221.1	199.6
Wages	151.6	157.5
Social security contributions	70.1	63.3
Cost of post-employement benefits and other long-term benefits	4.9	5.2
Cost of severance payments/ personnel restructuring	2.1	1.0
Net interest cost for provisions for pensions and other post-retirement benefits	1.4	0.5
Gesamt	**451.2**	**427.1**

The following table shows the breakdown of staff costs in continuing operations by functional area:

€ million	**2024**	2023
Cost of sales	240.7	243.0
Research and development costs	56.1	55.2
Selling expenses	89.1	77.0
Administrative expenses	60.4	47.0
Other operating expenses	4.9	4.9
Total	**451.2**	**427.1**

The average number of employees in continuing operations during the year is stated in the disclosures under German accounting standards in Note 35.

Disclosures under German accounting standards

35. Average number of employees during the year (pursuant to section 314 (1) no. 4 HGB)

	2024	2023
Non-salaried employees	2,619	2,754
Salaried employees	2,447	2,137
	5,066	**4,891**
Trainees	93	81
Total	**5,159**	**4,972**

The number of employees is expressed in full-time equivalents (FTEs). Part-time employees are included pro rata according to their contractual working hours.

36. Corporate governance

In December 2024, the Board of Management and the Supervisory Board of DEUTZ AG issued a declaration of conformity with the recommendations of the **German Corporate Governance Code** government commission pursuant to section 161 AktG and made this declaration permanently and publicly available on the **Corporate Governance** / Declaration of Conformity page of the Company’s website (currently: https://www.deutz.com/en/investor-relations/corporate-governance/declaration-of-conformity/).

37. Auditor's fees

The total fees reported for auditing the consolidated financial statements for 2024 are broken down as follows:

2024	**Total**	**thereof domestic**
€ thousand		
Auditing	1,017	1,017
Other attestation services	90	90
Other services	0	0
Total	**1,107**	**1,107**

2023	**Total**	**thereof domestic**
€ thousand		
Auditing	1,405	1,013
Other attestation services	192	192
Other services	23	0
Total	**1,620**	**1,205**

The fees for auditing services provided to DEUTZ AG consisted of the fees for the audit of the consolidated financial statements, the review of the interim financial statements for the six months to June 30, and the audit of the annual financial statements of DEUTZ AG. The fees for other attestation services provided to DEUTZ AG related to the review with limited assurance of the non-financial report. The fees for other services related to various consultancy or advisory services in 2024. The decrease in total fees compared with the previous year is attributable to the switch to a new auditor in the reporting period and to the additional reporting of fees for services across the entire Group in the prior-year period.

The auditor responsible for the audit, Christoph Hyckel, has overseen the audit of the single-entity and consolidated annual financial statements of DEUTZ AG since 2024.

38. Total remuneration for the Board of Management, former Board of Management members, and the Supervisory Board

Board of Management

The total remuneration for the Board of Management of DEUTZ AG recognized in expenses in 2024 was €5,201 thousand (2023: €5,583 thousand). This consisted of short-term employee benefits of €4,380 thousand (2023: €4,958 thousand) and share-based long-term benefits as part of the long-term incentive plans amounting to €821 thousand (2023: €625 thousand). A total of 351,665 performance shares were granted to current members of the DEUTZ AG Board of Management in 2024 (2023: 107,025). Further disclosures on the granting of options are provided in Note 33 »Share-based remuneration programs«.

Remuneration for former members of the Board of Management or their surviving dependants amounted to €2,697 thousand (2023: €1,021 thousand) for DEUTZ AG and the Group. In the period under review, this included benefits of €1,630 thousand in connection with the early termination of the Board of Management employment contract of Mr. Krutoff. Provisions of €8,495 thousand (December 31, 2023: €8,430 thousand) have been recognized to cover the pensions of former members of the Board of Management. A total of 88,729 performance shares were granted to former members of the DEUTZ AG Board of Management in 2024 (2023: 222,752).

Supervisory Board

The total remuneration for the Supervisory Board of DEUTZ AG in 2024 was €1,229 thousand (2023: €1,113 thousand). In addition, the employee representatives on the Supervisory Board who are also employees of the DEUTZ Group received normal salaries in line with their employment contracts. The level of their salaries represented appropriate remuneration for corresponding functions and tasks in the Group.

Advances and loans to members of the Board of Management and the Supervisory Board As at December 31, 2024, there were no outstanding advances or loans to any members of the Board of Management or the Supervisory Board, nor had any guarantees or other warranties been issued in favor of any such persons.

39. Disclosures under the German Securities Trading Act (WpHG)

The German Securities Trading Act (WpHG) obliges investors whose share of voting rights in listed companies reaches certain thresholds to notify the company accordingly. DEUTZ AG had received the following voting right notifications as at December 31, 2024:

Date of notification	Notifying party	Disclosures under the German Securities Trading Act (WpHG)	Date of he threshold contact	Over/ under threshold	New share of voting rights / of which attributable to the notifying party pursuant to Section 34 WpHG	Absolute voting rights / of which attributable to the person subject to the notification obligation pursuant to Section 34 WpHG	Held via the company controlled by the notifying party with 3% or more voting rights
May 8, 2024	Ministry of Finance on behalf of the State of Norway, Oslo, Norway	section 33 (1) WpHG	May 7, 2024	<3%	2.94% / 2.94 %	3,712,517 / 3,712,517	
May 13, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 9, 2024	<3%	2.60% / 2.60%	3,279,293 / 3,279,293	
May 16, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 13, 2024	>3%	4.10% / 4.10%	5,165,976 / 5,165,976	
May 17, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 14, 2024	>5%	5.14% /5.14%	6,478,512 / 6,478,512	
May 22, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 15, 2024	<5%	4.44% / 4.44%	5,605,952 / 5,605,952	
May 29, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 27, 2024	>5%	5.24% / 5.24%	6,604,285 / 6,604,285	
May 31, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 28, 2024	<5%	4.56% / 4.56%	5,755,871 / 5,755,871	
June 5, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	May 31, 2024	>5%	5.26% / 5.26%	6,634,560 / 6,634,560	
June 6, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 3, 2024	<5%	4.13% / 4.13%	5,207,475 / 5,207,475	
June 12, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 7, 2024	>5%	5.002827847262%/ 5.002827847262%	6,310,927 / 6,310,927	
June 14, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 11, 2024	<5%	4.99% / 4.99%	6,294,684 / 6,294,684	
June 19, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 14, 2024	>5%	5.33% / 5.33%	6,729,624 / 6,729,624	
June 21, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 18, 2024	<5%	4.68% / 4.68%	5,898,960 / 5,898,960	
July 3, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	June 28, 2024	>5%	5.42% / 5.42%	6,837,856 / 6,837,856	
July 4, 2024	Ministry of Finance on behalf of the State of Norway, Oslo, Norway	section 33 (1) WpHG	July 3, 2024	>3%	3.20% / 3.20%	4,038,000 / 4,038,000	Norges Bank with 3.20 %
July 5, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	July 2, 2024	<5%	4.96% / 4.96%	6,259,479 / 6,259,479	

Date of notification	**Notifying party**	**Disclosures under the German Securities Trading Act (WpHG)**	**Date of he threshold contact**	**Over/ under threshold**	**New share of voting rights / of which attributable to the notifying party pursuant to Section 34 WpHG**	**Absolute voting rights / of which attributable to the person subject to the notification obligation pursuant to Section 34 WpHG**	**Held via the company controlled by the notifying party with 3% or more voting rights**
July 8, 2024	Ministry of Finance on behalf of the State of Norway, Oslo, Norway	section 33 (1) WpHG	July 5, 2024	<3%	2.91% / 2.91%	4,038,000 / 4,038,000	
July 9, 2024	UBS Group AG, Zürich, Switzerland	section 33 (1) WpHG	July 3, 2024	>3%	3.08% / 3.08%	3,885,802 / 3,885,802	
July 11, 2024	UBS Group AG, Zürich, Switzerland	section 33 (1) WpHG	July 5, 2024	<3%	2.82% / 2.82%	3,908,165 / 3,908,165	
July 11, 2024	UBS Group AG, Zürich, Switzerland	section 33 (1) WpHG	July 8, 2024	>3%	3.39% / 3.39%	4,710,944 / 4,710,944	UBS AG with 3.13 %
July 11, 2024	Ministry of Finance on behalf of the State of Norway, Oslo,	section 33 (1) WpHG	July 9, 2024	>3%	4.44% / 4.44%	6,161,275 / 6,161,275	Norges Bank with 4.44 %
July 12, 2024	UBS Group AG, Zürich, Switzerland	section 33 (1) WpHG	July 9, 2024	<3%	2.98% / 2.98%	4,128,634 / 4,128,634	
August 9, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 6, 2024	>5%	5.30% / 5.30%	7,353,097 / 7,353,097	
August 13, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 9, 2024	<5%	4.93% / 4.93%	6,840,549 / 6,840,549	
August 19, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 15, 2024	<3%	2.99% / 2.99%	4,152,492 / 4,152,492	
August 22, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 19, 2024	>3%	3.74% / 3.74%	5,192,680 / 5,192,680	
August 26, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 21, 2024	<3%	2.96% / 2.96%	4,109,195 / 4,109,195	
August 26, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	August 23, 2024	>3%	4.33% / 4.33%	6,003,962 / 6,003,962	
September 13, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	September 10, 2024	>5%	5.12% / 5.12%	7,109,922 / 7,109,922	
September 16, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	September 11, 2024	<5%	4.95% / 4.95%	6,864,677 / 6,864,677	
October 11, 2024	DWS Investment GmbH, Frankfurt am Main, Germany	section 33 (1) WpHG	October 8, 2024	<3%	2.44% / 2.44%	3,379,248 / 3,379,248	

40. Supervisory Board and Board of Management

Information on the members of the Supervisory Board and the Board of Management, including non-executive directorships held at other companies, is given in a separate list »Members of the Supervisory Board and Board of Management«.

Cologne, February 25, 2025

DEUTZ Aktiengesellschaft

The Board of Management

Dr. Sebastian C. Schulte
Chairman

Dr.-Ing. Petra Mayer

Oliver Neu

SHAREHOLDINGS OF DEUTZ AG

As at December 31, 2024

Ref. no.	Name and registered office of the company	Held via	Holding (%)	Equity (€ thousand)	Net income (in Tsd.)
1	DEUTZ AG, Köln			841,664	39,336
Consolidated companies in Germany					
2	DEUTZ Amerika Holding GmbH, Cologne[215,216,217]	1	100.0	184,962	0
3	DEUTZ Beteiligung GmbH, Cologne[215]	1	100.0	8,316	-134
4	DEUTZ China Verwaltungs GmbH, Cologne[215,216,217]	1	100.0	48,350	0
5	DEUTZ Deutschland GmbH, Stockstadt am Rhein[215,216,217]	1	100.0	14	-10
6	DEUTZ Verwaltungs GmbH, Cologne[215,216,217]	1	100.0	16,125	0
7	Deutz-Mülheim Grundstücksgesellschaft mbH, Cologne[215,216,217]	6	100.0	46	1
8	Futavis GmbH, Aachen[215,216]	1	100.0	1,011	67
9	Unterstützungsgesellschaft mbH der DEUTZ Aktiengesellschaft, Cologne[215]	1	100.0	-715	88
Consolidated companies outside Germany					
10	Ausma Motorenrevisie B.V., Roden (Netherlands)[215]	27	100.0	469	94
11	Biuro Techniczno-Handlowe FAST Sp.z.o.o., Walendów (Poland) [215,218]	1	100.0	915	226
12	Blue Star Power Systems, Inc., North Mankato (USA)[215,219]	19	100.0	79,666	10,395
13	DEUTZ Asia-Pacific (Pte.) Ltd., Singapore (Singapore)[215]	1	100.0	9,322	4,437
14	Deutz Australia (Pty) Ltd., Braeside (Australia)[215]	1	100.0	6,789	964
15	Deutz Austria GmbH, Vienna (Austria)[215]	1	100.0	1,484	284
16	DEUTZ (Beijing) Engine Co., Ltd., Beijing (China)[215]	1	100.0	4,545	124
17	Deutz Belgium N.V, Antwerp (Belgium)[215]	18	100.0	3,448	257
18	Deutz Benelux B.V., Rotterdam (Netherlands)[215]	1	100.0	3,598	-2
19	Deutz Corporation, Norcross (USA)[215]	2	100.0	125,256	-7,653
20	DEUTZ CS s.r.o., Modrice (Czech Republic)[215]	1	100.0	1,021	238
21	DEUTZ DO BRASIL LTDA., São Paulo (Brazil)[215]	1	100.0	2,270	735
22	DEUTZ Engines (India) Private Limited, Pune (India)[215]	1	100.0	1,371	158
23	DEUTZ FRANCE S.A.S., Gennevilliers (France)[215]	1	100.0	13,571	2,440
24	DEUTZ Global Service Center, S.L., Zafra (Spain)[215]	1	100.0	1,285	124
25	DEUTZ Italy S.r.l., Milan (Italy)[215]	1	100.0	11,677	3,735
26	DEUTZ Japan GK, Tokyo (Japan)[215]	1	100.0	235	199
27	DEUTZ Netherlands B.V., Dordrecht (Netherlands)[215]	18	100.0	3,121	-49
28	DEUTZ Nordic AB, Järfälla (Sweden)[215]	1	100.0	14,463	528
29	DEUTZ Nordic ApS, Risskov (Denmark)[215]	1	100.0	5,599	773

[215] Equity and net income in accordance with the annual financial statements prepared for consolidation purposes.
[216] Profit-and-loss transfer agreement within the DEUTZ Group.
[217] Forms a tax group with DEUTZ AG for VAT purposes.
[218] Initial consolidation as of November 4, 2024. Renamed DEUTZ Polska Sp. z o.o. as of February 17, 2025.
[219] Initial consolidation as of August 5, 2024.

SHAREHOLDINGS OF DEUTZ AG

As at December 31, 2024

Ref. no.	Name and registered office of the company	Held via	Holding (%)	Equity (€ thousand)	Net income (in Tsd.)
30	DEUTZ Nordic Oy, Helsinki (Finland)[215]	1	100.0	2,744	99
31	DEUTZ Romania S.r.l., Galati (Romania)[215]	25	100.0	673	149
32	DEUTZ (SHANGHAI) INTERNATIONAL TRADE Co., Ltd., Shanghai (China)[215]	1	100.0	2,453	-4,310
33	DEUTZ Spain S.A., Zafra (Spain)[215]	1	100.0	50,250	2,306
34	Kirkwell Ltd. (South Coast Diesels), Kildare (Ireland)[215]	1	100.0	4,566	-203
35	Mauricio Hochschild Ingeniería y Servicios S.A., Santiago (Chile)[215]	33	100.0	8,136	214
36	Motor Center Austria GmbH, Wels (Austria)[215]	1	100.0	325	9
37	Nlle Ste MAGIDEUTZ S.A., Casablanca (Morocco)[215]	23	100.0	1,727	-2,184
38	OOO DEUTZ Vostok, Moscow (Russia)[215]	1	100.0	992	-290
39	D. D. Power Holdings (Pty) Ltd., Elandsfontein (South Africa)[220,221]	1	30.0	11,252	7,497
40	DEUTZ Power Solution (Xuzhou) Co., Ltd., Xuzhou, Jiangsu (China)[220]	4	40.0	7,072	538
41	DEUTZ Zhongguancun Hydrogen Technology (Beijing) Co., Ltd, Beijing (China)[221,220,222]	4	50.0	2,637	0
42	Hunan DEUTZ Power Co., Ltd., Changsha (China)[220]	4	51.0	57,912	2,870
Unconsolidated companies in Germany					
43	DEUTZ Sicherheit Gesellschaft für Industrieservice mbH, Cologne[216,217]	1	100.0	26	0
44	Feld & Hahn GmbH i. L., Cologne[216,223]	1	100.0	455	0
Unconsolidated companies outside Germany					
45	AROTRIOS S.A., Nea Filadelfia (Greece)[223]	1	100.0	–	–
46	DEUTZ ENGINEERING druzba za projektiraje, proizvodnjo in trgovino d.o.o., Maribor (Slovenia)	1	100.0	808	55
47	DEUTZ UK LTD, Cannock (UK)	1	100.0	144	-19
Other equity investments					
48	Blue World Technologies, Aalborg (Denmark)[224]	1	9.08	25,373	-12,748

Notes to subsidiaries
The German subsidiaries listed below in the legal form of a corporation make use of the exemption option under Section 264 Paragraph 3 of the German Commercial Code (HGB) in conjunction with Section 325 of the German Commercial Code (HGB) with regard to disclosure:
DEUTZ Amerika Holding GmbH, Cologne
DEUTZ China Verwaltungs GmbH, Cologne
DEUTZ Deutschland GmbH, Stockstadt am Rhein
DEUTZ Verwaltungs GmbH, Cologne
Deutz-Mülheim Grundstücksgesellschaft mbH, Cologne
Futavis GmbH, Aachen

[213] Equity and annual result according to the annual financial statements prepared for consolidation purposes.
[214] Profit and loss transfer agreement within the DEUTZ Group.
[215] VAT group with DEUTZ AG.
[220] Consolidated at equity..
[221] Figures as of November 30, 2024 valued at the price as of December 31, 2024.
[222] Initial consolidation as of September 30, 2024.
[223] Company is in liquidation.
[224] Figures as of December 31, 2023.

Annual Financial statements in accordance with the German Commercial Code (HGB)

BALANCE SHEET OF DEUTZ AG

€ million

Assets	**Dec. 31, 2024**	Dec. 31, 2023
Intangible assets	138.9	84.4
Property, plant and equipment	271.1	247.5
Investments	486.7	450.5
Non-current assets	**896.7**	**782.4**
Inventories	218.4	242.7
Receivables and other assets	203.1	220.2
Cash and cash equivalents	23.6	31.3
Current assets	**445.1**	**494.2**
Prepaid expenses	6.8	7.7
Deferred tax assets	138.9	111.2
Excess of plan assets over post-employment benefit liability	1.3	6.2
Total assets	**1,488.8**	**1,401.7**

Equity and liabilities	**Dec. 31, 2024**	Dec. 31, 2023
Issued capital	354.7	322.5
Additional paid-in capital	78.1	38.3
Retained earnings		
Legal reserve	4.5	4.5
Other retained earnings	348.8	329.8
Accumulated income	55.6	56.7
Equity	**841.7**	**751.8**
Provisions	244.6	269.0
Other liabilities	401.4	379.8
Deferred income	1.1	1.1
Total equity and liabilities	**1,488.8**	**1,401.7**

INCOME STATEMENT OF DEUTZ AG

€ million

	2024	2023
Revenue	1,422.8	1,721.1
Cost of sales	-1,203.3	-1,433.3
Gross profit	**219.5**	**287.8**
Research and development costs	-99.2	-107.7
Selling expenses	-66.6	-67.9
General and administrative costs	-78.2	-50.8
Other operating income	56.8	36.1
Other operating expenses	-25.7	-21.7
thereof expenses pursuant to art. 67 (1) and (2) of the Introductory Act to the HGB (EGHGB)	-2.3	-2.3
Net investment income	20.5	1.1
Interest expenses, net	-7.8	-5.9
Write-downs of investments	-6.2	-4.2
Income taxes	26.8	11.0
Profit after income taxes	**39.9**	**77.8**
Other taxes	-0.6	-0.6
Net income	**39.3**	**77.2**
Profit carried forward from previous year	35.3	18.1
Additions to other retained earnings	-19.0	-38.6
Accumulated income	**55.6**	**56.7**

Responsibility statement

»To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position, and results of operation of the Group, and the group management report presents a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.«

Cologne, February 25, 2025

DEUTZ Aktiengesellschaft

The Board of Management

Dr. Sebastian C. Schulte
Chairman

Dr.-Ing. Petra Mayer

Oliver Neu

Independent auditor's report

To the DEUTZ Aktiengesellschaft, Cologne

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT/COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Deutz Aktiengesellschaft, Cologne and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information.

In addition, we have audited the combined management report (report on the position of the company and of the group) of DEUTZ Aktiengesellschaft for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in section "OTHER INFORMATION".

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 IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereafter "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to § 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 at 31 December 2024, and of its financial performance for the financial year from 1 January 2024 to 31 December 2024, and

- the accompanying combined management report as a whole provides an appropriate view of the group's position. In all material respects, this combined 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 combined management report does not cover the content of those parts of the combined management report listed in section "OTHER INFORMATION".

Pursuant to § 322 (3) sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 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 COMBINED 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 Article 10 (2) letter (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit opinions on the consolidated financial statements and on the 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 financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters to be disclosed in our auditor's report:

1) **Impairment of internally generated intangible assets**

2) **Acquisition of Blue Star Power Systems Inc., North Mankato, Minnesota (USA) and takeover of sales and services for various Daimler Truck industrial engines.**

3) **Impairment of goodwill**

1) **Impairment of internally generated intangible assets**

Matter

In the consolidated financial statements of DEUTZ AG, internally generated intangible assets of EUR 66 million (previous year: EUR

83 million) are reported under the balance sheet item 'Intangible assets' as at the balance sheet date of 31 December 2024.

Internally generated intangible assets are amortised on a straight-line basis over the expected production cycle. At each balance sheet date, an additional review is carried out to determine whether there are any indications that assets may be impaired. Intangible assets not yet available for use are tested for impairment at least once a year. For the purpose of the impairment test, the executive directors determine the recoverable amount of the asset or the smallest identifiable group of assets for which cash inflows can be identified as independently as possible (cash-generating unit). The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is initially determined on the basis of the value in use.

To determine the recoverable amount, the expected future cash flows are discounted to their present value. Cash surpluses are discounted at the weighted average cost of capital of the respective asset or cash-generating unit for the specific term. An impairment loss is recognised if the recoverable amount is less than the carrying amount.

The review resulted in an impairment loss of EUR 9.2 million for the 2024 financial year, which relates to an engine series due to lower sales expectations.

The calculation of the recoverable amount depends on the estimates of the executive directors with regard to future cash inflows and the discount rate to be used. There are, therefore, considerable uncertainties in the calculation.

DEUTZ AG's disclosures on internally generated intangible assets are contained in the sections 'Significant estimates and assumptions', 'Intangible assets' and 'Notes to the balance sheet' in Note (14) Intangible assets in the notes to the consolidated financial statements.

Auditor's response

We first obtained an understanding of the product development process and the Group's process for capitalising development costs and assessing their recoverability and assessed whether the accounting-related internal controls contained therein are appropriately designed. Furthermore, we assessed the process for identifying and evaluating matters and developments that may affect the recoverability of intangible assets.

When testing the recoverability of internally generated intangible assets, we first gained an understanding of the planning process and assessed the methodological approach and the level at which the impairment tests were performed. We then evaluated the key planning assumptions, taking into account general and industry-specific market expectations, and assessed the consistency of the planning underlying the impairment tests with the medium-term planning.

We also examined the discount rate used by analysing the parameters applied and assessing the calculation method with the involvement of our valuation specialists.

In addition, we used a deliberate selection of intangible assets not yet available for use to assess whether the recognition criteria for an internally generated intangible asset in accordance with IAS 38 continue to be met. In particular, we assessed whether the company is still able to finalise the internally generated intangible assets that are not yet available for use and whether it is still probable that future economic benefits will be generated.

2) Acquisition of Blue Star Power Systems Inc., North Mankato, Minnesota (USA) and takeover of sales and services for various Daimler Truck industrial engines
Matter

DEUTZ AG acquired 100% of the shares in Blue Star Power Systems Inc. with effect from 5 August 2024. The acquisition will increase the Group's sales revenue and earnings in the 2024 financial year by EUR 61.8 million and EUR 10.4 million respectively. A purchase price of EUR 114.6 million was agreed for the transaction, resulting in provisional goodwill of EUR 39.0 million.

In addition, DEUTZ AG acquired the sales and service activities and thus the customer base for various Daimler Truck industrial engines from the Rolls-Royce-Division Power Systems with effect from 1 August 2024. This is an asset deal that was recognised in accordance with the rules for a business combination. A purchase price of EUR 82.3 million was agreed for the acquisition. Initially, neither goodwill nor badwill has arisen from the transaction.

These transactions represent significant business transactions for the Group in the 2024 financial year. With regard to the acquisition of the sales and service activities for Daimler Truck industrial engines, there were also very complex contractual agreements. For these reasons, the acquisition of Blue Star Power System Inc. and the acquisition of the sales and service activities were a key audit matter in the context of our audit.

The company's disclosures on the transactions are contained in the sections 'Significant estimates and assumptions', 'Consolidation principles' and 'Business acquisitions' in the notes to the consolidated financial statements.

Auditor's response

As part of our audit, we satisfied ourselves that the acquired assets and liabilities are business operations and that the transactions represent a business combination in accordance with IFRS 3. We also assessed whether the timing of the acquisitions has been appropriately recognised in these consolidated financial statements. In auditing the purchase price allocations, we inspected the contracts relating to the acquisitions and the other relevant documents and verified the identification of the individual assets and liabilities as well as their recognition and measurement at fair value on the acquisition date.

Where the fair values recognised were determined on the basis of valuation models, we assessed the appropriateness of the models and the plausibility of the assumptions made about the underlying parameters, in particular future cash flows, interest rates and growth rates, with the involvement of our internal specialists. Since the acquired sales and service activities are essentially long-term customer relationships, we focused in particular on the period over which the acquired sales and service activities for the individual industrial engines are expected to continue.

We have assessed the appropriateness and completeness of the disclosures on acquisitions within the meaning of IFRS 3 in the notes to the consolidated financial statements.

3) Impairment of goodwill

Matter

In the consolidated financial statements of DEUTZ AG, goodwill of EUR 81.7 million is reported under the balance sheet item 'Intangible assets' as at the balance sheet date of 31 December 2024.

Goodwill is subjected to an impairment test by the company once a year or as required in order to determine a possible need for impairment. The company carried out the annual impairment test in the financial year 2024. The impairment test is carried out at the level of the Deutz Classic and Deutz Green operating segments as the groups of cash-generating units carrying the goodwill. The recoverable amounts of the operating segments are compared with the carrying amounts of the operating segments including the allocated goodwill. The recoverable amount of an operating segment is initially determined by calculating the fair value less costs to sell using the discounted cash flow method. To determine the fair value less costs to sell, the expected future cash flows are discounted to their present value using a discount rate that reflects current market expectations with regard to the interest effect and the specific risks of the group of cash-generating units. The future cash flows are based on the planning calculations of the executive directors.

The determination of the fair value less costs to sell is highly dependent on the estimates of the executive directors with regard to the future cash inflows of the respective group of cash-generating units, the discount rates used, the growth rates and other assumptions and is therefore subject to considerable uncertainty. Due to the significant uncertainties associated with the measurement, this is a key audit matter.

DEUTZ AG's disclosures on goodwill are contained in the sections 'Significant estimates and assumptions', 'Intangible assets' and 'Notes to the balance sheet' in Note (14) Intangible assets in the notes to the consolidated financial statements.

Auditor´s response

As part of our audit, we gained an understanding of the Group's planning process and assessed its appropriateness. We performed an analysis of past planning, comparing the previous year's planning with the actual results and analysing deviations. We also examined whether the planning for future cash inflows for the groups of cash-generating units was correctly derived from the approved medium-term planning.

In addition, we assessed the appropriate recognition of the costs of Group functions. In addition, with the involvement of our valuation specialists, we reviewed the procedure for performing the impairment tests and the calculation and verified the mathematical accuracy of the calculation and the model used. We discussed the Group's approved medium-term planning and the assumed long-term growth rates with the Board of Management. We verified the assumptions underlying the planning and the assumed growth rates by comparing them with past developments and current industry-specific market expectations.

Additionally, we critically scrutinised the discount rates used on the basis of the average capital costs of a peer group. In order to take into account the existing forecast uncertainties, we analysed the sensitivity analyses prepared by the Company. For groups of cash-generating units for which a possible change in an assumption would lead to a recoverable amount below the carrying amount of the group of cash-generating units, including the allocated goodwill, we satisfied ourselves that the required disclosures were made in the notes.

OTHER INFORMATION

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the combined non-financial group statement provided in section "Group Sustainability Statement" of the combined management report

- the separately published statement on corporate governance to which reference is made in the section "Corporate governance statement in accordance with Sections 289f and 315d HGB" of the combined management report

- the disclosures extraneous to the combined management report and marked as unaudited. These include the sections "Assessment of the appropriateness and effectiveness of the financial risk management system", "Internal control system", " Assessment of the appropriateness and effectiveness of the internal control system"

- the other parts of the annual report, except for the audited consolidated financial statements and combined management report as well as our auditor's report

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report, or our knowledge obtained in the audit or

- otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT/COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 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 (i. e. fraudulent financial reporting and misappropriation of assets) 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 combined 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 combined 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 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 combined management report.

AUDITOR´S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED 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 combined 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 combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and 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 combined 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 combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal controls or these arrangements and measures.

- 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 combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.

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

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming the audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined 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 combined 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 controls 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, the actions taken or safeguards applied to eliminate independence threats.

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 on the Electronic Rendering of the Consolidated Financial Statements and COMBINED MANAGEMENT REPORT, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "deutz-KA-LB-2024-12-31" and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2024 to 31 December 2024 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

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 with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the company are responsible for such internal controls that 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 § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

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 § 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 § 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 file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.

- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OFTHE EU AUDIT REGULATION

We were elected as auditor by the consolidated general meeting on 8 May 2024. We were engaged by the supervisory board on 6 November 2024. We have been the auditor of the consolidated financial statements of the DEUTZ Aktiengesellschaft without interruption since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER - USE OF THE AUDITOR´S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the German Company Register — are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christoph Hyckel.

Hamburg, 12. March 2025

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Winkler	signed Hyckel
German Public Auditor	German Public Auditor

Glossary

Audit An analysis examining whether processes comply with policy and/or meet the requirements of certain standards, for example for certification in accordance with a particular ISO standard.

Compliance Denotes the entirety of measures taken by a company to comply with laws, regulations, and directives and also to comply with contractual obligations and self-imposed obligations.

Conflict minerals Minerals or similar natural resources that are extracted in a part of the world afflicted by armed conflicts and that are sold in order to fund these conflicts.

Conrod Component connecting the crankshaft and piston in a piston engine.

Corporate governance Responsible management and control of a company with a view to long-term value creation and increasing shareholder value.

Corporate Social Responsibility The responsibility of companies for the impact of their activities on society. This includes social, environmental and economic aspects.

Corporate Sustainability Reporting Directive (CSRD) EU directive that creates a framework for companies' sustainability reporting.

Counterparty risk The risk that a counterparty, i.e. a contractual partner, does not fulfill its contractual obligations in full or in part.

Diversity A concept encompassing the acceptance of and respect for all people, regardless of their social background, ethnicity, gender, sexual orientation, religious beliefs, age, physical and mental capabilities, or how they see the world and live their lives. A tolerant corporate culture that accepts the differences between individual employees can be utilized to boost the success of a company.

eFuels Synthetic fuels that are produced from water and carbon dioxide (CO_2) using electricity.

ESG Abbreviation for environmental, social, and corporate governance. These are the three areas of corporate responsibility related to sustainability.

EU emissions standard Exhaust emissions standard laid down by the European Union for off-highway applications. It sets limits for pollutants such as nitrogen oxide, hydrocarbons, and soot particulates in exhaust gas.

European Sustainability Reporting Standards (ESRS) A framework for corporate reporting on environmental, social and governance ESG issues. The standards must be complied with by all companies that are subject to the CSRD.

Factoring Form of funding for companies in which open receivables, e.g. trade receivables, are sold to a third party in order to improve the company's liquidity.

General Equal Treatment Act (AGG) In force in Germany since 2006 and implements four European directives. The AGG protects people who experience discrimination for particular reasons.

Genset A generator unit that generates electrical energy from available resources, specifically so that the equipment being powered is not dependent on the electricity grid.

German Corporate Governance Code (DCGK) Sets out statutory provisions concerning the management and supervision of listed companies in Germany. It also contains recommendations and suggestions on good and responsible corporate governance.

German Sustainability Code Transparency standard for reporting on the sustainability efforts of companies from across all sectors. It contains 20 criteria that can be used as a framework for preparing non-financial reports.

HVO (hydrotreated vegetable oil) An innovative biofuel produced from biological waste, slurry, and used cooking oils and fats, and is therefore not in competition with food production. Its properties are very similar to fossil-based diesel and as a result it can be used as a direct replacement.

ILO fundamental conventions Labor standards of the International Labour Organization (ILO) that define universal minimum standards for decent work. They apply regardless of a country's level of development and cover the four areas of freedom of association, prohibition of discrimination in respect of employment and occupation, abolition of child labor, and elimination of forced labor.

IMS (integrated management system) Standardized structure bringing together methods and tools for ensuring compliance with requirements in various areas, such as quality, environmental protection, and health and safety, in order to enable comprehensive management and control.

Industry 4.0 Describes the digital transformation of industry. Components autonomously communicate with the production plant and, if needed, can request a repair or order materials themselves. Industry 4.0 is characterized by the intelligent networking of people, machines, and industrial processes.

Lean Philosophy/guidelines promoting customer-focused, lean processes without waste in every area of a company. Important aspects include the pull principle, the reduction of lead times, flexibility, and the ability to synchronize with the customer. Lean manufacturing, for example, describes a way of organizing production processes that aims to improve productivity, production factors, product quality, and production flexibility by avoiding any type of resources being wasted, be it time, human resources, money, material, or space.

Materials compliance Adherence to environmental and material-specific laws, regulations, and directives – such as REACH, RoHS, and the provisions governing the use of conflict minerals – that restrict or prohibit various substances and materials in products with the aim of protecting people and the environment. It is also the name of the department at DEUTZ that deals with implementation of the relevant rules.

Material handling Equipment for moving goods within contained areas, such as airports or factories. Examples include forklift trucks, telehandlers, lifting platforms, and ground support equipment.

OECD Guidelines The guidelines of the Organisation for Economic Co-operation and Development (OECD) representing an international instrument for promoting responsible business conduct. They contain principles and standards in the areas of human rights, social responsibilities, environment, combating of corruption, taxation, consumer interests, information disclosure, research, and competition. The guidelines constitute non-binding recommendations from the OECD member states to multinational enterprises. Although the guidelines are not legally binding, the German government expects German companies to comply with them in their international activities.

EM (original equipment manufacturer) Manufacturer from which another company purchases components for its own production operations and then sells them on under its own brand name or markets them without any branding.

Off-highway Segment comprising engine-powered applications whose use on roads is subject to restrictions, e.g. trains, ships, agricultural vehicles, and construction vehicles.

On-road Engine-powered applications that, unlike off-highway applications, traditionally use the roads, e.g. trucks.

On-site audit Verification of whether processes conform to guidelines and/or meet the requirements of certain standards, where the auditor is on site and therefore has personal access to the source of information.

Paris Agreement Agreement adopted on December 12, 2015 that was signed by 195 parties at the UN climate change conference in Paris. It sets out a global framework for avoiding climate change catastrophe by keeping the rise in global temperatures to well below 2°C and ideally limiting the increase to 1.5°C.

Percentile ranking Percentage rank in an ordered data set that indicates which percentage of all data points are smaller or equal to the associated point.

Product carbon footprint (PCF) A method of calculating greenhouse gas emissions, also known as the cradle-to-grave analysis. It looks at all phases of the product lifecycle, from the extraction of the raw materials and the usage phase to the disposal of the product.

REACH (Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals) European Union regulation concerning the registration, evaluation, authorization, and restriction of chemicals.

Recordable Incident Rate (RIR) Number of reportable accidents at work per year per 1 million hours worked. An accident is deemed reportable if it occurs during working hours on the Company's premises while an insured activity is taking place and results in an absence of more than three calendar days.

Responsible Minerals Initiative (RMI) An organization that supports companies in ensuring responsible mineral sourcing in their supply chains.

RoHS (Restriction of Hazardous Substances) Abbreviation for Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, which governs the use and placement in the market of hazardous substances in electrical and electronic components.

SCM (supply chain management) The coordination and optimization of value chains and supply chains. It encompasses various procurement and manufacturing departments as well as distribution to customers.

Supply Chain Due Diligence Act (LkSG) Act (LkSG) Germany's Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains, which came into force on January 1, 2023 and sets out companies' responsibility for respecting human rights in global supply chains. Based on eleven internationally recognized human rights conventions, the law defines requirements for companies' operations, such as protection against child labor, the right to fair wages, and environmental protection.

Sustainable Development Goals (SDG) Policy objectives set by the UN that are intended to foster sustainable development at economic, societal, and environmental level and on a global basis. The 17 SDGs entered into force on January 1, 2016 and have a term of 15 years (up to 2030).

Synthetic fuels See eFuels.

UN Guiding Principles on Business and Human Rights A global instrument for the elimination and prevention of human rights violations in economic contexts. The 31 Guiding Principles refer to the International Bill of Human Rights and the Declaration of Principles of the International Labour Organization (ILO) and give concrete form to the Protect, Respect and Remedy framework.

United Nations Global Compact (UNGC) A global pact for sustainable and responsible corporate governance. The signatories (businesses, non-governmental organizations, and other non-business entities) commit to embedding ten universally accepted principles into their strategy and contributing to the implementation of the sustainable development goals. (see also UNGC principles and sustainable development goals).

Universal Declaration of Human Rights Proclaimed by the United Nations General Assembly on December 10, 1948. In its 30 articles, the declaration formulates civil, political, economic, social, and cultural rights. As a declaration of the UN General Assembly, it does not have the legally binding force of a treaty that can be ratified by individual states, but it carries great political and moral weight.

Virtual performance shares (VPS) Virtual shares allocated on a conditional basis. The final number of shares is determined at the end of the performance period based on the attainment of previously specified performance targets. Payment is in cash rather than in the form of shares.

Waiver (request) Request made to a business partner to waive a particular provision or condition despite this provision or condition being contractually agreed.

Xchange Professionally reconditioned engines and parts that represent a quick, economic, and eco-friendly alternative to purchasing a new product. Xchange engines and parts have to meet the same quality standards as apply to the manufacturing of new ones.

Xetra (Exchange Electronic Trading) Name given to the electronic dealing system run by Deutsche Börse (also known as screenbased trading).

DEUTZ GROUP: MULTI-YEAR OVERVIEW

	2020	2021	Continuing operations 2022[225]	Continuing operations 2023[226]	**Continuing operations 2024**
New orders	1,322.5	2,012.6	1,980.8	1,749.9	1,827.1
Unit sales (units)[227]	150,928	201,283	181,268	187,116	142,907
DEUTZ Compact Engines	102,054				
DEUTZ Customized Solutions	18,980				
Other	29,894				
DEUTZ Classic		160,880	181,249	186,718	142,084
DEUTZ Green		40,403	19	398	823
Revenue[228]	1,295.6	1,617.3	1,892.1	2,063.2	1,813.7
DEUTZ Compact Engines	943.8				
DEUTZ Customized Solutions	310.1				
Other	44.4				
Consolidation	-2.7				
DEUTZ Classic		1,563.4	1,889.4	2,058.2	1,806.0
DEUTZ Green		53.9	2.7	5.0	7.7
EBITDA	-0.2	123.1	186.6	232.2	146.0
EBITDA (before exceptional items)	31.7	126.2	192.5	252.3	170.2
EBIT	-106.6	34.1	97.6	123.5	41.9
Adjusted EBIT margin (before exceptional items)	-74.7	37.2	103.5	143.6	76.7
EBIT margin (%)	-8.2	2.1	5.2	6.0	2.3
Adjusted EBIT margin (before exceptional items, %)	-5.8	2.3	5.5	7.0	4.2
Net income	-107.6	38.2	95.4	106.9	42.0
Earnings per share (€)	-0.89	0.32	0.79	0.86	0.32
Dividend per share (in the year of distribution, €)	–	–	0.15	0.15	0.17
Equity[229]	535.2	588.4	668.8	743.2	847.9
Equity ratio (%)[230]	45.3	45.6	45.3	46.7	50.4
Free cash flow	-35.8	21.6	6.4	41.8	-153.1
Net financial position[231]	-83.8	-79.7	-155.9	-163.4	-225.6
Working capital[232]	235.0	253.2	313.8	379.8	383.0
Working capital ratio (average, %)[233]	21.8	15.5	15.6	17.7	22.2
Capital expenditure (after deducting grants)[234]	91.7	65.7	99.6	114.5	100.2
Research and development expenditure (after deducting grants)	81.4	82.3	84.7	97.9	93.4
Employees (number as at December 31)[235]	4,586	4,751	4,773	5,084	5,228

[225] In accordance with IFRS 5, continuing operations do not include the Torqeedo Group.
[226] In accordance with IFRS 5, continuing operations do not include the Torqeedo Group.
[227] New segmentation since 2022. The 2021 figures have been adjusted accordingly.
[228] New segmentation since 2022. The 2021 figures have been adjusted accordingly.
[229] Key figure from the perspective of the entire Group including discontinued operations.
[230] Key figure from the perspective of the entire Group including discontinued operations.
[231] Cash and cash equivalents less current and non-current interest -bearing financial liabilities.
[232] Inventories plus trade receivables less trade payables.
[233] Working capital as the average of the last four quarterly reporting dates in relation to sales over the past twelve months.
[234] Investments in property, plant and equipment (incl. right-of-use assets from leases) and intangible assets without capitalisation of R&D.
[235] Number of employees expressed as full-time equivalents (FTEs).

DEUTZ GROUP: MULTI-YEAR OVERVIEW

	2020	2021	Continuing operations 2022	Continuing operations 2023	**Continuing operations 2024**
Revenue by region					
€ million					
	1,295.6	**1,617.3**	**1,892.1**	**2,063.2**	**1,813.7**
Europe/Middle East/Africa	829.2	1,030.6	1,170.5	1,252.6	1,042.9
Americas	222.5	294.6	419.6	504.0	527.0
Asia-Pacific	243.9	292.1	302.0	306.6	243.8
Revenue by application segment					
€ million					
	1,295.6	**1,617.3**	**1,892.1**	**2,063.2**	**1,813.7**
Construction Equipment	378.5	490.7	577.0	586.1	407.1
Material Handling	172.5	284.1	355.4	467.9	457.3
Stationary Equipment	114.3	120.3	179.7	184.8	167.3
Agricultural Machinery	178.7	206.1	275.3	272.3	197.6
Service	348.3	403.1	449.8	483.8	511.6
Miscellaneous	103.3	113.0	54.9	68.3	72.8
Key figures for DEUTZ shares					
Number of shares (Dec. 31)	120,861,783	120,861,783	120,861,783	126,147,195	138,761,914
Number of shares (average)	120,861,783	120,861,783	120,861,783	124,901,865	132,420,088
Share price (Dec. 31, €)	5.10	6.57	4.05	4.80	4.04
Share price high (€)[236]	5.77	8.29	7.00	6.03	6.26
Share price low (€)[237]	2.74	5.10	3.02	3.69	3.93
Market capitalization (Dec. 31, € million)	616.4	794.1	489.0	605.5	560.6
Earnings per share (€)	-0.89	0.32	0.66	0.66	0.39
Earnings per share (before exceptional items, €)	-0.63	0.34	0.83	1.00	0.55

[236] Xetra closing prices; based on the period January 1 to December 31 of the year in question.
[237] Xetra closing prices; based on the period January 1 to December 31 of the year in question.

FINANCIAL CALENDER

2025	
April 30	Quarterly statement for the first quarter of 2025 Conference call with analysts and investors
May 8	Annual General Meeting (virtual)
August 7	Interim report for the first half of 2025 Conference call with analysts and investors
November 6	Quarterly statement for the first to third quarters of 2025 Conference call with analysts and investors

2026	
March 26	2025 annual report Annual results press conference with analysts and investors
May 7	Quarterly statement for the first quarter of 2026 Conference call with analysts and investors
May 13	Annual General Meeting
August 6	Interim report for the first half of 2026 Conference call with analysts and investors
November 5	Quarterly statement for the first to third quarters of 2026 Conference call with analysts and investors

« FURTHER INFORMATION AT
www.deutz.com/en/investor-relations/financial-calender

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