

MAHLE

Driving Excellence



**Annual Report
2023**

“We set new benchmarks with MAHLE innovations in 2023. We will be shaping our future with the best technologies for electrification, thermal management and efficient, clean combustion engines. ‘Challenge accepted’ —this is our commitment to continuing along this path with determination.”

Arnd Franz

Chairman of the Management Board and CEO of the MAHLE Group

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At a glance

MAHLE is a leading international development partner and supplier to the automotive industry as well as a pioneer and technology driver for the mobility of the future.

5

Business units

Engine Systems and Components, Filtration and Engine Peripherals, Thermal Management, Electronics and Mechatronics, Aftermarket

148

Production locations

11

MAHLE Tech Centers

72,373

Employees

as at December 31, 2023

EUR 12.8 bn

Sales in 2023



Sales

MAHLE achieved sales of EUR 12.8 billion. Compared with the previous year, our sales rose organically by 8.2 percent.



Employees

MAHLE employed 72,373 people worldwide (reference date: December 31, 2023).



Research & development

Despite the difficult environment, we invested EUR 673 million in research and development in the year under review. Therefore, in absolute terms we invested slightly more than in the previous year.



Result from business activities

We achieved a substantial increase in the result from business activities, from EUR –165 million in the previous year to EUR 165 million.

in EUR million	2023	2022	2021
Sales	12,818	12,434	10,933
EBITDA	917	671	793
EBIT	304	60	169
Result from business activities	165	-165	58
Consolidated net loss/net income	26	-332	-108
Tangible fixed assets	2,914	2,998	3,008
Capital expenditure on tangible fixed assets (without first consolidation)	491	461	401
Equity	1,611	1,677	2,050
Dividend paid by MAHLE GmbH *	8.0	5.1	6.0
Employees (as at Dec. 31)	72,373	71,947	71,298

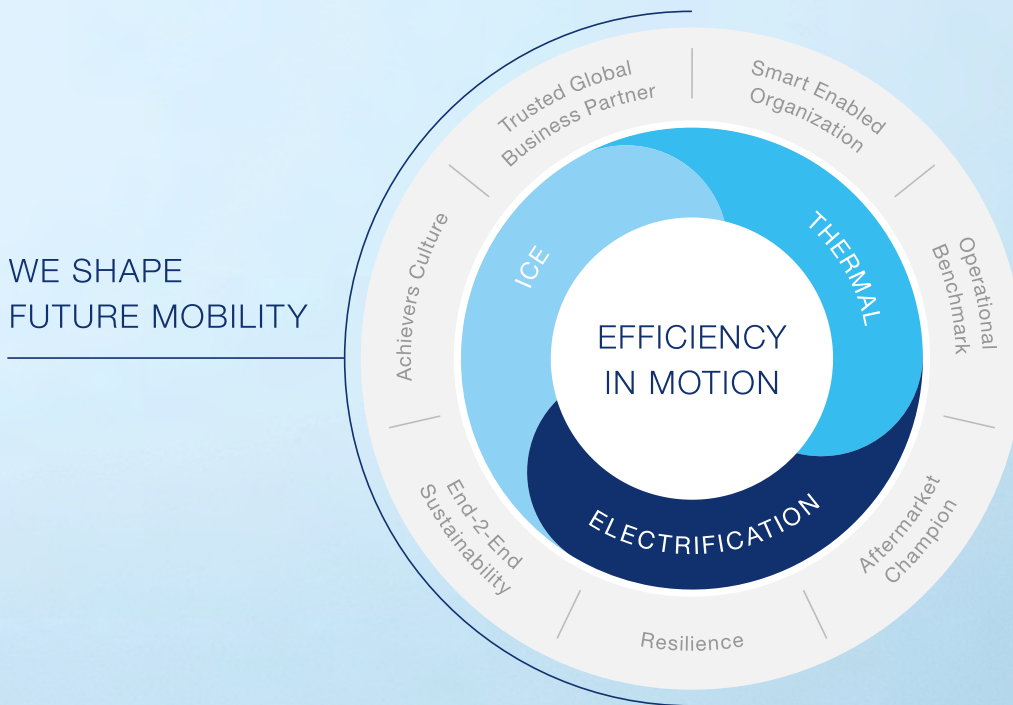
* Proposal for the specified business year

The company

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What drives us

The future of mobility is electric, but clean and efficient combustion engines will be part of the drive mix as well. These are especially sustainable if they operate with hydrogen, synthetic fuels or bio-fuels. What does this mean for MAHLE? Which product portfolio can we use to shape sustainable mobility and in which markets can we operate successfully? The answer to this is our new strategy MAHLE 2030+, which is our orientation for the path to a sustainable future.



Curbing man-made climate change and the drastic reduction in CO₂ emissions that this requires has become a top priority. The related switch to electrified drives is one of the most far-reaching changes in the history of the automotive industry. MAHLE will play a crucial role in this and take advantage of its opportunities. The combination of the three strategic areas of electrification, thermal management and efficient combustion engines makes MAHLE unique in the automotive supplier industry. We will be open to all technologies in order to be able to make a tangible contribution to climate protection.

MAHLE 2030+ has enabled us to set concrete Group goals that MAHLE will achieve by 2030 at the latest. Seven so-called strategy enablers are working toward this goal: Resilience, End-2-End Sustainability, Achievers Culture, Trusted Global Business Partner, Smart Enabled Organization, Operational Benchmark and Aftermarket Champion. A look inside the project teams reveals exactly what they do.

End-2-End Sustainability

Sustainability goals and activities are integrated into all relevant MAHLE business processes. Special focus is on the topics of: Climate & Environment, Occupational Safety, Human Rights, Diversity, Compliance & Ethics, Sustainable Products, Sustainable Purchasing and Sustainable Financing.

“By 2030, MAHLE will have implemented sustainability topics in all relevant business processes in an effective and efficient way and will be recognized for an above-average sustainability performance,” says Kathrin Apel.



Kathrin Apel
Global Head of Sustainability & Occupational Health, Safety and Environment

Resilience

MAHLE wants to be able to react more quickly to changing conditions, become more resilient overall, and further strengthen its independence from individual markets, customers, or investors.

Markus Kapaun is certain: “By 2030, MAHLE will have demonstrated its ability to react fast and strongly to any market or politically driven volatility or threats, allowing the company to remain profitable while operating largely ICE independent.”



Markus Kapaun
CFO

Arnd Franz, Chairman of the Management Board and CEO of the MAHLE Group, describes the Group’s target picture:

“We are a strong, trusted partner. We are future-proof and profitable, live sustainability at all levels, and offer our employees a working environment in which they can fully develop.”

Trusted Global Business Partner

MAHLE remains the preferred reliable and trustworthy partner for global customers, suppliers and every other type of business partner. We are a partner that delivers the best quality on time and solves challenges quickly and sustainably.

“By 2030, MAHLE will have grown our reputation as THE preferred partner for major suppliers and customers around the world. We have demonstrated sustainable improvements that give us an unrivaled perception of credibility and reliability within the industry,” says Peter Lynch.

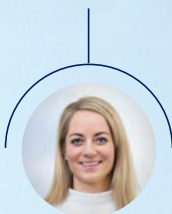


Peter Lynch
Vice President Sales & Application
Engineering Passenger Cars 2 and
Sales Region North America

Achievers Culture

We continue to develop the way the MAHLE organization thinks, acts and works together. In order to continue to shape the future of mobility, MAHLE needs a new, flexible working culture.

“Achievers Culture is synonymous with our goal of creating a common mindset and a collective, result-oriented behavior in our organization that significantly supports our strategic agenda while fostering a productive work environment for all MAHLE employees,” says Julia Kunt Nawitz.



Julia Kunt Nawitz
Director Corporate Personnel Development

Smart Enabled Organization

The aim of this Strategic Enabler is to make MAHLE more efficient, more innovative and faster by 2030. Our company will digitize its processes and communication, and further develop digital business models based on software and data.

Markus Bentele is confident: “It is important to further develop the capabilities of all employees related to digitalization and ‘lean processes’ topics, and to encourage an open mindset. By doing so, the innovative power of each employee can be activated.”



Markus Bentele
Vice President Information Technology/
Group CIO

Operational Benchmark

MAHLE will be molded into a lean and efficient organization that is driven by clear KPIs—an organization that is fully focused on operational excellence and avoids any waste.

“To be best-in-class and reach cost leadership across our operational-related process portfolio, we will enable end-to-end and state-of-the-art value streams to face the needs of our dynamic world,” says Peter Knieknecht.



Peter Knieknecht
Vice President Global Operational Excellence,
Production System & In-house Consulting

Aftermarket Champion

With attractive offers for workshops and retailers, MAHLE Aftermarket will become a leader in global competition. This enabler has significantly increased its share of Group sales, making a strong contribution to the transformation of the MAHLE Group.

“By 2030, MAHLE Aftermarket will have successfully developed an e-mobility product and service portfolio and increased the market shares for ICE components,” says Andreas Frank.



Andreas Frank
Director Global Product Groups Aftermarket

Sustainable effect

MAHLE continued to innovate in the three core fields of thermal management, electrification and efficient combustion engines in 2023 as well. Our systems expertise means we can offer customers new solutions for future, climate-neutral mobility. Sometimes looking at nature also helps in this regard.

Thermal management—motor for growth



€ **50** billion

MAHLE expects this global volume with regard to the market for thermal management products in 2030. In 2021, that figure was still €35 billion.

In terms of electric cars, sales in the area of thermal management can be three times as high as for comparable vehicles with internal combustion engines.

Thermal management is of central importance to e-mobility because it affects the service life of the battery, the cruising range, the performance of the drive, the fast-charging capability, and the air conditioning of the cabin. As it becomes more and more important, there will be higher demands on the complete system and the components will increase in value as a result. When it comes to compact electric vehicles (C segment), for example, we expect the value of components to increase by more than 100 percent in comparison with a combustion engine car. MAHLE has developed a new thermal management module to reduce the cost and com-

plexity while increasing efficiency. This module combines a heat exchanger, coolant pumps, condenser, chiller, sensors, valves and other components in one unit. This saves development expenses and installation space. At the same time, the module in combination with a heat pump increases the cruising range by up to 20 percent in comparison with a pure electric heater architecture. In addition to the module, efficient electric fans, air conditioning compressors, battery cooling plates, and heat pump systems help our customers find cost- and energy-efficient solutions.

Hydrogen—faster way to climate neutrality

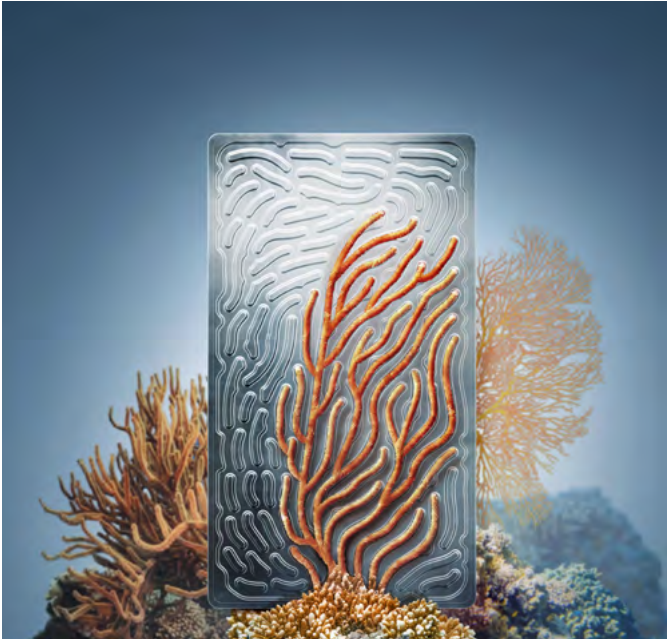
Hydrogen is a promising alternative to purely electric drives when it comes to making commercial vehicles climate-neutral more quickly. The Hydrogen Engine Alliance is also convinced of this. The 20 partners from the automotive industry—including MAHLE—see the hydrogen engine on the verge of a breakthrough in all major markets. The technology can therefore be a signal for developing hydrogen filling station infrastructure in Europe, which would also make it easier for vehicles with fuel cells to get on the road. MAHLE has a hydrogen testing center in Stuttgart where it develops technologies for hydrogen engines and puts fuel cell drives through their paces. “MAHLE is ready for the hydrogen engine,” affirms CEO Arnd Franz.

This is proven by a series order from the engine manufacturer DEUTZ as the company will install MAHLE power cell units in steady-state hydrogen engines from the end of 2024. These are units consisting of a piston, piston ring pack and piston pin, which MAHLE has adapted and further developed from classical diesel technology.



From the end of 2024, DEUTZ will install MAHLE power cell units in steady-state hydrogen engines.

Battery cooling— with the force of nature



A bionic structure for the cooling channels increases cooling capacity and reduces pressure loss.

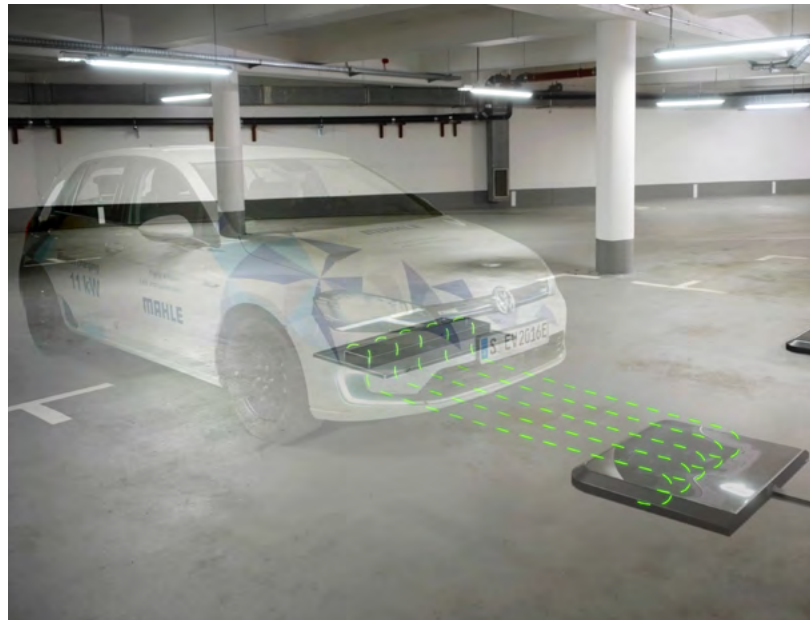
10%

more cooling capacity with a lower carbon footprint with the new battery cooling plate.

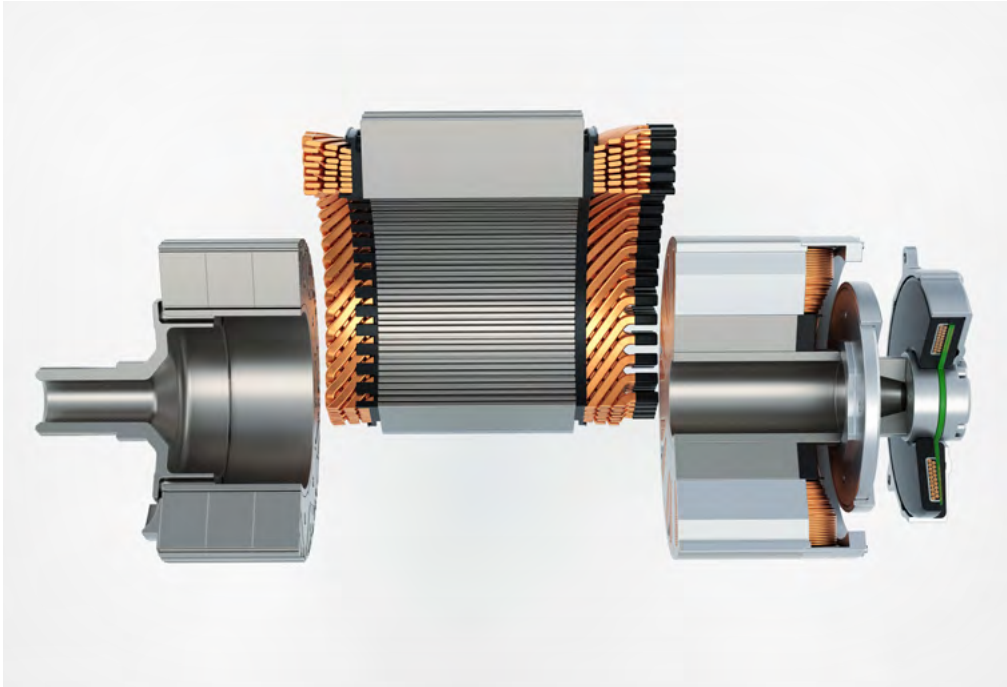
MAHLE has been guided by nature to make a technological leap in its new battery cooling plate. The Group's engineers have developed a bionic structure that is modeled on nature to allow the coolant to flow differently in the cooling channels. This significantly improves the thermodynamic performance and the structural-mechanical characteristics of the cooling plates. This results in 10 percent more cooling capacity and 20 percent less pressure loss. This allows the battery to be maintained reliably and homogeneously in the requisite temperature window. This makes it more powerful and faster to charge. Service life is also extended. In terms of resource efficiency, it is important to note that MAHLE has reduced the material used for the plates by up to 15 percent, saving 15 percent CO₂.

Systems expertise— from electric drive to charging

The wide range of products offered by MAHLE means the company has positioned itself as a systems champion in e-mobility in 2023. In addition to the SCT and MCT electric motors and an extensive thermal management tool set, MAHLE also offers an innovative complete package for the charging infrastructure. This includes wired solutions for long-term parkers (MAHLE chargeBIG) and convenient wireless charging. MAHLE is working with Siemens to develop a complete system encompassing both infrastructure and automotive engineering. The MAHLE positioning system for inductive charging was chosen by SAE as the global standard in 2023. MAHLE is also working on innovative products for independent workshops in the service and spare parts business. For example, MAHLE launched a new battery diagnostic solution for electric cars at the end of 2023. E-HEALTH Charge combines charging and diagnostics and provides reliable information about the "health" of the high-voltage battery in just 15 minutes.



Modular—the perfect motor



The unique modular technology system for the perfect motor.

MAHLE has a new modular technology system that combines the advantages of its two electric motors: MCT (Magnet-free Contactless Transmitter) and SCT (Superior Continuous Torque). This new system has permanently high peak power, contactless and therefore wear-free power transmission, no rare earths, and ultra-high efficiency. One of the reasons this is possible is the innovative integrated oil cooling of the SCT electric motor and the contactless power transmission, as achieved in the MCT electric motor. “This unique modular technology system for electric motors means we offer our customers customized electrification solutions for every vehicle class, every application, and every brand philosophy,” says Arnd Franz, Chairman of the MAHLE Management Board and CEO.



Wireless charging is a convenient and promising alternative for electric vehicles.

Challenge Accepted

Mobility is being electrified at a rapid pace across the world. However, there are still a few steps to be taken toward attaining the target of sustainable mobility. At MAHLE, we want to ensure that the automotive industry moves even faster. That is our commitment. Our innovations in thermal management or electric drives have proven that we can always go further.



Ladies and Gentlemen,

Economic and geopolitical factors continued to present us with challenges in 2023, adversely affecting our business. Higher personnel and energy costs in the supply chain played a particularly large role. We were able to distribute these additional costs proportionately thanks to active countermeasures and ongoing communication with key customers and suppliers. Many thanks to all those involved for their constructive cooperation.

In addition, MAHLE has consistently continued in its efforts to improve its profitability. We have expanded measures to increase productivity in purchasing and to improve operational performance at our sites, as well as focused our investment projects. We have divested MAHLE holdings not in line with our core business and pushed ahead with the optimization of our product portfolio.

I am pleased to note that our efforts are beginning to bear fruit. Important key indicators are pointing in the right direction. The trend is reversing. The task now is to continue to make consistent progress in order to get MAHLE back on track.

This means further improving our profitability and cash flow. Through better margins, further improvement of our purchasing performance, operational excellence and innovative processes, as well as reducing overheads and pressing ahead with digital transformation. Our aim is to grow faster, more efficient and more powerful.

One important tool for securing the future of our company is our MAHLE 2030+ group strategy, which we successfully rolled out last year. It provides a framework for our business and gives direction for MAHLE employees, customers and other partners. In MAHLE 2030+, we have defined three strategy areas and defined specific group goals. We will be shaping our future with the best technologies for electrification, thermal management and efficient internal combustion engines. We will strengthen our company as a reliable, strong partner for our customers, operating in a future-proof and profitable manner, making sustainability a reality at all levels and offering our employees a working environment in which they can develop and contribute their skills in the best possible way.

We set new benchmarks in 2023 with MAHLE innovations. Improving the performance and appeal of electric vehicles, for instance. Our modular technology system for electric motors combines the advantages of the Superior Continuous Torque (SCT) electric motor and the Magnet-free Contactless Transmitter (MCT) electric motor: consistent high peak power, the elimination of rare earths and high efficiency. Our new bionic battery cooling plate delivers 10 percent more cooling capacity than conventional designs. We are particularly pleased about a milestone we have reached in wireless charging: In 2023, SAE International defined the new automated positioning system from MAHLE as the global standard.

All this is a rather impressive illustration of the fact that MAHLE has the necessary innovative strength and an effective strategy to future-proof its position as a leading global automotive supplier in all relevant automotive markets.

“Challenge accepted”—This is our commitment to continue along this path with determination. My thanks to the MAHLE team for their continued commitment to shaping future mobility.

Sincerely,



Arnd Franz

Chairman of the Management Board and CEO of the MAHLE Group

Report of the Supervisory Board

Vadler and Jenken



Once again, we look back on a year marked by ongoing geopolitical tensions, high inflation in many countries, a weak global economy and, last but not least, the technological transformation of our industry.

We also face uncertainty thanks to the unpredictability of climate change regulation in the EU and Germany. The regulatory requirements in this field are complex and the various operating levers are not always consistent. Short-sightedness when it comes to technology and sustainable fuels, as well as the sudden U-turn on incentives for electric vehicles, are examples of how politicians are causing unrest both in the industry and among consumers alike. Instead, Europe should more closely focus on improving competitiveness by being smart and proactive.

MAHLE is unequivocally committed to the overarching goal of meeting global climate objectives and, as a global partner of automotive manufacturers, focuses on the needs of the major world markets with an open-minded approach to technology. Taking a realistic view of the highly differentiated markets and categories of vehicle, it surely becomes clear that we can only achieve these goals if we embrace an open-minded approach to technology. Limiting ourselves to one technology will not be an option. This is why MAHLE is prioritizing sustainable powertrains and is committed to the widespread adoption of non-fossil sustainable fuels, such as hydrogen or e-fuels.

Despite the difficult environment, we consequently invested more in research and development in absolute terms in this financial year than last. The majority of our expenditure was in our core strategy areas of electrification and thermal management; together with the components division for highly efficient and sustainably operated internal combustion engines, these represent the three strategy fields in our MAHLE 2030+ group strategy.

This strategy meant MAHLE not only realigned internally in 2023, but also positioned itself externally with impressive results—for example at the major world trade fairs, such as IAA Mobility in Munich, the Japan Mobility Show in Tokyo, or the North American International Auto Show in Detroit. Positive feedback from our customers makes it clear that we are on the right track.

The MAHLE Supervisory Board discussed and deliberated in detail on all decisions relating to the Group's business development. In all, six meetings were held during the financial year. In addition, the Personnel Committee met several times to discuss topical HR matters.

In the 2023 financial year, the Supervisory Board discharged all its duties in line with statutory provisions, the Articles of Association, and the Rules of Procedure. There was also regular verbal and written interaction between the Chair of the Supervisory Board and the Chair and members of the Management Board on strategic and operational issues.

During the year, the Supervisory Board was kept up to date regularly, frequently, and extensively about business development at the company, the Group, its business divisions and its equity holdings through verbal and written reports from the Management Board as well as through meetings.

Besides operational and strategic matters, the meetings also addressed the implementation of the legislation on equal representation of women and men in managerial positions. The Supervisory and Management Boards are striving to increase the number of women at all executive levels even more.

The members of the Supervisory Board, which has equal representation, were re-elected in March 2023; the inaugural meeting took place on April 20, 2023. The Supervisory Board expresses its special thanks to departing members Prof. Dr. Gisela Lanza, Jürgen Kalmbach, and Gerd Goretzky for their esteemed and long-standing commitment.

New additions are Ljiljana Culjak, Prof. Dr. Achim Kampker, and Boris Schwürz. At its inaugural meeting, the newly composed Supervisory Board elected Prof. Dr. Heinz K. Junker as Chair and Boris Schwürz as Deputy Chair.

The Supervisory Board thanks all those other members who stepped down from the Board during the 2023 financial year for their constructive and frank contributions.

Dr. Rolf Breidenbach stepped down from the Supervisory Board on July 31, 2023 and Georg Weiberg on December 31, 2023. Uwe-Karsten Städter joined the Supervisory Board on August 1, 2023 and Sabine Jaskula on January 1, 2024.

Udo Abelmann resigned from the committee on September 28, 2023 and was succeeded by Michael Kocken, appointed by a court order on November 9, 2023.

There have also been changes to the Management Board at the MAHLE Group: On January 1, 2023, Dr. Beate Bungartz took over from Anke Felder as Executive Vice President for Human Resources and Director of Human Resources.

Martin Wellhöffer took up his post as chief executive for the Electronics/Mechatronics business division on May 1, 2023, succeeding Wilhelm Emperhoff.

PricewaterhouseCoopers GmbH, the appointed auditors, audited the annual financial statements and management reports for the MAHLE Group and MAHLE GmbH for the 2023 financial year, which were prepared in accordance with the German Commercial Code (HGB), and issued an unqualified audit opinion. The Supervisory Board accepted the audit findings after thorough consideration of the annual results and auditors' report at their meeting.

The Supervisory Board approves the annual financial statements and management reports for the MAHLE Group and MAHLE GmbH.

The Supervisory Board thanks all MAHLE Group employees for their extraordinary commitment in an exceptional year. Let's all look forward to the 2024 financial year with confidence.

Stuttgart/Germany, April 10, 2024

On behalf of the Supervisory Board



Prof. Dr. Heinz K. Junker
Chairman of the Supervisory Board of the MAHLE Group

Members of the Supervisory Board

Prof. Dr.-Ing. Heinz K. Junker

Chairman

Former Chairman of the Management Board and CEO of MAHLE GmbH, Stuttgart/Germany

Jürgen Kalmbach

(until April 20, 2023)

Deputy Chairman

MAHLE GmbH, Stuttgart/Germany

Boris Schwürz

(from April 20, 2023)

Deputy Chairman

Chairman of the General Works Council of MAHLE, Stuttgart/Germany

Udo Abelmann

(until September 28, 2023)

Trade Union Secretary of the local IG Metall, Stuttgart/Germany

Rolf Berkemann

Vice President Project Performance, MAHLE Group, Stuttgart/Germany

Dietmar Bichler

Chairman of the Supervisory Board of Bertrandt AG, Ehningen/Germany

Dr. Rolf Breidenbach

(until July 31, 2023)

Former Chairman of the Management Board and CEO of HELLA GmbH & Co. KGaA, Lippstadt/Germany

Nektaria Christidou

Chairwoman of the Works Council of MAHLE Behr GmbH & Co. KG, Mühlacker and Vaihingen an der Enz/Germany

Ljiljana Culjak

(from April 20, 2023)

Chairwoman of the Works Council of MAHLE Behr GmbH & Co. KG, Stuttgart location/Germany

Claudia Diem

(from January 1, 2023)

Attorney-at-law, former Member of the Executive Board of BW-Bank, Corporate customers Baden-Württemberg West and North, Stuttgart/Germany

Prof. Dr. jur. Wolfgang Fritzemeyer, LL.M.

Lawyer, Munich/Germany, Attorney-at-Law (New York/USA), Solicitor (New South Wales/Australia)

Gerd Goretzky

(until April 20, 2023)

Advisor to the European Works Council of the MAHLE Group, Stuttgart/Germany

Klaus Güntert

Chairman of the Works Council of MAHLE GmbH, Rottweil Plant/Germany

Sabine Jaskula

(from January 1, 2024)

Former Member of the Management Board ZF Group, Friedrichshafen/Germany

Prof. Dr.-Ing. Achim Kampker

(from April 20, 2023)

Chair of Production Engineering of E-Mobility Components (PEM) at RWTH Aachen University

Michael Kocken

(from November 9, 2023)

Trade Union Secretary of IG Metall, Stuttgart-Neckar-Alb region/Germany

Prof. Dr.-Ing. Gisela Lanza

(until April 20, 2023)

Head of the Institute of Production Science at the Karlsruhe Institute of Technology (KIT), Karlsruhe/Germany

Dr. Michael Macht

Former Chairman of the Management Board of Porsche AG and former Member of the Management Board of Volkswagen AG

Liane Papaioannou

Chairwoman of the local IG Metall, Stuttgart/Germany

Thomas Raupach

Deputy Chairman of the Works Council of MAHLE Ventiltrieb GmbH, Wölfersheim/Germany

David Schmidt

Chairman of the Works Council of MAHLE Pumpensysteme GmbH, Wustermark plant/Germany

Uwe-Karsten Städter

(from August 1, 2023)

Former Member of the Management Board of Porsche AG, Stuttgart/Germany

Annette Szegfü

Trade Union Secretary to the Executive Committee of IG Metall, Frankfurt/Germany

Dr. Bernhard Volkmann

Former Member of the Management Board and CFO of MAHLE GmbH, Stuttgart/Germany

Georg Weiberg

(until December 31, 2023)

Former Head of Truck Product Engineering at Daimler AG, Stuttgart/Germany

Prof. Dr.-Ing. Jörg Zürn

Former Head of Development Mercedes-Benz Vans at Daimler AG, Stuttgart/Germany

Members of the Management Board

Arnd Franz

Chairman of the Management Board

Automotive Sales and Application Engineering
Aftermarket business unit
Research and Advanced Engineering, Corporate Planning,
Legal, External Affairs, Corporate Communications

Jumana Al-Sibai

Thermal Management business unit
Industrial Thermal Management profit center,
Control Units profit center

Dr. Beate Bungartz

(since January 1, 2023)
Human Resources, Corporate Executive Vice President
Human Resources, Personnel Development, Corporate Real
Estate Management

Georg Dietz

Engine Systems and Components business unit
Large and Small Engine Components profit center,
Motorsports and Special Applications profit center,
Environmental Management/Safety at Work for the group,
Corporate Quality Management

Markus Kapaun

Finance, Controlling, Taxes, IT Services, Insurances,
Revision and Risk Management, Mergers & Acquisitions

Martin Weidlich

Filtration and Engine Peripherals business unit
Corporate Operational Excellence, Production System &
Consulting, Purchasing

Martin Wellhöffer

(from May 1, 2023)
Electronics and Mechatronics business unit

MEMBERS WHO HAVE STEPPED DOWN

Wilhelm Emperhoff

(until April 30, 2023)
Electronics and Mechatronics business unit

Members of the Management Board

from May 1, 2023

F. l. t. r.:

Martin Wellhöffer
Martin Weidlich
Jumana Al-Sibai
Arnd Franz
Markus Kapaun
Dr. Beate Bungartz
Georg Dietz





A worldwide network – our locations

148 production locations
11 MAHLE Tech Centers
72,373 employees*

MAHLE Tech Centers

EUROPE

Stuttgart/Germany (Bad Cannstatt, Feuerbach, Fellbach, Kornwestheim, Markgröningen, Schorndorf)
Valencia/Spain
Šempeter pri Gorici/Slovenia
Northampton/Great Britain

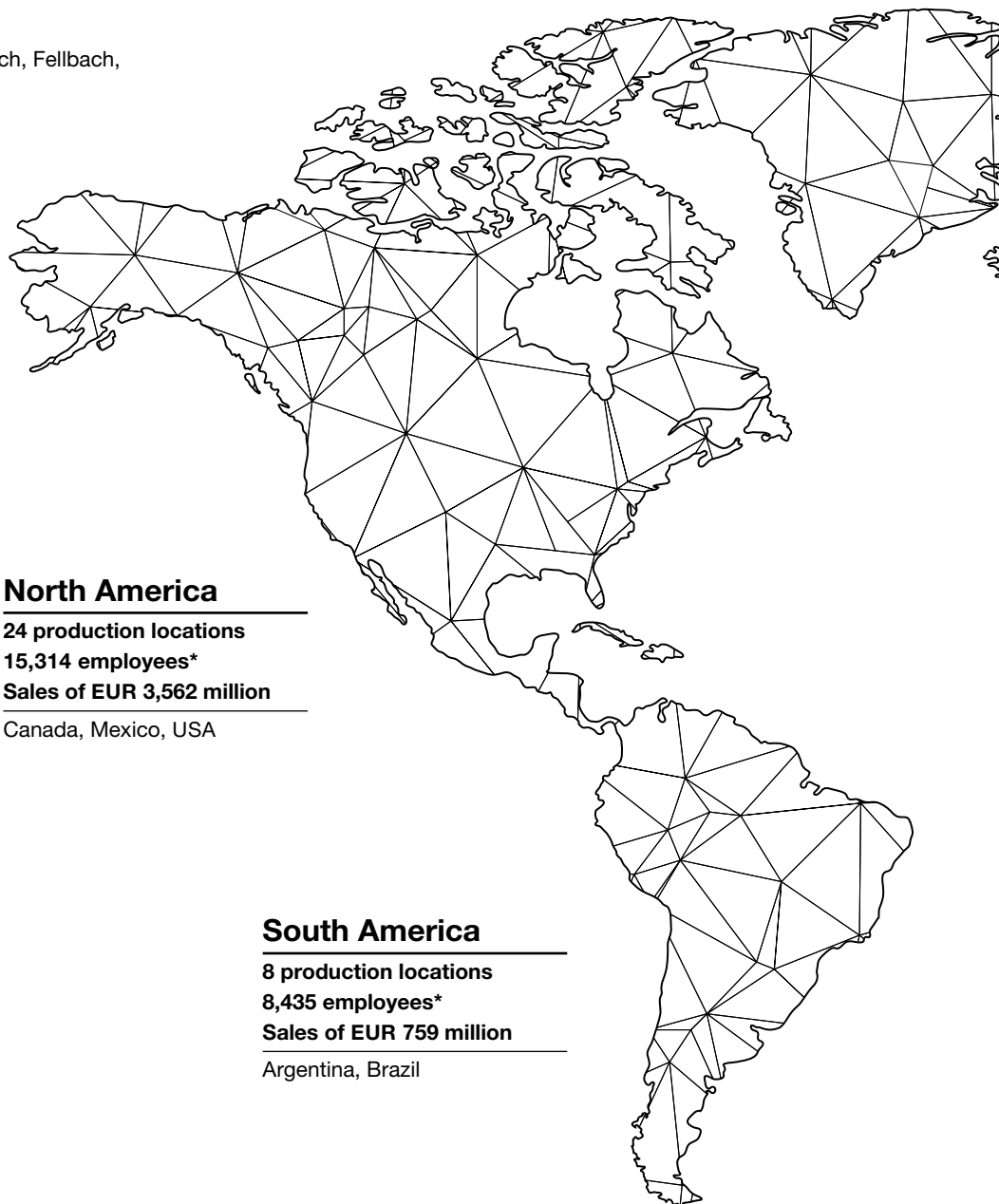
NORTH/SOUTH AMERICA

Detroit/USA (Troy, Farmington Hills)
Lockport/USA
Jundiaí/Brazil

ASIA/PACIFIC

Pune/India
Shanghai/China
Tokio/Japan
Changshu/China

* As at December 31, 2023



Europe

54 production locations

31,690 employees*

Sales of EUR 5,892 million

Austria, Bosnia and Herzegovina,
Czech Republic, France, Germany,
Great Britain, Hungary, Italy, Poland,
Portugal, Romania, Slovakia,
Slovenia, Spain, Türkiye

Asia / Pacific

60 production locations

16,141 employees*

Sales of EUR 2,548 million

China, India, Indonesia, Japan,
Philippines, Singapore, South
Korea, Thailand

Africa

2 production locations

793 employees*

Sales of EUR 57 million

South Africa

Group management report

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Fundamentals of the MAHLE Group

As one of the world's leading development partners and suppliers to the automotive industry, we are represented on five continents through 148 production locations and 11 MAHLE Tech Centers.

With our vision "We Shape Future Mobility" and our mission "Efficiency in Motion," we are working on the climate-neutral mobility of tomorrow.

Guided by our MAHLE 2030+ Group strategy, we are focusing on three areas of activity: Electrification, thermal management, and energy-efficient solutions for sustainably powered internal combustion engines.

Business activities and corporate structure

MAHLE is one of the world's leading development partners and suppliers to the automotive sector. As a technological pioneer of the mobility of tomorrow, our goal is to make mobility more efficient, more environmentally friendly, and more comfortable. We are committed to playing an active role in the transition to sustainable mobility through advances in electrification, thermal management and components for energy-efficient combustion engines. This includes the use of hydrogen and other non-fossil fuels. Accordingly, our product portfolio encompasses all aspects of the relevant powertrain and climate control technology, both individually and in combination.

MAHLE products are installed in millions of passenger cars and commercial vehicles. However, our components and systems are not limited to automotive applications. For decades they have been found in stationary and mobile machinery, as well as in marine and rail transport applications.

The MAHLE Group is divided into five business units: Engine Systems and Components, Filtration and Engine Peripherals, Thermal Management, Electronics and Mechatronics and Aftermarket. There are also four Profit Centers that serve specific market and customer segments, as well as central service businesses.

We took advantage of the opportunities presented by globalization at an early stage and enhanced our product portfolio with strategic start-ups and acquisitions. We are represented on five continents through 148 production locations and 11 MAHLE Tech Centers. At the end of 2023, 72,373 employees worked at our company.

The non-profit MAHLE Foundation holds 99.9 percent of the company shares. The remaining 0.1 percent is held by the Verein zur Förderung und Beratung der MAHLE Gruppe e. V. (MABEG), which also holds all voting rights and thus exercises shareholder rights. This structure enables us to safeguard our corporate independence and thereby form the basis for long-term planning and investment decisions.

OWNERSHIP STRUCTURE OF THE MAHLE GROUP

MABEG Verein zur Förderung und Beratung der MAHLE Gruppe e. V.	MAHLE-STIFTUNG GMBH
Company shares 0.1 %	Company shares 99.9 %
Voting rights 100 %	Voting rights 0 %
No profit-participation rights	Receives dividends to finance MAHLE Foundation projects

important for the continued development of the combustion engine. Our increasingly powerful and efficient cooling systems help to reduce fuel consumption and thus CO₂ emissions. Our groundbreaking advances in air conditioning systems open up new possibilities for cabin design as well as providing exceptional thermal comfort for vehicle occupants. In conjunction with powerful mechanical and electrical compressors and auxiliary electric heaters, these bring about crucial advantages for the vehicle's overall air conditioning system in terms of fuel consumption and range. In the area of thermal management, we are one of the suppliers with the strongest sales figures on the market worldwide.

Electronics and Mechatronics business unit

The Electronics and Mechatronics business unit is an important area for the future of the MAHLE Group, particularly with the advent of e-mobility. Our development and manufacturing expertise when it comes to electric motors as well as electronic and mechatronic systems form the foundation of this business unit. This business unit covers products for the automotive industry, as well as other solutions for mobile applications.

Our portfolio includes electric drives, actuators and auxiliary components, as well as control and power electronics. We fully assist our customers in their transition toward e-mobility. Our focus is on electric traction powertrains, on-board charging systems and electric pumps, for example, where we are helping to shape future mobility with innovative solutions. Besides our activity in the automotive sector, we also supply e-drives for forklift trucks, golf carts and electric scooters, for example, as well as compact lightweight powertrains for a large number of e-bike manufacturers. We remain a trusted partner for products for internal combustion engines, such as starter motors and alternators for agricultural and construction machinery or mechanical air conditioning compressors.

Aftermarket business unit

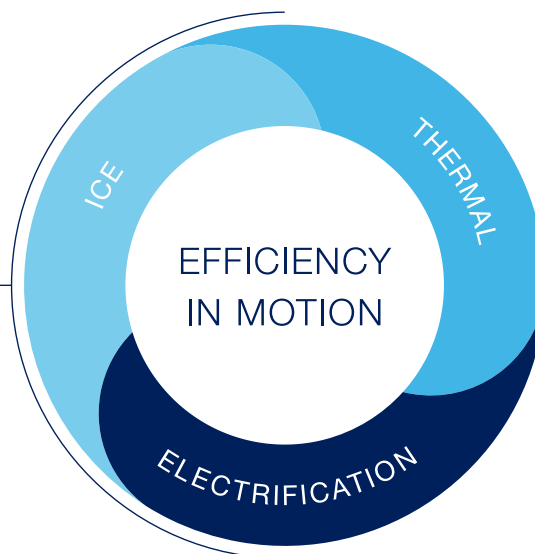
Our Aftermarket business unit supplies partners in trade, workshops and engine repair, as well as e-commerce worldwide with original equipment quality, service equipment and a full range of services. The expertise based on series production of original equipment finds its way into the product range in the automotive Aftermarket. The Aftermarket business unit supplies spare parts for the entire MAHLE product range. These include efficient combustion engine products such as filtration and engine components as well as electronic components and thermal management. MAHLE Service Solutions also supplies a wide range of solutions for workshop equipment such as vehicle diagnostics, battery diagnostics and service, emissions testers and equipment for the maintenance of air conditioning systems and automatic transmissions.

Comprehensive services are also part of the Aftermarket portfolio, such as technical support through our worldwide network, customized training and service information. Given the diversity of today's vehicle technologies, our innovative solutions are an important building block for the success of our commercial partners. Our goal is to improve our skills, services and product groups even further and to position MAHLE as a full-service provider. With demand-oriented product management, fast and reliable logistics processes and market-driven pricing, we can also offer our customers individual repair solutions, making workshops even more efficient.

Profit Centers and Services

Four business areas serving specific market and customer segments are organized into Profit Centers: Motorsports and Special Applications, Large and Small Engine Components, Industrial Thermal Management and Control Units for Automotive Air Conditioning. The Control Units Profit Center is grouped in our Behr-Hella Thermocontrol (BHTC) joint venture. This structure means we can offer our customers maximum flexibility, as well as customized applications and components. So we can provide them with targeted support in the development of specific new products. In the 2023 financial year, we signed an agreement to sell our shareholding in the joint venture Behr-Hella Thermocontrol (BHTC). The transaction is expected to be closed in 2024. Besides the Profit Centers, our central service businesses also contribute significantly to our success. They include, in particular, Purchasing, Sales, Advanced Engineering, Human Resources, IT and Corporate Communications and Marketing, as well as Finance and Accounting. In addition, MAHLE Powertrain offers engineering services for both internal and external customers.

WE SHAPE
FUTURE MOBILITY



Group strategy

The automotive industry is rapidly developing into a mobility industry with new products and services. As a result, it is important to meet the demands arising from global megatrends such as the need to meet the rising challenges of urbanization and the need to move toward zero-emissions and sustainable industry. It is beyond question that the mobility industry has to make a contribution to climate protection. At MAHLE, we see this not only as an opportunity for further growth, but also as an obligation to design our technologies in such a way that mobility on our planet becomes as environmentally friendly and climate-neutral as possible.

With our long-standing tradition as a supplier of powertrain components, the continuing evolution in powertrain scenarios is by far the most important development for our company. In terms of the market's future development, we are expecting to see a significant increase in the global share of battery electric vehicles as well as fuel cell and hybrid engine solutions. In the case of newly produced passenger cars, our MAHLE market scenarios expect the market share of purely electrified vehicles to increase worldwide from just over 10 percent in 2023 to around 55 percent in 2035, despite the continuing high proportion of vehicles with internal combustion engines in emerging countries. By then, we also expect around 30 percent of all commercial vehicles globally to be built as purely electric with batteries or fuel cells. This scenario results in the following market implications for the MAHLE Group strategy.

The future of mobility is electric or hybrid. New vehicles will largely be powered by electric powertrains, regardless of the energy source. Systems expertise and the intelligent combination of the

electric powertrain and thermal management are essential keys to success here. Automotive suppliers are striving for end-to-end systems expertise with integrated solutions, which can reduce both complexity and cost. Automotive manufacturers are designing large cross-model vehicle platforms and, in addition to their own production, need robust powertrain suppliers who can take on a higher share of the value chain. In the emerging markets, the market share of vehicles with combustion engines is expected to remain high. Hydrogen and alternative fuels are an important addition when it comes to decarbonizing applications like for commercial vehicles or agricultural and construction machinery.

Based on commercial implications and our vision “We Shape Future Mobility”, as well as our mission “Efficiency in Motion”, MAHLE is working as part of its MAHLE 2030+ corporate strategy on the climate-neutral mobility of tomorrow with the aim of further expanding its position as a systems provider in three strategy areas.

1. In the area of electrification, MAHLE is focusing on innovations in the field of electric powertrains, components for fuel cells and batteries, as well as electric charging and associated solutions that facilitate e-mobility with maximum efficiency through leading-edge technology. In this regard, MAHLE is addressing precisely those matters that are currently still posing challenges for our customers: range, performance and fast-charging capacity. Applications include vehicles of all kinds: from e-bikes and e-scooters, passenger cars and vans to heavy-duty commercial vehicles, off-road and industrial applications.

2. The second strategic core area is thermal management—the heating and cooling in the vehicle. The aim here is to achieve energy efficiency and cabin comfort for sustainable mobility. MAHLE uses its in-depth expertise in the areas of powertrain, electronics and batteries as well as in the passenger cabin to supply highly efficient and at the same time cost-optimized systems architectures for all powertrain types and vehicle classes through a modular system approach. Efficient heat pump systems are an important consideration toward improving customer acceptance of battery-powered electric vehicles.
3. MAHLE will also continue to be an important competitive market player in combustion engine powertrains with superior products, lean cost structures and long-standing relationships built on customer trust. As long as there is demand for internal combustion engines on the international markets, we can supply components for highly efficient engines that can also run on e-fuels, hydrogen or other sustainable fuels. We fully advocate competition for innovations and technologies to make the transport of people and goods globally climate-neutral.

Diversity in technology brings us opportunities for growth. As an innovative technology group, we seek to maintain our role as an important supplier and partner in shaping mobility through our three strategic core areas. The following strategic objectives flow from this. With a clear focus on efficiency and profitability, we aim to achieve a leading market position in all core product categories. We also want to further increase the share of business that is independent of internal combustion engines and reduce Scope 1–3 CO₂ emissions significantly when compared against the 2019 baseline. To achieve these goals, the motivation, commitment and expertise of our employees are of paramount importance.

By continuously and actively managing our product portfolio, we can ensure that our strategic direction is implemented in a manner that is both consistent and financially successful. Today in fact, our sales are distributed evenly across our customer groups and core markets of Europe, North and South America and Asia/Pacific. This equilibrium needs to be reinforced in the future, especially through strong participation in growth markets.

Economic report

Compared against the previous year, sales saw organic growth of 8.2 percent.

As part of our Group-wide “DELIVER23” program, we have consistently implemented improvements in our profitability and noticeably optimized our liquidity position.

This enabled us to significantly improve EBIT from EUR 60 million in the previous year to EUR 304 million as well as considerably reduce net debt.

Economic conditions

Overall economic development

Global economic momentum was slowed down by several factors in 2023. These included, in particular, the slow recovery from the impact of the Covid-19 pandemic, geopolitical tensions such as the ongoing Russian invasion of Ukraine and high inflation in many countries. Besides these, the reduction in fiscal support and inflation-reducing measures to tighten monetary policy also had an inhibiting effect. Global economic output is still yet to recover to the levels before the Covid-19 pandemic struck. Nevertheless, the global economy as a whole proved to be resilient—global economic growth has slowed, but has not come to a standstill. According to the January report from the International Monetary Fund (IMF), the global economy grew by around 3 percent in 2023, following growth of slightly above 3 percent in the previous year. In advanced economies, the increase amounted to just under 2 percent, whereas this figure came to around 4 percent in emerging markets and developing economies, as in the previous year.

According to the IMF, economic growth in the euro zone, after over 3 percent in the previous year, fell to below 1 percent. Besides the consequences of the pandemic and the war in Ukraine, tight monetary policy to curb inflation also contributed to this decline. The German economy shrank in 2023 after growing by around 2 percent in 2022.

At over 2 percent, economic growth in the USA was higher than the previous year. Robust demand and high investments were positive influences. In Brazil, growth of around 3 percent was at the previous year's level.

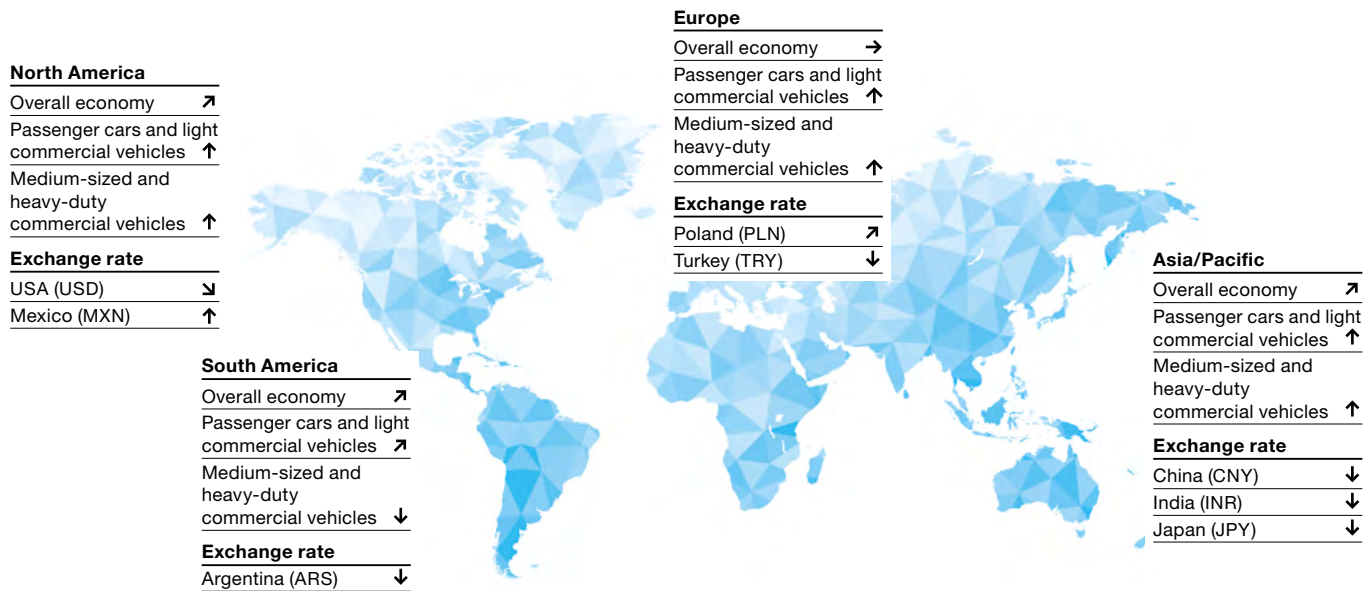
In the Asia/Pacific region, China recorded growth of around 5 percent after around 3 percent in the previous year. The better performance is due in particular to the recovery from the impact of the Covid-19 pandemic. The real estate crisis and lower investments had an opposite effect. The Japanese economy grew by around 2 percent and thus stronger than in the previous year.

Exchange rate development

As a Group which operates internationally, MAHLE also conducts business in foreign currencies. Exchange rate fluctuation plays a pivotal role here as it affects the conversion of financial data for accounting purposes.

For MAHLE, exchange rate fluctuations are associated with financial and economic risks. In order to minimize these risks, we strive for “natural hedging”. By operating production locations in all major sales regions, we make the Group less vulnerable to currency volatility and exchange rate fluctuations.

Most trading currencies that are particularly relevant to our company depreciated against the euro in the 2023 financial year, as measured by the average market price. Compared with the previous year, the Argentine peso (-79 percent), the Turkish lira (-39 percent), the Japanese yen (-9 percent), the Indian rupee (-7 percent), the Chinese renminbi (-7 percent) and the US dollar (-3 percent) depreciated against the euro, sometimes significantly. In contrast, the Mexican peso (+10 percent) and the Polish zloty (+3 percent) appreciated against the euro.



Exchange rate development of various foreign currencies against the euro (EUR) as measured by the average market price (direct quotation) compared with the previous year: Argentine peso (ARS), Chinese renminbi (CNY), Indian rupee (INR), Japanese yen (JPY), Mexican peso (MXN), Polish zloty (PLN), US dollar (USD), Turkish lira (TRY)

The directional arrows show the change of sales compared with the previous year:
 ↑ ≥5%, ↗ 1.5% to 5%, → -1.5% to 1.5%, ↘ -1.5% to -5%, ↓ ≤-5%

Developments in vehicle markets

Development in the markets for passenger cars and light commercial vehicles

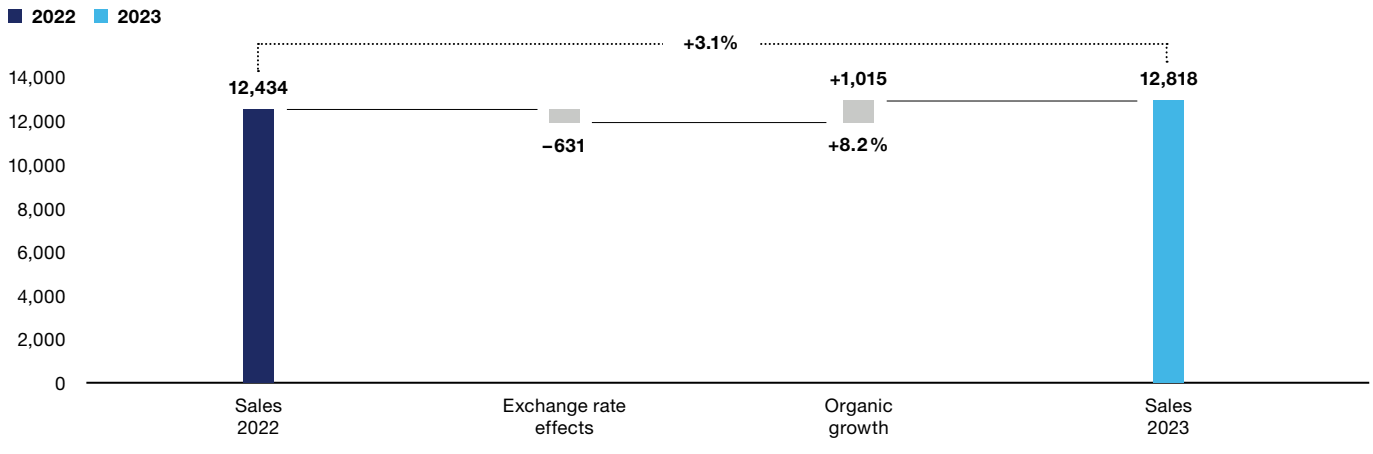
Production of passenger cars and light commercial vehicles increased worldwide by 10 percent to more than 90 million vehicles in 2023. In particular, improved parts availability—which was still severely limited in the previous year—as well as the high order backlog resulting from the previous year’s impact led to a significant recovery in production.

In Europe, production increased accordingly by almost 13 percent and North America was also able to increase by almost 10 percent, although there were production restrictions in October due to strikes by the automotive union. The South American market was affected by weak demand, but also benefited from better parts availability and grew by 3 percent. In China, production increased by 11 percent despite the strong previous year. This was due to a sharp increase in exports, especially to Russia and Western Europe, as well as improved domestic demand as a result of intense price competition for vehicles and selective subsidies for vehicles with alternative powertrains. In India, vehicle production increased by 7 percent in line with stable economic growth.

Developments in the markets for medium-sized and heavy-duty commercial vehicles

Global production of medium and heavy-duty commercial vehicles in 2023 was significantly above the previous year’s level, with growth of 14 percent. The main contributor to this was production in China, which recovered substantially after the cyclical slump in 2022 and increased by around 37 percent. The European market grew by around 17 percent, while North America increased production by just under 9 percent. Both regions benefited significantly from reducing the high order backlogs from the previous year. In Europe, advance purchases were significant due to the introduction of a new speedometer regulation. In South America, on the other hand, advance purchases in 2022 led to a decrease of almost 37 percent due to the introduction of EURO VI.

SALES BRIDGE in EUR millions



In the 2023 financial year, there were no effects from changes in the consolidation group compared to the previous year.

Business development

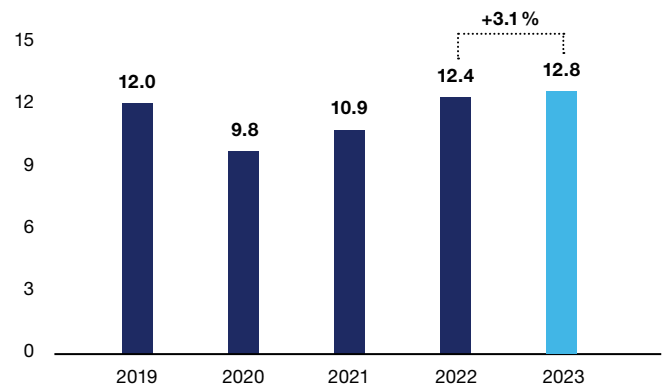
Development of the MAHLE Group

MAHLE Group sales increased by 3.1 percent from EUR 12.4 billion to 12.8 billion in the 2023 financial year. The increase in sales is primarily due to volume increases in our two main sales regions: Europe and North America. In addition, the continued challenging and volatile market environment, such as high inflation, required active offset measures through adjustments to our selling prices. Exchange rate effects totaling EUR 631 million had a diminishing effect on the development of sales. This was mainly due to the devaluation of important trading currencies against the euro, such as the Argentine peso, the Chinese renminbi, the US dollar, the Japanese yen and the Turkish lira. The revaluation of the Polish zloty and Mexican peso against the euro had an opposite effect. Adjusted for the above currency effects, sales at the MAHLE Group increased organically by 8.2 percent compared to the same period in the previous year.

The international positioning of the MAHLE Group is reflected in the operation of production and development locations in 29 countries. Through our global business activities, we are close to our customers, can work intensively with them and develop targeted innovations based on the requirements of the respective markets. At the same time, this allows us to react flexibly to regional market fluctuations. In addition to the regional distribution, the distribution of sales at MAHLE is also diversified according to customer category. Our ten largest customers account for less than 50 percent of sales.

The transformation of the automotive industry and the overall economic situation posed challenges for us in 2023. Thus, the performance of the MAHLE Group in the year under review was held back by the shifting overall economic conditions, which are particularly reflected in higher personnel and energy costs. Through active offset measures and further continuous interaction with key customers and suppliers, these additional costs could be distributed proportionally along the value chain in the form of price adjustments and price escalation clauses.

DEVELOPMENT OF SALES 2019 – 2023 in EUR billions



These activities are part of our Group-wide “DELIVER23” program, which comprises several individual initiatives. It is a way to control all essential activities to improve our profitability and preserve our liquidity. In this respect, we have expanded the measures to increase productivity in purchasing and to improve the operational performance of our plants. We have also concentrated on measures to focus our investment projects. In addition, measures were put in place to sell off real estate and land no longer required for operations as well as non-core holdings, and activities to focus our product portfolio were driven forward.

In order to consistently drive forward digital transformation at the MAHLE Group, we are continuing to work on projects to standardize and optimize our system environment and harmonize our processes. The use of intelligent technologies and innovative solutions helps to improve our performance and efficiency and thus makes a definitive contribution toward process standardization.

In order to sustainably increase our profitability and secure our competitiveness, we have continued our global restructuring activities. In response to the transition to sustainable mobility and the resulting shift away from the internal combustion engine, as well as to increasing competitive pressure, we have pressed on with ceasing production activities at the Mattighofen/Austria site and the gradual relocation of selected product categories to other sites in Europe. In the Asia/Pacific region, we have closed our site in Oyama/Japan. In the year under review, we also recognized provisions for necessary restructuring, primarily at our sites in Charleston/USA and Busan/Korea.

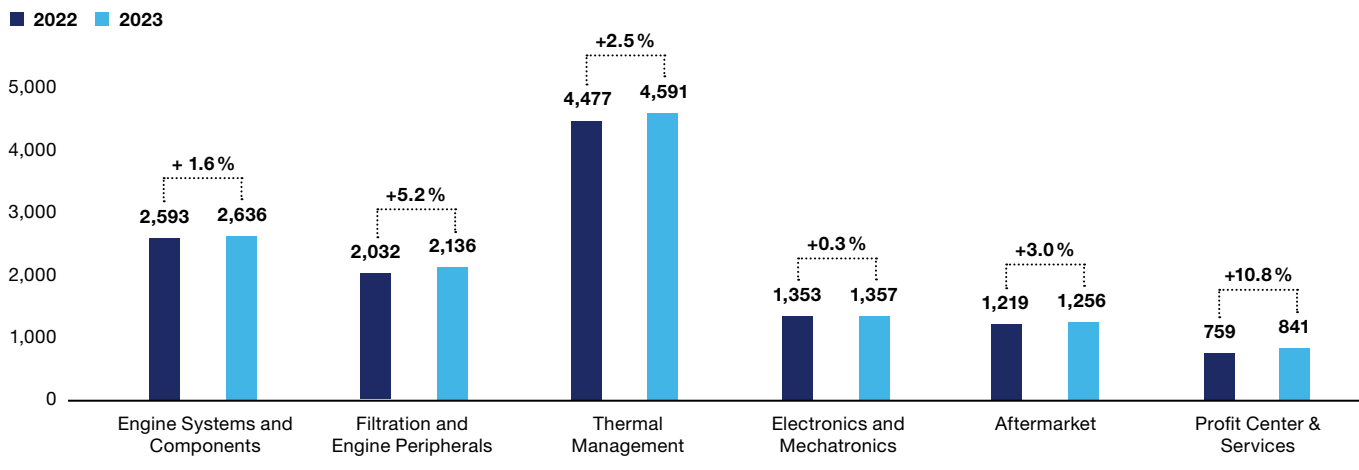
Development of the business segments

Despite a challenging market environment, all our business units and profit centers were able to increase their sales organically. The increase in sales is largely due to volume increases, but sales were impacted by negative exchange rate effects in all business units and Profit Centers. Besides the higher volumes, we were also able to increase sales—following on from our activities in the previous year—by adjusting prices to pass on cost increases.

Engine Systems and Components business unit

In our Engine Systems and Components business unit, we achieved sales of EUR 2,636 million in this financial year. This was 1.6 percent above the previous year’s value. Adjusted for significantly negative exchange rate effects, organic sales growth amounted to 9.3 percent. Significant increases in sales were mainly achieved in the product groups of camshafts, pistons for gasoline engines for passenger cars, heavy-duty steel pistons and steel pistons for diesel engines for passenger cars. Sales of aluminum pistons for commercial vehicles declined again due to the technology shift toward steel pistons. From a regional perspective, we were able to significantly increase our sales, especially in the Europe region, where we achieved organic sales growth of 9.6 percent. We were also able to organically expand our sales in the Asia/Pacific and North America regions. In the South America region, we recorded an unadjusted decline in sales, which were strongly influenced by negative exchange rate effects in Argentina.

SALES BY BUSINESS SEGMENT in EUR millions



Filtration and Engine Peripherals business unit

Sales at our Filtration and Engine Peripherals business unit in this financial year amounted to EUR 2,136 million and were thus 5.2 percent above the previous year's level. We achieved even stronger organic sales growth of 9.7 percent. Sales performance in our air and oil filters product categories as well as cylinder head covers contributed significantly to this positive growth. Overall, demand for products dependent on the internal combustion engine remained stable. In the Europe and North America regions, we achieved strong growth and were also able to post organic growth of 16.9 percent and 14.1 percent respectively. In Asia/Pacific, we achieved sales growth adjusted for negative exchange rate effects of 3.3 percent. The comparatively weak performance is primarily due to a decline in sales in China due to the faltering economy.

Thermal Management business unit

In the Thermal Management business unit, we were able to increase sales by 2.5 percent to EUR 4,591 million. Adjusted for negative exchange rate effects, sales increased by 4.1 percent. This is mainly due to the development of sales for components for battery electric vehicles. In the first half of the year, price adjustments and volume increases contributed to the increase in sales, while volume declines in individual regions inhibited development of sales in the second half of the year. In Europe, our strongest region in terms of sales, we achieved organic growth of 7.2 percent. Sales increased in the markets for passenger cars as well as for medium-sized and heavy-duty commercial vehicles. Adjusted for significantly negative exchange rate effects, we also achieved substantial sales growth of 8.0 percent in the Asia/Pacific region. This is due in particular to the positive development in the market for medium-sized and heavy-duty commercial vehicles. Overall, the business unit further expanded its product portfolio in this financial year, consistently continued its growth for products for battery electric vehicles and saw product launches for battery cooling plates at European locations in particular. Sales in the battery cooling product group, for example, saw significant double-digit growth compared with the previous year.

Electronics and Mechatronics business unit

Sales in the Electronics and Mechatronics business unit in 2023 amounted to EUR 1,357 million. Thus, in absolute terms, it was at the previous year's level. Adjusted for negative exchange rate effects, growth amounted to 2.5 percent. Products in the Electronics segment in particular contributed to this. Sales performance in the Mechatronics segment was hampered by weak market development in the e-bike sector as well as for electric water pumps. In addition, growth in the Electronics division was weaker than expected, especially due to significantly lower customer demand for battery electric vehicles. In North America, we achieved strong organic sales growth of 7.5 percent. In Spain, we recorded significant increases in sales compared with the previous year, with the result that Europe, the region with the highest sales, also rose slightly organically by 2.2 percent.

Aftermarket business unit

In the Aftermarket business unit, we generated sales of EUR 1,256 million—3.0 percent above the previous year. Significantly negative effects from exchange rate conversion, in particular due to the strong devaluation of the Argentine peso, had a negative impact on sales development. In the South America region, we only recorded a slight increase in sales in absolute terms due to this exchange rate development. In Europe, we were able to increase our sales organically by 10.8 percent. This is mainly due to sales of engine components and filter products. In the North America region, the engine components product category recorded sales growth. In the Asia/Pacific region, we were able to increase sales organically by 12.8 percent in comparison with the previous year. In the Service Solutions division, we again achieved significant growth in Europe and North America.

Profit Centers and Services

At our Profit Centers and Services, we achieved sales amounting to EUR 841 million and organic sales growth of 12.2 percent. All Profit Centers contributed to this result with positive growth rates. The Motorsport and Special Applications Profit Center performed particularly well, as did Industrial Thermal Management—sales increased organically compared with the previous year by 29.7 percent and 26.9 percent respectively.

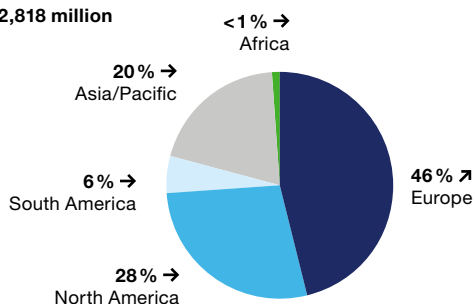
Development of the regions

Our sales increased organically in all regions in the year under review. In South America and Asia/Pacific in particular, development of sales was hindered by negative exchange rate effects. Below, we provide an overview of how the regions performed in detail, based on sales by country of production.

SALES BY REGION

Total:

EUR 12,818 million



The directional arrows show the change in the proportion of sales compared with the previous year:

↑ ≥5%, ↗ 1.5% to 5%, → -1.5% to 1.5%, ↘ -1.5% to -5%, ↓ ≤-5%

Europe

In the Europe region, in the year under review we achieved sales of EUR 5,892 million and thus growth of 8.6 percent in comparison with the previous year. Significant exchange rate effects flowed from the devaluation of the Turkish lira against the euro. The revaluation of the Polish zloty against the euro had an opposite effect. Adjusted for the overall negative exchange rate effects, sales growth amounted to 9.1 percent. In addition to an increase in volume, we were able to increase sales in the Europe region, in particular through successfully implemented price negotiations with our customers. The two strongest business units in terms of sales—Engine Systems and Components and Thermal Management—increased their sales organically by 9.6 percent and 7.2 percent respectively. As part of the transformation process, we implemented adjustments of capacities at our locations in Stuttgart/Germany.

North America

Sales in the North America region in this financial year amounted to EUR 3,562 million, rising 0.4 percent in comparison with the previous year. The devaluation of important trading currencies, such as the US dollar against the euro, had a significant negative impact on sales in this region. The revaluation of the Mexican peso against the euro had an opposite effect. Adjusted for the overall significantly negative exchange rate effects, organic sales growth amounted to 2.6 percent. In particular, volume increases in the USA contributed to the positive development of sales in the North America region. Most of our business units in the North America region saw organic sales growth.

South America

In this financial year, our sales in South America decreased by 3.7 percent to EUR 759 million. The devaluation of the Argentine peso against the euro has severely impacted our sales performance. While sales in Argentina declined in absolute terms due to this exchange rate fluctuation, we achieved a slight increase in sales in Brazil, which can also be attributed to volume increases in addition to price adjustments in most business units.

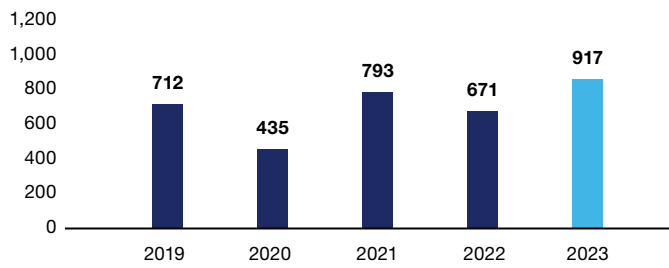
Asia/Pacific

In the Asia/Pacific region, our sales in the year under review decreased by 2.7 percent to EUR 2,548 million. This is mainly due to negative exchange rate effects from the devaluation of important trading currencies, such as the Chinese renminbi, the Japanese yen and the Indian rupee against the euro. Adjusted for exchange rate effects, sales were 4.7 percent above the previous year's level. In China, volume increases in particular had a positive effect, and in India we benefited from high demand and were able to significantly increase our sales.

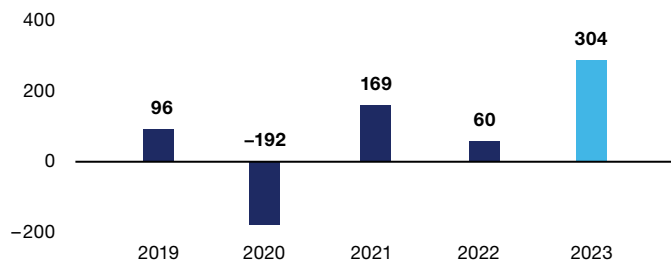
Africa

With an increase of 7.0 percent, sales in the Africa region rose significantly to EUR 57 million. Adjusted for exchange rate effects, sales increased by 24.1 percent. In the smallest region of our Group, revenues were primarily generated by the Thermal Management business unit.

DEVELOPMENT OF EBITDA 2019–2023
in EUR millions



DEVELOPMENT OF EBIT 2019–2023
in EUR millions



Net assets, financial position, and results of operations

Results of operations

In the 2023 business year, the MAHLE Group generated sales of EUR 12.8 billion, compared with EUR 12.4 billion in the previous year. Adjusted for negative exchange rate effects, sales were 8.2 percent above the previous year's value. This increase is mainly due to volume increases. The adjustment of our sales prices also contributed to the sales increase. As a result, we achieved our sales forecast, which was based on strong organic sales growth.

In the 2023 business year, we consistently implemented measures to improve our profitability as part of our Group-wide "DELIVER23" program. As a result, we were also able to achieve our EBIT and operating result forecast, for which we expected a significant improvement. Nevertheless, our earnings situation was hindered by a challenging market environment, where we faced increased personnel and energy costs, higher material costs and customer demand for battery electric vehicles that was significantly lower than expected, for example. Warranty costs and high start-up costs in connection with the transformation to e-mobility also negatively affected the profit situation. In order to counteract the challenging market environment, we continued the ongoing exchange with key customers and suppliers in order to distribute the additional burdens predominantly pro-rata along the value chain. This took the form of price adjustments and price escalation clauses. Despite the difficult market conditions, our operating income figures EBIT and EBITDA and the operating result, which is only used for internal steering, were significantly higher than in the previous year. The EBIT rose to EUR 304 million, so it was significantly above the previous year's value of EUR 60 million. The EBIT margin increased significantly to 2.4 percent (previous year: 0.5 percent). Adjusted for the effects of purchase price allocations, goodwill amortization, and release of badwill from capital consolidation, the EBIT margin was 3.0 percent (previous year: 1.0 percent).

The main items of the income statement performed as follows. Cost of sales amounted to EUR 10,884 million, so it was EUR 231 million above the previous year's value. The cost of sales ratio fell from 85.7 percent to 84.9 percent despite a significant rise in personnel and energy costs due to inflation. This was due in particular to sales price adjustments and implemented productivity increases, but was aided by the positive development of the sales volume. Our selling expenses decreased by EUR 11 million to EUR 618 million. The main driver for the decline compared to the previous year was lower freight expenses due to declining freight prices and special freight. General administrative expenses rose from EUR 573 million to EUR 592 million. Despite the increase in personnel costs caused by inflation, the ratio in relation to sales remained at the same level as in the previous year, at 4.6 percent. Although the economic environment remained difficult in the year under review, we invested slightly more in absolute terms in our research and development activities, at EUR 673 million (previous year: EUR 671 million). The balance of other operating expenses and income rose from EUR 171 million to EUR 279 million. This is mainly due to income in connection with corporate transactions and income from the sale of real estate and land no longer required for operations as well as exchange rate effects. This was offset by higher goodwill amortization compared to the previous year, which included impairment mainly caused by the delayed ramp-up of e-mobility in Europe, among other things.

As in previous years, all cost items—except for research and development expenses and administrative expenses—were adversely impacted by effects from purchase price allocations under the German Commercial Code (Handelsgesetzbuch, HGB). In 2023, the effects from purchase price allocations before taxes amounted to a total of EUR 74 million. This also includes goodwill amortizations in the amount of EUR 71 million and the release of badwill from capital consolidation in the amount of EUR 30 million.

CONSOLIDATED INCOME STATEMENT
in EUR millions

	2023	in %	2022	in %
Sales	12,818	100.0	12,434	100.0
Cost of sales	-10,884	-84.9	-10,653	-85.7
Gross profit on sales	1,933	15.1	1,781	14.3
Selling expenses and general administrative expenses	-1,210	-9.4	-1,201	-9.7
Research and development expenses	-673	-5.3	-671	-5.4
Other operating income and expenses	279	2.2	171	1.4
Financial result	-164	-1.3	-244	-2.0
Result from business activities	165	1.3	-165	-1.3
Taxes on income	-109	-0.8	-135	-1.1
Result after taxes	57	0.4	-300	-2.4
Other taxes	-31	-0.2	-32	-0.3
Consolidated net loss/net income	26	0.2	-332	-2.7

RECONCILIATION OF CONSOLIDATED NET LOSS/NET INCOME TO EBIT AND EBITDA
in EUR millions

	2023	in %	2022	in %
Consolidated net loss/net income	26	0.2	-332	-2.7
Taxes on income	109	0.8	135	1.1
Interest and similar expenses	199	1.6	268	2.2
Other interest and similar income	-40	-0.3	-25	-0.2
Income from other securities and long-term loans	0	0.0	0	0.0
Net income and expenses from financing from currency translation and financial instruments	10	0.1	15	0.1
EBIT	304	2.4	60	0.5
Depreciation, amortization, and impairments of intangible and tangible fixed assets	613	4.8	611	4.9
EBITDA	917	7.2	671	5.4

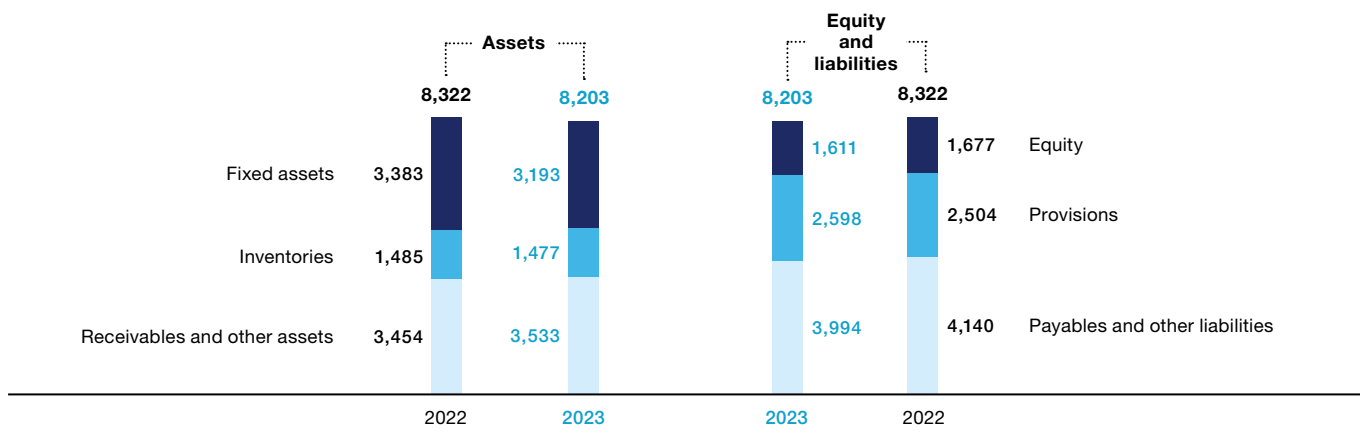
In 2023, the financial result improved by EUR 80 million compared to the previous year to EUR minus 164 million. The main reason for this is the positive price development of the plan assets for pension obligations compared to the previous year. Compared to the same period in the previous year, the taxes on income decreased by EUR 26 million to EUR 109 million, while the result from business activities rose from EUR minus 165 million to EUR 165 million. This is mainly due to the reversal of valuation allowances on deferred taxes for temporary differences. The disproportionately high income tax rate in relation to the pre-tax result is due to the fact that deferred taxes on loss carryforwards could not be fully recognized. In addition, withholding taxes not related to income had an impact on the Group tax rate. In total, this resulted in net income of EUR 26 million (previous year: net loss of EUR 332 million).

Net assets position

As at the balance sheet date of December 31, 2023, our balance sheet total had fallen by EUR 119 million compared to 2022 to EUR 8,203 million. In addition to negative exchange rate effects, one of the causes of the decline on the liabilities side of the balance sheet is the repayment of a German private placement loan from an issue in 2017. On the assets side of the balance sheet, the decline is due in particular to the reduction in receivables and other assets.

At EUR 3,193 million, fixed assets were EUR 190 million below the previous year's level. In the year under review, the investments slightly exceeded the depreciations on tangible fixed assets. Nevertheless, tangible fixed assets decreased by EUR 84 million, partly

BALANCE SHEET STRUCTURE OF THE MAHLE GROUP
in EUR millions



due to the sale of real estate and land no longer required for operations. Intangible assets also declined by EUR 117 million. This is mainly due to amortization and depreciation of goodwill and hidden reserves that were disclosed in the course of purchase price allocations.

At EUR 4,675 million, current assets were at the same level as at the end of the previous year. Cash and cash equivalents rose by EUR 210 million to EUR 813 million. In addition, there are current asset securities amounting to EUR 29 million. The challenging circumstances in the procurement markets meant that we continued to make considerable efforts in the year under review to limit the capital tied up in net working capital. While inventories at EUR 1,477 million were at the same level as at the end of the previous year despite sales growth, receivables and other assets decreased by EUR 223 million to EUR 2,356 million. This is also due to initiatives such as the optimization of payment terms and the newly launched asset-backed securities program, of which EUR 228 million were used at the end of the year. The other assets amounted to EUR 334 million, of which EUR 284 million consisted of deferred tax assets.

Equity fell by EUR 67 million to EUR 1,611 million. Currency conversion differences of EUR 31 million and high dividend distributions of EUR 85 million had a negative impact. The positive net income achieved in the year under review had a counteracting effect. The equity ratio was 19.6 percent at the reference date, compared to 20.2 percent as at the end of the previous year. The acquisition of the air conditioning business of Keihin Corporation (now Hitachi Astemo, Ltd.) on February 1, 2021 resulted in a carrying amount of goodwill of EUR 34 million as at December 31, 2023.

Provisions rose by EUR 94 million to EUR 2,598 million. This is primarily due to the increase in provisions for warranty and risk by EUR 63 million. Tax provisions also increased by EUR 38 million.

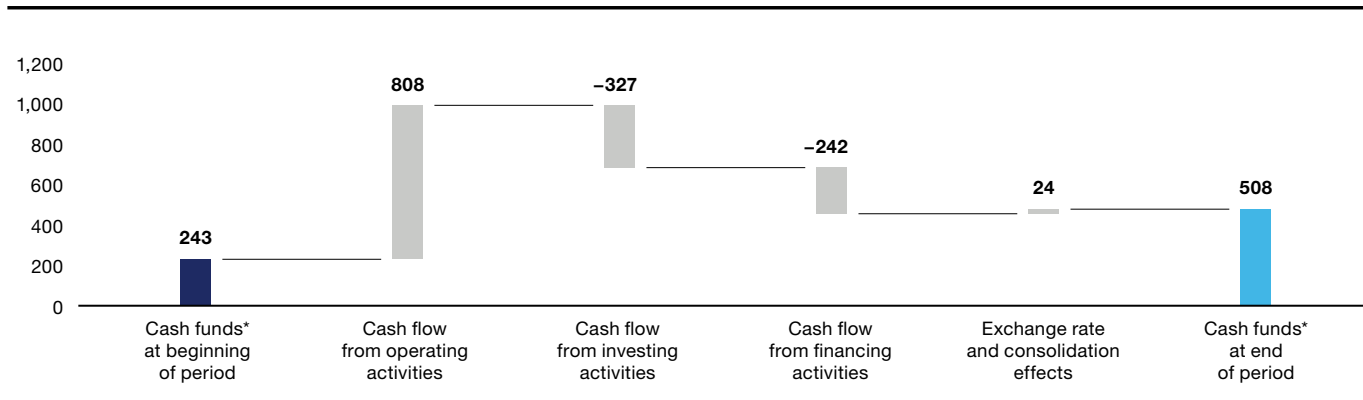
On the other hand, provisions for pensions amounted to EUR 841 million and thus were at the previous year's level. Liabilities and deferred income fell by EUR 116 million to EUR 3,960 million. Liabilities to banks fell by EUR 117 million to EUR 1,385 million. This is primarily due to the repayment of a German private placement loan in the amount of EUR 125 million from an issue in 2017. Corporate bonds were neither issued nor repaid in 2023, so the corresponding liabilities remained unchanged at EUR 780 million. Trade payables decreased by EUR 67 million to EUR 1,302 million. Net debt on our balance sheet fell significantly in the year under review from EUR 1,678 million to EUR 1,352 million. This is primarily due to the improved operating profit situation and generation of operating cash flows, the newly established asset-backed securities program as well as the one-time effects in connection with corporate transactions and the sale of real estate and land no longer required for operations.

Financial position

In the course of its global growth, MAHLE has broadly positioned and diversified its Group financing in recent years. The financing portfolio consists of a syndicated credit line, German private placement loans, bilateral loans, and euro-denominated corporate bonds. MAHLE pursues the long-term target of an implicit investment grade risk. MAHLE was rated by Moody's for the first time in 2021 and received a Ba1 corporate family rating (outlook stable). After Moody's downgraded the rating of MAHLE GmbH from Ba1 to Ba2 on September 30, 2022 (negative outlook), this was confirmed on October 18, 2023, with a continued negative outlook.

In June 2023, MAHLE repaid German private placement loans in the amount of EUR 125 million from an issue in 2017. In order to further diversify financing sources, MAHLE launched a new asset-backed securities program with a volume of around EUR 240 million

CASH FLOWS in EUR millions



* Cash in hand, bank balances with an initial term of less than 3 months, and checks less liabilities to banks with an initial term of less than 3 months. The short-term liabilities which were netted against cash balances contained EUR 221 million that were related to short-term liabilities based on a committed credit line with a remaining tenor of more than one year.

in December 2023. These additional funds complement the already existing syndicated credit line of EUR 1.8 billion, of which EUR 1.5 billion run until mid-2025. An additional financing component is set up by further firmly committed credit lines in the amount of around EUR 167 million with various remaining terms, some of which extend beyond 2025. As at the balance sheet date, the drawdown of firmly committed credit lines amounted to EUR 273 million. As a result, the unused firmly committed credit lines amounted to around EUR 1.7 billion at the end of the year under review and, like the cash holdings, contributed to the financial stability of the MAHLE Group. Our cash holdings were diversified across various banks that were selected according to rating criteria. For reasons of financing and planning security, MAHLE signed a syndicated loan agreement of EUR 1.6 billion in February 2024. The new syndicated credit line prematurely replaces the above-mentioned syndicated loan, due in 2025. This new syndicated loan consists of a revolving credit line in the amount of EUR 1.2 billion and a further loan in the amount of EUR 400 million, which has not been drawn upon yet.

In the 2023 business year, we generated a high cash inflow of EUR 808 million from the cash flow from operating activities. The significant increase compared to the previous year is largely due to our improved Group net result and significantly lower capital tied up in net working capital. The net cash outflow of our cash flow from investing activities amounted to EUR 327 million, which was lower than in 2022, although we expanded our investments in tangible fixed assets. This is due to proceeds from the sale of real estate and land no longer required for operations as well as in connection with corporate transactions. We were able to fully cover our cash requirements for investments with our cash flow from operating activities in the year under review. Cash flow from financing activities showed a net outflow of EUR 242 million (previous year: net outflow of EUR 361 million), which was also attributable to the repayment of financial liabilities and interest and dividend payments.

Investments

In the 2023 business year, MAHLE invested EUR 491 million in tangible fixed assets, which was more than in the previous year (previous year: EUR 461 million) in absolute terms. Despite the challenging environment, we continued to focus on the technological transformation and our strategic goals, so the Group-wide investments made slightly exceeded the depreciations of tangible fixed assets. We expanded tangible fixed assets with a ratio of 101 percent in relation to depreciations (previous year: 94 percent). The focus of our investments was on important future-oriented areas, in particular Thermal Management and Electronics and Mechatronics. On the other hand, we deliberately continued our investment restraint in business units dependent on combustion engines. The investment ratio, which reflects the relationship between investments and sales, was at 3.8 percent, similar to the previous year's level.

As in previous years, the largest share of our investments in tangible fixed assets was in our Thermal Management business unit. The focus of our investments there was on the production of products for battery electric vehicles, primarily in connection with customer projects. In addition, we continued to invest in the optimization of site structures in North America, following on from the previous year. In the Electronics and Mechatronics business unit, we significantly increased investments in tangible fixed assets. The focus here was on the expansion of the infrastructure for the production of onboard chargers at our European and Asian locations. Another focus of investment was the expansion of capacity in electric compressors. In the business units dependent on internal combustion engines, namely Engine Systems and Components and Filtration and Engine Peripherals, we specifically invested in individual products, such as the expanding capacities of a production line for connecting rods, for which there is high customer demand. This particularly affected the regions of Europe and North America.

Additional performance indicators

Our innovative strength has been the bedrock of our success for over 100 years. Therefore, we have invested EUR 673 million in research and development.

Our “MAHLE Quality Improvement Program” leads to a reduction in waste costs and a continuous improvement in quality in all areas.

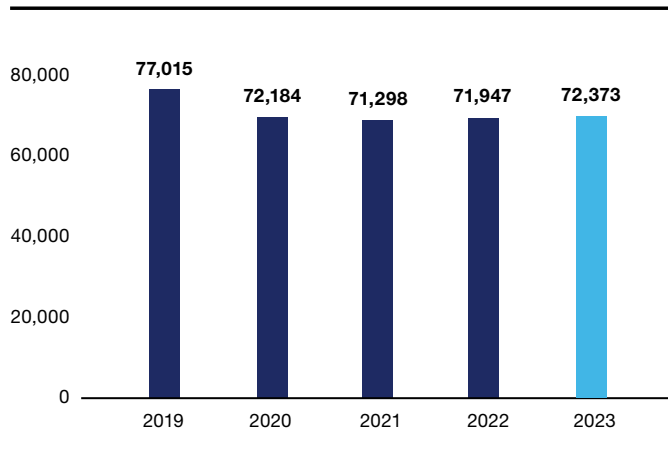
Sustainability is practiced Group-wide at MAHLE and climate-relevant aspects are increasingly being integrated into the core processes.

Employees

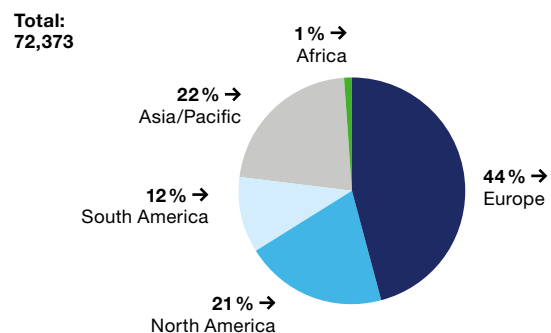
Our employees are essential for the long-term success of the MAHLE Group. Their expertise, motivation and commitment are the basis for our sustainable development. Accordingly, in the year under review, we consistently invested in talent development and the training and continuing education of our employees and further expanded the global range of training courses on offer – both digitally and in person. Our employees took part in a total of 76,464 qualification activities worldwide (2022: 72,056).

As of the end of 2023, the MAHLE Group had 72,373 employees worldwide. This corresponds to an increase in personnel in comparison with the previous year by 427 persons or 0.6 percent. The main reason for this was the increase in the number of employees, among others in the Filtration and Engine Peripherals and Electronics and Mechatronics business units. We have also continued to increase and expand our Shared Service Centers. The worldwide absence rate (excluding joint ventures) in the year under review fell to 3.9 percent (previous year: 4.4 percent).

HEADCOUNT DEVELOPMENT 2019–2023



HEADCOUNT BY REGION



The directional arrows show the change in the proportion of employees compared with the previous year:

↑ ≥5%, ↗ 1.5% to 5%, → -1.5% to 1.5%, ↘ -1.5% to -5%, ↓ ≤-5%

Employees by region

As at the reporting date of December 31, 2023, 31,690 people were employed at our locations in Europe, which means 525 people or 1.7 percent more than in 2022. After several years of decline, the number of employees increased in 2023, especially in Austria (+112), Poland (+251), Spain (+163) and Slovakia (+85). This was mainly due to continued expansion in the future-oriented Electronics and Mechatronics business unit and a healthy order book across all business units.

In North America, as at the end of 2023, we had a total of 15,314 employees and thus 545 people or 3.7 percent more than in 2022. The increase in personnel there was mainly in the areas of Filtration and Engine Peripherals as well as Thermal Management in Mexico. This is due to a very good order situation and high production capacity utilization.

After a bigger increase in the number of employees in South America in the previous year, the number of employees fell to 8,435 at the end of the 2023 financial year; this is 328 people or 3.7 percent less than in the previous year.

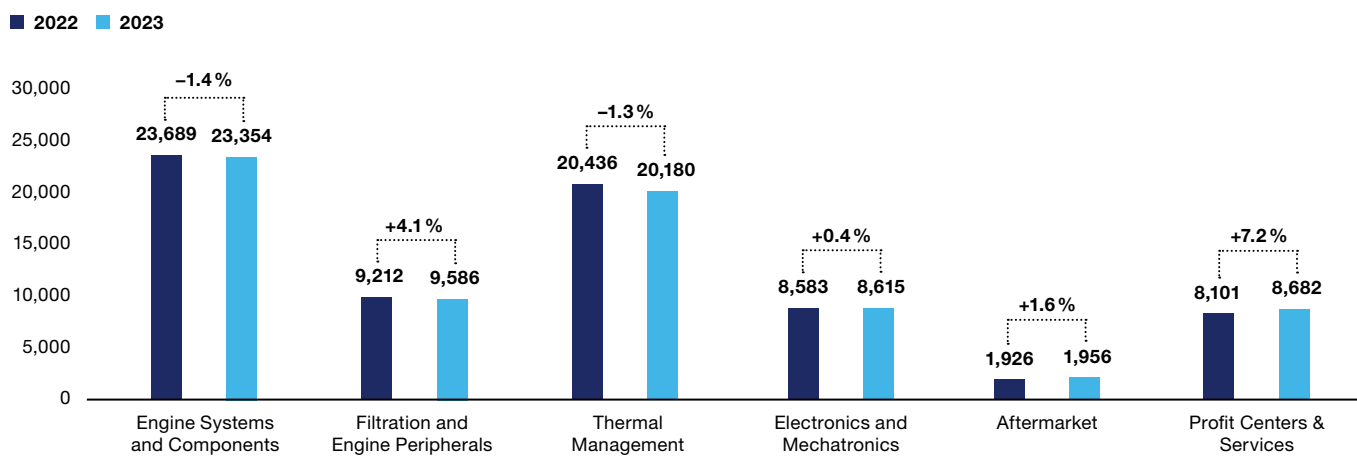
In the Asia/Pacific region, we had 16,141 employees as at the end of the year under review, that is 291 people or 1.8 percent fewer than in 2022.

In Africa, the slight decline in the number of employees from previous years continued in 2023. As at the reporting date of December 31, 2023, there were 793 employees working at our locations—that is 25 people or 3.1 percent fewer than in the previous year.

Employees by business segment

In our Engine Systems and Components business unit, the number of employees decreased by 335 compared with the previous year. Nevertheless, with a share of around 32 percent of the Group workforce and 39 locations, the business unit remained the one with the most employees. The Filtration and Engine Peripherals business unit operated in 30 plants, employing around 13 percent of the Group workforce, 374 more people than in 2022. We employed around 28 percent of our total workforce at 43 locations in the Thermal Management business unit, 256 fewer people than in the previous year. At the end of the financial year, there were 8,615 employees in the Electronics and Mechatronics business unit, which corresponds to an increase of 32 employees compared with the previous year and about 12 percent of the total workforce. At the end of 2023, our Aftermarket business unit, which is the smallest in terms of personnel, employed a total of 1,956 employees, 30 more than at the same time last year. In the Profit Centers and in the Services division, we recorded an increase in personnel of 581 people compared with the previous year to a total of 8,682 employees. This was mainly due to further expansion and relocation to shared service centers in Wrocław/Poland, Belgrade/Serbia, Monterrey/Mexico and Pune/India.

HEADCOUNT BY BUSINESS SEGMENT



Technology and innovation

Despite the difficult environment, in the year under review, we invested EUR 673 million in research and development and thus in absolute terms slightly more than in the previous year. The majority of our expenses were in our strategic core areas of electrification and thermal management. In relation to sales, the ratio for 2023 was 5.3 percent, at the same level as the previous year. As at December 31, 2023, we employed 5,726 employees in this area. In the year under review, MAHLE registered 341 new patents, in addition to 502 further records of invention.

NUMBER OF NEWLY REGISTERED PATENTS IN 2023:

341

BY 5,726 R&D EMPLOYEES

The entire automotive industry is in a state of change and the pace of technological transformation has continued to accelerate. This is especially true for the advance of e-mobility. Many of our customers are aligning their plans accordingly, just like MAHLE itself.

As a global partner to automotive manufacturers, MAHLE focuses on the needs of the global markets with an open approach to technology. Electrification and thermal management as well as highly efficient, sustainable internal combustion engines are the strategic focus here.

Selected innovations in the 2023 business year

MAHLE has developed a new technology kit for electric motors that makes it possible to combine the advantages of its Superior Continuous Torque (SCT) electric motors and Magnet-free Contactless Transmitter (MCT) electric motors. Through this combination, they bring together permanent high peak power, contactless and thus wear-free power transmission, the elimination of rare earths and high efficiency in a motor. This means customers can obtain customized electrification solutions from MAHLE for every vehicle class, every application and according to their respective brand philosophy.

In terms of charging infrastructure, besides wired charging points for long-term parking (MAHLE chargeBIG), MAHLE is also focusing on wireless charging—a convenient and promising alternative for electric vehicles. Together with SIEMENS, MAHLE is developing a complete system encompassing both infrastructure and automotive engineering. In 2023, we unveiled a new automated positioning system for this charging technology, in which the vehicle detects the induction surface in the ground and provides assistance to the driver in accurately aligning above the charging coil. SAE International, a non-profit, internationally recognized association for the progress of mobility technologies based in the USA, has defined the MAHLE positioning system as the global standard.

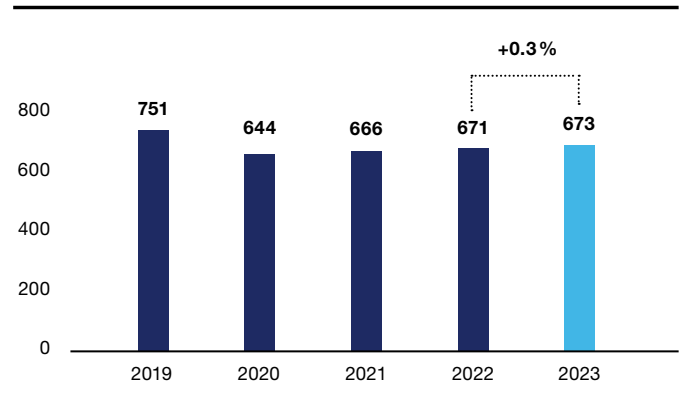
Efficient thermal management is what makes efficient e-mobility possible in the first place. Heating and cooling in vehicles is an essential technology field for electrification and a core business of MAHLE. In the case of electric vehicles, key end customer acceptance factors depend on thermal management: service life of the battery, electric vehicle range, performance of the powertrain system and fast-charging capacity. This significantly increases the complexity of the system. To reduce this again while increasing efficiency, MAHLE has developed a new thermal management module that, for example, combines a heat exchanger, coolant pumps, condenser, chiller, sensors and valves in one unit.

MAHLE is taking a technological leap forward with its new bionic battery cooling plate. For the cooling channels, we have developed a structure modeled on nature, which causes the coolant to flow differently than in conventional cooling plates. This allows it to dissipate heat better. As a result, we were able to increase cooling capacity by 10 percent and reduce pressure loss by 20 percent. This allows the battery to be maintained reliably and uniformly in the requisite temperature window. It becomes more powerful and can be charged faster. In addition, service life is extended.

For internal combustion engines, MAHLE will remain a trusted supplier to its customers as long as there is demand on the global markets. We are using our expertise in this conventional form of powertrain to clear the way for sustainable fuels where the engine is concerned. For example, hydrogen engines are one way to decarbonize powertrains, especially for heavy-duty commercial vehicles and off-highway applications. In 2023, MAHLE received the first series production order from DEUTZ for components for use in stationary hydrogen engines. Other applications are planned.

MAHLE is also working on innovative products for e-mobility in the service and spare parts business. Battery diagnostics are essential for the maintenance and repair of electric vehicles—but they also play an important role in determining residual value. MAHLE After-

R&D EXPENDITURE 2019–2023 in EUR millions



market has therefore developed diagnostics and service solutions that allow independent workshops to perform battery diagnostics independent of vehicle and manufacturer. The E-HEALTH Charge battery diagnostics system combines charging with diagnostics and provides reliable information about the “health” of high-voltage batteries.

Purchasing

The year under review was once again challenging from a purchasing perspective. New crises have overshadowed market recovery following the diminishing impact of the Covid-19 pandemic, above all the consequences of the Russian war in Ukraine, the war in the Near East and various natural disasters. The effects varied greatly from region to region, but overall led to uncertainties in the market, continued high energy costs as well as unpredictability with regard to energy supply and supply chains.

Although raw material prices in particular fell again in some cases compared to the previous year, they have nowhere near recovered to pre-Covid-19 levels, partly due to wage increases and delayed price increases from suppliers. These effects had a negative impact on the costs of materials and prices in the indirect purchasing of MAHLE. The continuing shortage of parts in the semiconductor market and certain raw materials further exacerbated the overall situation.

In order to respond to supplier demands for price increases, MAHLE has revised and partially restructured the cross-functional process for validating and dealing with these demands. Furthermore, MAHLE continued various initiatives from the previous year as part of a Group-wide program to reduce material costs as well as launched new ones. In addition to a large-scale negotiation campaign in close cooperation with selected suppliers, the potential for reducing material costs through technical or process-related redesign was also increasingly identified, evaluated and implemented. MAHLE has made a voluntary commitment to a Scope 3 emission reduction of 28 percent by 2030 compared to the base year 2019, which is now being gradually implemented on the purchasing side. In addition, numerous ESG criteria, such as compliance with human rights and fair working conditions as well as protection of the environment, have been firmly anchored in our award decisions. Even in this challenging environment, we were able to maintain process reliability and the quality of the goods and services purchased. Another focus is on the continuous consolidation and the necessary localization of our supplier portfolio.

Production

In order to set up our production as efficiently as possible for the future, the focus in the year under review was on further “process optimization.” Accordingly, it was particularly important to strengthen cross-functional working. This is intended to encourage the sharing of experience. On the other hand, synergies are created in order, for example, to optimize the use of unused capacity.

“Lean management” was a high priority in 2023 in the context of increasing efficiency. Thus, the training offered by the “MAHLE Production System (MPS) Learning Factory” continued to expand. In addition to the practical “Live” simulation in Stuttgart, it was expanded to include a “Lego simulation.” This enables the instructors to bring the knowledge into the plants globally in an uncomplicated and understandable way. Another focus was on training lean experts and instructors.

Cost improvement also plays an important role. That is why MAHLE increasingly carried out sprints in 2023 as part of the “Plant Performance Improvement Initiative (PPI).” Global and cross-functional teams perform a detailed analysis of sub-processes in the plants. Cost improvement potential is identified, evaluated and realised.

Digitalization initiatives were also an important part of our activities in this financial year. Following the successful pilot run of the Industrial Internet of Things (IIoT) platform in the previous year, we were able to implement the platform in other plants in 2023. As of the end of this financial year, 22 plants were connected. This is an important step in creating transparency surrounding the processes and improving cybersecurity at the plants.

Quality management

For all MAHLE products and services, we strive to meet the highest quality standards. This is ensured by our uniform, Group-wide management system in accordance with the requirements of IATF 16949. Our customers expect innovative, defect-free and reliable products and intelligent systems.

IN 2023, MAHLE RECEIVED

68

QUALITY AWARDS

Right from the development stage, we consistently work on reducing risks by identifying and eliminating potential sources of error. We reduce risks in series production through extensive quality assurance measures and monitor compliance with our specifications through regular audits. Identified weak points and defects can thus be systematically analyzed and consistently rectified.

Training and education on quality methods and tools, understanding quality and matters relevant to management systems are integral parts of our global continuing education program.

In addition, ambitious quality targets, which we define top-down, specify bottom-up and then consolidate globally across all areas of business operation, are a core element of the annual business planning process. Our Group-wide reporting of relevant quality data ensures that precise information on the quality performance of all business units is available at all times.

With our improvement programs that take current requirements into account, we can continuously improve the quality of our products and services, reduce waste costs, improve quality awareness and ensure the Group-wide application and ongoing development of standards. An essential building block here is the “MAHLE Quality Improvement Program,” which improves Group-wide communication on quality issues and ensures project-based cooperation across our business units.

In order to strengthen global quality awareness, we once again held a Group-wide MAHLE “World Quality Day” in November 2023. The aim was to provide information about the current quality performance and an exchange about ongoing activities to improve the quality of our products and processes.

In the Automotive sector, we were able to keep the number of customer complaints in relation to sales stable at the previous year's level. We were able to significantly reduce the number of faulty parts delivered compared to 2022 and achieved a good level in the low single-digit ppm range (ppm = parts per million delivered parts) in the reporting year. We also received 68 customer awards from our customers in the 2023 financial year for the quality of our products and services.

Occupational safety, the environment and climate protection

Sustainability is practiced across the MAHLE Group. Our focus is in particular on occupational safety, the environment and climate protection. MAHLE accepts responsibility for the well-being and safety of its employees. To minimize occupational risks, we implement technical, organizational and personal protective measures. These are based on regular risk assessments, from which we continuously derive measures to improve occupational safety and targets for safety at work. We check compliance with the objectives and implementation of the measures through regular audits and monitoring inspections.

123

MAHLE SITES ARE ALREADY ISO 45001 CERTIFIED

The introduction and maintenance of workplace safety in our plants in accordance with ISO 45001 is an important pillar for improving occupational safety at our plants. In this regard, we were able to make further progress. By the end of 2023, 123 MAHLE locations were already certified to ISO 45001. Over the coming years, all remaining production sites are to be certified one by one.

Our approach to the environment and climate protection ranges from supply-side, research and development to production and recycling of our products. Existing products, consumables, processes and machinery are continuously evaluated and improved to minimize the impact on the environment. We are continuing to work on introducing environmental management systems in accordance with ISO 14001 and/or EMAS at our locations. At the end of 2023, 145 locations were certified to at least one of these standards. In addition, 11 locations were certified to the energy management system ISO 50001.

We are increasingly integrating climate-relevant aspects into our core processes. The largest share of our carbon footprint comes from upstream emissions from the raw materials and services we purchase and from downstream emissions from the use of our products (Scope 3 categories 1 and 11 under the GHG Protocol). We have accordingly also set ourselves targets for the reduction of Scope 3 emissions in addition to the targets for Scope 1 and 2. In September 2023, the Science Based Targets initiative (SBTi) confirmed the 2030 climate targets of the MAHLE Group to be science-based and ambitious. This means they are in line with the goals of the Paris Climate Agreement.

In addition, the Carbon Disclosure Project (CDP) awarded a “B” (on a scale from A to D) to our daily activity as part of the management approach to reducing greenhouse gas emissions in February 2024. EcoVadis gave our sustainability activities 61 points as of June 2023.

An important focus in 2023, in addition to the CO₂-roadmap, was the preparation of the implementation of the German Supply Chain Due Diligence Act. In particular, it should be ensured that human rights and environmental protection principles are observed within our sphere of influence. Furthermore, we have started activities in preparation for the new European requirements for sustainability reporting (Corporate Social Reporting Directive).

We present the accident rate, our CO₂ emissions and other detailed results of our activities in the 2023 sustainability report.

Opportunity and risk report

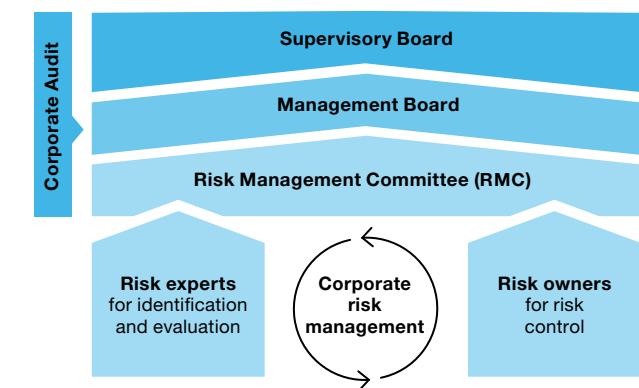
Our business activities are consistently based on the opportunities and risks identified using our management system.

One important stabilizing factor is our diversified positioning and global presence. In this way, we counter market and customer risks.

In order to continuously improve the efficiency of all powertrain solutions, we incorporate all relevant matters into our international research and development activities at an early stage.

We assess opportunities and risks from our business operations with the help of a management system. From the insights gained from this, we draw our conclusions and adjust our actions accordingly. Our Group-wide Internal Audit department regularly checks the compliance and efficiency of our processes and control systems using annually revised audit plans.

SCHEMATIC DIAGRAM OF RISK MANAGEMENT AT MAHLE



Focal points of risk change in some cases due to the transformation of the automotive industry and the effects of the general geopolitical situation as well as sharp cost increases. To manage this, we have implemented a systematic risk management process with the following focal points.

Market and technology trends

We identify long-term market and technology trends in a systematic scenario-based approach. The starting point is a base scenario that also includes the development of our business areas, regions, products and markets up to 2035. Based on this, we subject our company to a stress test in various dimensions with the “Extreme Scenarios 2035”, for example for markets, regions, drive types, output numbers and technologies. Through this systematic approach, we ensure that we identify opportunities and risks at an early stage. Findings from these analyses are incorporated into decisions about future business areas and new production processes. We map the measures derived from this in the corporate strategic and budget planning. In the course of management reporting, we monitor whether and how the steps adopted are implemented.

Opportunities and risks arise, for example, from increasing awareness in the markets for environmental and sustainable aspects, as well as from new standards for the reduction of emissions. That is why we incorporate all relevant topics into our international research and development activities at an early stage and rely on a wide range of technologies to improve the efficiency of all powertrain solutions, as well as a comprehensive, intelligent thermal management system. This enables us to offer our customers competitive and innovative products at all times. Due to our steadily growing portfolio of electric traction drives, power electronics and auxiliary units, as well as other products in electric powertrains, we are benefiting from the expanding market for electric motor vehicles. We have strengthened these activities in

a targeted manner through several acquisitions, which have since been integrated into our Group. With the help of acquisitions, we have also significantly expanded our thermal management business in recent years and added air conditioning compressors to our product portfolio, as well as strengthened our regional presence in Asia. MAHLE thus has the necessary resources and expertise to develop components for the growing market for hybrid and electric vehicles.

EXTREME SCENARIOS FOR THE YEAR

2035

STRESS TEST FOR LONG-TERM MARKET AND TECHNOLOGY TRENDS

Numerous factors can have a strong impact on market developments and therefore also on the business development of our company. These include geopolitical tensions or even war-like conflicts such as the Russian invasion of Ukraine and the Israel-Palestine conflict, interruptions in the logistics chain from raw materials to finished components, economic fluctuations or even economic slumps, changes in the political framework conditions in individual regions or countries, trade difficulties, other developments affecting the global economy and the increasing number of competitors, especially from Asia. Accordingly, we always keep an eye on developments in this context. In general, our diversified positioning and global presence serve as important stabilizing factors and help us to deal with market and customer risks. Our highly diversified customer and product portfolio also contributes to this. This ensures at least partial compensation for possible declines in demand in individual markets or from individual customers. Accordingly, we consider a global market slump like the one in the economic crisis of 2009, which could lead to a strong impact on our profit, to be one of the greatest risks for our Group. This also includes largely unforeseeable events such as the Covid-19 pandemic and its consequences, for example the global shortage of semiconductors, or major geopolitical events such as the Russian invasion of Ukraine and consequent sharp price increases, energy shortages and cuts in the availability of raw materials. Global trade is also changing. For example, import and export tariffs or import and export restrictions on vehicles, parts or raw materials are increasingly influencing the regional distribution of automobile production. Through appropriate early warning systems and action plans in place, we are limiting the consequences of such circumstances to the best of our ability.

The plans and discussions about an end to the internal combustion engine and further general driving bans are major sources of uncertainty for the entire automotive industry, especially in Europe, the USA and China. We are taking appropriate measures in an effort to mitigate any economic effects of a technology shift at an early stage. These might also result from possible changes to the legal framework, such as certain countries or regions imposing a ban on internal combustion engines in passenger cars from a certain future date. To prepare for such future scenarios, we look to our strategy of actively supporting the transition to sustainable mobility in the areas of electrification and thermal management, as well as components for clean internal combustion engines. We are seeking to continuously increase the share of sales that is not dependent on the internal combustion engine, even if there are currently delays and associated risks in the ramp-up of e-mobility.

Procurement and production

The focus of our risk management is to jointly maintain the global supply of purchased parts and minimize negative impacts from procurement markets. Regular supplier assessments to identify risks are the basic prerequisite for this. We have stepped up these activities in recent years and are continuously making them more professional. We ensure that the independence of our suppliers and all requirements of the Supply Chain Act and compliance with it are met. In addition, we use a risk monitoring tool worldwide that provides a quick overview of (natural) disasters, strikes and insolvencies, in particular. This increases transparency and thus reduces risk in the supply chain. One significant risk is currently high wage increases in the supply chain. Other specific risks that could lead to bottlenecks in the supply of purchased parts and thus to production interruptions or supplier failure are reported to the Supply Risk Committee and managed by focus/task force teams. The Supply Risk Committee is led by the Central Purchasing management and consists of members from a number of different departments across the company, including Sales, Logistics, Production, Development, Controlling and Quality in order to achieve the best possible limitation of risk.

In the year under review, the main focus in the area of production was on the optimization of processes at the plants. In order to react to current market fluctuations and other external influences and to minimize operational risks, existing initiatives have been strengthened. This includes, in particular, the systematic and standardized upgrading of our cybersecurity in the operational areas to secure unrestricted production including digital aspects. In addition, our plants have become better at handling fluctuating production demand through targeted continuing education programs such as lean qualifications, thus further improving our efficiency. The cross-functional cooperation with working groups, for example from Logistics, Purchasing and Production, continued successfully. This ensures Group-wide transparency and—in the case of unplanned incidents—determines the urgency of action required in order to safeguard the production processes and value chains at the plants in the best possible way at all times.

Our Group is audited and certified according to recognized ISO standards and similar requirements in our sector, for example with regard to quality, environmental protection and occupational safety. Our company is thus subject to important external controls to limit risk. We have obtained cover for business interruption resulting from damages as well as liability risks to an economically reasonable extent through insurance policies.

In order to prevent quality and warranty issues and similar risks such as rejects, rework and inadequate field quality, we have defined cross-functional offset measures. For example, our development processes are constantly put to the test and optimized. This is also intended to limit the risks that could arise from further increasing demands from our customers to take over enhanced scopes in terms of guarantee coverage or additional costs due to delayed series launches. Development processes are also being optimized to minimize risks in view of the increased product safety requirements. To the extent required by law, economic burdens arising from quality and warranty cases that have been caused and become known by the balance sheet date and are likely to lead to cash outflows after the balance sheet date are covered by provisions as part of risk provisioning.

Financial management

Through our systematic Group-wide financial management, we ensure that we make optimum use of the financing options available on the banking and capital markets. Liquidity risk is covered by diversified financing facilities with staged maturity profiles, which, according to current knowledge, significantly exceed the foreseeable medium-term financing requirements of our Group. When designing our financing mix, we take into account security, flexibility and cost aspects. The aim is to secure the financial independence of our Group, limit financing risks and ensure that we can take advantage of business opportunities at any time. Our financing is based on several stable pillars. For reasons of financing and planning security, our clear objective is to finalize an early renewal of the main financing pillars in 2024. Due to the current interest rate environment, this is expected to lead to increased interest expenses. We identify currency exposure using our Group-wide planning and reporting system. In accordance with uniform Group-wide principles, we counteract these risks to a large extent and use non-predictive hedging transactions over a horizon of up to 24 months for this purpose. As a rule, hedging transactions relate to over-the-counter (OTC) FX forwards or swaps in the form of portfolio hedges. The use of derivative financial instruments is necessarily bound up with the existence of an underlying operational transaction. Expected and not yet invoiced currency exposure is covered with continuously declining hedging grades. The resulting hedging relationship generates evaluation units under the critical term match method. The interest rate risk is subject to value-at-risk analyses. OTC hedging transactions and other financial transactions give rise to counterparty risks with financial institutions, which we identify and assess using the uniform Group-wide reporting system. If defined limits are exceeded, the counterparty risk is reduced through targeted risk diversification.

Human resources, IT, and accounting

Today and looking forward, employee commitment is a cornerstone of our success. Highly qualified and motivated employees are of central importance to us. That is why it is important for MAHLE to recruit suitable personnel, to continuously support and develop employees and to retain them in our company in the long term. A global employee survey was conducted for the first time in the reporting year in order to derive targeted measures to strengthen employee loyalty, motivation and skills. Systematic talent development offers our employees attractive development opportunities within the Group, and a comprehensive personnel marketing and recruiting concept allows us to make direct contact with potential applicants at an early stage. With these measures, we reduce the risk that vacancies cannot be filled with qualified staff or can only be filled after a delay. In order to secure the future of our Group in the long term and to be able to take advantage of opportunities arising from changes in the market and technology, we align our personnel requirement planning with developments in relevant markets as well as strategically important technologies and business areas. Performance-based remuneration and modern pension schemes as well as training and development measures aim to motivate and retain employees in strategically important positions.

In IT, specifications, processes and security technologies protect against unauthorized data access or misuse by internal and external perpetrators. Defined security standards according to ISO 27001 and BSI include not only technical specifications for hardware and software, but also functional security structures and organizational precautions. The IT systems classified as critical for operations under existing supply agreements (SLAs) are operated largely redundantly and are also secured through a back-up data center. Detailed back-up and recovery procedures reduce the risk of serious disruptions, in particular by safeguarding access procedures and mirroring and archiving data on a daily basis. These measures are intended to protect against cyber attacks, which are now seen as one of the greatest risks due to known incidents in the sector.

In the accounting process, the internal control and risk management system aims to ensure the compliance and effectiveness of accounting and financial reporting. In addition to guidelines and principles, the system includes measures designed to prevent or detect accounting and reporting errors. The consolidated financial statements are prepared centrally on the basis of the data reported by the subsidiaries. We ensure compliance with MAHLE policies through systemic controls, specialist advice, audit routines and plausibility checks of data performed by Group Accounting and by management reviews.

Regulations and legislation

Policies as well as organizational and work instructions guarantee compliance with statutory requirements. By involving internal and external experts in the processes at an early stage, we minimize risks that could arise, for example, from tax, labor, competition, patent, antitrust, data protection and environmental regulations and legislation. Key elements of our compliance structure are the MAHLE Business Code, our global compliance organization, the whistleblowing system for internal and external compliance-related communications and the training concept for the relevant risk areas and measures for prevention.

Overall assessment

Overall, no risks are currently observable that could endanger the continued existence of our Group, provided that development-impairing risks or extreme global crises, such as the Covid-19 pandemic, do not occur multiple times in quick succession.

Outlook

Due to various uncertainty factors and geopolitical tensions, we expect subdued development in the vehicle markets for passenger cars and light commercial vehicles.

We expect e-mobility growth to be delayed, especially in Europe. Against this background, we forecast slight organic growth in sales for the MAHLE Group for 2024. We expect a significant improvement in EBIT compared with the previous year.

In order to position our company sustainably and successfully for the future, we will also pay special attention to process efficiency and the optimization of location structures.

Overall economic development

For 2024, the International Monetary Fund (IMF) forecasts in its January 2024 report that global economic output will expand by around 3 percent. This means that growth is largely stable at a low level. However, expectations continue to be characterized by uncertainty. This results in particular from expectations regarding inflation and the associated monetary policy, persistently volatile commodity prices due to renewed geopolitical tensions or challenges resulting from climate change. The IMF predicts that growth in emerging markets and developing economies will be significantly higher at around 4 percent in 2024 than in the advanced economies at slightly above 1 percent.

IMF FORECAST AROUND

3%

GLOBAL ECONOMIC GROWTH IN 2024

The forecast for the Euro area is around 1 percent. In North America, growth is expected to be around 2 percent in the USA. The slowdown in economic growth there is due in particular to the effects of tightening monetary policy. In Brazil, the largest economy in South America, the economy is also expected to grow by around

2 percent. For the Chinese economy, the IMF forecasts growth of slightly below 5 percent. This should lose momentum compared to the previous year after the recovery from the Covid-19 pandemic. The crisis in the real estate sector also has an inhibiting effect here. At around 1 percent, growth in the Japanese economy is expected to be below the previous year's level.

Development in vehicle markets

Development in the markets for passenger cars and light commercial vehicles

We expect global production of passenger cars and light commercial vehicles to be subdued in 2024. The market continues to be afflicted by several elements of uncertainty. Geopolitical tensions in the form of war conflicts, export restrictions on critical raw materials and increasing protectionism in the major automotive markets could also have an impact on vehicle production. In addition, a slowdown in economic growth can be observed in most industrial nations and in some cases a recession is even expected. Vehicle prices have also risen sharply, which, combined with weaker purchasing power due to inflation, could lead to dampened demand in the important sales markets.

North America

- Overall economy* ↗
- Passenger cars and light commercial vehicles →
- Medium-sized and heavy-duty commercial vehicles ↓

South America

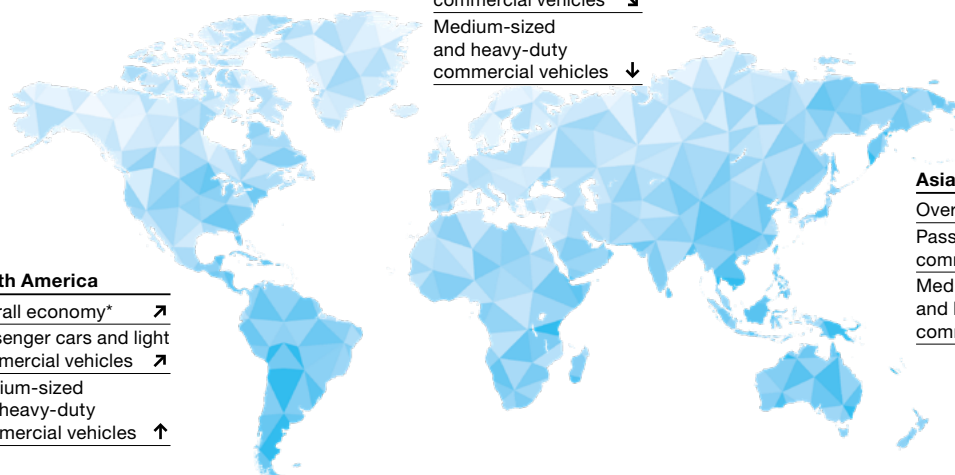
- Overall economy* ↗
- Passenger cars and light commercial vehicles ↗
- Medium-sized and heavy-duty commercial vehicles ↑

Europe

- Overall economy* →
- Passenger cars and light commercial vehicles ↘
- Medium-sized and heavy-duty commercial vehicles ↓

Asia/Pacific

- Overall economy* ↗
- Passenger cars and light commercial vehicles →
- Medium-sized and heavy-duty commercial vehicles →



The directional arrows show the change compared with the previous year:
 ↑ ≥5%, ↗ 1.5% to 5%, → -1.5% to 1.5%, ↘ -1.5% to -5%, ↓ ≤-5%

* IMF forecast from January 2024

We do not expect vehicle production in Europe to return to pre-crisis levels for many years. In addition, the Russian invasion of Ukraine and the expected weak economic development cloud the outlook considerably. Demand is expected to be subdued. The same applies to the Asia/Pacific region: Subdued development is expected in most Asian submarkets. In North America, the pre-Covid-19 pandemic levels will probably not be reached again for several years, despite a slow recovery. In South America, on the other hand, the trend toward a recovery should continue to begin with.

Development in the markets for medium-sized and heavy-duty commercial vehicles

In the medium-sized and heavy-duty commercial vehicle segment, we expect a slight fall in 2024. In Europe and North America, the reasons for this, similar to developments in the markets for passenger cars and light commercial vehicles, lie in subdued demand and the high level of production in the year under review 2023 due to the processing of order backlogs. Therefore, a decline is to be expected in both regions. The significant upward trend in China is likely to slow down sharply due to the weak economic situation and the real estate crisis. Only in South America is a recovery expected for the coming year after the slump in this financial year.

Development of the MAHLE Group

For the 2024 business year, we expect the market environment to remain volatile and challenging. We expect e-mobility growth to be delayed, especially in Europe. Against this background, we forecast slight organic sales growth for the MAHLE Group for the 2024 business year. Overall, we expect the upward trend at MAHLE to continue and anticipate a significant improvement in EBIT and operating result compared to the previous year, partly due to our programs to increase profitability.

Despite the economic burden, we continue to focus on the technological transformation and our strategic goals. We will press ahead with our future initiatives with great intensity and focus our attention in the short and medium term on positioning our company sustainably and successfully for the future.

Building on the existing “DELIVER23” program to improve our profitability and safeguard our liquidity, we will continue to push ahead with the “Back on Track 2025” program and expand it with additional priorities. An additional focus will be on process and efficiency matters in order to improve cost discipline and optimize sales and administrative structures. In addition, we will review the production network in order to make the organization more efficient overall by optimizing the location structures. At the same time, we are focusing on safeguarding and expanding our competitiveness in terms of product portfolio. To this end, we continue to focus on the structural reorganization of the Group and continue to drive forward the measures to adjust our product portfolio and to sell real estate and land no longer required for operations.

Further efforts are required to master the technological and structural transformation. To ensure our long-term competitiveness, we are consistently continuing to review our worldwide locations. Our structural reviews have shown that we will close the site in Charleston/USA by the end of 2024 and relocate production in Busan/Korea starting in 2024 and close that site in 2025. In addition, due to the location-specific capacity utilization of our Atlantic/USA location, it has been decided to relocate selected production lines to Mexico. Production will cease in Naucalpan, Mexico. As part of focusing our product portfolio on our strategic core areas, in 2023 we signed an agreement to sell off the thermostat product category. Various locations in Europe, Asia and North America are affected by the sale. In 2023, we also signed an agreement to sell our shares in the joint venture Behr-Hella Thermocontrol (BHTC). We expect that the sale price of our shares in the low three-digit million range will make a further financial contribution to reducing financial debt. Subject to foreign trade and antitrust approvals, the transaction is expected to be completed in 2024.

At the same time, we are preparing our internal processes for the future and working consistently on new ideas. For example, we are making MAHLE resilient to the serious threat of cyber attacks by introducing comprehensive security concepts. In addition, we are actively driving forward the digital transformation in order to contribute to process optimization and standardization through an even broader range of applications. We place a consistent focus on sustainability in all our measures. In terms of technology, we want to strengthen our position in future technology fields with even more systems expertise by expanding our project houses and integrating our technology centers even more. Another focus is on meeting the global challenges in the area of climate protection and environmental protection. One of the ways in which we offset this is with our consistent openness to technology. This is reflected specifically in our business activities, such as the development of products that support the transition to CO₂-efficient powertrains. In order to further reduce our carbon footprint, we are relying primarily on renewable energies generated in-house and lower energy consumption by increasing energy efficiency. We will implement further measures to achieve the defined target path to reduce our carbon footprint.

We see economic success as the foundation for the implementation of our future strategies. It allows us to invest in research and development, establish new business areas and make acquisitions to complement our portfolio. In order to maintain and expand a strong base, we strive for sales growth with a clear priority on sustainable profitability. Our financial independence and resilience to potential crises are always a priority for us. Accordingly, we pay attention to a healthy balance sheet structure and a moderate net debt ratio. The supporting pillars of our financial policy are, therefore, a solid equity base and long-term secured liquidity based on a stable operating cash flow and diversified financing sources and instruments.

This report contains forward-looking statements that are based on current estimates of future developments and are accordingly subject to risks and uncertainties that are beyond our control and cannot be assessed precisely. This may cause actual results to differ from the statements made here.

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Consolidated balance sheet

As at December 31, 2023, in EUR '000

	Dec. 31, 2023	Dec. 31, 2022
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	100,903	151,858
2. Goodwill	100,479	166,385
3. Prepayments	480	562
	201,862	318,805
II. Property, plant, and equipment		
1. Land, leasehold rights, and buildings including buildings on third-party land	922,224	972,343
2. Technical equipment and machinery	1,337,551	1,403,764
3. Other equipment, fixtures, and furniture	125,505	143,712
4. Prepayments and assets under construction	528,320	477,824
	2,913,600	2,997,643
III. Financial assets		
1. Shares in affiliated companies	1,131	1,323
2. Shares in associated companies	22,986	25,517
3. Equity investments	1,835	15,844
4. Loans to companies in which participations are held	90	90
5. Long-term securities	13,881	13,105
6. Other loans	37,963	10,868
	77,886	66,747
	3,193,348	3,383,195
B. Current assets		
I. Inventories		
1. Raw materials, consumables, and supplies	686,850	699,020
2. Work in process	210,021	197,137
3. Finished goods and merchandise	663,206	689,797
4. Prepayments	13,091	14,373
5. Prepayments received	-96,329	-115,428
	1,476,839	1,484,899
II. Receivables and other assets		
1. Trade receivables	1,730,863	1,957,390
2. Receivables from affiliated companies	9,451	9,054
3. Receivables from companies in which investments are held	1,431	757
4. Other assets	614,572	612,609
	2,356,317	2,579,810
III. Other securities	28,706	17,104
IV. Cash in hand, bank balances, and checks	813,399	603,545
	4,675,261	4,685,358
C. Prepaid expenses	30,431	29,830
D. Deferred tax assets	284,074	210,896
E. Excess of plan assets over post-employment benefit liability	19,814	12,317
	8,202,928	8,321,596

	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES		
A. Equity		
I. Subscribed capital	150,000	150,000
II. Capital reserves	166,430	166,430
III. Retained earnings	1,450,975	1,493,586
IV. Equity impact from currency translation	-187,330	-161,164
V. Consolidated unappropriated retained earnings	8,128	5,177
VI. Non-controlling interests	22,584	23,395
	1,610,787	1,677,424
B. Badwill	33,895	63,380
C. Provisions		
1. Provisions for pensions and similar obligations	841,420	843,646
2. Provisions for taxes	116,559	78,802
3. Other provisions	1,640,035	1,582,014
	2,598,014	2,504,462
D. Liabilities		
1. Bonds	780,000	780,000
2. Liabilities to banks	1,385,035	1,501,772
3. Payments received on account of orders	9,595	10,395
4. Trade payables	1,302,146	1,369,198
5. Liabilities on bills accepted and drawn	69,562	58,973
6. Liabilities to affiliated companies	5,184	1,163
7. Liabilities to companies in which investments are held	2,532	2,641
8. Other liabilities	366,483	299,455
<i>thereof from taxes: 136,010 (prev. yr.: 107,308)</i>		
<i>thereof relating to social security and similar obligations: 41,398 (prev. yr.: 33,435)</i>		
	3,920,537	4,023,597
E. Deferred income	39,695	52,733
	8,202,928	8,321,596

Consolidated income statement

From January 1 to December 31, 2023, in EUR '000

	2023	2022
1. Sales	12,817,826	12,433,824
2. Cost of sales	-10,884,496	-10,653,099
3. Gross profit on sales	1,933,330	1,780,725
4. Selling expenses	-617,694	-628,722
5. General administrative expenses	-591,967	-572,532
6. Research and development expenses	-673,332	-671,308
7. Other operating income	867,102	601,543
<i>thereof from currency translation: 392,612 (prev. yr.: 242,796)</i>		
8. Other operating expenses	-588,030	-430,914
<i>thereof from currency translation: -353,311 (prev. yr.: -261,337)</i>		
9. Investment income	496	728
<i>thereof from affiliated companies: 0 (prev. yr.: 617)</i>		
10. Income from other securities and long-term loans	11	10
11. Result from associated companies	1,668	1,301
12. Other interest and similar income	39,865	24,714
<i>thereof from affiliated companies: 494 (prev. yr.: 178)</i>		
<i>thereof income from discounting: 822 (prev. yr.: 118)</i>		
<i>thereof negative interest income: 0 (prev. yr.: 447)</i>		
13. Impairment of financial assets and of securities	0	-3,292
14. Expenses from the transfer of losses	-6,562	0
15. Interest and similar expenses	-199,432	-267,711
<i>thereof to affiliated companies: -34 (prev. yr.: -29)</i>		
<i>thereof expenses from discounting: -22,453 (prev. yr.: -30,890)</i>		
Result from business activities	165,455	-165,458
16. Taxes on income	-108,570	-134,558
<i>thereof income from deferred income taxes: 74,375 (prev. yr.: 29,614 income)</i>		
17. Result after taxes	56,885	-300,016
18. Other taxes	-30,915	-32,289
19. Consolidated net income/net loss	25,970	-332,305
20. Consolidated unappropriated retained earnings prior year	5,177	6,070
21. Dividend distribution	-5,100	-6,000
22. Withdrawal from retained earnings	42,774	223,469
23. Profit applicable to non-controlling interests	-151,265	-84,605
24. Loss applicable to non-controlling interests	90,572	198,548
25. Consolidated unappropriated retained earnings	8,128	5,177

Consolidated cash flow statement

From January 1 to December 31, 2023, in EUR '000

	2023
1. Cash flows from operating activities	
Profit for the period (consolidated net income/net loss including profit and loss applicable to non-controlling interests)	25,970
+/- Depreciation, amortization, and write-downs of fixed assets/reversals of write-downs of fixed assets	586,358
+/- Increase/decrease in provisions	52,423
+/- Other non-cash expenses/income	-12,705
-/+ Increase/decrease in inventories, trade receivables, and other assets not related to investing or financing activities	108,327
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	62,591
-/+ Gain/loss on disposal of fixed assets	-74,919
+/- Interest expense/interest income	125,170
- Other investment income	-2,164
+/- Expenses/income from the transfer of losses/gains	6,562
+/- Expenditure/income of exceptional size and incidence	-10,909
+/- Interest payments/receipts related to interest other than for the provision of capital	2,487
+/- Income tax expense/income	108,570
- Cash payments relating to expenditure of exceptional size and incidence	-39,902
-/+ Income taxes paid	-129,880
	807,979
2. Cash flows from investing activities	
+ Proceeds from disposal of intangible fixed assets	-64
- Payments to acquire intangible fixed assets	-4,020
+ Proceeds from disposal of tangible fixed assets	65,026
- Payments to acquire tangible fixed assets	-490,409
+ Proceeds from disposal of long-term financial assets	65,464
- Payments to acquire long-term financial assets	-1,748
- Payments to acquire entities included in the basis of consolidation	-5,592
+ Cash receipts from the investment of cash funds for short-term cash management	73,318
- Cash payments for the investment of cash funds for short-term cash management	-51,719
+ Cash receipts from grants/subsidies received	8,056
+ Interest received	18,973
+ Dividends received	2,736
+/- Cash received/Cash payment due to transfer of gains/losses	-6,562
	-326,541

	2023
3. Cash flows from financing activities	
+ Proceeds from capital contributions by minority shareholders	37,495
+ Proceeds from the issuance of bonds and from borrowings	219,866
– Cash repayments of bonds and borrowings	–273,688
– Interest payment due to leasing agreements	–24
– Interest paid	–137,635
– Dividends paid to shareholders of the parent entity	–5,100
– Dividends paid to minority shareholders	–82,552
	–241,638
4. Cash funds at end of period	
Net change in cash funds (subtotals 1–3)	239,800
+/- Effect on cash funds of exchange rate movements and remeasurements	23,614
+/- Effect on cash funds of changes in the basis of consolidation	777
+ Cash funds at beginning of period	243,420
	507,611
Cash-in-hand, bank balances, and checks	603,545
– Bank balances with an initial term of more than 3 months	–9,973
+ Liabilities to banks with an initial term of less than 3 months	–350,152
Cash funds at beginning of period	243,420
<i>thereof from proportionately consolidated entities</i>	<i>56,645</i>
Cash-in-hand, bank balances, and checks	813,399
– Bank balances with an initial term of more than 3 months	–8,619
+ Liabilities to banks with an initial term of less than 3 months	–297,169
Cash funds at end of period	507,611
<i>thereof from proportionately consolidated entities</i>	<i>20,141</i>

The short-term liabilities which were netted against cash balances contained EUR 220,825k (previous year: EUR 313,624k) that were related to short-term liabilities based on a committed credit line with a remaining tenor of more than one year.

Cash funds amounting to EUR 14,093k that are restricted on disposal are included.

Consolidated statement of changes in equity

From January 1 to December 31, 2023, in EUR '000

	PARENT COMPANY		
	Subscribed capital	Capital reserves	Retained earnings
As at December 31, 2021	150,000	166,430	1,718,523
Capital increase	0	0	0
Withdrawal from retained earnings	0	0	-223,469
Dividend distribution	0	0	0
Currency translation	0	0	0
Other items	0	0	-378
Changes in the consolidation group	0	0	-1,090
Consolidated net income/net loss	0	0	0
As at December 31, 2022	150,000	166,430	1,493,586
Capital increase	0	0	0
Withdrawal from retained earnings	0	0	-42,774
Dividend distribution	0	0	0
Currency translation	0	0	0
Other items	0	0	163
Changes in the consolidation group	0	0	0
Consolidated net income/net loss	0	0	0
As at December 31, 2023	150,000	166,430	1,450,975

¹ Including effects from hyperinflation adjustments for Argentina and Türkiye in accordance with GAS 25

	Equity impact from currency translation ¹	Consolidated unappropriated retained earnings	Total	Non-controlling interests ¹	Consolidated equity
	-180,781	6,070	1,860,242	189,722	2,049,964
	0	0	0	40	40
	0	223,469	0	0	0
	0	-6,000	-6,000	-46,103	-52,103
	18,031	0	18,031	3,145	21,176
	496	0	118	-9,466	-9,348
	1,090	0	0	0	0
	0	-218,362	-218,362	-113,943	-332,305
	-161,164	5,177	1,654,029	23,395	1,677,424
	0	0	0	37,495	37,495
	0	42,774	0	0	0
	0	-5,100	-5,100	-79,995	-85,095
	-26,094	0	-26,094	-5,420	-31,514
	-72	0	91	-13,584	-13,493
	0	0	0	0	0
	0	-34,723	-34,723	60,693	25,970
	-187,330	8,128	1,588,203	22,584	1,610,787

Notes to the consolidated financial statements 2023

General information

The present consolidated financial statements of MAHLE GmbH are prepared in accordance with Section 290 et seq. of the German Commercial Code (HGB).

Consolidation group

The consolidated financial statements include MAHLE GmbH (parent company), headquartered in Stuttgart/Germany and registered with the district court in Stuttgart (commercial register number 638), as well as 23 domestic and 133 foreign subsidiaries. Furthermore, 13 companies were consolidated proportionately according to the percentage of shares, and five companies were valued according to the equity method. The consolidated companies are included in the list of shareholdings.

The following companies were fully consolidated for the first time during 2023:

- MAHLE Australia Pty Ltd., Melbourne, Australia, as of January 1
- MAHLE Behr Busan Inc., Seoul, South Korea, as of January 1
- MAHLE Pumpensysteme GmbH, Stuttgart, Germany, as of January 1

The following companies were newly incorporated and fully consolidated for the first time during 2023:

- MAHLE Behr Finance LLC, Wilmington, Delaware, USA, as of October 30
- MAHLE Behr Queretaro S. de R.L. de C.V., Querétaro, Mexico, as of January 26
- MAHLE Behr Thermal Italy s.r.l., Turin, Italy, as of July 31
- MAHLE Finance LLC, Wilmington, Delaware, USA, as of October 30

Key changes to the consolidation group

During 2023, no significant changes occurred within the consolidation group.

Exemption provisions for domestic companies

The following subsidiaries are applying the exemption according to Section 264, paragraph 3, respectively Section 264b HGB, with regard to the disclosure of their annual financial statements and/or the preparation of the management reports:

MAHLE Aftermarket GmbH, Stuttgart; MAHLE Aftermarket Deutschland GmbH, Schorndorf; MAHLE Beteiligungen GmbH, Stuttgart; MAHLE Blechtechnologie GmbH, Stuttgart; MAHLE Filtersysteme GmbH, Stuttgart; MAHLE Immobilien GmbH, Stuttgart; MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim; MAHLE Industriebeteiligungen GmbH, Stuttgart; MAHLE Industriemotoren-Komponenten GmbH, Stuttgart; MAHLE International GmbH, Stuttgart; MAHLE Kleinmotoren-Komponenten GmbH & Co. KG, Stuttgart; MAHLE New Mobility Solutions GmbH, Kornwestheim; MAHLE Powertrain GmbH, Stuttgart; MAHLE Ventiltrieb GmbH, Stuttgart; MAHLE Versicherungsvermittlung GmbH, Stuttgart.

Method of consolidation

Consolidated subsidiaries, using the book value method prior to December 31, 2009, will continue to be consolidated under the same method as in prior years. Thereby, the value of the investment held by the parent company, at the time of acquisition and first consolidation, is to be offset against the attributable share of the subsidiary's equity book value. In the case of companies that were consolidated for the first time from 2010 onward, the assets, liabilities, prepaid expenses, and deferred income acquired were revalued at fair value as part of the purchase price allocation at the time that the company became a subsidiary.

As at the balance sheet date, total goodwill of EUR 100,479k is disclosed, which contains goodwill of EUR 9,849k that occurred in the financial statements of the entities included in the consolidation group. In 2023, goodwill impairments were recognized in the amount of 24,959k. As at the balance sheet date a carrying amount of badwill of EUR 33,895k is disclosed for the air conditioning business from former Keihin Corporation (now Hitachi Astemo, Ltd.) acquired in 2021. On the one hand, this badwill arose from losses expected to be incurred in subsequent business years. The badwill will be released to income in line with the loss-

es incurred in subsequent business years. Another portion of goodwill was attributable to a favorable bargain purchase and will be released to income over the weighted average remaining useful life of the identified fixed assets. In 2023, an amount of EUR 29,484k was released.

In the reporting year, the disposal of shares by MAHLE Industriebeteiligungen GmbH and a unilateral capital increase by external shareholders in MAHLE Metal Leve S.A as of October 31, 2023, resulted in an overall decrease in the MAHLE shareholding ratio from 70.00 percent to 61.00 percent. Thereby, the decrease in shares in subsidiaries without a change in control was recognized as disposal.

The result from the change in the equity value was disclosed in the consolidated income statement after deduction of income taxes.

In the business year, nine companies are not included in the consolidation group due to their minor materiality for the consolidated financial statements, as sales and balance sheet total of these companies individually and in total do not exceed 1 percent of the respective group values. Two companies are not accounted for using the equity method due to their minor materiality, as the pro rata annual results of these companies individually and in total amount to less than 1 percent of the group's net income.

The intra-group supply of goods and services as well as mutual receivables and liabilities were offset, and intercompany profits and losses were eliminated.

Due to minor materiality and simplification, deferred taxes resulting from consolidation measures with effect on income were recorded using a uniform tax rate of 25.00 percent.

Accounting and valuation principles

The existing accounting and valuation methods were retained.

Acquired intangible assets and property, plant, and equipment are valued at acquisition costs or manufacturing costs minus depreciation or amortization. Depreciation was performed on a straight-line basis using standard useful lives. If lower valuations were provided, impairments were recorded. Internally developed trademarks

and similar rights and assets were not capitalized. Furthermore, the intangible assets contain hidden reserves disclosed as part of the purchase price allocation of the acquisitions. These comprise trademark rights, customer relationships, technological licenses, and development services. Depending on the categories, the useful lives for intangible assets were based on five to ten years. Based on the item-by-item approach, goodwill is regularly amortized over ten years due to the MAHLE relevant markets that are dominated by a small number of suppliers and have high barriers to market entry. Additionally, the recoverability of goodwill is tested (impairment test) at least once a year to determine if an impairment exists according to GAS 23.129, sentence 1. Thereby, the impairment is calculated by comparing the fair value of the investment in the subsidiary with the total of the carrying amount of the net assets held by the subsidiary in the consolidated financial statements and the net carrying amount of goodwill. Within property, plant and equipment, buildings are depreciated over a maximum of 40 years, technical equipment and machinery over a maximum of 15 years and other equipment, fixtures and furniture over a maximum of 20 years.

Financial assets were stated at the lower of acquisition cost or fair value if the impairment is expected to be permanent.

Inventories are capitalized at acquisition cost or manufacturing cost. Unfinished and finished goods are valued by considering the appropriate share of material, production overhead, and depreciation of fixed assets. If the market prices or fair values were lower than the book values, or marketability was limited, devaluations were performed as necessary.

Receivables and other assets are recorded at nominal values. Appropriate write-downs are recorded to account for receivables with recognizable risks of nonpayment; a general valuation allowance is set up to cover the general credit risk.

Prepaid expenses were recorded for payments made before the balance sheet date for expenditures related to a specific time period after this date.

Provisions for taxes and other provisions adequately cover uncertain liabilities and anticipated losses from pending transactions. The valuation is based on the settlement amount taking into account necessary cost increases. Provisions with a remaining term of more than one year were discounted by using the average market interest rate of the past seven fiscal years provided by the German Central Bank. If appropriate, an average local market interest rate of the past seven years was determined for the remaining term in order to depict the actual economic situation for the discounting of obligations in foreign currency.

Provisions for pensions and similar obligations are calculated group-wide in accordance with actuarial principles (using the projected unit credit method) and discounted with the average rate of ten years in accordance with Section 253 HGB to present value. In 2023, the calculation was based on the following discount rates: domestic 1.14 to 1.92 percent, foreign 0.53 to 7.36 percent. The option to assume a standardized remaining term of 15 years was not utilized. Expected salary increases of 1.92 to 5.20 percent, anticipated labor turnover rates of 3.00 to 6.96 percent and for domestic companies a pension trend of 1.50 percent were taken into consideration. For key countries, the following mortality tables were used as of December 31, 2023:

Germany	Heubeck 2018G mortality tables
USA	Pri-2012 base table with MP-2019 improvement scale Pri-2012 generational table with MP-2019 improvement scale
UK	120% of S3PA 'Normal' year of birth tables, CMI 2022 improvement tables (long-term trend of 1% p.a., smoothing factor 7, w parameter of 10%)
Japan	2020 Ministry of Health, Labour and Welfare

Assets that serve exclusively to settle pension-related obligations and cannot be utilized to settle claims of any other creditors (plan assets in the form of long-term securities) were offset against the provisions at their fair value. Excess amounts are recorded within the item "Excess of plan assets over post-employment benefit liability."

Liabilities are stated at their settlement amount.

Receivables, bank balances, and liabilities in foreign currency with a remaining term of less than one year were valued using the mid-market spot rate applicable at the balance sheet date. If the remaining term was more than one year, the valuation was based on the exchange rate applicable at the acquisition date or the lower or higher exchange rate at the balance sheet date.

Changes in exchange rates, commodity price variations, and interest rates represent a risk to operational business that is very difficult to estimate. To minimize this risk, appropriate hedging transactions such as derivatives are used. These transactions are only established with banks that have a prime credit rating. Their use is

based on standard guidelines, subject to strict internal controls, and restricted to the hedging of operational business as well as that of related investments and financing activities.

If effective hedging relationships existed between the underlying operating transactions and/or highly probable transactions (basically future deliveries of goods and services) and the currency or interest hedging transaction, they were combined into a hedge accounting evaluation unit and valued together under the so-called "net hedge presentation method" (Einfrüerungsmethode).

Deferred income has been recorded for payments received prior to the balance sheet date for income related to a specific time period after this date.

The option provided by Section 274, paragraph 2, sentence 3 HGB to capitalize net assets of deferred taxes is used. Deferred tax assets and liabilities are set up to account for all temporary and quasi-permanent differences between financial reporting balance sheets according to German Commercial Code (HGB) and tax values. Furthermore, deferred taxes for tax loss and interest carry-forwards and tax credits are capitalized, provided the tax benefit was reasonably recoverable within the next five years. Deferred taxes are determined using tax rates that are expected to apply at the time of recovery and are based on the regulations adopted at the balance sheet date. Deferred tax assets and liabilities are presented as a net value. The tax rates fall within a range of 5.00 to 35.00 percent.

Currency conversion

The financial statements of foreign companies were, if not prepared in euro, converted as follows:

Equity:

In accordance with the regulations of GAS 25

Other balance sheet items:

Mid-market spot rate (average between bid and ask) at the balance sheet date

Income statement items:

Average exchange rate for the year

Exchange rate differences in connection with the use of the closing rate method were shown as "Currency translation Jan. 1" within the consolidated statement of fixed assets. Differences arising from the conversion of movements during the current year were shown in a separate column.

Any difference arising from the translation of the balance sheet items into euro was included under "Equity impact from currency translation" in the consolidated shareholders' equity.

The “thereof” information on currency conversion in the income statement includes both unrealized and realized exchange rate differences.

For the company in the hyperinflation country Argentina and for two companies in the hyperinflation country Türkiye, the financial statements were prepared based on a general price index in accordance with GAS 25.

Currency translation differences resulting from the consolidation of intercompany balances are recognized in profit or loss except for material loans that are classified as equivalent to an investment or as equity-equivalent and for currency hedges for intercompany loan arrangements. Currency translation differences resulting from the elimination of intercompany profits or losses are recognized as profit or loss.

Notes to the consolidated balance sheet

Receivables and other assets

in EUR '000	Dec. 31, 2023	Thereof with a remaining term of more than 1 year
	Carrying amount	
Accounts receivables		
Trade receivables	1,730,863	166
Receivables from affiliated companies	9,451	0
Receivables from companies in which investments are held	1,431	0
Other assets	614,572	165,169
Total	2,356,317	165,335

In the previous year, trade receivables (EUR 525k), receivables from affiliated companies (EUR 814k) as well as other assets (EUR 49,757k) had a remaining term of more than one year.

Trade receivables are included in the amount of EUR 906k (previous year: EUR 859k) from affiliated companies and EUR 643k (previous year: EUR 757k) from companies in which investments are held.

Only other assets contain receivables against shareholders amounting to EUR 0k (previous year: EUR 2k).

Prepaid expenses

As in the previous year, prepaid expenses do not include differences between net loan proceeds and liabilities to banks (debt discounts).

Equity

The consolidated unappropriated retained earnings equal those of the parent company and contain the amount carried forward from the previous year of EUR 77k.

Provisions for pensions and similar obligations as well as other provisions

Notes for offsetting pursuant to Section 246, paragraph 2, sentence 2 HGB:

in EUR '000	Dec. 31, 2023
	Carrying amount
Settlement amount of offset liabilities	523,708
Acquisition costs of assets	113,020
Fair value of assets	257,642
Offset income	15,038
Offset expenses	16,699

Offset income and expenses are related to other interest and similar income as well as other interest and similar expenses.

The difference for discounting with the seven-year average rate according to Section 253, paragraph 6, sentence 1 HGB amounts to EUR 8,698k.

Other provisions primarily relate to outstanding credit notes and rebates, outstanding purchase invoices, guarantee and warranty risks, as well as obligations arising from restructuring and employment contracts.

Liabilities

in EUR '000	Dec. 31, 2023			
	Carrying amount	With a remaining term of up to 1 year	With a remaining term of more than 1 year	Thereof with a remaining term of more than 5 years
Bonds	780,000	30,000	750,000	0
Liabilities to banks	1,385,035	502,600	882,435	173,849
Payments received on account of orders	9,595	9,595	0	0
Trade payables	1,302,146	1,301,371	775	13
Liabilities on bills accepted and drawn	69,562	69,562	0	0
Liabilities				
<i>to affiliated companies</i>	5,184	5,184	0	0
<i>to companies in which investments are held</i>	2,532	2,532	0	0
Other liabilities	366,483	347,022	19,461	11,045
Total	3,920,537	2,267,866	1,652,671	184,907

In the previous year, liabilities to banks (EUR 255,120k), payments received on account of order (EUR 10,395k), trade payables (EUR 1,366,421k), liabilities on bills accepted and drawn (EUR 58,973k), liabilities to affiliated companies (EUR 1,163k), liabilities to companies in which investments are held (EUR 2,641k), and other liabilities (EUR 278,466k) had a remaining term of up to one year.

The liabilities to affiliated companies contain trade payables of EUR 51k (previous year: EUR 143k). The liabilities to companies in which investments are held contain trade payables of EUR 101k (previous year: EUR 162k).

The liabilities contain payables to shareholders amounting to EUR 242k (previous year: EUR 60k).

As in the previous year, no liabilities are secured by property liens or similar rights.

Deferred taxes

Deferred tax assets arise predominantly from differing accounting treatment of intangible assets, property, plant, and equipment, and provisions. The temporary differences in provisions essentially include different carrying amounts between the tax balance sheet and the consolidated balance sheet related to provisions for pensions and similar obligations and provisions that are not tax-deductible, such as provisions for anticipated losses.

The deferred tax liabilities result predominantly from temporary differences relating to property, plant and equipment and plan assets due to different depreciation methods and carrying amounts in the tax and consolidated balance sheet. In addition, the identified fair values disclosed as part of the purchase price allocations of the acquisitions lead to deferred tax liabilities, in particular in intangible fixed assets.

Deferred tax assets are set up for tax loss carryforwards that are recoverable within five years. As at December 31, 2023 an allowance for deferred tax assets on temporary differences is included, as their realization is not deemed sufficiently likely.

For the following positions no deferred tax assets were capitalized:

in EUR '000	Dec. 31, 2023	non-capitalized deferred tax assets
Tax loss carryforwards	2,125,333	399,532
Tax credits/interest carryforwards	574,322	128,537
Temporary differences	1,388,486	303,711

Off-balance-sheet transactions

As at the balance sheet date, there are off-balance-sheet transactions for rental and leasing agreements in the amount of EUR 222,826k, in particular for land and buildings, IT and vehicles. Moreover, there are off-balance-sheet transactions for factoring amounting to EUR 270,980k. These off-balance-sheet transactions lead to a diversification of financing sources as at the balance sheet date. As a result of these transactions, the outflow or inflow of funds is usually postponed into the future or brought forward respectively.

As part of the ABS program, purchase price discounts are accounted for as reserve accounts. The purchase price discounts in the amount of contractually agreed percentages of the nominal value of the receivables sold serve the buyer of the receivables primarily to offset defaulted receivables and as deposit for transaction costs. Remaining amounts are returned to MAHLE when the conditions for payment are met and are disclosed as income. As at December 31, 2023, the reserve accounts amounted to EUR 9,491k.

Contingent liabilities

in EUR '000	Dec. 31, 2023
Contingents from notes	17,853
Guarantees	0
Total	17,853

To our knowledge, the underlying obligations can be fulfilled in all cases by the companies concerned. We do not expect the contingent liabilities to be claimed.

The contingent liabilities do not include any obligations concerning retirement benefits.

Other financial obligations

in EUR '000	Dec. 31, 2023
Purchase commitments from investments	317,933
Others	96,727
<i>thereof to affiliated companies</i>	132
Total	414,660

The other financial obligations do not include any obligations concerning retirement benefits.

Notes to the consolidated income statement

The income statement of the MAHLE Group has been prepared according to the cost of sales method. Sales are therefore matched with the expenses incurred in their realization, which are allocated in principle to the Production, Sales, General Administration, and Research and Development functions.

The cost of sales comprises the material and production costs incurred in the realization of sales, the landed costs of the trade business, and the costs of the allocation to provisions for warranties. Furthermore, this item also contains depreciation and amortization on the hidden reserves disclosed as part of the purchase price allocations of the acquisitions. These include technologies, technical equipment and machinery, as well as land and buildings.

The selling expenses include, in particular, personnel and non-personnel expenses, depreciation allocated to the Sales function, as well as logistics, market research, sales promotion, shipping and handling, and advertising costs. Furthermore, they also contain amortization on the hidden reserves disclosed as part of the purchase price allocations of the acquisitions. These include trademark rights, and customer relationships.

The general administration expenses include personnel and non-personnel expenses as well as depreciation allocated to the General Administration function.

The personnel and non-personnel expenses and depreciation allocated to the Research and Development function are of substantial significance to the MAHLE Group. In order to present the economic situation of the Group more clearly, they have been included as a separate item in the breakdown.

Other operating income contains EUR 209,948k income related to other periods. This income is mainly related to the reversal of provisions and the disposal of depreciable fixed assets. Income from financing includes gains of EUR 88,792k (previous year: EUR 34,452k) from currency translation and gains of EUR 598k (previous year: EUR 255k) from financial instruments. Income related to other periods includes income of exceptional size and incidence from the release of provisions for restructuring. In addition, other operating income contains income of exceptional size and incidence from the release of goodwill of EUR 29,484k.

Other operating expenses contain EUR 16,688k expenses relating to other periods. These expenses are mainly related to disposals of depreciable fixed assets. Expenses from financing include losses of EUR 85,625k (previous year: EUR 48,171k) from currency translation and expenses of EUR 13,969k (previous year: EUR 1,454k) from financial instruments.

The functional areas include expenditure of exceptional size and incidence for additions to provisions for restructuring measures.

Sales by area of operation

in EUR '000	2023
Engine Systems and Components business unit	2,635,891
Filtration and Engine Peripherals business unit	2,136,462
Thermal Management business unit	4,591,410
Electronics and Mechatronics business unit	1,357,140
Aftermarket business unit	1,255,501
Profit centers and services	841,422
Total	12,817,826

Sales by geographical market (target area)

in EUR '000	2023
Europe	5,575,295
North America	3,724,720
South America	771,260
Asia/Pacific	2,647,917
Africa	98,634
Total	12,817,826

Personnel expenses

in EUR '000	2023
Wages and salaries	2,518,373
Social security expenses	571,656
Old age pension expenses	50,205
Total	3,140,234

Depreciation, amortization, and impairments of intangible and tangible fixed assets

in EUR '000	2023
Total	612,994
<i>thereof impairments</i>	<i>43,191</i>

Subsequent valuation of the purchase price allocation for the acquisitions*

in EUR '000	2023
Depreciation and amortization within cost of sales	42,706
Amortization within selling expenses	1,150
Release of subsidies within other operating income	10,789
Amortization of goodwill	70,971
Release of badwill	29,543

* Mainly concerns MAHLE Behr, former Delphi Thermal entities, former Keihin Thermal entities, MAHLE Electric Drives, MAHLE Electronics, and former BHS entities.

Other notes

Average annual number of employees*

	2023
Direct employees	39,435
Indirect employees	32,545
Total	71,980

* Excluding apprentices

Direct employees are those who are directly involved in the production process and whose activities generate added value to the products. All others are considered as indirect employees.

The total average annual number of employees includes a pro rata figure of 2,325 employees from proportionately consolidated companies.

Derivatives

Derivative financial instruments are used to hedge against foreign currency and raw material price risks. The derivatives used are FX swaps, FX forwards and commodity swaps.

For the derivative financial instruments that are not recognized at fair value and that are not included in evaluation units, the following nominal values, fair values, and book values arise as of the balance sheet date:

in EUR '000	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2023
	Nominal amounts*	Fair value**	Book value
Transactions relating to currency	17,301	-162	-316
Transactions relating to commodities	13,814	408	-849

* The nominal amounts of the derivative financial instruments are based on absolute values, i.e., long and short positions are added with their nominal values.

** The fair value of currency and commodity related transactions corresponds to the market value of the derivatives as at the balance sheet date and is calculated using the net present value method.

The derivative contracts are placed in relation to third parties exclusively with banks as at December 31, 2023.

Derivatives that are not recognized at fair value and are not included in evaluation units are recognized at acquisition cost. If the derivatives have a positive market value as of the balance sheet date that exceeds the acquisition costs, this difference is not recognized. For derivatives with a negative market value that are not part of an evaluation unit, a provision for anticipated losses in the amount of EUR 1,165k is recognized as of the balance sheet date.

Evaluation units

For two intercompany loans in transaction currency USD, an evaluation unit with German private placement loans in USD (Schuldscheindarlehen) with identical amounts and matching maturities (natural hedge) was recognized. The effectiveness of the hedging relationship is ensured as the positions are countervailing. The volume in transaction currency is USD 213,000k.

For currency-related hedging transactions that have an effective relationship to the underlying transaction, evaluation units were recognized and are presented with their net value:

in EUR '000	Type of evaluation unit	Dec. 31, 2023	Balance sheet item
		Amount of hedged transaction	
Currency exposure			
Recorded values	Portfolio hedge	70,684	Trade receivables
	Portfolio hedge	13,190	Bank balances
	Portfolio hedge	-239,245	Liabilities to banks
	Portfolio hedge	-74,839	Trade payables
Remaining currency exposure from eliminated transactions with affiliated companies	Portfolio hedge	1,223,104	
Future transactions	Portfolio hedge	-247,883	
<i>Firm commitment contracts</i>		-237,968	
<i>Highly probable planned positions</i>		-9,915	

The amount of risks hedged with evaluation units totals EUR 38,571k.

The changes in value in the underlying and hedging transactions are offset during the hedging period since risk positions (underlying transactions recognized on the balance sheet) are immediately hedged by means of forward exchange transactions of the same amount, in the same currency, and with the same maturity period in accordance with the guidelines of the Group risk management.

The risks of potential future changes in cash flows from future transactions, basically future deliveries of goods and services, are offset by hedges. Considering the general planning uncertainty, this is mainly achieved by not entirely hedging future transactions the further they are in the future. The hedging period for currency-related hedges that are included in evaluation units is generally one year. Experience has shown that this strategy for evaluation units for future transactions has led to an effective hedge of cash flows.

The hedge ratio for future transactions increases over their lifetime. By the time these transactions turn into recognized underlying transactions they are fully hedged. At this stage they are hedged via a portfolio of individual hedges that have been added gradually over time. Therefore, the recognized underlying transactions that become due can consist of various individually booked transactions. The hedging relationship is referred to as portfolio hedge.

The critical term match method is used to measure the effectiveness of the hedging relationship.

Report on post-balance sheet date events

For refinancing the syndicated credit line, a EUR 1,600 million credit agreement was signed on February 16th, 2024, consisting of a EUR 1,200 million revolving credit facility alongside a EUR 400 million term loan.

Appropriation of earnings

Unappropriated retained earnings

in EUR '000	2023
Net loss MAHLE GmbH	-63,849
Withdrawal from retained earnings	71,900
Amount carried forward from prior year	77
Unappropriated retained earnings MAHLE GmbH	8,128

Proposed utilization of retained earnings of MAHLE GmbH

in EUR '000	2023
Unappropriated retained earnings	8,128
Dividend distribution to MAHLE-Stiftung GmbH	8,000
Carry forward to new account	128

Remuneration of the members of the Management Board of MAHLE GmbH (parent company)

in EUR '000	2023
Supervisory Board	1,033
Management Board	12,081

The total remuneration of the Management Board comprises fixed and variable components. The fixed portions for 2023 amounted to EUR 5,736k, while EUR 6,506k is attributable to the variable compensation for 2023. The remuneration shown also includes an adjustment for the previous year. The fixed portions include benefits in kind, which consist primarily of the non-cash benefits of having company cars.

Remunerations paid to former members of the Management Board and their descendants totaled EUR 2,369k.

An amount of EUR 35,757k is set aside for this group of persons in the pension provision as at December 31, 2023.

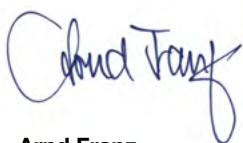
Auditor's fee

The total auditor's fee recorded as expense for 2023 for the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, pursuant to Section 314, paragraph 1, number 9 HGB, consists of the following:

in EUR '000	2023
Services for audit of financial statements	1,239
Other assurance services	68
Tax advisory services	216
Other services	2,299
Total	3,822

Stuttgart/Germany, March 18, 2024

The Management Board of MAHLE GmbH



Arnd Franz



Jumana Al-Sibai



Dr. Beate Bungartz



Georg Dietz



Markus Kapaun



Martin Weidlich



Martin Wellhöffer

Consolidated statement of fixed assets

From January 1 to December 31, 2023, in EUR '000

	Acquisition/manufacturing costs							
	BUSINESS YEAR 2023							
	Jan. 1, 2023	Jan. 1, 2023						Dec. 31, 2023
Accumulated acquisition/manufacturing costs	Currency translation	Changes at the Group	Additions	Disposals	Reclassifications	Currency translation of current year ²	Accumulated acquisition/manufacturing costs	
I. Intangible assets								
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	623,125	-2,707	0	4,002	116,654	790	-322	508,234
2. Goodwill	496,901	0	0	5,064	108	0	0	501,857
3. Prepayments	562	-2	0	18	8	-90	0	480
	1,120,588	-2,709	0	9,084	116,770	700	-322	1,010,571
II. Property, plant, and equipment								
1. Land, leasehold rights, and buildings including buildings on third-party land	1,850,777	-28,572	0	13,078	45,627	33,483	951	1,824,090
2. Technical equipment and machinery	6,246,281	-130,406	0	118,679	229,573	233,285	25,469	6,263,735
3. Other equipment, fixtures, and furniture	570,550	-10,632	0	22,999	22,718	-382	2,186	562,003
4. Prepayments and assets under construction	488,421	-2,518	0	335,915	13,105	-267,086	-6	541,621
	9,156,029	-172,128	0	490,671	311,023	-700	28,600	9,191,449
III. Financial assets								
1. Shares in affiliated companies	11,895	330	0	14	96	-57	2	12,088
2. Shares in associated companies	25,517	0	-664	0	929 ¹	57	-995	22,986
3. Equity investments	15,844	-689	0	7	13,728	0	401	1,835
4. Loans to companies in which participations are held	90	0	0	0	0	0	0	90
5. Long-term securities	13,428	-163	0	951	41	0	-1	14,174
6. Other loans	71,179	-273	0	3,238	2,005	0	20	72,159
	137,953	-795	-664	4,210	16,799	0	-573	123,332
	10,414,570	-175,632	-664	503,965	444,592	0	27,705	10,325,352

¹ Includes results from continuation of equity approach as well as disposal due to dividend payments

² Including effects from hyperinflation adjustments for Argentina and Türkiye in accordance with GAS 25

Depreciation/amortization									Carrying amounts	
BUSINESS YEAR 2023										
Jan. 1, 2023	Jan. 1, 2023							Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2022
Accumulated depreciation/amortization	Currency translation	Changes at the Group	Depreciation/amortization of the business year	Write-ups of the business year	Disposals	Reclassifications	Currency translation of current year ²	Accumulated depreciation/amortization	Carrying amounts	Carrying amounts
471,267	-1,978	0	55,041	0	116,612	0	-387	407,331	100,903	151,858
330,516	0	0	70,971	0	109	0	0	401,378	100,479	166,385
0	0	0	0	0	0	0	0	0	480	562
801,783	-1,978	0	126,012	0	116,721	0	-387	808,709	201,862	318,805
878,434	-17,081	0	57,545	21	16,023	-1,169	181	901,866	922,224	972,343
4,842,517	-102,243	0	384,874	413	223,311	5,382	19,378	4,926,184	1,337,551	1,403,764
426,838	-8,446	0	41,622	0	20,848	-4,213	1,545	436,498	125,505	143,712
10,597	-47	0	2,941	0	181	0	-9	13,301	528,320	477,824
6,158,386	-127,817	0	486,982	434	260,363	0	21,095	6,277,849	2,913,600	2,997,643
10,572	385	0	0	0	0	0	0	10,957	1,131	1,323
0	0	0	0	0	0	0	0	0	22,986	25,517
0	0	0	0	0	0	0	0	0	1,835	15,844
0	0	0	0	0	0	0	0	0	90	90
323	-2	0	0	28	0	0	0	293	13,881	13,105
60,311	59	0	0	26,174	0	0	0	34,196	37,963	10,868
71,206	442	0	0	26,202	0	0	0	45,446	77,886	66,747
7,031,375	-129,353	0	612,994	26,636	377,084	0	20,708	7,132,004	3,193,348	3,383,195

Shareholdings

Shareholdings in companies included in consolidation, associated companies, proportionately consolidated companies, and other companies which serve the permanent business operations.

As at December 31, 2023

Name and location	Share in equity in %
PARENT COMPANY	
MAHLE GmbH, Stuttgart/Germany	
1. Fully consolidated subsidiaries	
a) Fully consolidated subsidiaries of MAHLE GmbH with direct shareholding quota	
MAHLE Aftermarket Deutschland GmbH, Schorndorf/Germany	100.00
MAHLE Aftermarket France SAS, Décines/France	100.00
MAHLE Aftermarket GmbH, Stuttgart/Germany	100.00
MAHLE Aftermarket Inc., Farmington Hills, Michigan/USA	100.00
MAHLE Aftermarket Italy S.p.A., Parma/Italy	100.00
MAHLE Aftermarket Ltd., Northampton/United Kingdom	100.00
MAHLE Aftermarket Otomotiv Ticaret Anonim Şirketi, Izmir/Türkiye	100.00
MAHLE Aftermarket Pte. Ltd., Singapore/Singapore	100.00
MAHLE Aftermarket S. de R.L. de C.V., Lerma/Mexico	100.00
MAHLE Aftermarket S.L.U., Torrejón de Ardoz/Spain	100.00
MAHLE Aftermarket South Africa (Pty) Ltd., Johannesburg/South Africa	100.00
MAHLE ANAND Filter Systems Private Limited, New Delhi/India	50.00 ¹
MAHLE Anéis Participações Ltda., Mogi Guaçu/Brazil	100.00
MAHLE Australia Pty Ltd., Melbourne/Australia	100.00
MAHLE Automotive Technologies (China) Co., Ltd., Shanghai/China	100.00
MAHLE Automotive Technologies (Suzhou) Co., Ltd., Changshu/China	100.00
MAHLE Behr GmbH & Co. KG, Stuttgart/Germany	77.46
MAHLE Behr Verwaltung GmbH, Stuttgart/Germany	75.71
MAHLE Beteiligungen GmbH, Stuttgart/Germany	100.00
MAHLE Blechtechnologie GmbH, Stuttgart/Germany	100.00
MAHLE Componente de Motor SRL, Timisoara/Romania	100.00
MAHLE Componentes de Motor de México, S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE Componentes de Motores S.A., Murte de Portugal	100.00
MAHLE Componenti Motori Italia Srl, Grugliasco/Italy	100.00
MAHLE Composants Moteur France SAS, Chavanod/France	100.00
MAHLE Compresores, S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE Compressores do Brasil Ltda., Jaguariúna/Brazil	100.00
MAHLE Compressors Hungary Kft., Balassagyarmat/Hungary	100.00
MAHLE de México S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE Donghyun Filter Systems Co., Ltd., Hwasung/South Korea	100.00
MAHLE Smartbike Systems S.L.U., Palencia/Spain	100.00
MAHLE Electric Drives (Taicang) Co., Ltd., Taicang City/China	99.93
MAHLE Electric Drives Bosnia d.o.o., Laktaši/Bosnia and Herzegovina	100.00
MAHLE Electric Drives Bovec d.o.o., Bovec/Slovenia	100.00

As at December 31, 2023

Name and location	Share in equity in %
MAHLE Electric Drives India Private Limited, Coimbatore/India	94.46
MAHLE Electric Drives Italy S.r.l., Reggio Emilia/Italy	100.00
MAHLE Electric Drives Japan Corporation, Numazu-shi, Shizuoka/Japan	100.00
MAHLE Electric Drives Komen d.o.o., Komen/Slovenia	100.00
MAHLE Electric Drives Slovenija d.o.o., Šempeter pri Gorici/Slovenia	100.00
MAHLE Electronics & Mechatronics Technology (Suzhou) Co., Ltd, Changshu/China	100.00
MAHLE Electronics S.L.U., Motilla del Palancar/Spain	100.00
MAHLE Engine Components (Chongqing) Co., Ltd., Chongqing/China	100.00
MAHLE Engine Components (Nanjing) Co., Ltd., Nanjing/China	100.00
MAHLE Engine Components (Thailand) Co., Ltd., Bangkok/Thailand	99.75
MAHLE Engine Components (Yingkou) Co., Ltd., Yingkou/China	100.00
MAHLE Engine Components India Private Limited, Pithampur/India	100.00
MAHLE Engine Components Japan Corporation, Okegawa-shi/Japan	100.00
MAHLE Engine Components Slovakia s.r.o., Dolný Kubín/Slovakia	100.00
MAHLE Engine Components USA, Inc., Morristown, Tennessee/USA	100.00
MAHLE Engine Systems UK Ltd., Northampton/United Kingdom	100.00
MAHLE Engineering Services India Private Limited, Pune/India	40.00 ²
MAHLE Filter Systems (Tianjin) Co., Ltd., Tianjin/China	100.00
MAHLE Filter Systems Canada, ULC, Tilbury/Canada	100.00
MAHLE Japan Ltd., Tokyo/Japan	100.00
MAHLE Filter Systems North America, Inc., Troy, Michigan/USA	100.00
MAHLE Filter Systems Philippines Corporation, Cavite/Philippines	100.00
MAHLE Filter Systems UK Ltd., Northampton/United Kingdom	100.00
MAHLE Filtersysteme Austria GmbH, St. Michael ob Bleiburg/Austria	100.00
MAHLE Filtersysteme France SAS, Seboncourt/France	100.00
MAHLE Filtersysteme GmbH, Stuttgart/Germany	100.00
MAHLE Filtration Systems (Hubei) Co., Ltd., Wuhan/China	100.00
MAHLE Filtre Sistemleri A.S., Gebze/Türkiye	100.00
MAHLE Finance LLC, Wilmington, Delaware/USA	100.00
MAHLE France SAS, Rouffach/France	100.00
MAHLE Guangzhou Filter Systems Co., Ltd., Guangzhou/China	100.00
MAHLE Holding (China) Co., Ltd., Shanghai/China	100.00
MAHLE Holding (India) Private Limited, Pune/India	100.00
MAHLE Holding Austria GmbH, St. Michael ob Bleiburg/Austria	100.00
MAHLE Holding España S.L.U., Montblanc/Spain	100.00
MAHLE Immobilien GmbH, Stuttgart/Germany	100.00
MAHLE Immobilien Schweiz AG, Grenchen/Switzerland	100.00
MAHLE Indústria e Comércio Ltda., Mogi Guaçu/Brazil	100.00
MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim/Germany	60.00 ²

As at December 31, 2023

Name and location	Share in equity in %
MAHLE Industriebeteiligungen GmbH, Stuttgart/Germany	100.00
MAHLE Industriemotoren-Komponenten GmbH, Stuttgart/Germany	100.00
MAHLE Industries UK Ltd., Northampton/United Kingdom	100.00
MAHLE Industries, Incorporated, Farmington Hills, Michigan/USA	100.00
MAHLE International GmbH, Stuttgart/Germany	100.00
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG, Stuttgart/Germany	100.00
MAHLE Luxembourg Sàrl, Luxembourg/Luxembourg	100.00
MAHLE Manufacturing Management, Inc., Farmington Hills, Michigan/USA	100.00
MAHLE Manufacturing Service Japan Corporation, Tokyo/Japan	100.00
MAHLE Metal Leve S.A., Mogi Guaçu/Brazil	61.00
MAHLE Motor Parçaları San. ve Tic. A.Ş., Izmir/Türkiye	100.00
MAHLE Polska Spółka z o.o., Krotoszyn/Poland	100.00
MAHLE Powertrain, LLC, Plymouth, Michigan/USA	100.00
MAHLE Powertrain GmbH, Stuttgart/Germany	100.00
MAHLE Powertrain Ltd., Northampton/United Kingdom	100.00
MAHLE Pumpensysteme GmbH, Stuttgart/Germany	100.00
MAHLE RUS, OOO, Dobrino/Russia	100.00
MAHLE S.A.U., Vilanova i la Geltrú/Spain	100.00
MAHLE Services (Thailand) Ltd., Samut Prakan/Thailand	100.00
MAHLE Shanghai Filter Systems Co., Ltd., Shanghai/China	95.00
MAHLE Shared Services México, S. de R.L. de C.V., Monterrey/Mexico	100.00
MAHLE Shared Services Poland Spółka z o.o., Wrocław/Poland	100.00
MAHLE Shared Services d.o.o. Beograd, Belgrade/Serbia	100.00
MAHLE Siam Electric Drives Co. Ltd., Samut Prakan/Thailand	100.00
MAHLE Siam Filter Systems Co., Ltd., Samut Prakan/Thailand	74.90
MAHLE Sistemas de Filtración de México S.A. de C.V., Monterrey/Mexico	100.00
MAHLE Trading (Shanghai) Co., Ltd., Shanghai/China	100.00
MAHLE Trading Japan Co., Ltd., Tokyo/Japan	100.00
MAHLE Tri-Ring Valve Train (Hubei) Co., Ltd., Macheng/China	65.00
MAHLE Ventiltrieb GmbH, Stuttgart/Germany	100.00
MAHLE Versicherungsvermittlung GmbH, Stuttgart/Germany	100.00
MAHLE Vöcklabruck GmbH, Vöcklabruck/Austria	100.00
MAHLE ZG Transmissions GmbH, Eching/Germany	100.00
MG Immobilienentwicklungs- und Ansiedlungsgesellschaft mbH, St. Michael ob Bleiburg/Austria	100.00
MAHLE New Mobility Solutions GmbH, Kornwestheim/Germany	100.00
OSCON, LLC, Wilmington, Delaware/USA	100.00
PT. MAHLE Indonesia, Pasirranji/Indonesia	99.92

As at December 31, 2023

Name and location	Share in equity in %
b) Fully consolidated subsidiaries of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
MAHLE ANAND Thermal Systems Private Limited, Chakan/India	60.00
MAHLE Behr Berga GmbH, Stuttgart/Germany	100.00
MAHLE Behr Busan Inc., Seoul/South Korea	100.00
MAHLE Behr Charleston Inc., Charleston, South Carolina/USA	100.00
MAHLE Behr Components Spain S.L.U., L'Espluga de Francolí/Spain	100.00
MAHLE Behr Dayton L.L.C., Dayton, Ohio/USA	100.00
MAHLE Behr Finance L.L.C., Wilmington, Delaware/USA	100.00
MAHLE Behr France Hambach S.A.S., Hambach/France	100.00
MAHLE Behr France Rouffach S.A.S., Rouffach/France	100.00
MAHLE Behr Gerenciamento Térmico Brasil Ltda., Arujá/Brazil	100.00
MAHLE Behr Holding GmbH, Stuttgart/Germany	100.00
MAHLE Behr Holýšov s.r.o., Holýšov/Czech Republic	100.00
MAHLE Behr Italy s.r.l., Grugliasco/Italy	100.00
MAHLE Behr Japan K.K., Tokyo/Japan	100.00
MAHLE Behr Kirchberg GmbH, Kirchberg/Germany	100.00
MAHLE Behr Korea Inc., Busan/South Korea	100.00
MAHLE Behr Manufacturing Management, Inc., Troy, Michigan/USA	100.00
MAHLE Behr Mexico, S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE Behr Mnichovo Hradiště s.r.o., Mnichovo Hradiště/Czech Republic	100.00
MAHLE Behr Mt Sterling Inc., Mount Sterling, Ohio/USA	100.00
MAHLE Behr Námestovo s.r.o., Námestovo/Slovakia	100.00
MAHLE Behr Ostrava s.r.o., Mošnov/Czech Republic	100.00
MAHLE Behr Ostrov s.r.o., Mnichovo Hradiště/Czech Republic	100.00
MAHLE Behr Ostrów Wielkopolski Sp. z o.o., Ostrów Wielkopolski/Poland	100.00
MAHLE Behr Queretaro S. de R.L. de C.V., Querétaro/Mexico	100.00
MAHLE Behr Rio Bravo, S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE BEHR RUS LLC, St. Petersburg/Russia	100.00
MAHLE Behr Senica s.r.o., Senica/Slovakia	100.00
MAHLE Behr Service America L.L.C., Troy, Michigan/USA	100.00
MAHLE Behr Service Asia Co., Ltd., Shanghai/China	100.00
MAHLE Behr Service GmbH, Stuttgart/Germany	100.00
MAHLE Behr Service Mexico, S. de R.L. de C.V., Ramos Arizpe/Mexico	100.00
MAHLE Behr South Africa (Pty) Ltd., Durban/South Africa	100.00
MAHLE Behr Spain S.A.U., Montblanc/Spain	100.00
MAHLE Behr Thermal Italy s.r.l., Turin/Italy	100.00
MAHLE Behr Thermal Systems (Jinan) Co., Ltd., Jinan/China	100.00

As at December 31, 2023

Name and location	Share in equity in %
MAHLE Behr Thermal Systems (Qingdao) Co., Ltd., Qingdao/China	100.00
MAHLE Behr Thermal Systems (Thailand) Company Limited, Thanu/Thailand	100.00
MAHLE Behr USA Inc., Troy, Michigan/USA	100.00
MAHLE Engineering Services India Private Limited, Pune/India	60.00 ²
MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim/Germany	40.00 ²
c) Fully consolidated subsidiaries of MAHLE Metal Leve S.A. with direct shareholding quota	
MAHLE Argentina S.A., Rafaela/Argentina	100.00
MAHLE Filtroil Indústria e Comércio de Filtros Ltda., Mogi Guaçu/Brazil	100.00
MAHLE Hirschvogel Forjas S.A., Queimados/Brazil	51.00
MAHLE Metal Leve GmbH, St. Michael ob Bleiburg/Austria	100.00
d) Fully consolidated subsidiaries of MAHLE Industrial Thermal Systems GmbH & Co. KG with direct shareholding quota	
MAHLE Industrial Thermal Systems (Tianjin) Co., Ltd., Tianjin/China	100.00
MAHLE Industrial Thermal Systems America, L.P., Belmont, Michigan/USA	99.00
MAHLE Industrial Thermal Systems Námestovo s.r.o., Námestovo/Slovakia	100.00
2. Affiliated companies, not consolidated on account of their immateriality for the presentation of the net assets, financial position, and results of operations	
a) Affiliated companies of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
MAHLE Behr Sweden AB, Gothenburg/Sweden	100.00
b) Other affiliated companies with direct shareholding quota	
Compañía Rosarina S.A., Rosario/Argentina	99.99
MAHLE chargeBIG GmbH, Stuttgart/Germany	100.00
MAHLE Industrial Thermal Systems America, Inc., Belmont, Michigan/USA	100.00
MAHLE Industrial Thermal Systems Verwaltung GmbH, Kornwestheim/Germany	100.00
MAHLE Kleinmotoren-Komponenten Verwaltungs GmbH, Stuttgart/Germany	100.00
MAHLE New Ventures GmbH, Stuttgart/Germany	100.00
Ueno Industry Co. Ltd., Tokyo/Japan	100.00
Ueno Tech Co., Ltd., Tokyo/Japan	100.00
3. Proportionately consolidated companies	
a) Subgroup Behr-Hella Thermocontrol that is managed by MAHLE Behr GmbH & Co. KG and another company	
PARENT COMPANY	
Behr-Hella Thermocontrol GmbH, Stuttgart/Germany	50.00

As at December 31, 2023

Name and location	Share in equity in %
Companies included in subgroup accounts of Behr-Hella Thermocontrol GmbH with direct shareholding quota	
Behr-Hella Thermocontrol (Shanghai) Co., Ltd., Shanghai/China	100.00
Behr-Hella Thermocontrol EOOD, Sofia/Bulgaria	100.00
Behr-Hella Thermocontrol Inc., Novi, Michigan/USA	100.00
Behr-Hella Thermocontrol India Private Limited, Pune/India	100.00
Behr-Hella Thermocontrol Japan K.K., Yokohama/Japan	100.00
BHTC Finland Oy, Tampere/Finland	100.00
BHTC Mexico S.A. de C.V., San Miguel de Allende/Mexico	100.00
b) Proportionately consolidated group of companies that is managed by MAHLE Behr GmbH & Co. KG and another company	
PARENT COMPANY	
Shanghai MAHLE Thermal Systems Co., Ltd., Shanghai/China	50.00
Subsidiaries with direct shareholding quota	
Chengdu MAHLE Automotive Thermal Systems Co., Ltd., Chengdu/China	100.00
Ningde MAHLE Automotive Thermal Systems Co. Ltd., Ningde/China	100.00
Shenyang MAHLE Automotive Thermal Systems Co., Ltd., Shenyang/China	100.00
c) Other proportionately consolidated companies with direct shareholding quota that are managed by MAHLE Behr GmbH & Co. KG and another company	
Dongfeng MAHLE Thermal Systems Co., Ltd., Wuhan/China	50.00
4. Associated companies, consolidated using the equity method	
a) Associated companies of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
Dongfeng-Paninco Automobile Aluminum Heat Exchanger Co.Ltd., Shiyang/China	50.00 ⁴
b) Other associated companies with direct shareholding quota	
Cofap Companhia Fabricadora de Peças Ltda., Mauá/Brazil	31.65 ⁴
LangFang Kokusan Electric Co., Ltd., Langfang/China	40.00 ⁴
MAHLE Filter Systems Land Corporation, Cavite/Philippines	39.99 ³
Pt Federal Izumi Manufacturing, Bogor/Indonesia	41.94 ⁴
Retromotion GmbH, Stuttgart/Germany	45.75 ⁴
SiEVA d.o.o., Brnik/Slovenia	20.00 ³

¹ Shareholding 50 % + 1 share

² From the Group's perspective, company is included at 100 %

³ The company was not measured using the equity method on account of its immateriality for the presentation of the net assets, financial position, and results of operations

⁴ Financial statements according to local GAAP

Auditor's report

This audit report is issued on financial statements prepared in German language.

Independent auditor's report

To MAHLE GmbH, Stuttgart

Audit Opinions

We have audited the consolidated financial statements of MAHLE GmbH, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of MAHLE GmbH for the financial year from 1 January to 31 December 2023.

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 requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: 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 group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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 group management report.

Other Information

The executive directors are responsible for the other information.

The other information comprises the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and 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 German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
 - Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
 - Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective 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 German Legally Required Accounting Principles.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
 - Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
 - Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, March 18, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer
(German Public Auditor)

sgd. Matthias Mühlenfeld
Wirtschaftsprüfer
(German Public Auditor)

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The background of the image features a series of concentric circles in various shades of blue, creating a ripple effect. A white circle is centered in the middle of these ripples.

[mahle.com](https://www.mahle.com)