

THE POWER OF

／  
**PIONIER  
GEIST**

Our Annual Report 2021 is also available online:  
**[annualreport.mahle.com](https://www.mahle.com/annualreport)**

**“We want to be the pacesetter and pioneer in our industry. We want our employees to contribute to MAHLE with pleasure and enthusiasm. We will continue to work toward these goals in 2022 with undiminished energy and absolute conviction.”**



**Michael Frick**

Deputy Chairman of the Management Board and CFO

# Our self-perception

The MAHLE Group is a leading global development partner to the automotive industry and offers its customers complete systems from a product range that is unrivaled in breadth and depth. Our new developments are geared toward the further optimization of the combustion engine and thermal management solutions as well as the expansion of e-mobility. We also want to set new future standards with our innovative solutions by consistently using and expanding our knowledge and innovative strength.

With our strategic orientation, we are addressing megatrends such as population growth, urbanization, globalization, connectivity, or limiting emissions to promote climate protection. We see these not only as an opportunity for further growth, but also as an obligation to design our technologies so that mobility on our planet is as environmentally friendly as possible.

The Mahle brothers have bequeathed us a company structure that secures our independence and the long-term orientation of the Group. In accordance with their specifications, we want to continue to successfully develop MAHLE as a leading company and attractive employer.

This also means that we stand by our values—fairness, compliant conduct, cultural diversity, and equal opportunities—and live by them every day in our relationships with our employees, customers, and suppliers. Assuming social responsibility was an objective declared by our company founders. We remain bound by this ongoing commitment, and it is reflected in our business decisions. Now and in the future.

## **The company** **2**

---

The year 2021	4
Product portfolio	5
Letter from the CEO	6
Report of the Supervisory Board	8
Members of the Supervisory Board	10
Members of the Management Board	11
MAHLE worldwide	14

## **Responsibility** **16**

---

Corporate social responsibility	18
The MAHLE Foundation	26

## **Group management report** **30**

---

Fundamental information about the MAHLE Group	32
Report on economic position	37
Additional key performance indicators	47
Opportunity and risk report	52
Outlook	55

## **Consolidated financial statements** **58**

---

Consolidated balance sheet	60
Consolidated income statement	63
Consolidated cash flow statement	64
Consolidated statement of changes in equity	66
Notes to the consolidated financial statements	68
Auditor's report	86

Imprint/contact	91
-----------------	----

# The

# company

The year 2021	4
Product portfolio	5
Letter from the CEO	6
Report of the Supervisory Board	8
Members of the Supervisory Board	10
Members of the Management Board	11
MAHLE worldwide	14

# The year 2021



## Sales

MAHLE achieved sales of EUR 10.9 billion. Compared with the previous year, our sales rose organically by 11.9 percent.



## Employees

MAHLE employed 71,298 people worldwide (reference date: December 31, 2021).



## Research & Development

With investments of EUR 666 million, we maintained our Group-wide research and development activities at a high level.



## Result from business activities

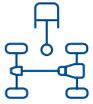
We achieved a substantial increase in the result from business activities, from EUR –302 million in the previous year to EUR 58 million.

## MAHLE Group figures

in EUR million	2021	2020	2019
Sales	10,933	9,774	12,049
EBITDA	793	435	712
EBIT	169	–192	96
Result from business activities	58	–302	10
Consolidated net loss/net income	–108	–434	–212
Tangible fixed assets	3,008	2,959	3,202
Capital expenditure on tangible fixed assets (without first consolidation)	401	433	549
Equity	2,050	2,089	2,742
Dividend paid by MAHLE GmbH *	6.0	3.3	5.4
Employees (as at Dec. 31)	71,298	72,184	77,015

\* Proposal for the specified business year

# Product portfolio



## Engine Systems and Components

As a global market leader in our key market segments, we are able to build on many years of systems and development expertise as well as extensive production experience. The development of piston systems and cylinder and valve train components has been a core competence at MAHLE for decades. Because we understand the interaction of all engine components, we can deliver optimal solutions to our customers. Our products are used around the globe in two-wheeled vehicles, passenger cars, commercial vehicles, and large engines. And the range is being continuously expanded to further reduce emissions and fuel consumption in combustion engines in the future.



## Filtration and Engine Peripherals

MAHLE manufactures filters and oil coolers for engine and transmission applications in combustion engines as well as for alternative drives—to improve efficiency and service life and reduce emissions. We are thus ensuring clean air and preventing drive damage caused by oil and fuel contamination. In the area of alternative powertrains, MAHLE is active in the development of solutions for fuel cell drives. Engine peripherals often differ due to varying regional emissions regulations, individual car body shapes, and different power classes—even for identical basic engines. In recent years, MAHLE—as a development partner and global market leader—has developed modular systems for all the major product groups on behalf of its customers.



## Thermal Management

The increasing electrification of the automotive and commercial vehicle industry calls for superior innovative strength in the thermal management of batteries and the entire electric powertrain. Thermal management is also essential for the ongoing development of the combustion engine. For instance, increasingly effective and efficient cooling systems are making a substantial contribution toward reducing fuel consumption. Air conditioning innovations are enabling new design concepts for interiors and helping to provide a high degree of thermal comfort in vehicles alongside efficiency improvements. Only innovative products from the Thermal Management business unit for batteries, fuel cells, power electronics, and electric drives make extended cruising ranges, high levels of efficiency, and long service lives possible and are thereby playing a significant role in shaping the shift toward zero-emission powertrains.



## Electronics and Mechatronics

Electronic and mechatronic components play a crucial role in improving the efficiency of the powertrain and advancing e-mobility. With its electric drive systems, actuators and auxiliaries, and control and power electronics product groups, MAHLE already offers relevant solutions in this area today. These activities are founded on our expertise in the development and manufacture of electric motors and electronic and mechatronic systems. Although these are used in a wide variety of applications and markets, their technology is closely interlinked, thus affording synergies and economies of scale—a key success factor in the automotive industry.

# The power of Pioniergeist

Pioneers blaze a trail. Although they pursue their ideas resolutely, they also accept that there will be detours. They keep going, often in the face of skepticism and adversity. They have staying power and believe that, with expertise, creativity, and determination on their side, success is just a matter of time. And that this success is largely thanks to teamwork and the dedication of many bright minds. This is what we understand by pioneering spirit—the power of Pioniergeist. Made by MAHLE.



*Ladies and Gentlemen,*

Following the departure of Matthias Arleth from the Group on April 30, 2022, I will assume the position of Chairman of the Management Board in my capacity as Deputy Chairman of the MAHLE Management Board, in addition to my duties as CFO. The task remains unchanged: my colleagues on the Management Board and I will ensure that MAHLE is fit for the future and continue to work intensively on the transformation of our company.

With regard to the COVID-19 pandemic and the associated consequences, 2021 again proved to be a very challenging business year.

The global economy gained considerable momentum at the start of the year, and optimism was the order of the day. The second half-year, however, was marked by worldwide production slumps due to a number of factors. Firstly, recurrent outbreaks of the pandemic repeatedly caused local production stoppages and port closures. Secondly, shortages of aluminum and semiconductors severely affected MAHLE and others. Alongside these bottlenecks, there were sharp increases in material prices and energy costs. These challenges continue to be of great concern to us in the current business year.

A look back over the past business year shows that it was thus not easy for MAHLE to hold its course in 2021. Demanding economic and geopolitical conditions are being compounded by a profound transformation that poses major challenges for many companies in our industry and has once again accelerated significantly.

Nevertheless, we can confidently say that MAHLE is a company with solid technological substance, far-reaching expertise, an imperative to innovate, and a great deal of creativity. MAHLE is a company where people work with pleasure, passion, and optimism. Even in these extraordinary times.

From my point of view, 2021 has illustrated two things above all:

1. At an operational level, the company is in a position to perform well, even in volatile markets.
2. The company is still a reliable partner for its customers, no matter how challenging the circumstances.

We would like to express our gratitude to our customers around the world—not only those we’ve collaborated with for years, but also new players who are just getting established in the markets. To have their loyalty and trust is a great honor. I’m delighted that they appreciate our expertise and the experience we’ve built up over more than 100 years. What’s more, they know that MAHLE will continue to offer the right solutions for their particular technological challenges in the future. We won’t let them down.

I would like to thank the MAHLE Supervisory Board, the members of MABEG—Verein zur Förderung und Beratung der MAHLE Gruppe e. V. and the voting shareholders—, my colleagues on the Management Board and Management Committee, as well as the employee representatives for their valuable and constructive cooperation in a difficult year.

Above all, however, my thanks go to our more than 71,000 employees around the world. I’m impressed by their dedication and optimism, which cannot be taken for granted in these times. This attitude makes MAHLE a special company, which has always played an active role in shaping the fortunes of its industry. My colleagues on the Management Board continue to work hard to ensure that this remains the case going forward. Our sales markets worldwide remain volatile and testing. The transformation of our industry will continue to pose major challenges for us. And now, in addition, there is the Russian war of

aggression against Ukraine, which we strongly condemn. We are shocked by the suffering being inflicted on the Ukrainian people. Our thoughts and solidarity are with the people affected. The consequences of this devastating war of aggression—whether economic, social, or geopolitical—are still impossible to predict.

We draw the following conclusions for MAHLE from these developments:

1. As a Group, we will have to focus even more intensively on our product strategy and continue to be cost-efficient.
2. We will have to put even more effort into our research and development activities and address topics such as digitalization and process optimization with even greater urgency.
3. We will work with our customers to shape the future by developing innovative solutions that meet both customer and market needs, while becoming more agile and responsive. As One MAHLE.

MAHLE has set a course for climate-neutral mobility. We will resolutely pursue this goal with all the means at our disposal. We have a wealth of ideas and can build on 100 years of experience. At the same time, we will further refine our MAHLE 2030 charter.

Our understanding of integrated systems will also help us to succeed: we don’t just think in terms of individual components. Far from it—we see the bigger picture. As a result, we’ve made a name for ourselves within our industry as an experienced systems partner to our customers. We intend to build on this excellent reputation.

We want to be the pacesetter and pioneer in our industry. We want our employees to contribute their talents and expertise to MAHLE with pleasure and enthusiasm. We will continue to work toward these goals in 2022 with undiminished energy and absolute conviction. After all, the “power of Pioniergeist” is in our genes.

Sincerely,



**Michael Frick**  
Deputy Chairman of the Management Board and CFO

# Report of the Supervisory Board

*Vadler and Jenken,*



By the end of 2020, which was largely shaped by the COVID-19 pandemic and had a massive impact on the entire automotive industry worldwide, there was hope for a market recovery at the beginning of 2021 as buyer demand sent out clear positive signals. Despite the positive start in the first quarter, massive distortions became apparent in all regions of the world before the middle of the year. This was due to supply bottlenecks, particularly for electronic components, but also for raw materials such as steel, aluminum, copper, nickel, plastic granules, and other elementary resources. This development was accompanied by massive price and transport cost increases, which have been passed on insufficiently to our customers so far. By the end of the year, the supply bottlenecks led to partly chaotic conditions in our customers' call-off orders and purchase volumes, which presented the entire production and logistics organization of our Group with enormous challenges. A drastic increase in our capital employed in terms of raw materials, work in process, and finished products could not be avoided. In addition, the price increases for our raw materials and in the transport sector left significant traces in our income statement. Despite the high consumer demand, the Green Deal policy of the European Commission and the Federal Government of Germany led to strong buyer uncertainty, especially in Europe. The massive subsidy policy for e-mobility in the passenger car sector has, at least in Europe, severely hampered open competition between different technologies designed to significantly reduce CO<sub>2</sub> emissions. Particularly against the background of the uncertain development of infrastructure for pure e-mobility and the availability of green electricity, MAHLE has therefore decided to further develop and promote hydrogen and e-fuel applications in the road-based mobility sector. In the large central test center in Stuttgart/Germany, several new test benches have been commissioned so that products for hydrogen combustion engines and fuel cell drives can be offered in a timely manner. In addition, great efforts were made to meet the significantly increasing requirements placed on thermal management for electrically powered vehicles, to further develop components of the electric drive itself, including all traction motor components, and to launch large-volume production. On top of the central development activities in Stuttgart, development capacities were expanded and promoted worldwide. These expenditures in Research and Development were deliberately not reduced, although in many other

nonoperating areas, significant cost-cutting measures had to be taken to achieve a positive operating profit in the highly volatile market situation. A reduction in employee numbers from 72,184 to 71,298 (reference date: December 31, 2021) was unavoidable due to market conditions. The Supervisory Board would like to thank all of the Group's employees for their contribution to cost reductions via a wide range of measures.

The Supervisory Board has thoroughly discussed and advised on all decisions relating to the Group's business development. It held a total of eight meetings in the business year. The Personnel Committee also met several times to examine current personnel issues.

In the 2021 business year, the Supervisory Board met all its obligatory responsibilities in accordance with the law, Articles of Association, and Rules of Procedure.

In addition, the Chairman of the Supervisory Board, and the Chairman and other members of the Management Board consulted verbally and in writing on a regular basis to discuss and agree on strategic and operational matters.

During the year under report, the Supervisory Board was informed regularly, promptly, and comprehensively through oral and written reports from the Management Board and during meetings about the business development of the company, the Group, its business units, and its participations.

Alongside operational and strategic issues, the implementation of the law stipulating the equal participation of women and men in managerial positions was also discussed in these meetings. The Supervisory Board and the Management Board are both striving to significantly increase the current proportion of women at all executive levels.

Due to the extremely volatile market situation, many HR concepts regarding transformation and inclusion could unfortunately only be initiated to a limited extent in the past business year.

The Supervisory Board thanks Mr. Peter Bauer, who stepped down from the board on December 31, 2021, for his participation in the ongoing development of the company. Mr. Thomas Raupach was elected to the Supervisory Board as his successor as of January 1, 2022. Mr. Kai Bliesener has resigned from office with effect from February 28, 2022. Ms. Liane Papaioannou has been judicially appointed as his successor as of March 1, 2022.

On April 1, 2021, Ms. Jumana Al-Sibai assumed responsibility for the Thermal Management business unit as Managing Director. Mr. Matthias Arleth took up his position as Chairman of the Management Board and CEO on January 1, 2022. Due to diverging views on the future strategic direction of the Group, MAHLE and Mr. Arleth have mutually agreed to end their working relationship with effect from April 30, 2022. Mr. Michael Frick, Deputy Chairman of the Management Board and CFO, will take over as Chairman of the Management Board until a decision about a successor as CEO is made by the Supervisory Board.

The appointed auditors PricewaterhouseCoopers GmbH audited the annual financial statements and management reports of the MAHLE Group and of MAHLE GmbH for the 2021 business year, which had been set out in accordance with the German Commercial Code (Handelsgesetzbuch, HGB), rendering an unqualified audit opinion. The Supervisory Board agreed with the results of the audit following in-depth analysis of the audit reports and the report from the auditors in the Supervisory Board meeting.

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

The Supervisory Board would like to thank all employees of the MAHLE Group for their exceptional commitment in an extraordinary year. Let us look confidently to the 2022 business year.

Stuttgart/Germany, April 21, 2022

For the Supervisory Board



**Professor 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**

### **Deputy Chairman**

Chairman of the Central Works Council of the MAHLE Group, Germany

## **Peter Bauer**

(until December 31, 2021)

Member of the Works Council of MAHLE Ventiltrieb GmbH, Zell im Wiesental/Germany

## **Rolf Berkemann**

Vice President Sales and Application Engineering Passenger Cars 1 Region Europe, MAHLE Group, Stuttgart/Germany

## **Dietmar Bichler**

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

## **Kai Bliesener**

(until February 28, 2022)

Chairman of the local IG Metall, Aalen and Schwäbisch Gmünd/Germany

## **Nektaria Christidou**

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

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

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

## **Gerd Goretzky**

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

## **Josef Häring**

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

## **Prof. Dr.-Ing. Gisela Lanza**

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**

(since March 1, 2022)

Chairwoman of the local IG Metall, Pforzheim/Germany

## **Dr. Franz-Josef Paefgen**

Former CEO of AUDI AG, Bentley Motors Ltd. and former President of Bugatti International S.A.

## **Prof. Dr.-Ing. Stefan Pischinger**

Chair of Thermodynamics of Mobile Energy Conversion Systems and CMP Center for Mobile Propulsion, RWTH Aachen University/Germany

## **Thomas Raupach**

(since January 1, 2022)

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

## **Martin Röhl**

Co-Chairman of the local IG Metall, Stuttgart/Germany

## **David Schmidt**

Chairman of the Works Council of MAHLE Filtersysteme, Wustermark plant/Germany

## **Annette Szegfü**

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

## **Dr. Bernhard Volkman**

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

## **Georg Weiberg**

Former Head of Global Truck Engineering, Daimler AG, Stuttgart/Germany

## **Prof. Dr.-Ing. Jörg Zürn**

Former Head of Mercedes Benz Van Engineering, Daimler AG, Stuttgart/Germany

# Members of the Management Board

## **Michael Frick**

**Chairman ad interim**

(from May 1, 2022)

## **Deputy Chairman**

(January 1, 2022 to April 30, 2022)

## **Chairman ad interim**

(April 1, 2021, to December 31, 2021)

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

Automotive Sales and Application Engineering, Aftermarket business unit, Corporate Planning, Legal, External Affairs, and Motorsports and Special Applications profit center ad interim (April 1, 2021, to December 31, 2021)

## **Matthias Arleth**

**Chairman**

(January 1, 2022, to April 14, 2022)

Research and Advanced Engineering, Corporate Quality Management, Corporate Planning, Corporate Communications, Legal, External Affairs

Motorsports and Special Applications profit center

Automotive Sales and Application Engineering

Aftermarket business unit

## **Jumana Al-Sibai**

(since April 1, 2021)

Thermal Management business unit

Industrial Thermal Management and Control Units profit centers

## **Georg Dietz**

Engine Systems and Components business unit

Large and Small Engine Components profit center, Sustainability/Environmental Management/ Safety at Work for the Group

Corporate Quality Management ad interim

(April 1, 2021, to December 31, 2021)

## **Wilhelm Emperhoff**

Electronics and Mechatronics business unit

## **Anke Felder**

Human Resources, Corporate Executive Vice President Human Resources, Corporate Personnel Development, Corporate Real Estate Management

Corporate Communications ad interim

(April 1, 2021, to December 31, 2021)

## **Martin Weidlich**

Filtration and Engine Peripherals business unit

Group-wide Operational Excellence, Production System & Consulting, battery competence center

Research and Advanced Engineering ad interim

(April 1, 2021, to December 31, 2021)

## **MEMBERS WHO HAVE STEPPED DOWN**

## **Dr. Jörg Stratmann**

**Chairman**

(until March 31, 2021)

Research and Advanced Engineering, Corporate Quality Management, Corporate Planning, Corporate Communications, External Affairs, Legal

Motorsports and Special Applications profit center

Automotive Sales and Application Engineering

Aftermarket business unit

## **Bernd Eckl**

(until January 31, 2021)

Thermal Management business unit

Industrial Thermal Management and Control Units profit centers

# Members of the Management Board

as at May 1, 2022





F.l.t.r.:

Martin Weidlich  
Jumana Al-Sibai  
Georg Dietz  
Michael Frick  
Anke Felder  
Wilhelm Emperhoff

# A worldwide network – our locations

Around 160 production locations  
12 major research & development centers  
More than 71,000 employees\*

## Major research & development centers

### EUROPE

Northampton/Great Britain  
Šempeter pri Gorici/Slovenia  
Stuttgart - Bad Cannstatt/Germany  
Stuttgart - Feuerbach/Germany  
Valencia/Spain

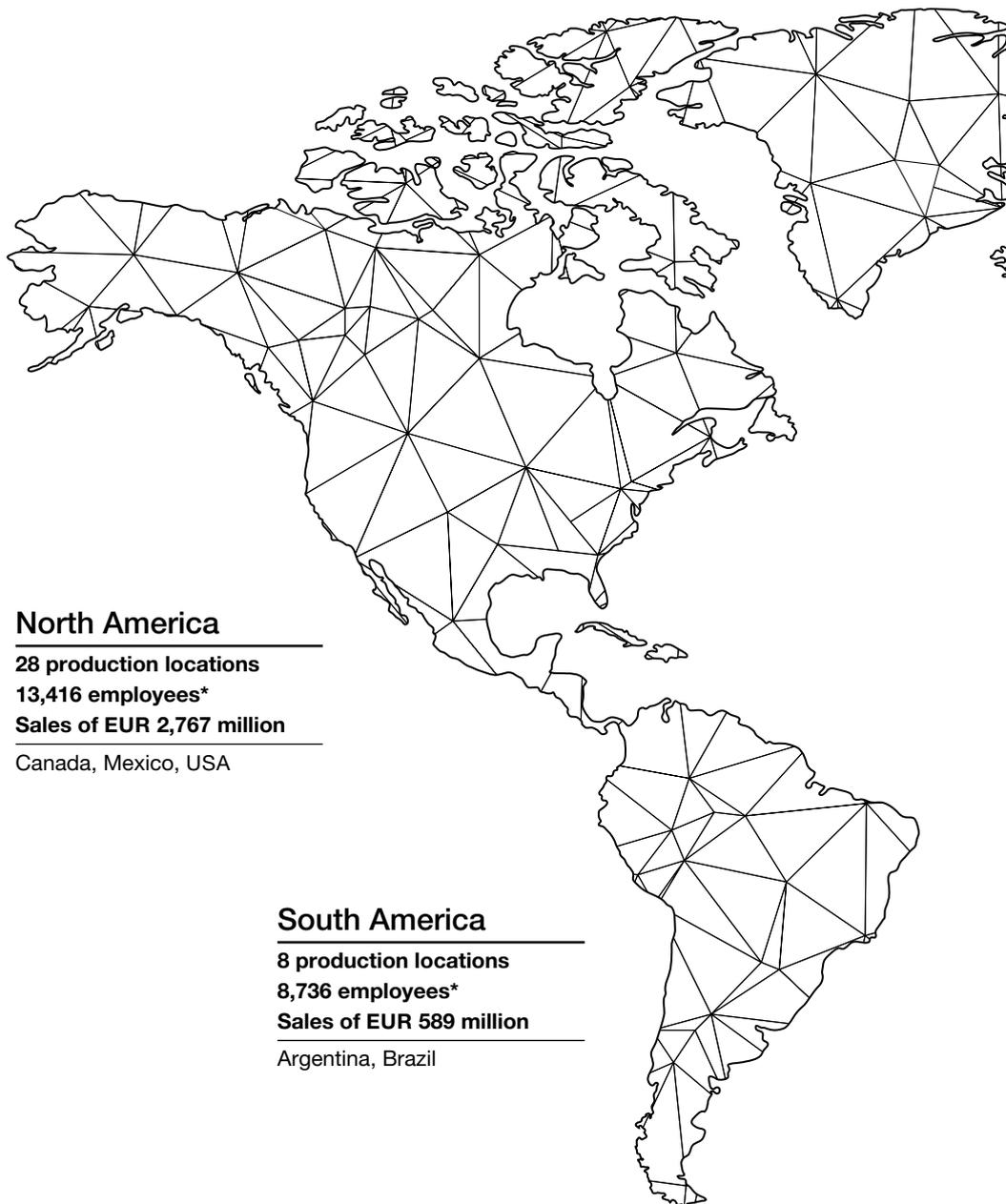
### NORTH/SOUTH AMERICA

Buffalo/USA (Amherst, Lockport)  
Detroit/USA (Farmington Hills, Troy)  
Jundiaí, São Paulo/Brazil

### ASIA/PACIFIC

Pune/India  
Shanghai/China  
Numazu/Japan  
Tokyo/Japan (Okegawa, Kawagoe)

\* As at December 31, 2021



## Europe

---

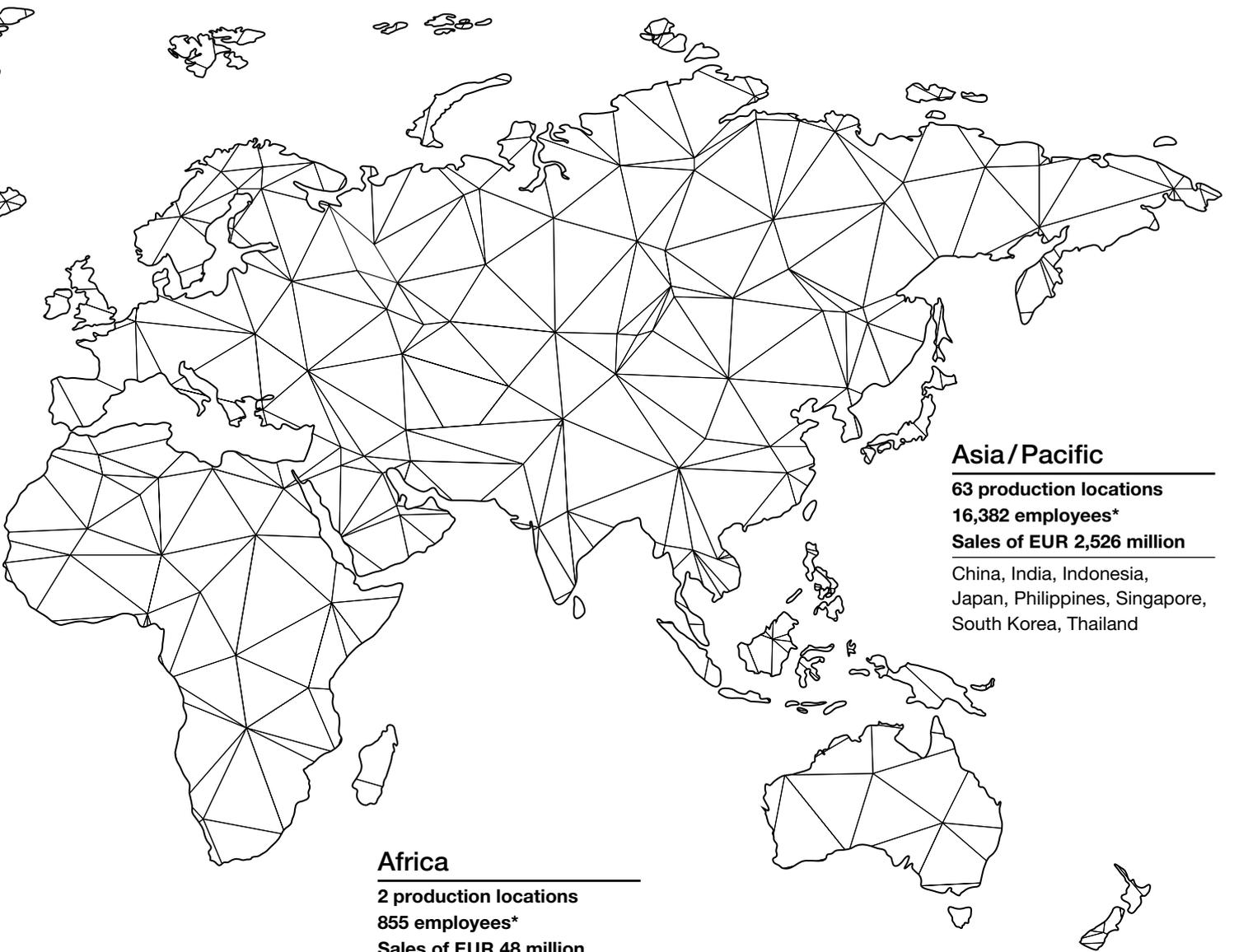
**64 production locations**

**31,909 employees\***

**Sales of EUR 5,003 million**

---

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



## Asia/Pacific

---

**63 production locations**

**16,382 employees\***

**Sales of EUR 2,526 million**

---

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

## Africa

---

**2 production locations**

**855 employees\***

**Sales of EUR 48 million**

---

South Africa

# Res

# ponsibility

Corporate social responsibility 18

The MAHLE Foundation 26

# Corporate social responsibility

For MAHLE, being in business means accepting our responsibilities—both toward the people who work for us and with respect to the impact of our operations on the environment and society. Corporate activities and social engagement go hand in hand at our company. Through resource-efficient technologies, sustainable products, and modern production processes, we are working to steadily reduce the pressure on people and the environment. This is true at all our locations worldwide as well as along our value chain. And we want to keep getting better every day.

## Sustainability

Sustainability is integral to our identity. Thanks to our products, we have already been contributing to further reduce fuel consumption and emissions of combustion engines, for example, by continuously developing intelligent, sustainable engines that run on nonfossil fuels. At the same time, we are developing systems for alternative types of drive, such as hybrids, electric vehicles, and fuel cells.

We regard the harmonization of our corporate success with the well-being of people and the environment as one of our most important tasks. Consequently, we always aim to incorporate the environmental and social considerations alongside the economic factors in our decision-making.

The principles of our actions are ethical and lawful conduct, the satisfaction of our employees—with particular regard for their health and the safety of their workplace—and the protection of the environment and resources along the entire value chain, as well as the creation of a pleasant working atmosphere.

For this purpose, we introduced new global guidelines in the year under review on sustainable health, work safety, environment, and climate protection, which we follow at MAHLE.



**Comprehensive information about our sustainability activities can be found in our Sustainability Report, which we publish on the MAHLE website.**



[mahle.com/en/news-and-press/publications](https://mahle.com/en/news-and-press/publications)

The task of sustainability management is to integrate these principles into our business activities. To that end, we record statutory regulations, customer requirements, and the results of sustainability ratings, evaluate this data, and use the findings to formulate corresponding relevant sustainability targets for our business activities. Through active dialog with our stakeholders, we also convey

our vision of sustainability to our supply chain. We consider climate protection, work safety, and a sustainable supply chain to be key fields of action.

### Carbon-neutral locations in Germany as of 2021

On our way to becoming a climate-neutral group, we achieved an important milestone in 2021: all MAHLE production locations in Germany are now carbon-neutral in terms of Scope 1 and Scope 2 emissions.

### Sustainability management at MAHLE reorganized

The business segment for sustainability, environment, and work safety that was newly created in 2021 coordinates the Group-wide sustainability activities and is responsible for the conception and realization of the sustainability program.

The also newly established Sustainability Steering Committee monitors and coordinates the various activities in the area of sustainability. The committee consists of members of the Management Board, the Central Sustainability function, and other core areas. We annually publish our progress on sustainability in the Sustainability Report.



**On the sunny side at MAHLE in Parma: Up to 70 percent of the location's energy requirements can be met up by the photovoltaic system on sunny days.**

# Responsibility toward our employees



## HR Roadmap as a model for strategic realignment

MAHLE, like the rest of the automotive industry, finds itself in the midst of a technological transformation. This also influences the strategic realignment of our work in HR. In line with our HR Roadmap (developed in 2020), we are adapting the existing setup and processes of our HR function and aligning them with the requirements for accelerated transformation.

Overall, our HR Roadmap focusses on five strategic fields of action. These range from new forms of collaboration and needs-based qualification formats to an intensified focus on managing our performance. We reached important milestones in all the fields of action last year.

**Purpose & Agility**  
Culture & new ways of working

**Talent-to-value & Business**  
Business-driven talent management

**Performance Recognition**  
Performance & compensation management

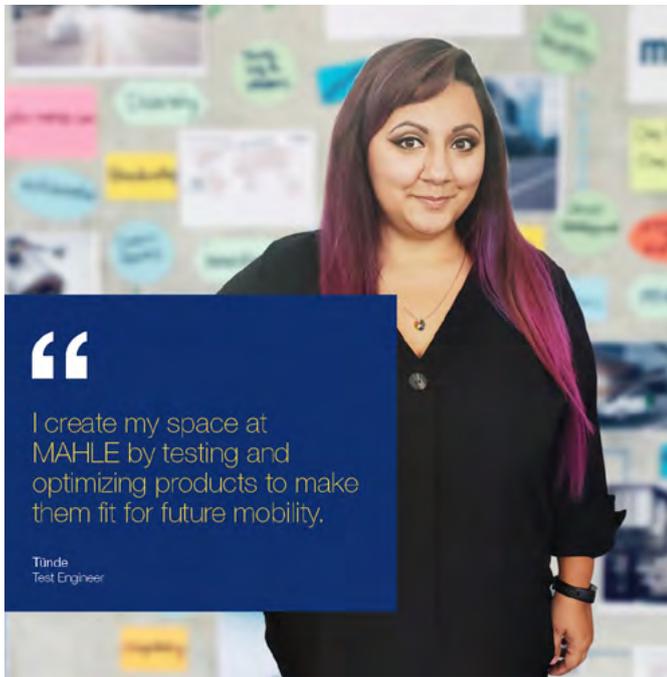
**Disruption Architecture**  
Organizational change & design

**Acceleration of Efficiency**  
HR operations excellence



## MAHLE as an attractive employer

Our employees are our most important success factor. Therefore, it is crucial that we remain an attractive employer to them. That is why we position ourselves purposefully on the job market, highlighting what makes us unique: our diversity, our team spirit, and our motivation to shape future mobility together. This is clearly seen, for example, in the further development of the “Let’s keep the future moving” campaign and the launch of the new e-mobility landing page in the MAHLE careers section. In addition, we have rolled out our global “I create my space” campaign with a gender focus.



I create my space at MAHLE by testing and optimizing products to make them fit for future mobility.

Tünde  
Test Engineer

In 2021, we once again received numerous accolades as an employer and with respect to employer branding. These include: “Career’s Best Recruiters,” “Germany’s most attractive employer” (Randstadt), “Leading Employers,” “Best Recruiters, no. 1 in our industry,” and “Potentialpark.”

It is important to us to help our employees find a healthy work-life balance and to use a range of measures to make continuous improvements in this regard. Flexible working hours, flexitime, part-time work, working from home, and other employee-friendly conditions have been part of our personnel policy in many countries for a long time. Since 2017, the nonprofit Hertie Foundation has awarded the MAHLE locations in Stuttgart/Germany the berufund-familie quality label for being family-friendly employers.

Our appreciation for our workforce is also reflected in fair remuneration, based on standardized remuneration systems and attractive social benefits. As part of our HR Roadmap, we have set ourselves the goal of realigning performance compensation. In the past year, we reached numerous milestones toward a transparent and motivating remuneration and bonus structure. For example, we have adjusted the bonus system at executive level in order to better comply with the transformation requirements and to place a stronger focus on fewer overarching corporate objectives. We have also adopted a similar approach for middle management, which is to be implemented this year.

**With “I create my space”, MAHLE has globally rolled out an employer branding campaign with gender focus.**



## Diversity, equal opportunity, and nondiscrimination

As an internationally operating Group, diversity and equal opportunity are part of MAHLE’s identity and are firmly established in our corporate values. We value our workforce—irrespective of gender, gender identity, nationality, ethnic origin, religion or ideology, disability, age, and sexual orientation or identity. We promote the diversity and inclusion of the different experiences and backgrounds of our employees and see this as an opportunity: through diversity and inclusion, we can increase our innovative performance and support our business targets as ONE MAHLE team. In 2021, we devised a new strategy to promote diversity and inclusion even further. Important milestones, such as the introduction of a D&I Dashboard as well as many accompanying programs and training, are planned for 2022. In 2021, MAHLE was again honored for its activities in the field of diversity & inclusion. For example, the Group received the “Ford Excellence Award” as well as the “Diversity Leaders” award.

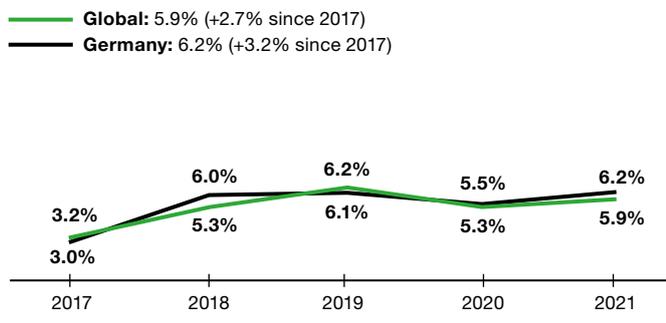
Already in 2016 MAHLE signed Germany’s Diversity Charter and made an official group-wide commitment to fostering diversity and implementing corresponding initiatives. And, in 2018, MAHLE was one of the first organizations in Romania to sign the Romanian Diversity Charter. We strengthen this commitment with several internal measures. Unconscious bias training has been a key

component of our global training catalog since 2017 and is available to all employees. We thus want to proactively help our employees break down unconscious patterns in their thinking and actions and deconstruct prejudices.

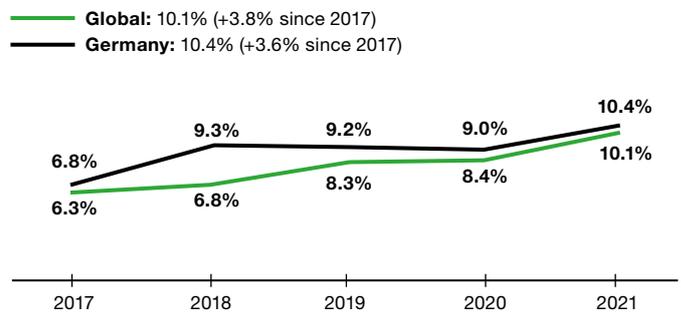
Independently of the legal requirements, we would like to further increase the proportion of women in managerial positions at MAHLE. We are achieving this through targeted succession planning, the advancement of female junior executives, and the expansion of our measures to support a healthy work-life balance. In addition, we have set targets for women in managerial positions. The target figures for the executive levels below the Management Board of 5 and 10 percent respectively, which were originally set for June 30, 2022, were already reached in 2021. We will therefore set even more ambitious targets for these levels for the next five years.

MAHLE also has a long track record of upholding human rights, combating child and forced labor, and respecting employees’ freedom of association. The corresponding regulations and guidelines are set out in the MAHLE Business Code, which all employees must adhere to. Violations of human rights can be reported by all employees through various channels.

### PROPORTION OF WOMEN IN EXECUTIVE LEVEL 1



### PROPORTION OF WOMEN IN EXECUTIVE LEVEL 2



(As at May 31, 2021)



## Recruiting and employee development

We want to create an environment in which all MAHLE employees feel appreciated and where they can grow and give their best in the long term. That is why we help them to expand their skill set and knowledge in order to reach their full potential.

We give our high-potentials strong support throughout their development and prepare them extensively for their demanding roles. To this end, it is important to identify and foster talent at an early stage. This is where our holistic talent strategy comes in. Our talent strategy is geared to the requirements of the Group and its employees and is based, among other things, on our new competence model. Our integrated approach to talent management involves identifying, developing, and retaining a diverse talent pool with the right capabilities to address future business demands. It also aims to promote new skills, innovation, and overall competitiveness, as well as to set new standards for the evaluation of performance and identification of talent.

Our approach starts even before potential employees join the company. For example, we have adapted our personnel marketing and sourcing tools across the company to the tougher market conditions, and we realigned our global recruitment concept accordingly. One particular focus for the HR department is on recruitment for the Mechatronics and Electronics business unit in order to support its growth targets. All these measures have been facilitated by the upgrade of the global HR systems landscape with modern tools such as the new applicant management system.

In order to make our employees fit for the challenges ahead and offer them long-term prospects at MAHLE, we are investing in selected measures and instruments that support continuous development as well as in vocational training and part-time study courses. The aim of the new holistic learning approach is to provide needs-oriented and target group-specific learning and development solutions. To this end, we have set up a new learning architecture for this purpose, among others. We promote the skills required for the transformation with the “Transformation Roadmap”, a training and qualification initiative. With this program, we intend to develop our employees further in order to equip them to work also in our future business areas, such as e-mobility.

Future-oriented leadership is essential in order to realize the MAHLE Vision, the transformation, and the strategic goals of our company. The four MAHLE Leadership Principles provide direction and the framework for a global understanding of leadership. During the year, we completed the global roll-out and fully implemented the Leadership Principles globally. The priority is now to strengthen these in the daily work processes and to ensure durable change through regular evaluation.

### Further development of our value-oriented leadership culture: MAHLE Leadership Principles





## Occupational health and safety

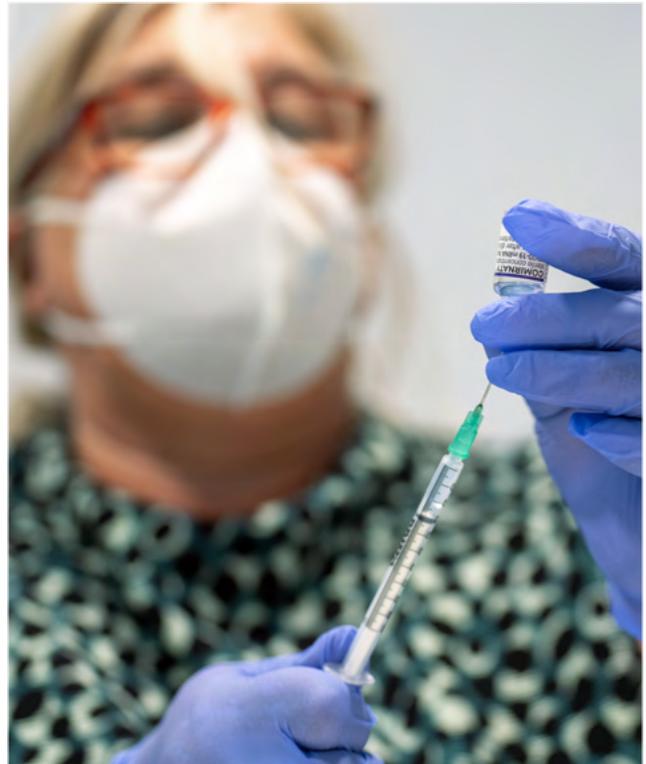
Ensuring the safety of our employees is our primary responsibility—as defined by the company founders in their guiding principle.

Our global guidelines for sustainable health and safety at work as well as environmental and climate protection form the basis for protecting employees in the best way possible against accidents and injuries. In addition, the following three basic rules regarding safety at work apply to all employees: Safety First, I Care—We Care, and Walk the Talk. We are committed to continuously improving workplace safety at MAHLE. Therefore, we consistently align our management system for safety at work with the international standard ISO 45001. By the end of 2021, 93 of our global locations had been certified to this standard. We plan to gradually extend this to cover all our locations in the coming years.

Another important goal in the field of safety at work is the continuous reduction of the accident rate. The accident rate at MAHLE covers accidents that led to downtimes or employment at workplaces that allow recovery from injuries, per one million working hours. The accident rate in the 2021 business year was 4.2 and, therefore, increased slightly in comparison with the previous year. Overall, the accident rate decreased significantly compared with 2017 following the successful implementation of occupational safety initiatives: while we still recorded 6.8 accidents per million hours worked in 2017, there were only 4.2 accidents in 2021—a reduction of almost 38 percent.

Since 2017, MAHLE has presented the Safety Excellence Award to plants that have distinguished themselves through outstanding achievements regarding safety at work. In 2021, we presented the award to our plant in Ramos Arizpe/Mexico. The location implemented a comprehensive program to improve machine safety as well as a work release procedure for hazardous activities. Their efforts paid off: the plant has experienced very low accident rates for several years.

Our health care and advice for the well-being of our employees round off our services in the field of health and safety at work. We work together to develop needs-based measures to strengthen our employees' well-being and job satisfaction. Last year, this included vaccination campaigns as well as sports programs that could be carried out while working from home. Our company medical service ensured medical assistance and advice on site, especially with regard to the coronavirus.



**Worldwide vaccination campaigns are also part of the measures to protect employees at MAHLE.**



## New work and coronavirus crisis management

The coronavirus pandemic has once again kept us busy in 2021. In this context, we continued the global crisis management that was introduced in 2020. Protecting our employees and our company has remained a top priority.

The coronavirus pandemic was also a catalyst for digitalization and new working methods at MAHLE. For example, we have further expanded our digital activities and our systems landscape by introducing new tools for virtual collaboration and by conducting virtual town hall meetings.

We also provided various health-promoting measures to our employees around the globe. These included online sports activities as well as webinars on mental health. In order to strengthen virtual

collaboration and leadership, we created additional comprehensive training activities and new learning formats for different target groups, such as the Learning Impulse Sessions. Our employees worldwide can also access a toolbox with comprehensive information and training materials on virtual collaboration and leadership.

MAHLE will further develop many of these measures in the future. Tailor-made new work concepts will thus contribute to further increasing the efficiency and innovative strength of our company. For example, we have developed a hybrid working model for the period after COVID-19, which will be rolled out globally during the year. This model balances the needs of both the employees and the company. And in this way, we want to continue promoting individual work flexibility in the future.



**Comprehensive training courses and new learning formats for different target groups are strengthening virtual collaboration at MAHLE.**

# Social engagement

**As a global active company, we bear social responsibility. For us, taking responsibility means using our skills and resources to make a positive contribution to the common good beyond our core business.**

For many years, we have supported numerous social projects and initiatives in the vicinity of our global locations. These projects and initiatives are successful thanks to the voluntary commitment of our employees. These include global fundraising as well as projects and initiatives to combat poverty, promote education, and contribute to social cohesion. In the second year of the coronavirus pandemic, many of our employees in various locations worldwide have also taken action to tackle the pandemic and its effects. This year, we would like to highlight a few specific activities related to this context.



## Vaccination campaign in Mexico

In the past year, MAHLE conducted coronavirus vaccination initiatives in seven countries: Austria, China, Germany, India, Japan, Mexico, and Slovakia. Quick facts about the campaign in Mexico: At the Ramos Arizpe plant, the company parking lot was quickly repurposed as a pop-up vaccination center. Over three consecutive days, a large part of the workforce and their family members were vaccinated. In addition, employees from more than 40 companies in the region also benefited from the infrastructure provided.



## Fighting poverty and hunger in India

In the spring of 2021, India was particularly affected by the pandemic due to a rapidly spreading coronavirus wave. This had far-reaching consequences for the population, as many people suffer from poverty and hunger or even struggle to survive. An employee in HR at MAHLE in Pune was particularly involved in this cause and privately launched the relief campaign “Replacing hunger with smiles.” The aim is to provide warm meals to people who have been hit by the coronavirus pandemic. To date, more than 50,300 meals have already been distributed. In addition to other MAHLE colleagues, the project is also receiving support from the YUG Foundation—a nongovernmental organization (NGO). The project is exclusively financed by donations. The project team of the MAHLE Christmas wishes initiative—a donation campaign by MAHLE employees for people in need—has therefore decided to support this remarkable effort with half of the cash donations received.

## Food for the needy

In the past year, MAHLE employees at other locations also provided food and other daily necessities for those in need. In April 2021, for example, baskets including basic foodstuffs—about 23 tons—were donated to 13 NGOs in the regions where MAHLE is present. More than 11,000 people in precarious social conditions could thereby be cared for. As a company, MAHLE donated one more basket for each privately donated basket.

In Brazil, support was provided in the form of “Christmas of solidarity.” MAHLE’s Brazilian employees participated in Christmas campaigns and helped 20 NGOs in the regions where MAHLE operates. The money was used to buy food, toys, toiletries, and other important daily necessities, which were then handed over to the charities. The campaign aimed to reduce the impact of the coronavirus pandemic. Our MAHLE colleagues in the USA and Canada also participated in numerous fundraising activities this year. In Canada, for example, 2,000 masks and 1,000 face shields were donated to charitable projects.

# Setting ideas in motion— the work of the MAHLE Foundation

The work of the MAHLE Foundation was again hugely important in the second year of the COVID-19 pandemic: in 2021, the nonprofit organization provided financial support for more about 100 projects worldwide in the areas of health, education, art, culture, and agriculture, setting new ideas in motion and providing fresh impetus in the process.

A different mindset and a different approach—this applied equally to the Foundation itself in 2021, which also broke new ground in the pandemic: “Apart from a few exceptions, all of the Foundation’s employees worked remotely during the pandemic’s second year. Although this was a first for us, it proved seamless and very effective. Remote working has also helped us to make our internal

procedures and processes increasingly paperless,” says Jürgen Schweiß-Ertl, Managing Partner of the MAHLE Foundation. Applicants will also benefit in the future from a facility to submit online applications for financial project support directly to the MAHLE Foundation.



## Health and nursing care

### Essential contribution to the battle against the coronavirus

“The Filderklinik, like many other hospitals and clinics in Germany, showed deep commitment and made a significant contribution to the treatment of coronavirus patients in the region during the pandemic and received a great deal of recognition for this,” declares Jürgen Schweiß-Ertl. Since it was founded, the Filderklinik has been the MAHLE Foundation’s largest funding project. In addition to treating coronavirus patients and despite the pressures of the pandemic, the Filderklinik has forged ahead with the restructuring of its nursing education center: with the support of the MAHLE Foundation, the Filderklinik is currently redesigning the facility’s education concept in order to offer caregivers who are in training even more targeted support in their learning processes in the future. One particular focus of the project is on strengthening the link between theory and practice.



Through the cooperation with the Filderklinik, MAHLE was able to offer its employees and their families a vaccination program.



## Arts and culture



**Private recitals with a lot of exchange: musicians of the Kammerorchester Unter den Linden e. V. met with families interested in music.**

### Private concerts for families

“All activities in the arts and culture sector ceased in many places on account of the coronavirus. We wanted to counteract this with our work in order to restore some momentum to cultural life,” says Jürgen Schweiß-Ertl. One of the cultural projects supported in 2021 was EINSAM-GEMEINSAM (“ALONE TOGETHER”) of the Unter den Linden Chamber Orchestra. The idea was for musicians to meet families with an interest in music and play a private recital for them with the intention of subsequently reuniting the orchestra for a performance “for all.” Thirteen of these recitals were held between May and August 2021, bringing joy to more than 100 children, parents, and grandparents. In addition to the musical highlights, the private performances also provided plenty of opportunity for conversation and personal interaction between the musicians and families. Although this initiative had originally been conceived as purely a “bridging measure” during the pandemic, the story doesn’t end there. According to the orchestra’s summary report for the year, this pilot project of a new concert model may well have a considerable impact on the future direction of the work of the Unter den Linden Chamber Orchestra.

### Established lecture series continues

The “Humankind. Development. Future.—Lifelines in times of change” lecture series was successfully continued in 2021, with both in-person and online events. The program of 60-to-90-minute lectures and talks, which has been taking place in partnership between the MAHLE Foundation and the StadtPalais museum in Stuttgart/Germany since 2018, included interesting topics and many impressive speakers. Moderator Markus Brock from regional public broadcasting corporation Südwestrundfunk spoke with, among others, Professor Dr. Thomas Druyen from the Institute for Future Psychology and Future Management in a discussion entitled “Psyche 3.0—new thoughts and feelings in times when we feel exposed.” The lecture series is now also accompanied by a book.



## Agriculture and food



**Freie Landbauschule Bodensee is expanding its training capacities thanks to the support of the MAHLE Foundation.**

### **Biodynamic training for young farmers**

With restaurants and work canteens closed on account of the pandemic, the topic of nutrition has gained additional significance. This development can also be felt in biodynamic farming. “There is growing interest in biodynamic methods among young farmers in particular,” explains Jürgen Schweiß-Ertl. The need for sound basic training in this area is correspondingly high.

Freie Landbauschule Bodensee (an independent agricultural school at Lake Constance) has been providing training on biodynamic agriculture to farmers and horticulturists for more than 40 years. Financial support received from the MAHLE Foundation, among others, is enabling the agricultural school to extend its training capacities and revise its curriculum. For example, an advanced biodynamic training course with the possibility of examination for a master’s certificate is currently being developed and implemented.



## Education and upbringing

### Greater vocational orientation for disadvantaged young people—support for local tradespeople

Disadvantaged young people often have difficulty finding a training place and completing an apprenticeship. So what can be done to help them find their way in the working world and prepare themselves for a career? The Schafstall Randeck (Randeck sheepfold) project run by Ziegelhütte, an educational support facility in Bissingen an der Teck/Germany, is attempting to answer this with help from the MAHLE Foundation. The young people, most of whom are difficult to place in employment, work together with local trades of various disciplines in the Swabian Jura Biosphere Reserve to restore a listed building destroyed by fire. This gives the young people realistic insights into the various skilled occupations and professions, while the companies looking for trainees get a good first impression of potential apprentices, making this a win-win situation for all.

### Ongoing support for international Waldorf schools

2021 was a challenging year for many Waldorf schools outside of Germany. Together with the organization Freunde der Erziehungskunst Rudolf Steiners e.V. (Friends of Waldorf Education) and other sponsors, the MAHLE Foundation continued to provide significant financial assistance for the work of Waldorf schools in Eastern Europe, Brazil, and Africa with the aim of safeguarding their important educational mission.

### Getting young people excited about biodynamic gardening

The world's first biodynamic garden was established 102 years ago in Stuttgart/Germany, specifically at the Uhlandshöhe Waldorf School. Today, Andreas Höying, the school's horticulture teacher and a member of the Advisory Board of the MAHLE Foundation, and his students still cultivate this historically significant 8,000 m<sup>2</sup> school garden according to Rudolf Steiner's methods and recommendations. In addition to some 150 cultivated plants, around ten bee colonies live on the land along with donkeys, sheep, and goats, which also require appropriate care. The project's educational mission is particularly significant: for many of the young people, these horticulture lessons are their first introduction to garden work at a very practical level. They not only assume responsibility, but often, and most importantly, experience for the first time all that is involved in producing food and taking care of animals, for example. The horticulture lessons also enhance the young people's awareness of the needs of nature.



**Experience in biodynamic gardening:  
Young people at the Uhlandshöhe Waldorf School  
in Stuttgart cultivate the 8,000 m<sup>2</sup> school garden.**

# Group ma report

# Management

---

## **Fundamental information about the MAHLE Group** **32**

---

Business activities and corporate structure 32

---

Business segments 33

---

Group strategy 34

## **Report on economic position** **37**

---

Economic conditions 37

---

Business development 39

---

Net assets, financial position,  
and results of operations 43

## **Additional key performance indicators** **47**

---

Human resources 47

---

Technology and innovation 49

---

Purchasing 50

---

Production, quality, and environment 50

## **Opportunity and risk report** **52**

## **Outlook** **55**

# Fundamental information about the MAHLE Group

With our five business units as well as our profit centers and service businesses, we want to make mobility even more efficient, environmentally friendly, and comfortable.

As a leading global development partner and supplier to the automotive industry, we operate around 160 production locations and twelve research and development centers on five continents.

Our dual strategy focuses on the further optimization of combustion engines and on advancing solutions for future mobility scenarios.

## Business activities and corporate structure

MAHLE is a leading global development partner and supplier to the automotive industry. As a technology pioneer for the mobility of tomorrow, we aim to make transportation more efficient, more environmentally friendly, and more comfortable. As part of its dual strategy, MAHLE is working both on the intelligent combustion engine for the use of hydrogen and other nonfossil fuels and on technologies that will help the fuel cell and e-mobility achieve broader acceptance in the markets.

Based on a broad systems competence consisting of engine systems and components, filtration, and thermal management, our product portfolio addresses all the relevant technical aspects relating to the powertrain and air conditioning technology as well as their combination. Furthermore, MAHLE offers integrated systems solutions for e-mobility by building on its expertise in electric and electronic components and systems.

MAHLE products are fitted in millions of passenger cars and commercial vehicles. And that is not all: for decades, our components and systems have also been used off the road—for example in stationary applications as well as for mobile machinery, rail transport, and marine 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. Added to this are four profit centers, which 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 by strategically founding and acquiring new business activities. With around 160 production locations and twelve major research and development centers, we are represented on five continents. At the end of 2021, a total of around 71,300 people were employed by our company.

### OWNERSHIP STRUCTURE OF THE MAHLE GROUP

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

Sales: EUR 10,933 million | Headcount: 71,298

**BUSINESS UNITS**

**PROFIT CENTERS & SERVICES**

Engine Systems and Components	Filtration and Engine Peripherals	Thermal Management	Electronics and Mechatronics	Aftermarket	Motorsports and Special Applications	Large and Small Engine Components	Industrial Thermal Management	Control Units	Central service businesses
EUR 2,363 million	EUR 1,819 million	EUR 3,865 million	EUR 1,193 million	EUR 1,064 million	EUR 630 million				
24,270	9,162	20,237	8,137	1,846	7,646				
									<b>Sales</b>
									<b>Headcount</b>

The nonprofit MAHLE Foundation controls 99.9 percent of the company’s shares, 0.1 percent of the shares are held by Verein zur Förderung und Beratung der MAHLE Gruppe e. V. (MABEG), which also holds all of the voting rights and thus exercises the shareholder rights. This structure ensures our entrepreneurial independence, which creates the basis for long-term planning and farsighted investment decisions.

The key performance indicators used by the Group are sales, the result from business activities, and the operating result, a key figure similar to EBIT. The main differences between operating result and EBIT lie in the amortization of goodwill, the depreciation and amortization of hidden reserves, which are disclosed in purchase price allocations, and in the treatment of income from the sale of business activities.

## Business segments

### Engine Systems and Components business unit

The Engine Systems and Components business unit is a mainstay of our business and represents one of our core fields of expertise. We have decades of development and systems know-how and rank among the global market leaders in most product groups. Our range of products, which we manufacture at various locations around the

world, includes steel and aluminum pistons, piston rings, cylinder liners, bearings, and valve train systems. These products are used worldwide in passenger cars, commercial vehicles, large engines, and two-wheeled vehicles. We are continuously developing our portfolio, focusing in particular on reducing energy consumption as well as CO<sub>2</sub> and other emissions from combustion engines.

### Filtration and Engine Peripherals business unit

MAHLE is one of the top-selling suppliers in many product groups in this business unit. We produce filter systems and components for the engine periphery. Using our products we aim to improve air cleanliness while also preventing contaminants in oil and fuel from damaging engines. This in turn increases their efficiency and extends their service life. In recent years, we have worked in close cooperation with our customers to develop a modular system for all the major product groups—after all, the product environment can vary significantly, even in identical basic engines. Development work has paved the way for special high-strength plastics to replace metals, thereby achieving further weight savings. For example, we are developing all-plastic oil filter modules with fully integrated oil pumps and oil cooling technology for use in the powertrains of electric vehicles.

### Thermal Management business unit

Our solutions from the Thermal Management business unit for batteries, fuel cells, power electronics, and electric drives make extended cruising ranges, high levels of efficiency, and a long service

life possible. As such, we are contributing to the development of zero-emissions powertrains. Thermal management is also becoming more and more important in the ongoing development of the combustion engine: Our increasingly effective and efficient cooling systems are helping to cut fuel consumption and thereby reduce CO<sub>2</sub> emissions. Our air conditioning innovations are laying the foundations for new design concepts for interiors and enabling a high degree of thermal comfort for vehicle occupants. In combination with powerful mechanical and electric compressors and electric auxiliary heaters, this is producing decisive advantages for the overall automotive air conditioning system in terms of consumption and, more specifically, range. In the thermal management sector, we are one of the largest suppliers on the world market.

## Electronics and Mechatronics business unit

The Electronics and Mechatronics business unit is a strong driver of growth within the MAHLE Group, based in particular on solutions for e-mobility. Our expertise in the development and manufacture of electric motors and of electronic and mechatronic systems forms the foundation of this business unit. Products for the automotive industry can be found here alongside further solutions for mobile applications.

Our portfolio includes electric drive systems, electric actuators, electrically driven auxiliaries, and control and power electronics. We are a reliable partner for products that are still needed for internal combustion engines, such as starter motors and alternators for agricultural and construction machinery, or mechanical air conditioning compressors, while also supporting our customers in their transformation toward e-mobility. In addition, our focus is on solutions for e-mobility, such as electric traction drives, onboard charging systems, and electric pumps, where we are helping to shape future mobility with innovative solutions. Our activities away from the automotive sector include supplying comprehensive e-bike drive systems and electric drives for forklift trucks, golf carts, and electric sit-on scooters.

## Aftermarket business unit

Our Aftermarket business unit supplies trade, workshops, and engine repair partners as well as electronic retail platforms around the world with products in original equipment quality, service units, and services. It utilizes the expertise from the series production of original equipment in its automotive aftermarket product range. In addition to our standard spare parts like engine components, filtration, and engine peripherals, MAHLE also offers solutions for thermal management and mechatronics. MAHLE Service Solutions develops workshop equipment products, including vehicle diagnostics, exhaust gas analyzers, and service equipment for maintaining air conditioning systems and automatic transmissions.

Comprehensive services, such as technical support through our global network, customized training programs, and service information, are also part of the Aftermarket portfolio. In view of the diversity of today's vehicle technologies, our innovative solutions are a key building block in our business partners' success. We aim to continue expanding our competences, services, and product areas and to position MAHLE as a full-service provider. With needs-based product management, fast and reliable logistics processes, and fair market prices, we can also offer our customers individual repair solutions and thus make workshops even more efficient.

## Profit centers and services

Four business fields serving special market and customer segments are organized as profit centers: Motorsports and Special Applications, Large and Small Engine Components, Industrial Thermal Management, and Control Units. Thanks to this structure, we can offer our customers a high degree of flexibility as well as tailor-made applications and components. Thereby we give them targeted support in the development of specific new products. In addition to the profit centers, our central service businesses also contribute significantly to our success. These include Purchasing, Sales, Advanced Engineering, Human Resources, IT, and Accounting and Finance. Furthermore, MAHLE Powertrain GmbH offers engineering services to both internal and external customers.

## Group strategy

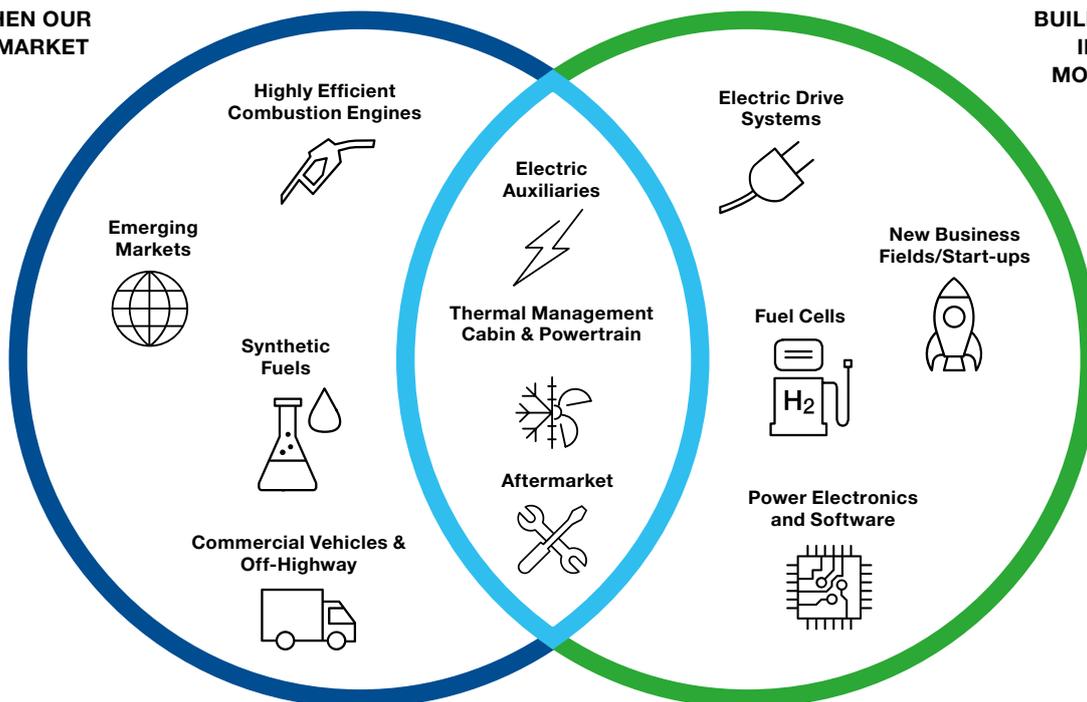
Our Group strategy is based on the analysis of relevant megatrends from which we have developed various future scenarios. Five trends are having a particularly powerful impact on the automotive industry:

- Climate change and the changing regulatory frameworks
- Ongoing urbanization and changes in mobility behavior
- Global population growth
- The increasing importance of sustainability in growth
- Digitalization

These developments demand innovative mobility solutions and present the automotive industry with new challenges. In addition to the expansion of car-sharing options and public transport, the electrification of the powertrain, the growth in digital connectivity of vehicles, and (partially) autonomous driving are taking center stage. Digitalization is playing an ever-greater role, and not only on the roads, but also in our internal company processes, in subjects such as Industry 4.0, big data, and the automation of administrative and production-related processes. What's more, the megatrends go hand in hand with changes within our customer landscape, as, for example, new suppliers of electric vehicles enter the market or innovative digital business models emerge.

**STRENGTHEN OUR EXISTING MARKET POSITION**

**BUILD THE FUTURE IN A CHANGING MOBILITY WORLD**



The speed of this structural change will depend on political demands and, increasingly, on how quickly the necessary infrastructure can be created. The pace of change will therefore vary greatly from one market to another. Besides the availability of infrastructure, the definition of the technological basis will be the primary influencing factor. A broader transformation of mobility based on multiple technologies would allow faster progress to be made toward decarbonizing the sector.

Technologies such as hybrid or electric drives are becoming more and more important for passenger cars and light commercial vehicles, especially in urban distribution transport. In addition, alternative business models for the use of vehicles are gaining ground. The combustion engine will remain significant for medium-sized and heavy-duty commercial vehicles in the medium term. But alternative drive types such as hybrid, electric, and fuel cell drives will be increasingly used and complement existing technologies in this area too. Overall, we expect the trend—away from combustion engines powered by conventional fuels and toward alternative drives—to progress much more quickly in the passenger car segment than for commercial vehicles. As regards the latter, we anticipate that the combustion engine will remain central to mobility in the global markets in the years to come.

MAHLE has derived its dual strategy on the basis of these assumptions and findings:

1. Strengthening existing business segments: From a technology perspective, we would like to assume a leading role in the ongoing development of the combustion engine—with regard to its operation using climate-neutral hydrogen or e-fuels—and ensure the highest possible level of competitiveness in terms of quality and costs. In the process, we will primarily concentrate on exploiting further CO<sub>2</sub> savings potential with regard to friction, thermal management, and the air pathway. We believe that employing synthetic fuels and green hydrogen presents an even greater opportunity to cut CO<sub>2</sub> emissions. That is why we are consistently aligning our product portfolio to suit their use. We are therefore offering our customers solutions that are consistent with both current and future legislation and making a significant contribution to reducing emissions.
2. Developing solutions for future mobility scenarios: At the same time, we will push ahead with the development of innovative solutions and products for alternative powertrain technologies and expand the affected business segments. Business segments that are independent of the OEM business for passenger car combustion engines today already account for about 60 percent of our Group sales. We intend to increase this proportion continuously and at an even faster pace than before.

Our dual strategy is also reflected in our thermal management activities. Overall, the importance of efficient thermal management will continue to grow—not only in conventional but also particularly in alternative drive systems. To strengthen this business segment in the long term, we acquired the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) in Japan, Thailand, and the USA on February 1, 2021. In recent years, we have already developed and marketed many thermal soaking innovations in the thermal management product area, both for the cabin and for the powertrain, including the battery. We will continue to pursue this innovative approach resolutely.

We once again intensified our activities in electronics and mechatronics in the past year, despite the difficult market conditions. We plan to continue developing our electronics competence and aim to offer our customers even better systems solutions for electric vehicles with regard to thermal management and the powertrain. Our customers in Asia in particular prefer highly integrated solutions of this kind. Furthermore, we intend to expand our portfolio for electric motors in passenger cars, commercial vehicles and in

two-wheeled vehicles, which are playing an ever-greater role in urban mobility around the world.

We are pursuing a holistic approach in terms of both the development of solutions for alternative powertrain technologies and the optimization of the combustion engine. It is not the electric motor alone that is decisive when it comes to efficiency in an electric vehicle, but more particularly the interplay of various technologies. For example, the cruising range of an electric vehicle can be increased by means of intelligent thermal management. Equally, a combustion engine's overall system can also be used more efficiently when it is adapted to run on synthetic hydrogen or e-fuels.

As part of our dual strategy, we review our portfolio as well as the strategic direction and economic performance of the Group on an ongoing basis. One of our strategic goals is to evenly distribute sales across our customers and core markets in Europe, North and South America, and Asia/Pacific, giving special attention to the Asian growth market. We consider our global presence to be an important prerequisite for proximity to our customers and for developing innovations based on the demands of the individual markets.

# Report on economic position

---

**Compared with the previous year, our sales rose organically by 11.9 percent. Our development was therefore significantly better than the global market for passenger cars and commercial vehicles.**

---

**We achieved a substantial increase in the result from business activities, from EUR –302 million in the previous year to EUR 58 million.**

---

**To raise our profitability in the long term and safeguard our competitiveness, we took targeted action to guide our transformation and drove forward our global restructuring program.**

## Economic conditions

### Overall economic development

Following the significant worldwide decline in economic output due to the effects of the coronavirus pandemic in the previous year, the global economy gained momentum in 2021. Nevertheless, the continued impact of the pandemic, including the emergence of new variants of the virus, continued to affect the pace of development. This led in particular to problems in international supply chains and associated supply bottlenecks in many industries. According to the January report of the International Monetary Fund (IMF), the global economy grew by around 6 percent in 2021, having shrunk by around 3 percent in the previous year. Growth was around 5 percent in the advanced economies and even exceeded 6 percent in the emerging markets and developing economies.

According to the IMF, economic output in the euro zone increased by a good 5 percent (previous year: –6.4 percent). Above all, extensive vaccination campaigns in many EU countries had a positive impact. Domestic demand also rose unexpectedly sharply in many European countries. By contrast, growth in the German economy was lower at almost 3 percent, due in particular to supply bottlenecks.

In North America, the USA recorded a significant rise in economic output of over 5 percent, following a decline of more than 3 percent in 2020. In South America, Brazil also achieved growth of almost 5 percent, having experienced a decline of around 4 percent in the previous year.

In the Asia/Pacific region, China once again stood out with an increase of about 8 percent, following growth of a good 2 percent

in the previous year. Economic growth was hampered by a faster than expected withdrawal of public investment and renewed pandemic outbreaks in the second half of the year. Although Japan posted an increase of over 1 percent compared with the previous year (previous year: –4.5 percent), it suffered from rising infection rates and the associated restrictions, particularly in the first half of the year.

### Exchange rate development

As an internationally operating Group, MAHLE also transacts business in foreign currencies. Exchange rate movement is of central importance in this respect, because it affects the conversion of financial data for accounting purposes.

For MAHLE, exchange rate fluctuations are generally closely linked to financial and economic risks. Where possible, we minimize the risks using a process known as “natural hedging”: by operating production locations in all major sales regions, we reduce the impact of currency turbulence and exchange rate fluctuations on the Group.

In the 2021 business year, almost all trading currencies of particular relevance for our company lost value against the euro, measured by the average market price (direct quotation). Compared with the previous year, the Turkish lira (–23 percent), the Argentine peso (–11 percent), the Brazilian real (–8 percent), the Japanese yen (–6 percent), and the US dollar (–4 percent) all depreciated against the euro, in some cases significantly. By contrast, the Chinese renminbi (+3 percent) and the Mexican peso (+2 percent) appreciated against the euro.

**North America**

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

**Exchange rate**

- USA (USD) ↘
- Mexico (MXN) ↗

**Europe**

- 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 ↑

**Exchange rate**

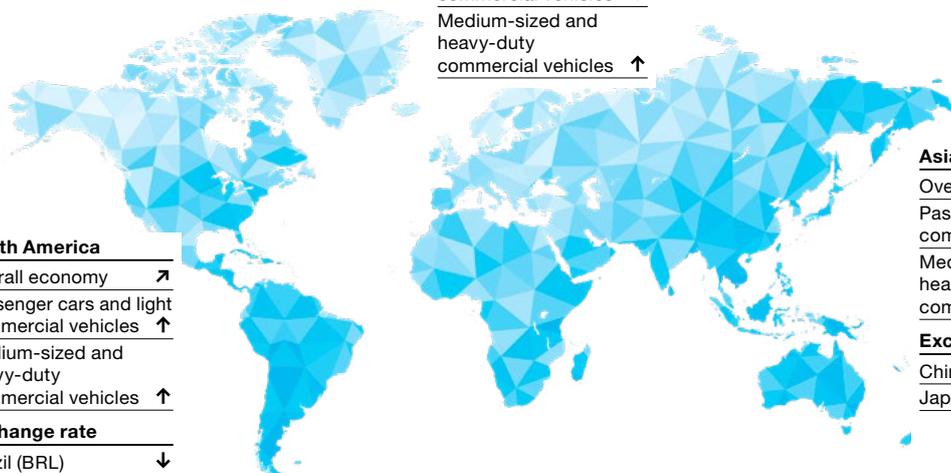
- Brazil (BRL) ↓
- Argentina (ARS) ↓

**Asia/Pacific**

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

**Exchange rate**

- China (CNY) ↗
- Japan (JPY) ↓



Exchange rate development of various foreign currencies against the euro (EUR) as measured by the average market price compared with the previous year: Argentine peso (ARS), Brazilian real (BRL), Chinese renminbi (CNY), Japanese yen (JPY), Mexican peso (MXN), US dollar (USD)

**Development of the markets for passenger cars and light commercial vehicles**

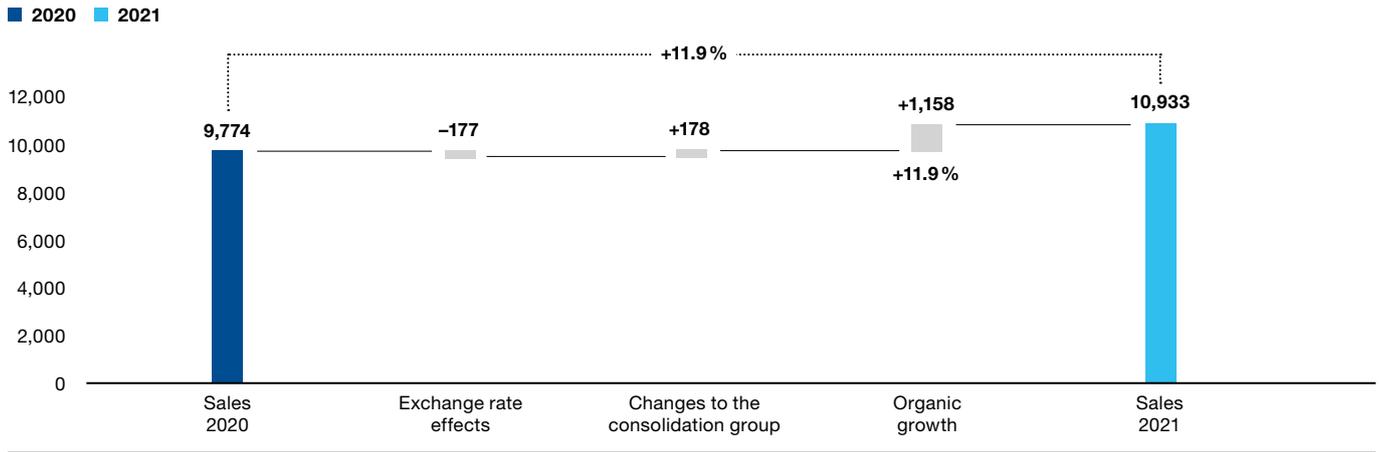
In the year under review, the production of passenger cars and light commercial vehicles rose by around 3 percent worldwide to around 77 million vehicles. While global production had recovered well in the first half-year from the COVID-19-related slowdowns of the previous year, production slumped worldwide in the second half-year, mainly owing to supply bottlenecks for semiconductors. This was prompted firstly by individual outbreaks of the pandemic, which repeatedly caused local production stoppages and port closures. Secondly, production capacities for semiconductors in particular were heavily utilized by other industries during the pandemic.

Production contracted in Europe especially by around 5 percent, as the strong demand could not be met due to the insufficient supply of semiconductors. For this reason, the recovery in North America was also only sluggish and remained at the previous year's level. The South American market benefited from a significant recovery in the first half-year and was initially less affected by the semiconductor shortage in the second half-year, resulting in growth of around 16 percent. The scarcity of semiconductors slowed down production in China too, so that the previous year's value was only exceeded by around 5 percent. In Japan, production fell by around 4 percent. In India, vehicle production increased significantly by around 27 percent.

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

The production of medium-sized and heavy-duty commercial vehicles was around 1 percent above the previous year's level in terms of production figures. In China, production saw a severe contraction of around 20 percent compared with the record year in 2020. Production figures fell especially in the second half of the year. In addition to the cyclical decline, energy shortages, higher raw material prices, and more strictly regulated real estate loans had a negative impact. The European market recorded strong growth of around 12 percent. North America also benefited from a strong recovery in the first three quarters in particular, achieving a year-on-year increase of around 15 percent. Production in India reported the strongest growth globally and, after two years of decline, recovered significantly by around 94 percent.

**SALES BRIDGE**  
in EUR million



## Business development

### Development of the MAHLE Group

In the 2021 business year, the MAHLE Group generated sales of EUR 10.9 billion, compared with EUR 9.8 billion in the previous year. We therefore achieved strong organic sales growth (i.e., after adjustment for exchange rate effects and changes in the consolidation group) of 11.9 percent and significantly outperformed the global market for passenger cars and commercial vehicles. Nevertheless, the sales achieved are still significantly below the precrisis level of 2019.

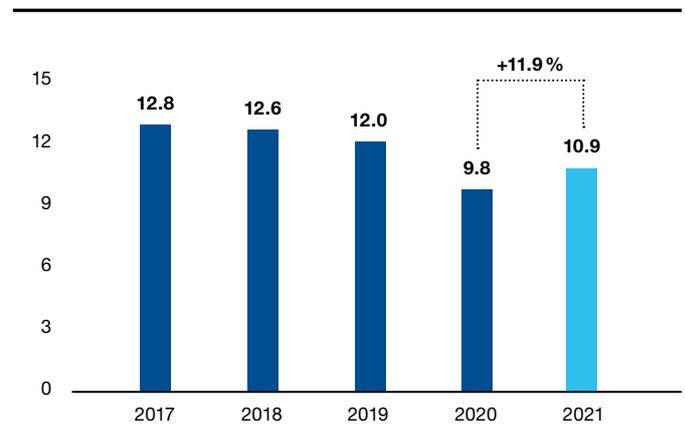
The positive development of sales was aided in particular by the general recovery of the international markets in the first half-year following the slump caused by the coronavirus crisis. In contrast, the second half-year was characterized by a high level of uncertainty and volatility in the procurement markets, mainly due to supply bottlenecks for semiconductors and rising raw material prices. The declines in production by our customers resulting from the supply bottlenecks hampered the development of our sales by causing call-off orders to be canceled. Moreover, negative exchange rate effects amounting to EUR 177 million had an adverse impact. A major contributing factor was the devaluation against the euro of key trading currencies such as the US dollar and Brazilian real. On the other hand, changes to the consolidation group had a positive impact of EUR 178 million. These changes were due to the acquisition of the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) with effect from February 1, 2021.

The development of the MAHLE Group in the year under review was once again dominated by COVID-19. Thanks to the efforts of

our global crisis team, a major company vaccination campaign, and increased working from home, we were able to protect the health of our workforce, business partners, and society as a whole, break chains of infection, and ensure the continued operation of our company by means of safe processes in production, supply chains, administration, and other business activities.

Simultaneous to the slow recovery of the market and uncertainties about the further course of the pandemic, the technological transformation of the industry is accelerating. This requires a high level

### DEVELOPMENT OF SALES 2017–2021 in EUR billion



of both investment and development effort as well as exceptional adaptability and responsiveness. Despite difficult circumstances, we have actively addressed these challenges in the year under review and have steered a clear course through the crisis by continuing to invest in the development of innovative solutions and products for alternative powertrain technologies and further expanding the affected business segments. To raise our profitability in the long term and safeguard our competitiveness, we continued to drive forward our global restructuring efforts and further strengthened our Group-wide cost discipline measures. Building on the progress of the previous year, we implemented restructuring programs in many areas. The need for these changes has been reinforced and underpinned by business development. At the same time, our transformation programs have paved the way for a successful future for the MAHLE Group. Based on a detailed root cause analysis of the current situation, we have identified various action points, such as short-term measures, activities focused on sustainability, and strategic implications. We have developed and implemented these action points across multiple functions and regions in order to guide the Group purposefully through the technological transformation.

In addition, we have strengthened our established business units. Our core business in thermal management was further expanded by the increase in our shareholding in the MAHLE Behr Group and by the acquisition of the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) in Japan, Thailand, and the USA. Through our acquisition of Keihin's air conditioning business, we have improved our global position in air conditioning technology and in particular our market access in Japan and Southeast Asia.

## Development of the business segments

The general recovery of the international markets following the slump caused by the coronavirus pandemic had a positive effect in the year under review, particularly in the first half-year. Against this backdrop, all of our business units and profit centers were able to increase their sales organically.

### Engine Systems and Components business unit

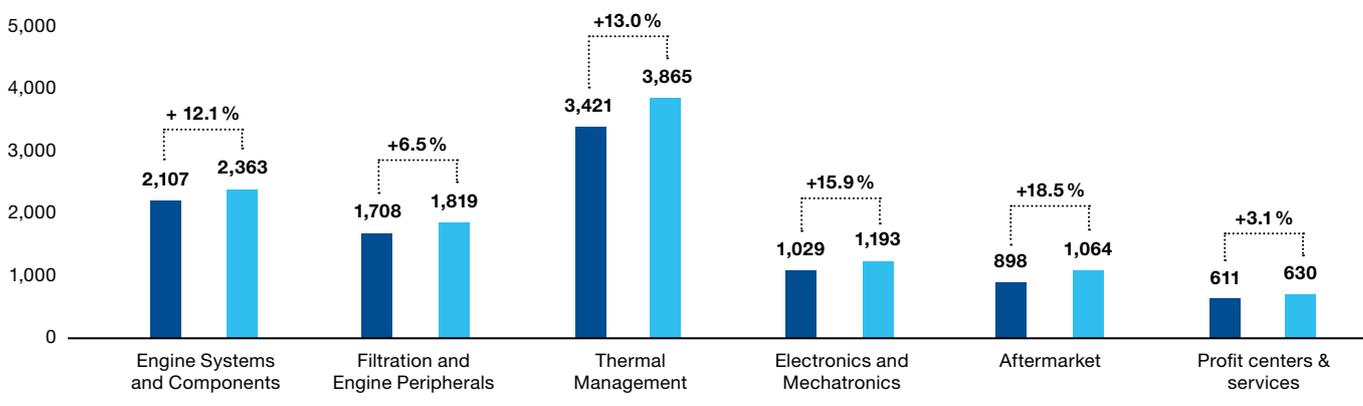
Sales in our Engine Systems and Components business unit amounted to EUR 2,363 million in the year under review and were thus 12.1 percent above the previous year's value. We recorded a positive deviation from the previous year for all products—only sales of steel pistons for diesel passenger cars, connecting rods for passenger cars, and power cell units were below the previous year's level. Despite the subdued development in the second half-year, all regions achieved significant organic sales growth. In the Europe, North America, and Asia/Pacific regions, sales after adjustment for exchange rate effects were up by 10.0 percent, 12.5 percent, and 8.1 percent respectively. At 79.9 percent, we recorded the strongest organic sales growth in South America and benefited from the local market recovery.

### Filtration and Engine Peripherals business unit

At EUR 1,819 million, sales generated in the Filtration and Engine Peripherals business unit in 2021 were 6.5 percent above the previous year's level. This increase in sales was distributed evenly across the various product groups, such as air filters, cylinder head covers, and oil and fuel filters. Despite the setbacks in the second half-year, all regions, with the exception of the North America region, were able to profit from the recovery in the mar-

## SALES BY BUSINESS SEGMENT in EUR million

■ 2020 ■ 2021



kets after the coronavirus pandemic and achieve organic sales growth. The Asia/Pacific region—the largest sales market for this business unit—recorded strong organic sales growth of 13.8 percent. In order to further strengthen the business unit in the second largest sales market, the Europe region, a production location in Krotoszyn/Poland is currently under construction.

#### **Thermal Management business unit**

In the Thermal Management business unit, we increased sales by 13.0 percent to EUR 3,865 million. Strong growth was recorded in sales of air conditioning components and products for e-mobility, such as battery cooling systems. In the year under review, we were able to position ourselves even more broadly as a supplier to manufacturers of battery electric vehicles through important project launches and achieved significant organic sales gains in all regions. Due to supply bottlenecks and the associated reduction in call-off orders, especially in the second half-year, organic sales growth was lowest in the main sales regions of Europe and North America, at 9.6 percent and 13.7 percent respectively. While exchange rate effects had a predominantly negative impact on the development of sales, the acquisition of the air conditioning business of the former Keihin Corporation (now Hitachi Astemo, Ltd.) on February 1, 2021, contributed to the increase in sales, especially in the Asia/Pacific region. In the Asia/Pacific region, sales were driven by the growing passenger car business, while the noticeably higher sales in the South America region were also attributable to the commercial vehicle sector.

#### **Electronics and Mechatronics business unit**

Sales in the Electronics and Mechatronics business unit amounted to EUR 1,193 million in 2021 and were thus 15.9 percent above the previous year's value. The strongest increase in sales was recorded by the Electronics segment, in particular due to the ramp-up of production for onboard charging systems. The development of the business unit was positively influenced, among other things, by the expansion of SmartBike activities and the start-up of the first large-volume project in the field of electric water pumps in China. In Europe—MAHLE's largest sales market in this business unit—we increased the sales level of the previous year organically by 24.2 percent. In order to further strengthen our business in Europe, we have established additional research and development activities in the electric compressors segment at our location in Valencia/Spain and are preparing the start of production of an initial large-volume project for this product. Overall, all regions, excepting the North America region, recorded significant increases in sales after adjustment for exchange rate effects.

#### **Aftermarket business unit**

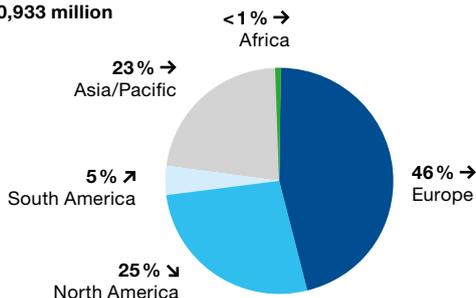
In the Aftermarket business unit, we generated sales of EUR 1,064 million, 18.5 percent more than in the previous year. Two years after the full integration of the former joint venture Behr Hella Service GmbH, the strong market presence in the thermal management sector in all regions continued to make a positive contribution to the sales increase, particularly in Europe due to the high market penetration. After adjustment for negative effects from exchange rate conversion, sales in the Aftermarket business unit rose by 22.5 percent. In terms of our global markets, the South America region grew strongly. While the positive development of sales in the South America region can be attributed to the engine components product group, in Europe it mainly results from sales of filter and thermal management products. In the Asia/Pacific and North America regions, the engine components and thermal management product groups recorded the strongest sales growth. In addition, we achieved significant growth in the Service Solutions business.

#### **Profit centers and services**

In our profit centers and services, we achieved sales amounting to EUR 630 million. Adjusted for negative currency effects, this results in organic sales growth of 3.3 percent. The positive development is attributable to the general recovery of the markets following the slump caused by the coronavirus pandemic. The main drivers were our Control Units profit center, which generated organic sales growth of 3.9 percent, and our Motorsports and Special Applications profit center.

## SALES BY REGION

Total:  
EUR 10,933 million



The directional arrows (↗→↘) show the change in the proportion of sales compared with the previous year.

## Development of the regions

The MAHLE Group operates around the world with production and development locations in 29 countries. Our international positioning ensures that we are close to our customers and able to cooperate with them intensively while also responding flexibly to regional market fluctuations.

In the year under review, our sales rose significantly in all regions and outperformed for passenger cars and commercial vehicles the international market. The positive development of sales in all regions was driven in particular by the recovery trends in the global economy following the severe slump caused by the coronavirus pandemic in the previous year. In the year under review, the development of our sales in South and North America suffered greatly from the devaluation of important trading currencies against the euro. In terms of organic growth, however, we achieved double-digit percentage increases in sales in all regions, excepting the North America region. In the following, we provide an overview of the detailed development in the regions, based on sales by country of production.

### Europe

Sales in the Europe region amounted to EUR 5,003 million in the year under review, an increase of 10.7 percent compared with the previous year. There were no significant exchange rate effects or changes to the consolidation group in Europe in the year under review.

Despite ongoing supply chain problems, semiconductor supply bottlenecks, and the resulting reduction in call-off orders, rising domestic demand provided impetus for growth and thus also increased sales for our company. With regard to our business segments, our Aftermarket and Electronics and Mechatronics business units showed very strong organic growth at 16.5 percent and 24.2 percent. The two largest business units in terms of sales, Engine Systems and Components and Thermal Management, increased their sales organically by 10.0 and 9.6 percent respectively.

### North America

In North America, we achieved revenue of EUR 2,767 million, which is 5.7 percent above the 2020 value. However, the region was significantly impacted by the devaluation of major trading currencies, such as the US dollar, against the euro. Adjusted for these effects, organic sales growth was significantly higher at 9.1 percent. The recovery in demand following the pandemic-induced slump and the economic stimulus packages passed by the US government had a positive effect on the increase in sales. In the year under review, our two largest business units in terms of sales, Engine Systems and Components and Thermal Management, were thus able to significantly lift their sales after adjustment for exchange rate effects by 12.5 percent and 13.7 percent respectively.

### South America

Our sales in South America rose sharply by 48.2 percent to EUR 589 million. Negative exchange rate effects of EUR 53 million from the devaluation of the Brazilian real and the Argentinean peso against the euro must be taken into account here. Our organic growth in the region was thus noticeably above the general market trend. All of our business units and profit centers benefited from the local market recovery with rates of organic growth in the high double-digits. One reason for this was the large proportion of South American commercial vehicle customers for whom demand rose noticeably again compared with the massive slump in the previous year.

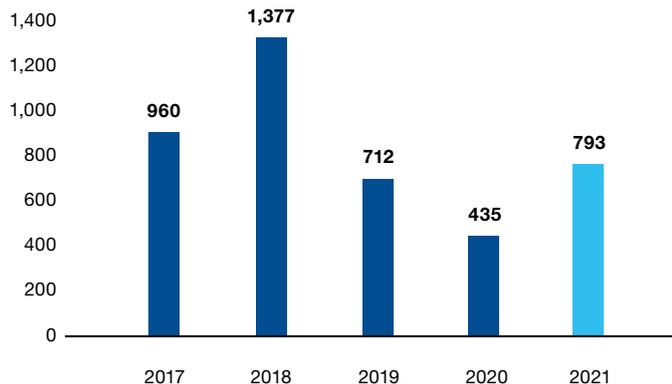
### Asia/Pacific

In the Asia/Pacific region, sales in the year under review were 14.8 percent above the 2020 value at EUR 2,526 million. One reason for this was the acquisition of the air conditioning business of the former Keihin Corporation (now known as Hitachi Astemo, Ltd.) on February 1, 2021. This was offset by negative exchange rate effects, resulting in organic sales growth of 15.5 percent. Although demand and production have recently picked up again significantly, the region suffered from rising infection rates and the associated restrictions, particularly in the first half-year. The positive developments were clearly reflected in the increase in sales in our two largest business units in this region. After adjustment for exchange rate effects, both the Engine Systems and Components business unit and the Filtration and Engine Peripherals business unit recorded growth rates of 8.1 percent and 13.8 percent respectively in the year under review.

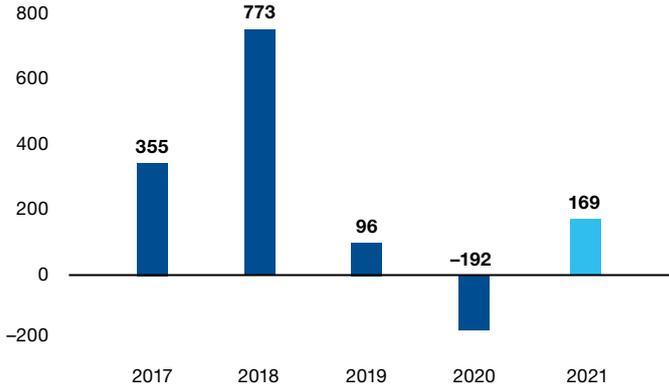
### Africa

With an increase of 28.7 percent, sales in the Africa region rose significantly to EUR 48 million. Adjusted for exchange rate effects, growth was lower at 19.9 percent. The revenues in our Group's smallest region were primarily generated by the Thermal Management business unit.

**DEVELOPMENT OF EBITDA 2017–2021**  
in EUR million



**DEVELOPMENT OF EBIT 2017–2021**  
in EUR million



## Net assets, financial position, and results of operations

### Results of operations

In the 2021 business year, MAHLE achieved sales of EUR 10.9 billion, compared with EUR 9.8 billion in the previous year. Adjusted for changes to the consolidation group and exchange rate effects, this corresponds to an increase of 11.9 percent. The strong growth in sales was primarily attributable to the general recovery of the international markets following the slump caused by the coronavirus pandemic. Despite rising uncertainty and volatility in the procurement markets, supply bottlenecks for semiconductors, increased energy and logistics costs, and negative exchange rate effects, we were able to achieve our forecast. This was based on significant organic sales growth. As expected, the result from business activities improved significantly compared with 2020 and developed positively to EUR 58 million (previous year: EUR –302 million). We were thus able to achieve the values forecast in the previous year.

While our earnings situation in the previous year was heavily impacted by the accruals for restructuring measures and positively influenced by the one-time income from an insurance settlement, there were no significant comparable special effects in the year under review. Adjusted for these special effects, the result from business activities was better than in the previous year by an amount in the high double-digit millions. Likewise, our operating income figures EBITDA and EBIT and the operating result used for internal steering were significantly above the previous year's value. The operating result is a key figure similar to EBIT but adjusted for individual circumstances.

The major income statement items developed as per the following details: Cost of sales amounted to EUR 9,256 million, which is EUR 811 million above the previous year's value. The cost of

sales ratio fell appreciably from 86.4 percent to 84.7 percent despite a significant rise in material price effects. This is primarily due to the sales growth caused by the recovery in the markets and the implementation of structural measures, which began to take effect. Our selling expenses increased by around 8 percent to EUR 560 million. General administrative expenses rose from EUR 473 million to EUR 503 million. This was mainly due to the reduction of pandemic-related measures to temporarily limit indirect functions to a few core functions. Despite the difficult conditions, our Group-wide research and development expenditure remained at a high level in the year under review. We invested EUR 666 million, slightly more in absolute terms than in the previous year (previous year: EUR 644 million). Our profit figures benefited greatly from the fact that the positive balance of other operating income and expenses rose sharply from around EUR 130 million to around EUR 258 million. This was due to reduced expenses from exchange rate effects, a tax refund in South America, and the release of badwill from the acquisition of the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) on February 1, 2021. The revaluation of accruals for restructuring measures also affected this item. This was offset by the one-time effect of an insurance settlement from the previous year. As in previous years, all cost items—with the exception of research and development as well as administrative expenses—were adversely impacted by the effects of purchase price allocations in accordance with the German Commercial Code (HGB). In total, the effects of purchase price allocations before tax amounted to around EUR 91 million in 2021. This includes amortization of goodwill of around EUR 47 million and release of badwill of around EUR 32 million.

**CONSOLIDATED INCOME STATEMENT**  
in EUR million

	2021	in %	2020	in %
Sales	10,933	100.0	9,774	100.0
Cost of sales	-9,256	-84.7	-8,445	-86.4
<b>Gross profit on sales</b>	<b>1,677</b>	<b>15.3</b>	<b>1,329</b>	<b>13.6</b>
Selling expenses and general administrative expenses	-1,064	-9.7	-993	-10.2
Research and development expenses	-666	-6.1	-644	-6.6
Other operating income and expenses	258	2.4	130	1.3
Financial result	-148	-1.4	-124	-1.3
<b>Result from business activities</b>	<b>58</b>	<b>0.5</b>	<b>-302</b>	<b>-3.1</b>
Taxes on income	-139	-1.3	-98	-1.0
<b>Result after taxes</b>	<b>-81</b>	<b>-0.7</b>	<b>-400</b>	<b>-4.1</b>
Other taxes	-27	-0.3	-33	-0.3
<b>Consolidated net loss/net income</b>	<b>-108</b>	<b>-1.0</b>	<b>-434</b>	<b>-4.4</b>
<b>EBIT</b>	<b>169</b>	<b>1.5</b>	<b>-192</b>	<b>-2.0</b>
<b>EBITDA</b>	<b>793</b>	<b>7.3</b>	<b>435</b>	<b>4.4</b>

In view of the significant sales growth as well as the general improvement in cost ratios and in the balance of other operating income and expenses, EBIT increased to EUR 169 million, and the EBIT margin rose appreciably to 1.5 percent (previous year: -2.0 percent). Adjusted for the effects of the purchase price allocations, amortization of goodwill, and release of badwill, the EBIT margin was 2.4 percent.

The financial result deteriorated by EUR 24 million to EUR -148 million in 2021 compared with the previous year. This was largely due to lower income from the valuation of the plan assets to cover pension entitlements. Expenses from taxes on income increased by EUR 40 million compared with the previous year. The rise is mainly a consequence of the one-time effect of tax income realized in the USA in the previous year owing to the possibility of carrying back tax losses. The disproportionately high tax burden in relation to the result before taxes is attributable in part to the non-recognition of deferred taxes concerning tax loss carryforwards and the valuation allowance on deferred taxes for temporary differences. Further contributing factors are withholding taxes unrelated to profit as well as positive results of individual companies that cannot be offset for tax purposes against losses of other Group companies. Consequently, the overall result was a net loss for the year of EUR 108 million (previous year: net loss for the year of EUR 434 million).

### Net assets position

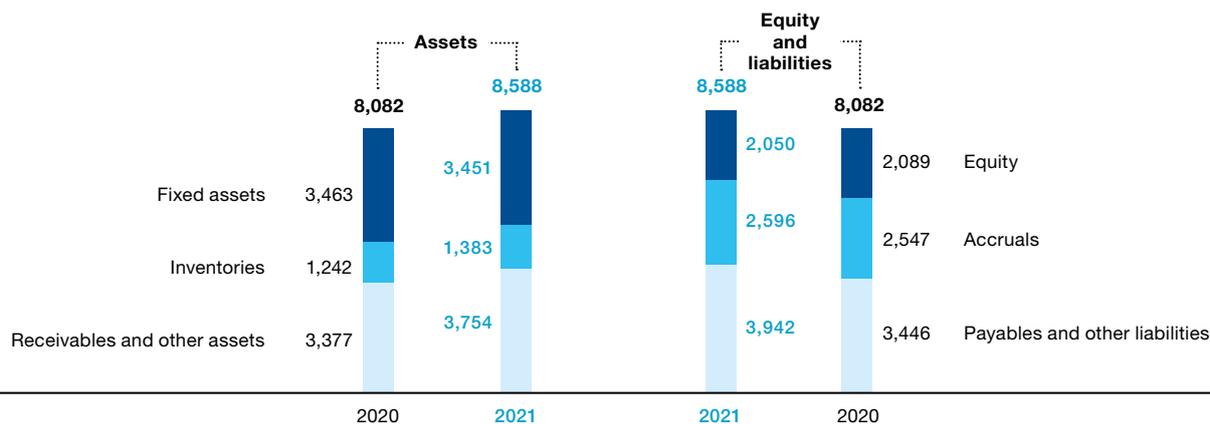
As at the balance sheet date of December 31, 2021, our balance sheet total had increased by EUR 506 million to EUR 8,588 million in comparison with 2020. The rise is primarily attributable to positive

exchange rate effects, changes to the consolidation group, and increased liquidity. At EUR 3,451 million, fixed assets remained at the previous year's level. Tangible fixed assets rose slightly by EUR 49 million, while intangible fixed assets declined by EUR 53 million. The main reasons for this are the amortization of goodwill and hidden reserves, which were disclosed as part of purchase price allocations.

Current assets of the MAHLE Group exceeded the previous year's level by EUR 518 million, amounting to EUR 5,137 million. One reason for this was the significant increase in cash holdings of EUR 239 million to EUR 1,110 million in order to strengthen liquidity. Due to the challenging circumstances in the procurement markets and the volatility of our customers' call-off orders and purchase volumes, we had to make considerable efforts to limit the capital commitment in net working capital. This can be seen in the significant rise of EUR 141 million in inventories, which is attributable not only to exchange rate effects and higher physical inventories of raw materials, consumables, and supplies to ensure delivery capability, but also to increased material costs. Driven by exchange rate effects, the increase of EUR 116 million in receivables and other assets also contributed to the increase in current assets. Other assets amounted to EUR 318 million.

Equity declined by EUR 39 million to EUR 2,050 million in 2021. The decrease is primarily attributable to the net loss for the year, but was bolstered by positive exchange rate effects of EUR 107 million. Accordingly, the decline in equity ratio from 25.8 percent to 23.9 percent, is mainly due to the expansion of the balance sheet, in addition to the abovementioned effects. The acquisition of the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) on February 1, 2021, resulted

**BALANCE SHEET STRUCTURE OF THE MAHLE GROUP**  
in EUR million



in badwill of EUR 103 million as at December 31, 2021. Accruals rose to EUR 2,596 million, which corresponds to an increase of EUR 50 million in comparison with the end of the previous year. This was mainly caused by the rise in accruals for pensions, primarily owing to interest rate effects. By contrast, guarantee and risk accruals declined by EUR 46 million and personnel-related accruals by EUR 63 million, attributable in part to restructuring payments. A decrease of EUR 11 million was recorded in trade payables. We reduced liabilities to banks by EUR 80 million. A major contribution to the balance sheet extension was made by the issue of a corporate bond in the amount of EUR 750 million, which was used in part to repay a corporate bond of EUR 300 million maturing in the year under review. Taking the rise in our cash holding into account, net debt on our balance sheet increased from EUR 925 million to EUR 1,056 million in the year under review.

**Financial position**

As part of its global growth, MAHLE has established a broad basis for its Group financing over the past few years and improved its diversification. Our financing portfolio includes a syndicated credit line, German private placement loans (Schuldscheindarlehen), bi-lateral loans, and euro-denominated corporate bonds. With our conservative financing policy, we are pursuing the objective of an implicit investment grade risk. This positioning is also reflected by the moderate leverage and solid equity ratio.

To repay a EUR 300 million corporate bond maturing in May 2021, we issued a EUR 750 million corporate bond with a seven-year term, also in May 2021 (interest coupon: 2.375 percent per annum). The significantly higher issue compared with the repayment

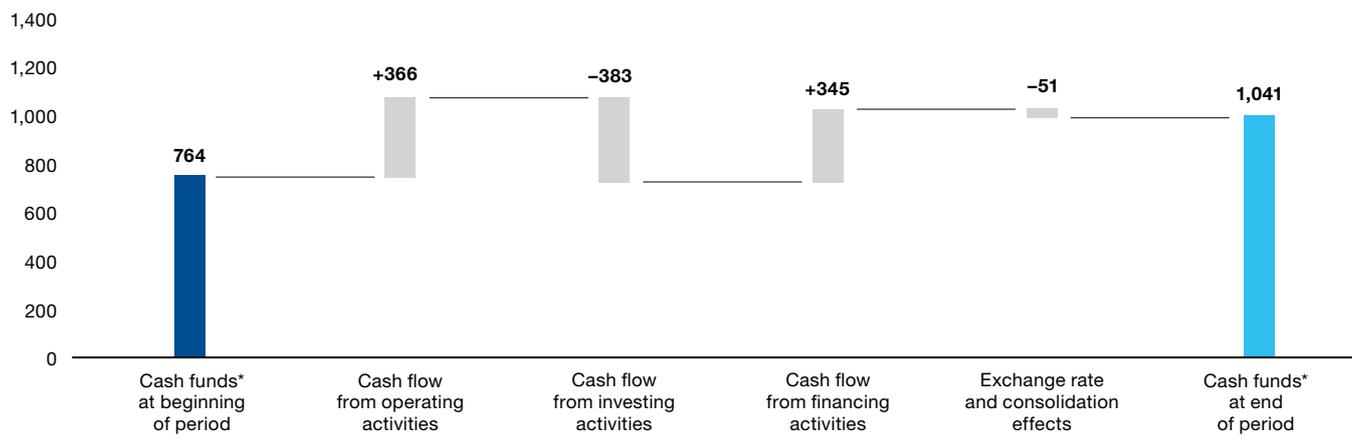
amount resulted from strong investor demand and serves to increase our cash holdings with a view to the maturity of a EUR 500 million corporate bond in 2022. In this context, we terminated a syndicated credit line of EUR 500 million, which had been agreed in 2020 in order to give us greater room for maneuver during the coronavirus pandemic but had not been utilized. This additional liquidity provision supplements our existing syndicated credit line of EUR 1.8 billion, whose term runs until 2024. As at the end of the year under review, the unused but firmly committed credit lines amounted to EUR 1,961 million, which, as in the case of the cash holdings, contributed to the financial stability of our Group. Our cash holdings were diversified across various banks that were selected according to rating criteria.

**BOND ISSUE WITH A TOTAL VOLUME OF EUR**

**750**  
MILLION IN 2021

We closed the 2021 business year with a positive cash flow of EUR 328 million. Cash flow from operating activities was a contributing factor. Despite the net loss of the year of the Group, the cash flow from operating activities amounted to EUR 366 million, which is significantly lower than in the previous year. Among other things, this reflects the higher capital commitment in net working capital and the nonrecurrence of one-time effects in the previous year. At EUR 383 million, the net cash outflow from investing activities was lower than in 2020, partly due to a deliberately focused approach to investment. Our cash flow from operating

## CASH FLOWS in EUR million



\* 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

activities almost completely covered our cash requirements for investments in the year under review. The cash flow from financing activities showed a net cash inflow of EUR 345 million (previous year: net cash outflow of EUR 133 million), which is primarily attributable to the issuance of the corporate bond.

## Investments

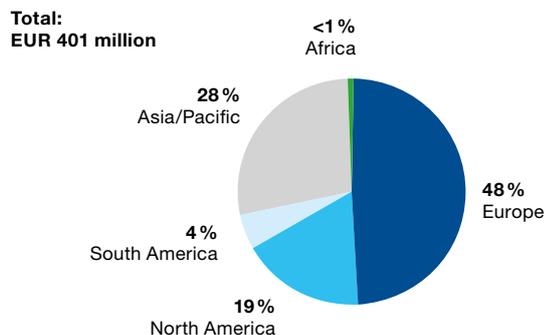
Despite the difficult circumstances arising due to the persistence of the coronavirus pandemic and a market situation that is only recovering slowly, we are actively addressing the challenges associated with the transformation of the automotive industry. To this end, we invested around EUR 401 million in tangible fixed assets in the year under review (previous year: EUR 433 million). In key areas of future activity, investments in tangible fixed assets significantly exceeded depreciation. Due to investment restraint in business areas dependent on the combustion engine, the Group-wide ratio of investments to depreciation was 83 percent, significantly below the previous year's value (89 percent). The investment ratio, which shows the relationship between investments and sales, reduced to 3.7 percent (previous year: 4.4 percent).

Our investments in the year under review focused on Europe and the Asia/Pacific region. We made around half of our investments in Europe, with Poland, Spain, and Slovenia once again being the countries with the highest levels of capital expenditure alongside Germany. In Poland, we invested heavily in the three business units Engine Systems and Components, Filtration and Engine Peripherals, and Thermal Management to enable the establishment of new production locations, for example. In both Spain and Slovenia, we largely invested in the expansion of plants and production facilities in the Electronics and Mechatronics business unit. We made around 28 percent of our Group-wide investments in tangible fixed assets

in the Asia/Pacific region in 2021. As in the previous year, we invested predominantly in our Chinese locations, where, in addition to project-related investments in expanding capacities at a steel piston production line, significant investments were also made in our Electronics and Mechatronics plants in Taicang and Suzhou. In North America—the region accounting for around 19 percent of the total volume in 2021—we mainly invested in our US locations, in connection with customer projects, for example.

In addition to capital expenditure on tangible fixed assets, we also took advantage of strategic acquisitions during the year under review to expand our business activities as part of our dual strategy. To strengthen our core business in thermal management, we further increased our participation in the MAHLE Behr Group and acquired the air conditioning business of the Keihin Corporation (now known as Hitachi Astemo, Ltd.) in Japan, Thailand, and the USA on February 1, 2021.

## INVESTMENTS BY REGION



# Additional key performance indicators

**Our employees are the key to our success. In 2021, we continued to support their further development through approximately 26,300 completed online courses.**

**To secure our long-term success even in difficult conditions, we invested EUR 666 million in research and development activities in 2021.**

**Our global activities are focused on reducing CO<sub>2</sub> emissions. An initial milestone was reached when all German production locations became carbon-neutral in terms of Scope 1 and Scope 2 emissions in 2021.**

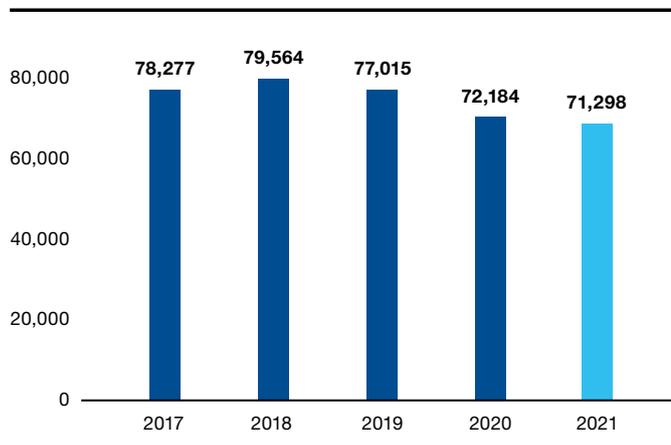
## Human resources

Our employees are the key to the future viability of the MAHLE Group. Their know-how, motivation, and commitment are the foundation of our successful development. That is why—despite the ongoing restrictions resulting from the pandemic—we continued our consistent investment in the training and further education of our workforce in the year under review, pushing ahead with the switch to online formats, among other measures. Thus, in spite of the challenging circumstances, our employees participated in a total of 71,281 qualification activities (previous year: 60,387), while adhering to strict hygiene and protective measures. Moreover, by increasing the number of corporate e-learning options we offer, around 26,300 courses were completed online (previous year: around 12,000).

As at the end of 2021, the MAHLE Group had 71,298 employees worldwide. This equates to a decrease of 886 people or 1.2 percent compared with the previous year. The staffing level adjustments were primarily due to the difficult market situation caused by the coronavirus pandemic and the global shortage of resources as well as to the general transformation of the automotive industry. With the acquisition of the air conditioning business of the former Keihin Corporation (now known as Hitachi Astemo, Ltd.), about 1,300 employees joined the Group.

The global absence rate (excluding joint ventures) amounted to 4.2 percent in the year under review (previous year: 3.6 percent).

### HEADCOUNT DEVELOPMENT 2017–2021



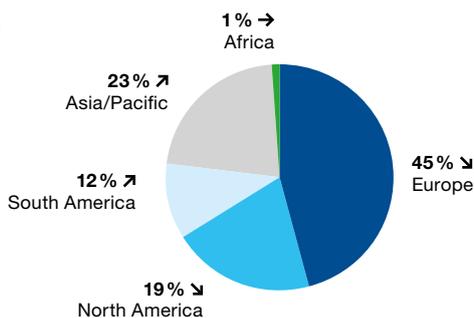
### Headcount by region

As at the reference date, 31,909 people were employed at our locations in Europe, which is 1,100 employees or 3.3 percent fewer than in 2020. There was a decrease in many European countries in connection with restructuring measures. In some countries, however, the number of employees has increased: In Spain, 146 people were hired owing to the establishment of the Electronics and Mechatronics business unit. In Romania, the headcount increased by 100. In Slovakia, 59 new employees were hired, mainly in production, as production capacity utilization had risen compared with the previous year.

In North America, our employees numbered 13,416 in total as at the end of 2021 and were thus 1,183 or 8.1 percent fewer than in 2020. The staffing cutbacks in the region were also due to restructuring measures and mainly affected the compressors business in Mexico.

## HEADCOUNT BY REGION

Total:  
71,298



The directional arrows (↗↘↔) show the change in the proportion of employees compared with the previous year.

At the end of the year under review, we had 8,736 employees in South America, which is 781 people or 9.8 percent more than in the previous year. After the heavy pandemic-related job cuts in the 2020 business year, recruitment was increased again in 2021 due to very good order levels and high production capacity utilization.

In the Asia/Pacific region, we recorded 16,382 employees as at the end of the year under review, 688 people or 4.4 percent more than in 2020. This was largely attributable to the acquisition of

the air conditioning business of the former Keihin Corporation (now known as Hitachi Astemo, Ltd.) in February 2021 with about 1,000 employees in Asia.

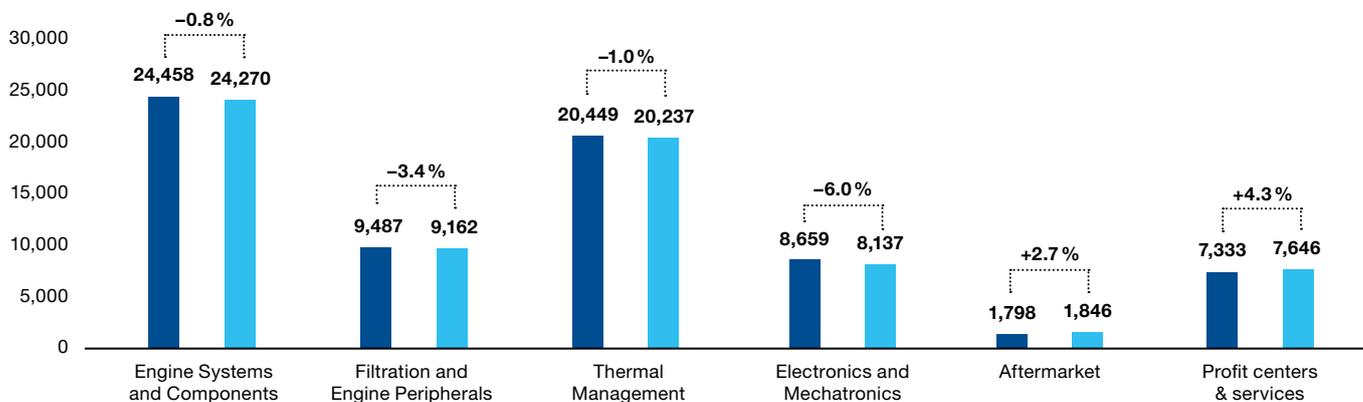
As at the reference date of December 31, 2021, 855 people were employed at our locations in Africa, which is 72 employees or 7.8 percent fewer in total than in the previous year.

## Headcount by business segment

In our Engine Systems and Components business unit, the staffing level decreased by 188 people. Nevertheless, with a total of around 34 percent of the Group's headcount at 42 locations, the business unit still has the most employees. We employed 28.4 percent of our total workforce at the Thermal Management business unit's 43 locations—212 people fewer than in the previous year. The Filtration and Engine Peripherals business unit's 30 plants were the place of work for 12.9 percent of the Group's employees, 325 people or 3.4 percent fewer than in 2020. At the end of 2021, 8,137 staff were employed in the Electronics and Mechatronics business unit, which equates to around 11.4 percent of the workforce as a whole. Aftermarket, our smallest business unit in terms of personnel, had 48 employees more in total at the end of 2021 than at the same point in the previous year. In our profit centers and services, we recorded a rise in the staffing level amounting to 313 employees compared with the previous year. This was mainly due to the development of the shared service centers in Wroclaw/Poland, Monterrey/Mexico, and Pune/India.

## HEADCOUNT BY BUSINESS SEGMENT

■ 2020 ■ 2021



# Technology and innovation

Despite the difficult conditions, we continued our Group-wide research and development activities at a high level in the year under review. We invested EUR 666 million in research and development, slightly more in absolute terms than in the previous year. After adjustment for the restructuring expenses incurred in the previous year, a marked increase in our expenses is apparent. The resulting ratio in relation to sales is 6.1 percent for 2021 (previous year: 6.6 percent). As at December 31, 2021, this area of our business employed 5,120 staff. In the year under review, MAHLE registered 387 new patents in addition to a further 590 records of inventions.

## NUMBER OF NEW PATENTS REGISTERED IN 2021:

# 387

BY 5,120 R&D EMPLOYEES

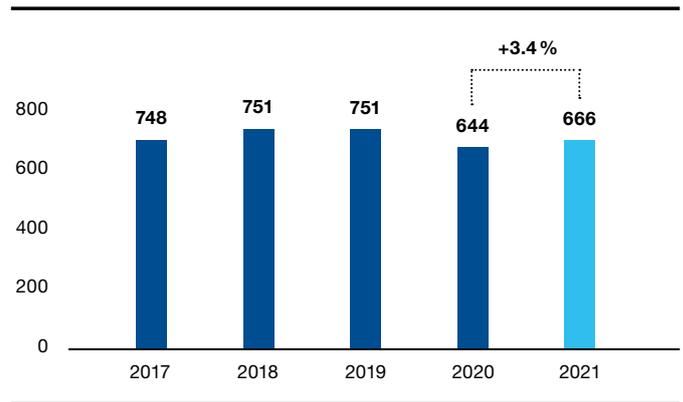
In 2021, we targeted our efforts on further expanding our development footprint in the field of hydrogen. A hydrogen test center was commissioned for this purpose at our location in Stuttgart/Germany. Here, we conduct experiments relating to fuel cells, their peripherals and cooling, as well as hydrogen-powered reciprocating piston engines. We opened a new development center in Changshu/China. Work here focuses on developing solutions for alternative drives and expanding the company's systems competence in the electric powertrain as well as in electronics and mechatronics. Furthermore, MAHLE became a development partner to DTM Electric in 2021. Findings acquired through this collaboration on the thermal management of high-performance, battery electric race cars will be transferred to standard MAHLE products in the future to make them even more efficient and powerful.

## Selected innovations from the 2021 business year

MAHLE's corporate start-up chargeBIG has successfully passed the certification procedure of the German-based Association for Electrical, Electronic, and Information Technologies (VDE) with its charging solution for electric vehicles. At the IAA MOBILITY 2021, the company also announced that it is expanding its range of intelligent charging solutions for electric cars. With the newly introduced chargeBIG POWER charging management system, the nearly 1,000 chargeBIG charging points that have been installed for long-term parking users so far are benefiting from an important upgrade to fast charging.

MAHLE is currently developing a new kind of electric motor that does not require rare earth elements. This not only makes production more environmentally compatible, but also delivers benefits in

## R&D EXPENDITURE 2017–2021 in EUR million



terms of costs and resource security. The new motor's key feature is the inductive and thus contactless power transmission to the windings of the rotor—this allows the motor to operate wear-free and very efficiently, particularly at high speeds. The level of efficiency is above 95 percent in the most common driving conditions in which the drive system is used. This new development is easily scalable, so it can be used in anything from subcompacts through commercial vehicles.

In 2021, we also developed a completely new cooling system for batteries. An electrically nonconductive coolant flows around the cells, thereby ensuring that the maximum temperature of the battery drops during charging and that the overall temperature is distributed very homogeneously. Immersion cooling thus shortens the charging times of electric cars considerably. Batteries can be more compact, making electric cars cheaper and more resource-efficient.

An important development in the field of battery technology is a new lithium-carbon battery concept developed by MAHLE Powertrain. It enables ultrafast charging of lightweight two-wheeled and small vehicles in under 90 seconds for applications such as urban distribution transport. The concept is particularly sustainable because it does not require rare raw materials and is fully recyclable.

Furthermore, in 2021, we not only carried out extensive tests on components for fuel cells in the hydrogen test section, but we also commissioned and tested a commercial vehicle reciprocating piston engine powered by hydrogen. In this context, MAHLE is upgrading its combustion engine components for use with hydrogen. These include pistons, rings, cylinder liners, and valves as well as exhaust gas coolers and crankcase ventilation systems.

## Purchasing

From a purchasing perspective, the year under review was another challenging one. At the beginning of the year, the market environment was generally positive, despite the continuing uncertainties due to the coronavirus pandemic. This was underpinned by high call-off figures from our customers. However, this positive mood quickly reversed owing to early signs of shortages of raw materials, escalating costs for logistics, particularly for sea freight, and the limited availability of semiconductors. These factors became increasingly aggravated over the course of the year. As a result, we had to adjust our assumptions for raw material premises during the year, in addition to developing and initiating new semiconductor procurement concepts. Especially in the final four months of the year the shortage of raw materials and semiconductors was also reflected in customer behavior. The resulting reductions in call-off figures and orders, often at short notice, led to tensions on the supplier side and demanded intensive support from Purchasing.

To inform suppliers about these new requirements and to shape our common future, we launched a virtual supplier forum in the third quarter. As travel and face-to-face events were only possible to an extremely limited extent due to the pandemic, selected suppliers were given access to video messages by representatives of the MAHLE management team on relevant topics. In addition to information about MAHLE's strategy and product focus, these videos covered specific requirements, both of a commercial nature and in terms of quality, technology, and sustainability. On the subject of sustainability, particular attention was drawn to the fact that suppliers will have to meet special obligations in accordance with the German Supply Chain Due Diligence Act (LkSG), which will enter into force in 2023, and that MAHLE will actively shape and monitor the corresponding process.

Completed in the previous year, the centralization of the Purchasing function is also helping us to meet the challenges presented by the market and by legislators. Thanks to short, direct reporting lines across MAHLE's automotive business units, we have always been able to implement appropriate solutions to the challenges described, supported by harmonized tools and purchasing processes designed for effectiveness and efficiency.

## Production, quality, and environment

### Production at MAHLE

In the year under review, our production activities continued to be profoundly impacted by the coronavirus pandemic and the resulting volatile circumstances. Our suppliers also suffered from the effects of the pandemic. Nevertheless we were still able to secure our supply chains for the long term. In addition, the entire automotive industry is undergoing a process of transformation. All in all, these factors have led us to initiate measures to strengthen cost awareness.

Our focus is on adapting our production system so that we can react quickly to changing market conditions. For example, by expanding digital networking, we aim to make our production operations more flexible. We have also adapted our strategic plan in line with the latest findings and have further developed the design of the production system. Our long-term goal is thus to position ourselves among the world's leading lean enterprises with a significantly higher level of performance along the entire value chain.

Despite all the challenges, we have pushed ahead with and intensified our continuous improvement process, which encompasses all of MAHLE's production locations and business areas. In the year under review, we focused on stepping up the training of lean experts in the plants.

The transfer of knowledge to the South and North America and Asia/Pacific regions was also expanded in the MAHLE Production System Industry 4.0 area, and communication between all regions was strengthened. All new technical solutions are standards coordinated across the company and applicable to all business areas. We have also identified some digital opportunities offering short-term profitability and have already successfully tested some of them in pilot projects. These will be transferred to services that can be used Group-wide. In addition to AI-supported inventory optimization, these developments include remote maintenance solutions that use augmented reality glasses and remote direct access to reduce costs and ensure compliance with IT security standards.

In 2021, the standardized manufacturing execution system (OneMES) was already rolled out to 23 out of about 100 plants. The connection to the new MAHLE enterprise resource planning (ERP/MORE) system was successfully used for the first time in the pilot plant in Námestovo/Slovakia.

## Quality management at MAHLE

Our success is based on quality. Innovative, defect-free, and reliable products and systems are at the heart of this. That is why quality targets are core elements of our annual business plan. We define them from the top down, flesh them out from the bottom up, and consolidate them across the operational business areas. In addition, a Group-wide quality management system has been used in all our business processes for many years now.

We successfully pushed ahead with the MAHLE Quality Improvement Program in 2021, prioritizing certain topics. The aim is to continuously improve the quality of our products and services, to reduce scrap costs, and to strengthen our quality mind-set as well as the Group-wide application of agreed standards. Employee training is also part of the program, as are the projects we use to coordinate activities, standardize process flows, and optimize our products and processes. Through these efforts, we aim to further reduce risks and eliminate potential sources of defects as early as the product development stage. We reduce further risks in series production through extensive quality assurance measures.

### MAHLE RECEIVED MORE THAN

# 75

### QUALITY AWARDS IN 2021

The broad-based MAHLE Quality Improvement Program enhances Group-wide communication and encourages regular dialog between our teams. All the findings feed into and optimize our process flows. In November 2021, MAHLE also participated in World Quality Day, which was an opportunity for all our production locations to discuss the current status, priorities, improvements, and successes as regards quality management.

Our customers supply data relating to our quality performance in various formats, which we transfer to a harmonized reporting system in our Group-wide database. The aim is to use the potential for improvement offered by this standardized information to even greater effect.

### NUMBER OF CUSTOMER COMPLAINTS (AUTOMOTIVE) REDUCED BY

# 19 %

### COMPARED WITH THE PREVIOUS YEAR

Customer complaints in the automotive segment fell by 19 percent in 2021 compared with the previous year. We were able to further reduce the number of faulty delivered parts in the year under review. Furthermore, the quality of our products was again acknowledged by more than 75 customers in the 2021 business year.

## Safety at work, the environment, and climate protection

MAHLE is responsible for the well-being and safety of its employees. We implement technical, organizational, and personal protective measures to minimize occupational risks. These steps are based on regular risk assessments, from which we continuously derive measures aimed at improving safety at work and related targets. We check compliance with the targets and implementation of the measures by means of regular audits and observation tours. In the year under review, new global guidelines for sustainable health and safety at work as well as environmental and climate protection also came into force, which we follow at MAHLE.

The accident rate indicates the number of accidents per million hours worked that resulted in lost time or reassignment to light duties. In the 2021 business year the accident rate amounted to 4.2 and has therefore increased slightly compared with the previous year. Overall, we were able to reduce the accident rate significantly compared with 2017 following the successful implementation of occupational safety initiatives: while we still recorded 6.8 accidents per million hours worked in 2017, there were only 4.2 accidents in 2021, a reduction of almost 38 percent. The introduction and maintenance of a safety at work management system in accordance with ISO 45001 is an important pillar for improving workplace safety at our plants. At the end of 2021, 93 MAHLE locations were already certified to ISO 45001 standards. We plan to gradually extend this to cover all our locations in the coming years.

Our approach to environmental and climate protection extends from research and development to production through to the recycling of our products. Existing products, consumables, processes, and machines are continuously assessed and improved to minimize environmental impacts. Since 2020, our global activities have focused on achieving carbon neutrality by 2040 in terms of all direct CO<sub>2</sub> emissions and those associated with purchased energy (Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol). We have continued to make improvements in the 2021 business year: all MAHLE production locations in Germany became carbon-neutral in terms of Scope 1 and Scope 2 emissions in 2021.

We are also working to introduce environmental management systems in accordance with ISO 14001 and/or EMAS at all our locations. At the end of 2021, 144 locations were certified in line with at least one of these standards. In addition, 15 locations were certified in accordance with the ISO 50001 energy management system.

# Opportunity and risk report

**Our corporate activities are consistently guided by the opportunities and risks identified by our systematic risk management process.**

**We are responding to the challenges arising from the transformation of the automotive industry with great innovative strength. To this end, we include all relevant topics in our R&D activities at an early stage.**

**We are continuously expanding our product portfolio in the field of electric powertrains. By doing so, we benefit from the expansion in the market for electric vehicles.**

We use a management system to evaluate the opportunities and risks associated with our business operations. In this way, we gain knowledge from which we draw conclusions and adapt our actions accordingly. Our Group-wide Internal Audit department regularly verifies the compliance and efficiency of our processes and control systems by means of an audit plan, which changes on an annual basis.

## Market and technological trends

We identify long-term market and technological trends using a systematic scenario approach. This is founded on a baseline scenario that also includes the developments in our business areas, regions, products, and markets until 2035. On this basis, and using the “extreme scenarios 2035,” we subject our company to stress tests on various aspects—such as markets, regions, drive types, quantities, and technologies. By taking market and technological trends into account in this systematic way, we ensure that we identify opportunities and risks at an early stage. The findings from these analyses are used to make decisions about future business segments and new production processes. We include the measures derived in our strategic and budget planning. In the course of preparing management reports, we monitor whether and how the agreed steps are implemented.

Opportunities and risks arise, for example, from the markets’ increasing awareness of environmental and sustainability considerations and from new standards aimed at reducing emissions. We therefore include all relevant topics in our international research and development activities at an early stage and focus our attention on a wide range of technologies to increase the efficiency of the combustion engine, on alternative drive configurations, and on a holistic, intelligent thermal management system. As a result, we are able to offer our customers competitive, innovative products. With our steadily growing portfolio of electric drives and electrically driven auxiliaries as well as other products in the electric powertrain, we are benefiting from the expanding market for electric vehicles. We have specifically strengthened these activities through multiple acquisitions, which have since been integrated into the Group. With the help of acquisitions, we have also significantly expanded our

### SCHEMATIC DIAGRAM OF RISK MANAGEMENT AT MAHLE



The transformation of the automotive industry and the effects of the coronavirus crisis, such as the shortage of semiconductors, may change the key areas of risk. To manage this situation, we have introduced a systematic risk management process with the following areas of focus.

thermal management business in recent years, extended our product portfolio to include air conditioning compressors, and strengthened our regional footprint in Asia. MAHLE therefore has the necessary resources and the expertise to develop components for the growing plug-in hybrid and electric vehicle market.

#### EXTREME SCENARIOS FOR

# 2035

#### STRESS TEST FOR LONG-TERM MARKET AND TECHNOLOGICAL TRENDS

Impediments to trade such as Brexit and the tariff dispute between the USA and China, armed conflicts such as the war in Ukraine, economic fluctuations, changes to the political framework in individual regions or countries, other developments that affect the global economy, and the growing number of competitors from Asia in particular can have a major impact on market developments and thus on the business development of our company. We therefore keep developments in this context under constant review. In general, our broad market base and global presence serve as important stabilizing factors and help us to counter market and customer risks. Our highly diversified customer and product portfolio is also a contributing factor. Consequently, possible declines in demand in individual markets or from individual customers can at least be partially offset. We therefore consider a global market slump, as in the economic crisis of 2009, the impact of which could have a major adverse effect on our profit, to be one of the greatest risks for our Group. This also includes largely unforeseeable events like the coronavirus pandemic and its consequences, such as the global shortage of semiconductors. Despite the ongoing difficult market situation, the global production of passenger cars rose by around 3 percent in the year under review, while the production of commercial vehicles recovered only slightly compared with the previous year. We limit the resulting consequences as effectively as possible by means of appropriate early warning systems and action plans. Discussions about an end to the internal combustion engine and further general driving bans are significant uncertainty factors for the entire automotive industry, particularly in Europe. By implementing suitable measures, we aim to mitigate the potential economic effects of a shift in technology at an early stage. These effects could also be due to possible legislative changes, such as a ban on combustion engines in passenger cars applicable from a defined point in time in certain countries or regions. By means of our dual strategy, through which we aim to assume a leading role in the ongoing technological development of the combustion engine while also driving forward innovative solutions for alternative powertrain technology, we are readying ourselves for future scenarios of this kind. Business segments that are independent of the OEM business for the passenger car combustion engine today already account for around 60 percent of Group sales. We want to continuously increase this proportion of sales that is unrelated to the passenger car combustion engine.

## Procurement and production

Our risk management system is also focused on minimizing the negative impacts stemming from the procurement markets. Regular supplier assessments designed to identify risks are the basic prerequisite for this. We have stepped up these activities in recent years and are making sure that our suppliers' independence is maintained. In addition, we use a global risk monitoring tool that provides a quick overview of natural disasters, strikes, and insolvencies. This increases transparency and thus decreases risk in the supply chain. Appropriate safety stocks and hedging transactions also serve to reduce procurement risks. Specific emerging risks that could lead to bottlenecks in the supply of purchased parts and thus to production interruptions—such as the coronavirus pandemic ongoing since 2020 or supply difficulties with semiconductors and plastic granulates in the year under review—are reported to the Supply Risk Committee and managed by focus/task force teams. The Supply Risk Committee is headed by Central Purchasing management and is composed of cross-departmental members from Sales, Logistics, Production, Development, Controlling, and Quality to achieve the best possible degree of risk limitation. To further optimize our business processes, our production locations all around the world cooperate intensively. The MAHLE Production System that has been rolled out supports them in this.

By means of improved IT and production processes as well as high quality standards, we aim to ensure that operational risks, such as unforeseen circumstances, cyberattacks, unexpected technical malfunctions, accidents, and human error, hinder production operations as rarely as possible. In doing so, the increasing digitalization of individual process steps is also taken into account. Thus far, the increasing number of extreme weather events, such as floods, inundations, and droughts, have impacted our production locations only in isolated cases. MAHLE counters the associated risks using an established environmental management system. The risk posed by epidemics and pandemics, and the resulting volatile circumstances, severely impacted our production activities in the year under review. To reduce the danger of infections and local outbreaks, we developed and implemented enhanced hygiene and safety standards. In addition to the Supply Risk Committees, we have set up a global task force covering operations, logistics, and IT, which acts across all business units and makes our supply chains even more secure.

Our Group has been audited and certified in accordance with recognized ISO standards and similar specifications relevant to our sector—in terms of quality, environmental protection, and safety at work, for example. It is thus subjected to important external checks that serve to limit risks. We have arranged an economically prudent degree of cover by means of insurance policies for the disruption of operations resulting from damage as well as liability risks.

However, there were again quality incidents and warranty claims in the year under review, which impacted our profit. To prevent similar risks in the future, we have defined cross-functional countermeasures. For example, our development processes are continually

scrutinized and optimized with the additional goal of limiting the risks that could arise from increasing demands from our customers to accept guarantee coverage or additional costs due to delayed series launches. We are also optimizing our development processes to reduce risks in view of the increased product safety standards. Where legally required, financial burdens resulting from quality incidents and warranty claims originating and known as at the balance sheet date, and which are likely to result in cash outflows, are covered by accruals as part of risk provisioning.

## Finance management

Using our systematic and Group-wide finance management system, we ensure that we make optimal use of financing opportunities from the banking and capital market. The liquidity risk is covered by diversified financing facilities with staggered maturity profiles that considerably exceed our Group's foreseeable financial requirements. When designing our financing mix, we take security, flexibility, and cost factors into account. Our aim is to secure the financial independence of our Group, limit the financing risks, and ensure we are able to exploit business opportunities at all times. We detect currency risks by means of our Group-wide planning and reporting system. Following standardized Group-wide principles, we counter these risks extensively using non-predictive hedging transactions over a horizon of up to 24 months. As a rule, hedging transactions relate to OTC FX forwards or swaps in the form of portfolio hedges. The use of derivative financial instruments is necessarily linked to the existence of an operational underlying transaction. Expected and not yet invoiced currency risks are covered with continuously declining hedging grades. The resulting hedging relationship generates valuation units in accordance with the critical term match method.

The interest rate risk is subjected to value-at-risk analyses. OTC hedging activities and other financial transactions give rise to counterparty risks with financial institutions, which we identify and evaluate across the Group in our uniform reporting system. If pre-defined thresholds are exceeded, the counterparty risk is lessened by the targeted spread of risks.

## Human resources, IT, and accounting

Highly qualified and motivated employees are a cornerstone of our success, now and in the future. That is why it is important for us to attract suitable staff, give them continuous support, help them gain further qualifications, and retain them in our company over the long term. We have developed a comprehensive personnel marketing concept and established a recruitment organization in order to initiate direct contact with potential candidates at an early stage and recruit qualified employees. We are thereby reducing

the risk of not filling vacant positions or filling them only after some delay. In order to guarantee our Group's long-term success and take advantage of the opportunities arising from market and technological changes, our personnel requirement planning is geared toward developments in the relevant markets as well as strategically significant technologies and business segments. Performance-related remuneration systems, modern pension schemes, and advanced training activities aim to motivate and retain employees in strategically important positions. In the IT area of responsibility, specifications, processes, and security technologies protect against unauthorized data access or misuse by internal and external actors. Defined security standards encompass not only the technical specifications of hardware and software, but also functional security structures and organizational provisions. The IT systems classified as business-critical are operated largely redundantly and are also protected via a backup data center. Detailed backup and recovery procedures reduce the risk of severe disruptions, for example, by securing access procedures as well as mirroring and archiving data on a daily basis.

With regard to the accounting process, the internal control and risk management system is aimed at ensuring the compliance and effectiveness of accounting and financial reporting. Besides guidelines and principles, the system also includes measures that serve to prevent and uncover reporting errors. The consolidated financial statements are compiled centrally based on the data reported by subsidiaries. We ensure compliance with the MAHLE guidelines by means of systemic controls, specialist advice, and manual checks as well as through the validation of data plausibility by the Group accounting function.

## Regulations and legislation

Guidelines as well as organizational and work instructions ensure that statutory requirements are observed. By integrating internal and external experts into the processes from an early stage, we minimize risks and exploit opportunities that could arise, for example, from fiscal, occupational, competition, patent, antitrust, data protection, and environmental regulations and legislation as well as from trade rules. Key elements of our compliance structure include the MAHLE Business Code, the global compliance organization, the whistle-blower system for internal and external compliance-related communications, as well as the training concept for risk areas relevant to compliance and preventive measures.

## Overall assessment

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

# Outlook

**Due to various uncertainties, such as the war in Ukraine and the semiconductor shortage, we anticipate a cautious recovery in the vehicle markets for passenger cars and light commercial vehicles.**

**For MAHLE, we expect an improvement in sales and in the result from business activities. However, the war in Ukraine may have negative consequences, which cannot yet be estimated.**

**We will drive forward our future business areas with great intensity and vigor in order to put ourselves in a competitive position with the right expertise and portfolio.**

## Overall economic development

In its January report, the IMF projects that global economic output will grow by more than 4 percent in 2022, which is below the 2021 rate. Because the forecast is subject to great uncertainty and depends, among other things, on the consequences of the war in Ukraine, which are still difficult to predict, the IMF warns at the time of writing that global economic growth may be lower than originally forecast. In addition, further variants of the coronavirus, new waves of infection, associated lockdowns, and rising rates of inflation could have a negative impact on economic activity and put national economies under pressure. The following estimates for the individual regions are based on the IMF's expectations from January 2022.

### IMF FORECAST:

> 4 %

### GLOBAL ECONOMIC GROWTH IN 2022

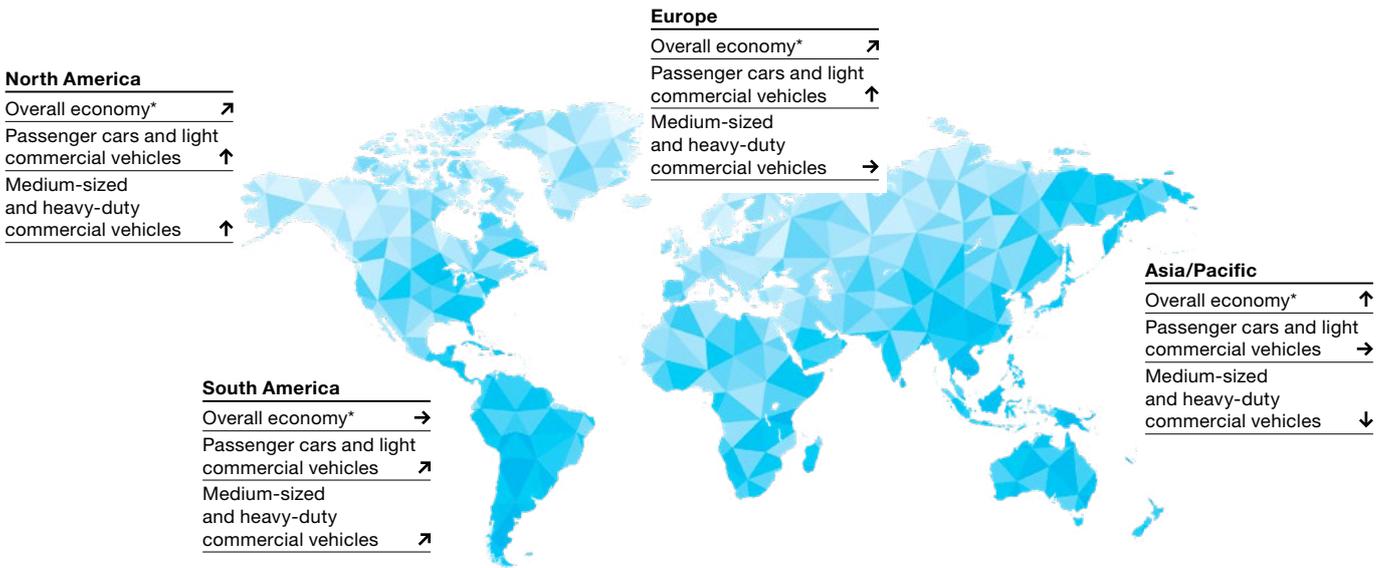
Growth of around 4 percent is projected for the euro zone, supported by the economic stimulus package that was put together by the EU during the coronavirus pandemic. In North America, economic output is forecast to increase by around 4 percent in the USA, fueled by fiscal measures. For Brazil, the largest economy in South America, the economists predict economic output at the previous year's

level. In the Asia/Pacific region, the economic prospects are mostly encouraging. However, at almost 5 percent, the Chinese economy is not expected to grow as strongly as in the previous year. In addition to global supply chain problems, this is largely attributable to China's zero-tolerance policy in relation to the coronavirus pandemic. According to the IMF, growth in the Japanese economy is forecast to be slightly above the previous year's level at over 3 percent.

## Development of the vehicle markets

### Development of the markets for passenger cars and light commercial vehicles

We expect the recovery in the global market for passenger cars and light commercial vehicles to continue at a sluggish pace in 2022. Various uncertainties continue to depress the market. At the moment, it is difficult to foresee the extent to which the consequences of the war in Ukraine will impact vehicle production. In addition to geopolitical tensions, the aftermath of the coronavirus pandemic and enduring supply bottlenecks for semiconductors, other raw materials, and intermediate products have an important role to play, as they could lead to significant production losses. Due to these risk factors, we anticipate only a cautious recovery worldwide overall, especially in the second half-year.



\* IMF forecast from January 2022

The difficult market situation caused by the geopolitical tensions and the persistent shortage of semiconductors is likely to continue to negatively impact all regions. In Europe and North America, the precrisis level will probably not be regained for several years. In the South America region, which is less badly affected by the supply bottlenecks in the passenger car market, the recovery trend should continue. The same applies to the Asia/Pacific region: Moderate growth is forecast in most Asian submarkets. In China in particular, however, this is likely to be further impaired by subdued economic development and possible production cutbacks, among other factors.

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

In the medium-sized and heavy-duty commercial vehicles sector, we anticipate lower production figures in 2022 than in the year under review. This will be driven in particular by sharp declines in China, which are likely to more than offset the regional recovery trends in Europe, America, and most parts of Asia. We expect to see the most notable upturn in North America, South America, Japan and India, with high growth rates compared with the previous year in some cases. The consequences of the war in Ukraine, which are difficult to predict, are causing major uncertainty and could significantly dampen growth expectations and have a negative impact on all vehicle markets.

# Development of the MAHLE Group

The outlook for 2022 suggests that the war in Ukraine as well as the global semiconductor shortage and other supply bottlenecks will continue to cause considerable uncertainty. The resulting effects on global economic momentum and on the automotive markets in particular are difficult to predict. The abovementioned factors are likely to further interfere with production operations and supply chains as well as lead to continued cost pressure on the materials and energy supply side. Accordingly, the Ukraine war is expected to have an impact on our sales figures and results, which cannot be reliably estimated at the time of preparing this report. Up until the end of February, prior to the escalating conflict, we had assumed a slight rise in organic sales and a moderate improvement in the result from business activities. However, events up to the balance sheet date led to a further and increased degree of uncertainty. Our direct business activities in Russia are of subordinate importance to the Group. Our established task force analyzes and assesses the increased uncertainty on an ongoing basis.

Our aim is to position our company for long-term future success and to safeguard our competitiveness. To this end, we are pushing ahead with the global realignment of the Group, continuing the systematic review of our locations around the world, and strengthening our Group-wide cost discipline. At the same time, we are preparing for further pressures—whether due to the ongoing consequences of the coronavirus pandemic, including in particular the supply bottlenecks for semiconductors, a slow recovery in the automotive industry, or volatile markets and political uncertainties. We also anticipate that further significant efforts will be required to manage the technological and structural transformation. The audits of our locations and structures that we have carried out so far have indicated the need to make adjustments, primarily in Europe. In response to the transformation of the automotive industry and the resulting shift away from the combustion engine, the increasing competitive pressure, and the sharp decline in demand, we had to announce the cessation of production activities at the Vilanova i la Geltrú/Spain and Chavanod/France locations.

FOCUS FOR

# 2022

PLAY AN ACTIVE PART IN SHAPING FUTURE MOBILITY

Despite the economic pressures, we continue to focus on the technological transformation and our strategic goals. We will drive forward our future topics with great intensity and vigor in order to put ourselves in a competitive position with the right expertise and

portfolio. To expand existing growth areas and open up new ones, we are consistently pursuing our dual strategy. Over the next few years, we will continue to significantly reduce our dependence on the combustion engine for sales. We will therefore focus on the strategic fields of e-mobility and hydrogen technology and thus play an active part in shaping future mobility. At the same time, we will maintain our commitment to the combustion engine. We intend to further strengthen existing business areas so that we can continue to be successful in a declining market environment. When powered by hydrogen and synthetic fuels, the combustion engine has substantial CO<sub>2</sub> savings potential and can thus make a significant contribution to climate protection.

Our openness to all technologies in order to achieve the climate protection targets is reflected in our business activities, such as the development of products that support the transition to CO<sub>2</sub>-efficient drives. At the same time, we have enshrined climate protection targets in the MAHLE management system's global guidelines, with the aim of achieving carbon-neutral production by 2040. To further reduce our carbon footprint, we are prioritizing energy efficiency and the generation of our own renewable electricity. In parallel, we are entering into an intensive dialog with our suppliers to firmly establish sustainability in the supply chain as well.

An integral part of the MAHLE innovation strategy is the Start-up Space, opened in 2020 for our corporate start-ups and teams developing many new business ideas in the MAHLE Incubator. In addition to the chargeBIG and COM4Gaming start-ups, which are already established on the market, further teams, such as COMET and bikeEYE, have been turned into start-ups after successfully completing their incubation phase.

Our economic success is the foundation on which we implement our future strategies. It enables us to invest in research and development, establish new business areas, and make acquisitions that complement our portfolio. To maintain and enhance a strong base, we strive for sales growth while seeking to increase profitability at the same time. Our financial independence and ability to withstand potential crises are always our priorities. We therefore set great store by a healthy balance sheet structure and moderate net gearing. The mainstays of our financial policy are thus a solid equity base and liquidity that is secured over the long term and built on stable operating cash flows as well as diversified financing sources and instruments.

This report contains forward-looking statements that rely on current estimates of future developments and are therefore subject to risks and uncertainties that are beyond our control or precise assessment. Consequently, the actual results may differ from the statements made here.

# Consolidat statements

# ed financial



<b>Consolidated balance sheet</b>	<b>60</b>
<b>Consolidated income statement</b>	<b>63</b>
<b>Consolidated cash flow statement</b>	<b>64</b>
<b>Consolidated statement of changes in equity</b>	<b>66</b>
<b>Notes to the consolidated financial statements</b>	<b>68</b>
General information	68
Consolidation group	68
Exemption provisions for domestic companies	68
Method of consolidation	69
Accounting and valuation principles	69
Currency conversion	70
Notes to the consolidated balance sheet	71
Notes to the consolidated income statement	73
Other notes	74
Consolidated statement of fixed assets	78
Shareholdings	80
<b>Auditor's report</b>	<b>86</b>

# Consolidated balance sheet

As at December 31, 2021, in EUR '000

	Dec. 31, 2021	Dec. 31, 2020
<b>ASSETS</b>		
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	166,548	181,333
2. Goodwill	196,934	235,115
3. Prepayments	706	625
	<b>364,188</b>	<b>417,073</b>
<b>II. Property, plant, and equipment</b>		
1. Land, leasehold rights, and buildings including buildings on third-party land	942,177	901,634
2. Technical equipment and machinery	1,473,926	1,488,021
3. Other equipment, fixtures, and furniture	154,436	146,703
4. Prepayments and assets under construction	437,368	422,596
	<b>3,007,907</b>	<b>2,958,954</b>
<b>III. Financial assets</b>		
1. Shares in affiliated companies	2,934	3,374
2. Shares in associated companies	41,682	36,054
3. Equity investments	5,800	5,685
4. Loans to companies in which participations are held	90	90
5. Long-term securities	16,409	12,867
6. Other loans	12,310	29,116
	<b>79,225</b>	<b>87,186</b>
	<b>3,451,320</b>	<b>3,463,213</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables, and supplies	622,976	525,155
2. Work in process	190,789	176,134
3. Finished goods and merchandise	657,173	622,391
4. Prepayments	14,200	10,650
5. Prepayments received	-102,554	-92,284
	<b>1,382,584</b>	<b>1,242,046</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	1,869,953	1,794,122
2. Receivables from affiliated companies	1,094	356
3. Receivables from companies in which investments are held	988	319
4. Other assets	449,545	410,375
	<b>2,321,580</b>	<b>2,205,172</b>
<b>III. Securities</b>	4,502	1,042
<b>IV. Cash in hand, bank balances, and checks</b>	<b>1,109,722</b>	<b>870,580</b>
	<b>4,818,388</b>	<b>4,318,840</b>
<b>C. Prepaid expenses</b>	34,173	33,936
<b>D. Deferred tax assets</b>	184,681	169,493
<b>E. Excess of plan assets over post-employment benefit liability</b>	99,540	96,462
	<b>8,588,102</b>	<b>8,081,944</b>

	Dec. 31, 2021	Dec. 31, 2020
<b>EQUITY AND LIABILITIES</b>		
<b>A. Equity</b>		
I. Subscribed capital	150,000	150,000
II. Capital reserves	166,430	166,430
III. Revenue reserves	1,718,523	1,811,451
IV. Equity impact from currency translation	-180,781	-278,837
V. Consolidated unappropriated retained earnings	6,070	3,439
VI. Non-controlling interests	189,722	236,188
	2,049,964	2,088,671
<b>B. Badwill</b>	<b>103,411</b>	<b>0</b>
<b>C. Accruals</b>		
1. Accruals for pensions and similar obligations	800,832	738,374
2. Accruals for taxes	87,659	70,205
3. Other accruals	1,707,955	1,738,033
	2,596,446	2,546,612
<b>D. Liabilities</b>		
1. Bonds	1,280,000	830,000
2. Liabilities to banks	885,705	965,967
3. Payments received on account of orders	10,588	8,375
4. Trade payables	1,258,184	1,268,705
5. Liabilities on bills accepted and drawn	64,535	53,328
6. Liabilities to affiliated companies	772	734
7. Liabilities to companies in which investments are held	2,372	2,935
8. Other liabilities	289,371	264,528
<i>thereof from taxes: 82,802 (prev. yr.: 87,983)</i>		
<i>thereof relating to social security and similar obligations: 36,615 (prev. yr.: 39,097)</i>		
	3,791,527	3,394,572
<b>D. Deferred income</b>	<b>46,754</b>	<b>52,089</b>
	8,588,102	8,081,944



# Consolidated income statement

From January 1 to December 31, 2021, in EUR '000

	2021	2020
<b>1. Sales</b>	<b>10,933,096</b>	<b>9,773,873</b>
2. Cost of sales	-9,255,978	-8,445,296
<b>3. Gross profit on sales</b>	<b>1,677,118</b>	<b>1,328,577</b>
4. Selling expenses	-560,386	-520,144
5. General administrative expenses	-503,198	-472,958
6. Research and development expenses	-665,560	-643,706
7. Other operating income	549,148	569,359
<i>thereof from currency translation: 165,418 (prev. yr.: 248,724)</i>		
8. Other operating expenses	-291,096	-438,954
<i>thereof from currency translation: -159,451 (prev. yr.: -293,108)</i>		
	-1,471,092	-1,506,403
	<b>206,026</b>	<b>-177,826</b>
9. Investment income	87	4
<i>thereof from affiliated companies: 8 (prev. yr.: 0)</i>		
10. Income from other securities and long-term loans	20	215
11. Result from associated companies	976	1,197
12. Other interest and similar income	17,115	31,323
<i>thereof from affiliated companies: 67 (prev. yr.: 12)</i>		
<i>thereof income from discounting: 3 (prev. yr.: 27)</i>		
<i>thereof negative interest income: 1,157 (prev. yr.: 52)</i>		
13. Impairment of financial assets and of securities	-18,711	-15,366
14. Interest and similar expenses	-147,566	-141,692
<i>thereof to affiliated companies: -14 (prev. yr.: -9)</i>		
<i>thereof expenses from discounting: -55,800 (prev. yr.: -55,170)</i>		
	-148,079	-124,319
<b>Result from business activities</b>	<b>57,947</b>	<b>-302,145</b>
15. Taxes on income	-138,712	-98,241
<i>thereof income from deferred income taxes: 25,323 (prev. yr.: -5,858 expense)</i>		
<b>16. Result after taxes</b>	<b>-80,765</b>	<b>-400,386</b>
17. Other taxes	-27,356	-33,362
<b>18. Consolidated net loss</b>	<b>-108,121</b>	<b>-433,748</b>
19. Consolidated unappropriated retained earnings prior year	3,439	5,510
20. Dividend distribution	-3,300	-5,340
21. Withdrawal from revenue reserves	93,252	373,410
22. Profit applicable to non-controlling interests	-80,450	-40,650
23. Loss applicable to non-controlling interests	101,250	104,257
<b>24. Consolidated unappropriated retained earnings</b>	<b>6,070</b>	<b>3,439</b>

# Consolidated cash flow statement

From January 1 to December 31, 2021, in EUR '000

	2021
<b>1. Cash flows from operating activities</b>	
Profit for the period (consolidated net loss including profit and loss applicable to non-controlling interests)	-108,121
+/- Depreciation, amortization, and write-downs of fixed assets/reversals of write-downs of fixed assets	640,591
+/- Increase/decrease in provisions	-1,797
+/- Other non-cash expenses/income	-5,494
-/+ Increase/decrease in inventories, trade receivables, and other assets not related to investing or financing activities	-85,463
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	-71,438
-/+ Gain/loss on disposal of fixed assets	-5,695
+/- Interest expense/interest income	124,319
- Other investment income	-1,063
+/- Expenditure/Income of exceptional size and incidence	-45,056
+/- Interest payments/receipts related to interest other than for the provision of capital	397
+/- Income tax expense/income	164,034
- Cash payments relating to expenditure of exceptional size and incidence	-82,391
-/+ Income taxes paid	-157,239
	<b>365,584</b>
<b>2. Cash flows from investing activities</b>	
+ Proceeds from disposal of intangible fixed assets	1,227
- Payments to acquire intangible fixed assets	-19,095
+ Proceeds from disposal of tangible fixed assets	16,575
- Payments to acquire tangible fixed assets	-399,956
+ Proceeds from disposal of long-term financial assets	3,238
- Payments to acquire long-term financial assets	-4,038
- Payments to acquire entities included in the basis of consolidation	13,828
+ Cash receipts from the investment of cash funds for short-term cash management	14,951
- Cash payments for the investment of cash funds for short-term cash management	-20,351
+ Interest received	9,788
+ Dividends received	1,265
	<b>-382,568</b>

	2021
<b>3. Cash flows from financing activities</b>	
+ Proceeds from capital contributions by minority shareholders	459
+ Proceeds from the issuance of bonds and from borrowings	876,154
– Cash repayments of bonds and borrowings	–457,474
+ Proceeds from grants/subsidies received	5,416
– Interest payment due to leasing agreements	–24
– Interest paid	–60,281
– Dividends paid to shareholders of the parent entity	–3,300
– Dividends paid to minority shareholders	–15,863
	<b>345,087</b>
<b>4. Cash funds at end of period</b>	
Net change in cash funds (subtotals 1–3)	328,103
+/- Effect on cash funds of exchange rate movements and remeasurements	–49,220
+/- Effect on cash funds of changes in the basis of consolidation	–1,674
+ Cash funds at beginning of period	763,842
	<b>1,041,051</b>
Cash-in-hand, bank balances, and checks	870,580
– Bank balances with an initial term of more than 3 months	–4,622
+ Liabilities to banks with an initial term of less than 3 months	–102,116
<b>Cash funds at beginning of period</b>	<b>763,842</b>
<i>thereof from proportionately consolidated entities</i>	<i>20,425</i>
Cash-in-hand, bank balances, and checks	1,109,722
– Bank balances with an initial term of more than 3 months	–21,410
+ Liabilities to banks with an initial term of less than 3 months	–47,261
<b>Cash funds at end of period</b>	<b>1,041,051</b>
<i>thereof from proportionately consolidated entities</i>	<i>39,442</i>

The short-term liabilities which were netted against cash balances contained EUR 20,692k (previous year: EUR 74,750k) 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 2,222k that are restricted on disposal are included.

# Consolidated statement of changes in equity

From January 1 to December 31, 2021, in EUR '000

	PARENT COMPANY		
	Subscribed capital	Capital reserves	Revenue reserves
<b>As at December 31, 2019</b>	<b>150,000</b>	<b>166,430</b>	<b>2,184,852</b>
Capital increase	0	0	0
Withdrawal from revenue reserves	0	0	-373,410
Dividend distribution	0	0	0
Currency translation	0	0	0
Other items	0	0	226
Changes in the consolidation group	0	0	-217
Consolidated net loss	0	0	0
<b>As at December 31, 2020</b>	<b>150,000</b>	<b>166,430</b>	<b>1,811,451</b>
Capital increase	0	0	0
Withdrawal from revenue reserves	0	0	-93,252
Dividend distribution	0	0	0
Currency translation	0	0	0
Other items	0	0	11
Changes in the consolidation group	0	0	313
Consolidated net loss	0	0	0
<b>As at December 31, 2021</b>	<b>150,000</b>	<b>166,430</b>	<b>1,718,523</b>

<sup>1</sup>Including effects from hyperinflation adjustments for the country Argentina in accordance with GAS 25

	Equity impact from currency translation <sup>1</sup>	Consolidated unappro- priated retained earnings	Total	Non-controlling interests <sup>1</sup>	Consolidated equity
	<b>-138,147</b>	<b>5,510</b>	<b>2,368,645</b>	<b>373,805</b>	<b>2,742,450</b>
	0	0	0	887	887
	0	373,410	0	0	0
	0	-5,340	-5,340	-19,923	-25,263
	-140,391	0	-140,391	-23,003	-163,394
	-516	0	-290	-31,904	-32,194
	217	0	0	-67	-67
	0	-370,141	-370,141	-63,607	-433,748
	<b>-278,837</b>	<b>3,439</b>	<b>1,852,483</b>	<b>236,188</b>	<b>2,088,671</b>
	0	0	0	1,560	1,560
	0	93,252	0	0	0
	0	-3,300	-3,300	-16,657	-19,957
	98,227	0	98,227	8,360	106,587
	142	0	153	-19,108	-18,955
	-313	0	0	179	179
	0	-87,321	-87,321	-20,800	-108,121
	<b>-180,781</b>	<b>6,070</b>	<b>1,860,242</b>	<b>189,722</b>	<b>2,049,964</b>

# Notes to the consolidated financial statements

## General information

The present consolidated financial statements of MAHLE GmbH are prepared in accordance with Sec. 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 128 foreign subsidiaries. Furthermore, 13 companies were consolidated proportionately according to the percentage of shares, and seven companies were valued according to the equity method. The consolidated companies are included in the list of shareholdings.

During the business year 2021, MAHLE acquired the air conditioning business from the former Keihin Corporation (now Hitachi Astemo, Ltd.). In this context, the following companies were fully consolidated for the first time:

- MAHLE Behr Thermal Systems (Japan) Company Limited, Japan, as of February 1
- MAHLE Behr Thermal Systems (Thailand) Company Limited, Thailand, as of February 1
- MAHLE Behr Mt Sterling Inc., USA, as of February 1

The following companies were newly incorporated and fully consolidated for the first time during 2021:

- MAHLE New Mobility Solutions GmbH, Germany, as of January 1
- MAHLE Industrial Thermal Systems Námestovo s.r.o., Slovakia, as of March 9

Four companies were merged in the reporting year.

One fully consolidated company was liquidated in the business year 2021.

In the business year, eleven companies were excluded from the consolidated financial statements due to immateriality. Two companies were not valued according to the equity method due to their immateriality.

## Key changes to the consolidation group

In the year under report, the air conditioning business from the former Keihin Corporation (now Hitachi Astemo, Ltd.) was acquired. The assets, liabilities, and deferred income transferred in the course of the acquisition were revalued as part of the purchase price allocation and included in the MAHLE Group balance sheet with the following amounts at the acquisition date:

in EUR '000	2021
Fixed assets	62,594
Current assets	163,066
Prepaid expenses	895
Accruals	17,189
Liabilities	58,581
Deferred tax liability	6,203

Sales increased as a result of the acquisition by EUR 178 million. The other items in the income statement increased correspondingly.

## Exemption provisions for domestic companies

The following subsidiaries are applying the exemption according to Sec. 264, paragraph 3, respectively Sec. 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 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 Powertrain GmbH, Fellbach; 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 196,934k is disclosed, which contains goodwill of EUR 22,981k that occurred in the financial statements of the entities included in the consolidation group. Goodwill is amortized over ten years due to the relevant markets that are dominated by a small number of suppliers and have high barriers to market entry. These markets have shown that the average useful life of acquired goodwill is historically ten years. 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 amount of the write-down is determined 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. In 2021, no goodwill impairments were necessary.

The capital consolidation of the air conditioning business from former Keihin Corporation (now Hitachi Astemo, Ltd.) resulted in badwill of EUR 134,938k. On the one hand, this arose from losses expected to be incurred in subsequent business years. The badwill will be released to income in line with the losses incurred in subsequent business years. Another portion of badwill 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 2021, an amount of EUR 31,527k was released. In addition, MAHLE Beteiligungen GmbH increased its shareholding in MAHLE Behr GmbH & Co. KG from 65.71 to 70.71 percent and its shareholding in MAHLE Behr Verwaltung GmbH from 65.71 to 70.71 percent as at January 1, 2021, through the acquisition of shares from non-controlling shareholders. This resulted in goodwill of EUR 8,010k.

Thereby, the increase in shares in subsidiaries without affecting their status as subsidiaries was recognized as acquisition.

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

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

Deferred taxes resulting from consolidation measures with effect on income were recorded using a tax rate of 22 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, non-compete clauses, customer relationships, technological licenses, and development services. Depending on the categories, the useful lives for intangible assets were based on three to ten 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.

Accruals for taxes and other accruals are to adequately cover uncertain liabilities and anticipated losses from pending transactions. The valuation is based on the settlement amount taking into account necessary cost increases. Accruals 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.

Accruals 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 Sec. 253 HGB to present value. In 2021, the calculation was based on the following discount rates: domestic 1.20 to 2.03 percent, foreign 0.60 to 4.15 percent. The option to assume a standardized remaining term of 15 years was not utilized.

Expected salary increases of 1.50 to 5.40 percent and anticipated labor turnover rates of 2.27 to 6.96 percent were taken into consideration. The mortality tables recognized in each country were used as a basis for the calculation.

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 accruals 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 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" (Einfrierungsmethode).

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.

Deferred tax assets and liabilities are set up to account for all temporary and quasi-permanent differences between the tax and German Commercial Code (HGB) values. Furthermore, deferred taxes for tax loss and interest carry forwards and tax credits were capitalized, provided the tax benefit was reasonably recoverable within the next five years. Deferred taxes were 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 10.00 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 spot rate 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, the financial statements were prepared based on a general price index in accordance with GAS 25.

# Notes to the consolidated balance sheet

## Receivables and other assets

in EUR '000	Dec. 31, 2021	
	Carrying amount	Thereof with a remaining term of more than 1 year
Accounts receivables		
<i>Trade receivables</i>	1,869,953	1,042
<i>Receivables from affiliated companies</i>	1,094	843
<i>Receivables from companies in which investments are held</i>	988	0
Other assets	449,545	10,188
<b>Total</b>	<b>2,321,580</b>	<b>12,073</b>

During the previous year, trade receivables (EUR 1,223k) as well as other assets (EUR 7,482k) had a remaining term of more than one year.

Trade receivables are included in the amount of EUR 38k (previous year: EUR 68k) from affiliated companies and EUR 988k (previous year: EUR 319k) from companies in which investments are held.

Only other assets contain receivables against shareholders amounting to EUR 58k (previous year: EUR 109k). Prepaid expenses include, among others, the differences between net loan proceeds and liabilities to banks (debt discounts) amounting to EUR 88k (previous year: EUR 358k).

## Equity

The consolidated unappropriated retained earnings equal those of the parent company and contain the amount carried forward from the previous year of EUR 139k.

## Accruals for pensions and similar obligations as well as other accruals

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

in EUR '000	Dec. 31, 2021	
		Carrying amount
Settlement amount of offset liabilities		568,565
Acquisition costs of assets		162,895
Fair value of assets		384,379
Offset income		15,302
Offset expenses		22,997

The difference for discounting with the seven-year average rate according to Sec. 253, paragraph 6, sentence 1 HGB amounts to EUR 66,735k.

Other accruals 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. The revaluation of accruals for restructuring measures resulted in an overall positive income of exceptional size and incidence amounting to EUR 13,528k.

## Liabilities

in EUR '000	Dec. 31, 2021			
	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	1,280,000	500,000	780,000	750,000
Liabilities to banks	885,705	128,024	757,681	58,779
Payments received on account of orders	10,588	10,588	0	0
Trade payables	1,258,184	1,255,718	2,466	0
Liabilities on bills accepted and drawn	64,535	64,535	0	0
Liabilities				
<i>to affiliated companies</i>	772	772	0	0
<i>to companies in which investments are held</i>	2,372	2,372	0	0
Other liabilities	289,371	264,215	25,156	12,045
<b>Total</b>	<b>3,791,527</b>	<b>2,226,224</b>	<b>1,565,303</b>	<b>820,824</b>

During the previous year, liabilities to banks (EUR 123,923k), payments received on account of order (EUR 8,375k), trade payables (EUR 1,264,446k), liabilities on bills accepted and drawn (EUR 53,328k), liabilities to affiliated companies (EUR 734k), liabilities to companies in which investments are held (EUR 2,935k), and other liabilities (EUR 239,632k) had a remaining term of up to one year.

The liabilities to affiliated companies contain trade payables of EUR 118k (previous year: EUR 101k). The liabilities to companies in which investments are held contain trade payables of EUR 461k (previous year: EUR 1,042k).

The liabilities contain no payables to shareholders (previous year: EUR 1k).

No bank liabilities are secured by property liens or similar rights (previous year: EUR 50k).

## Deferred taxes

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

The deferred tax liabilities result predominantly from temporary differences relating to tangible fixed assets 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 of EUR 101,440k were set up for tax loss carry forwards of EUR 443,283k that are recoverable within five years. EUR 326,623k of deferred tax assets on temporary differences were written off as at December 31, 2021, as their realization is not deemed sufficiently likely.

## Off-balance-sheet transactions

As at the balance sheet date, off-balance-sheet transactions exist in connection with significant rental and leasing agreements in particular for buildings and land (EUR 153,092k). Moreover, off-balance-sheet transactions are in place in connection with factoring (EUR 32,806k). These off-balance-sheet transactions led to a diversification of financing sources as at the balance sheet date. Through these transactions, cash outflows are generally postponed into the future.

No material risks are anticipated from these transactions.

## Contingent liabilities

	Dec. 31, 2021
in EUR '000	Carrying amount
Contingents from notes	16,640
Guarantees	100

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

	Dec. 31, 2021
in EUR '000	Carrying amount
Purchase commitments from investments	203,293
Financial obligations resulting from rent and lease agreements	95,991
Others	83,916
<i>thereof to affiliated companies</i>	<i>181</i>

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 thus 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 accruals 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, non-compete clauses, 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 226,594k income related to other periods. This income is mainly related to the reversal of accruals. Income from financing includes gains of EUR 39,997k (previous year: EUR 65,193k) from currency translation and gains of EUR 0k (previous year: EUR 59k) from financial instruments. Income related to other periods includes income of exceptional size and incidence from the release of accruals for restructuring. Furthermore, other operating income contains income of exceptional size and incidence from the release of badwill of EUR 31,527k.

Other operating expenses contain EUR 5,273k expenses relating to other periods. These expenses are mainly related to disposals of depreciable fixed assets. Expenses from financing include losses of EUR 43,388k (previous year: EUR 96,057k) from currency translation and expenses of EUR 4,414k (previous year: EUR 2,737k) from financial instruments.

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

## Sales by area of operation

in EUR '000	2021
Engine Systems and Components business unit	2,362,722
Filtration and Engine Peripherals business unit	1,819,451
Thermal Management business unit	3,864,714
Electronics and Mechatronics business unit	1,192,840
Aftermarket business unit	1,063,751
Profit centers and services	629,618
<b>Total</b>	<b>10,933,096</b>

## Sales by geographical market (target area)

in EUR '000	2021
Europe	4,760,109
North America	2,871,310
South America	569,555
Asia/Pacific	2,647,397
Africa	84,725
<b>Total</b>	<b>10,933,096</b>

## Personnel expenses

in EUR '000	2021
Wages and salaries	2,241,226
Social security expenses and other benefits	487,106
Old age pension expenses	51,702
<b>Total</b>	<b>2,780,034</b>

The reimbursements received from public authorities during the business year due to the COVID-19 pandemic are recognized as a reduction of expenses in personnel expenses.

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

in EUR '000	2021
<b>Total</b>	<b>624,442</b>
<i>thereof impairments</i>	<b>3,008</b>

## Subsequent valuation of the purchase price allocation for the acquisitions\*

in EUR '000	2021
Depreciation and amortization within cost of sales	76,504
Amortization within selling expenses	12,128
Release of subsidies within other operating income	12,998

\* Concerns MAHLE Behr, former Delphi Thermal entities, former Keihin Thermal entities, MAHLE Electric Drives, MAHLE Electronics, and former Brain Bee as well as BHS entities.

## Other notes

### Average annual number of employees\*

	2021
Direct employees	39,735
Indirect employees	32,152
<b>Total</b>	<b>71,887</b>

\* Excluding apprentices

The total average annual number of employees includes a pro rata figure of 2,326 employees from proportionately consolidated companies.

## Derivatives

Derivatives in accordance with Secs. 285 and 314 HGB not yet settled as at the balance sheet date can be broken down as follows:

in EUR '000	Dec. 31, 2021	Dec. 31, 2021
	Nominal amounts*	Fair value**
Transactions relating to currency	2,219,059	-11,548
Transactions relating to commodities	16,241	1,084

\* 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, which is identified in accordance with the net present value method.

The derivative contracts as at December 31, 2021, are placed in relation to third parties exclusively with banks. Evaluation units were established for currency hedging transactions with an effective relationship to the underlying transaction. Accruals of EUR 172k were set up for all other hedging transactions that have resulted in anticipated losses.

## Evaluation units

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

The following evaluation units were created from derivatives and are shown with their netted values:

in EUR '000	Type of evaluation unit	Dec. 31, 2021	Balance sheet item
		Amount of hedged transaction	
<b>Currency exposure</b>			
Recorded values	Portfolio hedge	74,140	Trade receivables
	Portfolio hedge	24,314	Bank balances
	Portfolio hedge	-1,408	Liabilities to banks
	Portfolio hedge	-76,504	Trade payables
Remaining currency exposure from eliminated transactions with affiliated companies	Portfolio hedge	802,979	
Future transactions	Portfolio hedge	-74,312	

in '000	Dec. 31, 2021
	Volume of hedges
<b>Currency exposure in transaction currency</b>	
CAD	22,249
CNH	15,263
CNY	118,056
CZK	-81,970
EUR	20,020
GBP	10,430
HUF	-4,597,200
JPY	7,851,269
MXN	-479,513
PLN	-172,704
RON	58,144
RUB	-955,960
THB	-436,313
TRY	53,992
USD	-894,473
ZAR	-80,000

The changes in value in the underlying and hedging transactions are offset during the hedging horizon, 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 risk of potential future changes in cash flows arising from highly probable underlying transactions, basically future deliveries of goods and services, is offset by using hedging transactions. The hedge ratio of such future transactions is reduced over time; the further such transactions are in the future. The hedging horizon for currency related hedging transactions that are included in hedge accounting relationships is generally two years. Past experience has shown that this strategy has led to an effective hedging of cash flows in forecast evaluation units.

The hedging quota of a planned exposure increases over its lifetime. When the planned exposure finally turns into a booked exposure it will have been hedged fully via consecutive individual hedging steps. At this stage, the exposure is hedged via a portfolio of individual hedges that have been added gradually over time. At any given point in time, a number of individual booked exposures can mature, each with their own portfolio of hedges covering the exposure. The entirety of several booked exposures with their respective hedges creates a portfolio hedge.

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

## Report on post-balance sheet date events

No further events with a retroactive effect on the consolidated financial statements occurred after the end of the reporting period.

As of January 1, 2022, MAHLE Beteiligungen GmbH increased its share in MAHLE Behr GmbH & Co. KG and MAHLE Behr Verwaltung GmbH to 75.71 percent each through the acquisition of shares from non-controlling shareholders.

The fiscal year 2022 will be affected by the considerable uncertainty associated with the war in Ukraine, the ongoing global semiconductor shortage and other supply bottlenecks, and the unknown future course of the COVID-19 pandemic and the emergence of new variants. The resulting negative effects on global economic momentum and in particular on the automotive markets are difficult to assess. The aforementioned factors are expected to further interfere with our production operations and supply chains and lead to a continued cost pressure on materials and energy supply. These factors may thus have an impact on our sales figures and results, which cannot be reliably estimated at the time of preparing this report.

## Appropriation of earnings

### Unappropriated retained earnings

in EUR '000	2021
Net income MAHLE GmbH	96,731
Transfer to revenue reserves	-90,800
Amount carried forward from prior year	139
<b>Unappropriated retained earnings MAHLE GmbH</b>	<b>6,070</b>

### Proposed utilization of retained earnings of MAHLE GmbH

in EUR '000	2021
Unappropriated retained earnings	6,070
Dividend distribution to MAHLE-Stiftung GmbH	-6,000
<b>Carry forward to new account</b>	<b>70</b>

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

in EUR '000	2021
Supervisory Board	862
Management Board	11,132

The total remuneration of the Management Board comprises fixed and variable components. The fixed portions for 2021 amounted to EUR 4,600k and the variable compensation for 2021 to EUR 5,269k. The remuneration shown also includes an adjustment for the previous year. The fixed portions include benefits in kind, which consist primarily of the noncash benefits of having company cars. Expenses for pension entitlements earned by active members of the Management Board in the current business year amount to EUR 1,332k. The entitlement to other long-term benefits attributable to the business year (included in the above-mentioned fixed remuneration) amounts to EUR 360k.

Remunerations paid to former members of the Management Board and their descendants totaled EUR 2,656k.

An amount of EUR 36,768k is set aside for this group of persons in the pension accrual as at December 31, 2021.

### Auditor's fee

The total auditor's fee recorded as expense for 2021 for the Group auditor PricewaterhouseCoopers GmbH, pursuant to Sec. 314, paragraph 1, number 9 HGB consists of the following:

in EUR '000	2021
Services for audit of financial statements	977
Other assurance services	0
Tax advisory services	517
Other services	1,053
<b>Total</b>	<b>2,547</b>

Stuttgart/Germany, March 18, 2022

The Management Board of MAHLE GmbH



Matthias E. J. Arleth



Jumana Al-Sibai



Georg Dietz



Wilhelm Emperhoff



Anke Felder



Michael Frick



Martin Weidlich

# Consolidated statement of fixed assets

From January 1 to December 31, 2021, in EUR '000

	Acquisition/manufacturing costs							
	BUSINESS YEAR 2021							
	Jan. 1, 2021	Jan. 1, 2021						Dec. 31, 2021
Accumulated acquisition/manufacturing costs	Currency translation	Changes at the Group	Additions	Disposals	Reclassifications	Currency translation of current year <sup>3</sup>	Accumulated acquisition/manufacturing costs	
<b>I. Intangible assets</b>								
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	749,852	2,278	15,962	62,286	8,735	412	279	822,334
2. Goodwill	486,810	0	1	8,590	16,670	0	0	478,731
3. Prepayments	625	16	0	140	7	-67	-1	706
	<b>1,237,287</b>	<b>2,294</b>	<b>15,963</b>	<b>71,016</b>	<b>25,412</b>	<b>345</b>	<b>278</b>	<b>1,301,771</b>
<b>II. Property, plant, and equipment</b>								
1. Land, leasehold rights, and buildings including buildings on third-party land	1,676,522	39,787	12,327	12,014	19,550	43,297	2,910	1,767,307
2. Technical equipment and machinery	5,620,460	167,797	29,934	69,926	133,091	226,992	16,168	5,998,186
3. Other equipment, fixtures, and furniture	516,634	7,778	1,488	20,310	26,825	24,182	1,296	544,863
4. Prepayments and assets under construction	433,281	14,737	899	298,254	2,824	-294,816	-776	448,755
	<b>8,246,897</b>	<b>230,099</b>	<b>44,648</b>	<b>400,504</b>	<b>182,290</b>	<b>-345</b>	<b>19,598</b>	<b>8,759,111</b>
<b>III. Financial assets</b>								
1. Shares in affiliated companies	13,043	39	60	1,836	758	-1,882	-2	12,336
2. Shares in associated companies	37,073	0	0	1,000	1,133 <sup>1</sup>	1,882	2,860	41,682
3. Equity investments	5,685	187	0	153	227	0	2	5,800
4. Loans to companies in which participations are held	90	0	0	0	0	0	0	90
5. Long-term securities	16,174	295	0	1,276	0	0	20	17,765
6. Other loans	68,238	454	0	3,231	2,402	0	-75	69,446
	<b>140,303</b>	<b>975</b>	<b>60</b>	<b>7,496</b>	<b>4,520</b>	<b>0</b>	<b>2,805</b>	<b>147,119</b>
	<b>9,624,487</b>	<b>233,368</b>	<b>60,671</b>	<b>479,016</b>	<b>212,222</b>	<b>0</b>	<b>22,681</b>	<b>10,208,001</b>

<sup>1</sup> Includes results from continuation of equity approach as well as disposal due to dividend payments

<sup>2</sup> Thereof shares in affiliated companies measured according to the equity method: EUR 756k

<sup>3</sup> Including effects from hyperinflation adjustments for the country Argentina in accordance with GAS 25

Depreciation/amortization									Net book values		
BUSINESS YEAR 2021									Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
Jan. 1, 2021	Jan. 1, 2021								Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
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 <sup>3</sup>	Accumulated depreciation/amortization	Net book values	Net book values	
568,519	1,921	0	92,728	0	7,569	-20	207	655,786	166,548	181,333	
251,695	0	0	46,772	0	16,670	0	0	281,797	196,934	235,115	
0	0	0	0	0	0	0	0	0	706	625	
<b>820,214</b>	<b>1,921</b>	<b>0</b>	<b>139,500</b>	<b>0</b>	<b>24,239</b>	<b>-20</b>	<b>207</b>	<b>937,583</b>	<b>364,188</b>	<b>417,073</b>	
774,888	16,092	-13	52,334	0	17,487	-1,836	1,152	825,130	942,177	901,634	
4,132,439	107,980	-6	391,467	45	127,916	3,285	17,056	4,524,260	1,473,926	1,488,021	
369,931	5,575	-3	40,829	0	25,201	-1,429	725	390,427	154,436	146,703	
10,685	408	0	312	0	26	0	8	11,387	437,368	422,596	
<b>5,287,943</b>	<b>130,055</b>	<b>-22</b>	<b>484,942</b>	<b>45</b>	<b>170,630</b>	<b>20</b>	<b>18,941</b>	<b>5,751,204</b>	<b>3,007,907</b>	<b>2,958,954</b>	
9,669	58	60	81	0	469	0	3	9,402	2,934	3,374	
1,019	0	0	0	0	1,019	0	0	0	41,682 <sup>2</sup>	36,054	
0	0	0	0	0	0	0	0	0	5,800	5,685	
0	0	0	0	0	0	0	0	0	90	90	
3,307	6	0	372	2,345	0	0	16	1,356	16,409	12,867	
39,122	-72	0	18,258	172	0	0	0	57,136	12,310	29,116	
<b>53,117</b>	<b>-8</b>	<b>60</b>	<b>18,711</b>	<b>2,517</b>	<b>1,488</b>	<b>0</b>	<b>19</b>	<b>67,894</b>	<b>79,225</b>	<b>87,186</b>	
<b>6,161,274</b>	<b>131,968</b>	<b>38</b>	<b>643,153</b>	<b>2,562</b>	<b>196,357</b>	<b>0</b>	<b>19,167</b>	<b>6,756,681</b>	<b>3,451,320</b>	<b>3,463,213</b>	

# 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, 2021

Name and location	Share in equity in %
PARENT COMPANY	
MAHLE GmbH, Stuttgart/Germany	
<b>1. Fully consolidated subsidiaries</b>	
<b>a) Fully consolidated subsidiaries of MAHLE GmbH with direct shareholding quota</b>	
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., Rugby/United Kingdom	100.00
MAHLE Aftermarket Otomotiv Ticaret Anonim Şirketi, Izmir/Turkey	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 <sup>1</sup>
MAHLE Anéis Participações Ltda., Mogi Guaçu/Brazil	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	72.46
MAHLE Behr Verwaltung GmbH, Stuttgart/Germany	70.71
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 S.p.A., Grugliasco/Italy	100.00
MAHLE Composants Moteur France SAS, Chavanod/France	100.00
MAHLE Compresores, S. de R.L. de C.V., Juarez/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	99.87
MAHLE Electric Drives Bel OOO, Grodno/Belarus	100.00
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, 2021

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., Rugby/United Kingdom	100.00
MAHLE Engineering Services India Private Limited, Pune/India	40.00 <sup>2</sup>
MAHLE Filter Systems (Tianjin) Co., Ltd., Tianjin/China	100.00
MAHLE Filter Systems Canada, ULC, Tilbury/Canada	100.00
MAHLE Filter Systems Japan Corporation, 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., Rugby/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/Turkey	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 <sup>2</sup>
MAHLE Industriebeteiligungen GmbH, Stuttgart/Germany	100.00

As at December 31, 2021

Name and location	Share in equity in %
MAHLE Industriemotoren-Komponenten GmbH, Stuttgart/Germany	100.00
MAHLE Industries UK Ltd., Rugby/United Kingdom	100.00
MAHLE Industries, Incorporated, Farmington Hills, Michigan/USA	100.00
MAHLE International GmbH, Stuttgart/Germany	100.00
MAHLE Japan Ltd., Tokyo/Japan	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	70.00
MAHLE Motor Parçaları San. ve Tic. A.Ş., Izmir/Turkey	100.00
MAHLE Polska Spółka z o.o., Krotoszyn/Poland	100.00
MAHLE Powertrain, LLC, Plymouth, Michigan/USA	100.00
MAHLE Powertrain GmbH, Fellbach/Germany	100.00
MAHLE Powertrain Ltd., Northampton/United Kingdom	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 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	100.00

As at December 31, 2021

Name and location	Share in equity in %
<b>b) Fully consolidated subsidiaries of MAHLE Behr GmbH &amp; Co. KG with direct shareholding quota</b>	
MAHLE ANAND Thermal Systems Private Limited, Chakan/India	60.00
MAHLE Behr Berga GmbH, Stuttgart/Germany	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 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 Deutschland GmbH, Stuttgart/Germany	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 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 Systems (Jinan) Co., Ltd., Jinan/China	100.00
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 <sup>2</sup>
MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim/Germany	40.00 <sup>2</sup>

As at December 31, 2021

Name and location	Share in equity in %
<b>c) Fully consolidated subsidiaries of MAHLE Metal Leve S.A. with direct shareholding quota</b>	
MAHLE Argentina S.A., Rafaela/Argentina	100.00
MAHLE Filtroil Indústria e Comércio de Filtros Ltda., Mogi Guaçu/Brazil	60.00
MAHLE Hirschvogel Forjas S.A., Queimados/Brazil	51.00
MAHLE Metal Leve GmbH, St. Michael ob Bleiburg/Austria	100.00
<b>d) Fully consolidated subsidiaries of MAHLE Industrial Thermal Systems GmbH &amp; Co. KG with direct shareholding quota</b>	
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
<b>2. Affiliated companies, not consolidated on account of their immateriality for the presentation of the net assets, financial position, and results of operations</b>	
<b>a) Affiliated companies of MAHLE Behr GmbH &amp; Co. KG with direct shareholding quota</b>	
MAHLE Behr Sweden AB, Gothenburg/Sweden	100.00
MAHLE Behr (Thailand) Co., Ltd., Samut Prakan/Thailand	100.00
<b>b) Other affiliated companies with direct shareholding quota</b>	
Compañía Rosarina S.A., Rosario/Argentina	99.99
MAHLE Engine Components Australia Pty Ltd., Melbourne/Australia	100.00 <sup>3, 5</sup>
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
MAHLE Shared Services d.o.o. Beograd, Belgrade/Serbia	100.00
PT. MAHLE Filter Systems Indonesia, Pasirranji/Indonesia	100.00
Ueno Industry Co. Ltd., Tokyo/Japan	100.00
Ueno Tech Co., Ltd., Tokyo/Japan	100.00
<b>3. Proportionately consolidated companies</b>	
<b>a) Subgroup Behr-Hella Thermocontrol that is managed by MAHLE Behr GmbH &amp; Co. KG and another company</b>	
PARENT COMPANY	
Behr-Hella Thermocontrol GmbH, Stuttgart/Germany	50.00
<b>Companies included in subgroup accounts of Behr-Hella Thermocontrol GmbH with direct shareholding quota</b>	
Behr-Hella Thermocontrol (Shanghai) Co., Ltd., Shanghai/China	100.00
Behr-Hella Thermocontrol EOOD, Sofia/Bulgaria	100.00
Behr-Hella Thermocontrol Inc., Farmington Hills, 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

As at December 31, 2021

Name and location	Share in equity in %
<b>b) Proportionately consolidated group of companies that is managed by MAHLE Behr GmbH &amp; Co. KG and another company</b>	
PARENT COMPANY	
Shanghai MAHLE Thermal Systems Co., Ltd., Shanghai/China	50.00
<b>Subsidiaries with direct shareholding quota</b>	
Chengdu MAHLE Automotive Thermal Systems Co., Ltd., Chengdu/China	100.00
Shenyang MAHLE Automotive Thermal Systems Co., Ltd., Shenyang/China	100.00
Ningde MAHLE Automotive Thermal Systems Co. Ltd., Ningde/China	100.00
<b>c) Other proportionately consolidated companies with direct shareholding quota that are managed by MAHLE Behr GmbH &amp; Co. KG and another company</b>	
Dongfeng MAHLE Thermal Systems Co., Ltd., Wuhan/China	50.00
<b>4. Associated companies, consolidated using the equity method</b>	
<b>a) Associated companies of MAHLE Behr GmbH &amp; Co. KG with direct shareholding quota</b>	
Dongfeng-Paninco Automobile Aluminum Heat Exchanger Co.Ltd., Shiyang/China	50.00 <sup>5</sup>
<b>b) Other associated companies with direct shareholding quota</b>	
Cofap Companhia Fabricadora de Peças Ltda., Mauá/Brazil	31.65 <sup>5</sup>
India Nippon Electricals Ltd., Chennai/India	20.52 <sup>5</sup>
LangFang Kokusan Electric Co., Ltd., Langfang/China	40.00 <sup>5</sup>
MAHLE Filter Systems Land Corporation, Cavite/Philippines	39.99 <sup>4</sup>
Retromotion GmbH, Stuttgart/Germany	45.75 <sup>5</sup>
Pt Federal Izumi Manufacturing, Bogor/Indonesia	41.94 <sup>5</sup>
SiEVA d.o.o., Šempeter pri Gorici/Slovenia	20.00 <sup>4</sup>

<sup>1</sup> Shareholding 50 % + 1 share

<sup>2</sup> From the Group's perspective, company is included at 100 %

<sup>3</sup> Affiliated company, consolidated using the equity method

<sup>4</sup> 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

<sup>5</sup> 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 2021, and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the financial year from 1 January to 31 December 2021, 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 2021.

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 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 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 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, 2022

**PricewaterhouseCoopers GmbH**  
Wirtschaftsprüfungsgesellschaft

**sgd. Jürgen Berghaus**  
Wirtschaftsprüfer  
(German Public Auditor)

**sgd. Marc Hummel**  
Wirtschaftsprüfer  
(German Public Auditor)



Our Annual Report 2021 is also available online:

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

# Imprint/Contact

## Published by

MAHLE GmbH  
Pragstraße 26 – 46  
70376 Stuttgart/Germany  
Phone + 49 (0)711-501-0  
www.mahle.com  
info@mahle.com

## Contact

MAHLE International GmbH  
Corporate Communications/Public Relations  
Pragstraße 26 – 46  
70376 Stuttgart/Germany  
Phone + 49 (0)711-501-12506

## Concept and Design

3st kommunikation GmbH  
Taunusstraße 59-61  
55118 Mainz/Germany  
www.3st.de  
info@3st.de

## Editorial support (financial report)

SkyViewTexte  
Ulla von Blittersdorff-Heß  
Burweg 8a  
21635 Jork/Germany  
info@skyviewtexte.com

## Photography

KD Busch, Charlotte Fischer, Annett Melzer,  
Andreas Pohlmann, Wolfram Scheible, MAHLE Archive

## Translation

Target Languages GmbH  
Waldhofer Straße 102  
69123 Heidelberg/Germany  
www.target-languages.com  
info@target-languages.com

## Print

ELANDERS GMBH  
Anton-Schmidt-Straße 15  
71332 Waiblingen/Germany  
www.elanders.com/ger  
info.GERMANY@elanders.com

© 2022 MAHLE GmbH,  
00007859 EN 2.0.4/22



