

2022



Half-Year Financial Information

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Preface



Ladies and Gentlemen,

In the first half of 2022, the list of geopolitical, economic, and social challenges that the global community must overcome — instead of getting smaller — got bigger: the war in Ukraine; rising prices for commodities, energy, and freight; concerns about the gas supply and inflation weighing on already tense supply chains; difficulties with semiconductor supply, lower volumes in vehicle production, not to mention the Covid-19 pandemic with sustained outbreaks leading to lockdowns and thus interruptions in production in China.

An additional major challenge for the automotive industry can be seen in the high pace of transformation, which is only continuing to pick up speed. All of these developments were quite demanding for MAHLE in the first half of 2022 and will continue to require our undivided attention in the coming months.

In particular, the increased material, energy, freight, and personnel costs are hitting our company hard and having a massive impact on our group result: In the past six months, we thus had to spend EUR 310 million more than in the same period of the previous year.

In this challenging environment, MAHLE posted sales of EUR 5.9 billion in the first half of 2022 (same period in pre-

vious year: EUR 5.7 billion). This corresponds to a gain of 4.1 percent which is largely attributable to the exchange rate. The external influences described above weighed heavily on our result: Our EBIT was EUR –182 million. The EBIT margin fell by 6.6 percent to –3.1 percent.

The numbers are clear: We are in the midst of a massive storm and are doing everything in our power to stay on course and to exercise utmost diligence in making progress on our central topics. For this reason, we will stick to our rigid savings initiatives without neglecting investments in the future. In addition, in many places we are in the midst of intensive price negotiations with our customers in order to find viable solutions for the cost increases that both sides are experiencing.

I'd be delighted to have your continued, constructive support along the way.

Michael Frick

Michael Frick

Chairman of the Management Board (ad interim)/
Member of the Management Board Finance

Basics

MAHLE GmbH, Stuttgart

Consolidated Half-Year Financial Information as at
June 30, 2022

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.

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.

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.

Further information and details on the business activities and corporate structure can be found in the Group management report for the fiscal year 2021.

General Information

The present consolidated half-year financial information of MAHLE GmbH are prepared in accordance with Sec. 290 et seq. of the German Commercial Code (HGB) and include the following information:

- Consolidated Balance Sheet as at June 30, 2022
- Consolidated Income Statement from January 1 to June 30, 2022
- Consolidated Cash Flow Statement from January 1 to June 30, 2022
- Consolidated Statement of Changes in Equity from January 1 to June 30, 2022

The consolidated half-year financial information should be read in conjunction with the consolidated financial statements as of December 31, 2021 as they do not include all the pieces of information and disclosures that are required for the consolidated financial statements at the end of a fiscal year.

The consolidated half-year financial information as of June 30, 2022 were not subject to any audit or review.

The Group's currency is the euro.

Consolidation Group

The consolidated half-year financial information 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 129 foreign subsidiaries. Furthermore, 13 companies were consolidated proportionately according to the percentage of shares, and six companies were valued according to the equity method.

The following company was fully consolidated for the first time during 2022:

- MAHLE Shared Services d.o.o. Beograd, Serbia, as of January 1

In the business year, 10 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.

Method of Consolidation and Currency Conversion

The method of consolidation and currency conversion have not changed compared to the consolidated financial statements as of December 31, 2021. The exception is the currency conversion of two Turkish companies, which must prepare indexed financial statements in accordance with GAS 25 for hyperinflation countries for the first time as of June 30, 2022.

Accounting and Valuation Principles

The accounting and valuation principles have not changed compared to the consolidated financial statements as of December 31, 2021.

Consolidated Balance Sheet

as at June 30, 2022, in EUR '000

	June 30, 2022 -unaudited-	Dec. 31, 2021		June 30, 2022 -unaudited-	Dec. 31, 2021
ASSETS			EQUITY AND LIABILITIES		
A. Fixed assets			A. Equity		
I. Intangible assets			I. Subscribed capital	150,000	150,000
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	181,329	166,548	II. Capital reserves	166,430	166,430
2. Goodwill	190,694	196,934	III. Revenue reserves	1,717,771	1,718,523
3. Prepayments	620	706	IV. Equity impact from currency translation	-120,641	-180,781
	372,643	364,188	V. Consolidated unappropriated retained earnings	0	6,070
II. Property, plant, and equipment			VI. Consolidated retained profit brought forward	70	0
1. Land, leasehold rights, and buildings including buildings on third-party land	967,063	942,177	VII. Consolidated half-year net income/net loss attributable to the parent company	-293,904	0
2. Technical equipment and machinery	1,451,493	1,473,926	VIII. Non-controlling interests	105,570	189,722
3. Other equipment, fixtures, and furniture	148,636	154,436		1,725,296	2,049,964
4. Prepayments and assets under construction	428,217	437,368	B. Badwill	80,669	103,411
	2,995,409	3,007,907	C. Accruals		
III. Financial assets			1. Accruals for pensions and similar obligations	813,807	800,832
1. Shares in affiliated companies	2,242	2,934	2. Accruals for taxes	74,448	87,659
2. Shares in associated companies	29,665	41,682	3. Other accruals	1,846,007	1,707,955
3. Equity investments	17,013	5,800		2,734,262	2,596,446
4. Loans to companies in which participations are held	90	90	D. Liabilities		
5. Long-term securities	16,956	16,409	1. Bonds	780,000	1,280,000
6. Other loans	11,131	12,310	2. Liabilities to banks	1,333,087	885,705
	77,097	79,225	3. Payments received on account of orders	13,459	10,588
	3,445,149	3,451,320	4. Trade payables	1,371,629	1,258,184
B. Current assets			5. Liabilities on bills accepted and drawn	49,829	64,535
I. Inventories			6. Liabilities to affiliated companies	844	772
1. Raw materials, consumables, and supplies	748,547	622,976	7. Liabilities to companies in which investments are held	2,736	2,372
2. Work in process	238,299	190,789	8. Other liabilities	285,678	289,371
3. Finished goods and merchandise	732,083	657,173	<i>thereof from taxes: 87,053 (prev. yr.: 82,802)</i>		
4. Prepayments	12,960	14,200	<i>thereof relating to social security and similar obligations: 41,188 (prev. yr.: 36,615)</i>		
5. Prepayments received	-116,729	-102,554		3,837,262	3,791,527
	1,615,160	1,382,584	E. Deferred income	49,167	46,754
II. Receivables and other assets				8,426,656	8,588,102
1. Trade receivables	2,089,454	1,869,953			
2. Receivables from affiliated companies	4,763	1,094			
3. Receivables from companies in which investments are held	571	988			
4. Other assets	506,861	449,545			
	2,601,649	2,321,580			
III. Securities	6,729	4,502			
IV. Cash in hand, bank balances, and checks	430,632	1,109,722			
	4,654,170	4,818,388			
C. Prepaid expenses	57,575	34,173			
D. Deferred tax assets	227,251	184,681			
E. Excess of plan assets over post-employment benefit liability	42,511	99,540			
	8,426,656	8,588,102			

Consolidated Income Statement

from January 1 to June 30, 2022, in EUR '000

	2022 -unaudited-	2021 -unaudited-
1. Sales	5,892,169	5,661,215
2. Cost of Sales	-5,153,463	-4,660,680
3. Gross profit on sales	738,706	1,000,535
4. Selling expenses	-328,730	-283,975
5. General administrative expenses	-298,713	-242,509
6. Research and development expenses	-336,203	-327,588
7. Other operating income	249,772	193,801
<i>thereof from currency translation: 132,681 (prev. yr.: 74,513)</i>		
8. Other operating expenses	-196,329	-125,956
<i>thereof from currency translation: -136,476 (prev. yr.: -69,667)</i>		
	-910,203	-786,227
	-171,497	214,308
9. Investment income	79	37
10. Income from other securities and long-term loans	15	16
11. Result from associated companies	709	531
12. Other interest and similar income	10,096	9,024
<i>thereof from affiliated companies: 45 (prev. yr.: 35)</i>		
<i>thereof negative interest income: 485 (prev. yr.: 402)</i>		
13. Impairment of financial assets and of securities	-2,386	-1,178
14. Interest and similar expenses	-132,998	-84,831
	-124,485	-76,401
Result from business activities	-295,982	137,907
15. Taxes on income	-32,363	-67,728
<i>thereof income from deferred income taxes: 42,944 (prev. yr.: 22,920 income)</i>		
16. Result after taxes	-328,345	70,179
17. Other taxes	-13,262	-15,297
18. Consolidated half-year net income / net loss	-341,607	54,882
19. Profit applicable to non-controlling interests	-19,962	-34,172
20. Loss applicable to non-controlling interests	67,665	33,098
21. Consolidated half-year net income / net loss attributable to the parent company	-293,904	53,808

Consolidated Cash Flow Statement

from January 1 to June 30, 2022, in EUR '000

	2022 -unaudited-
1. Cash flows from operating activities	
Profit/loss for the period (consolidated half-year net income/net loss including profit and loss applicable to non-controlling interests)	-341,607
+/- Depreciation, amortization, and write-downs of fixed assets / reversals of write-downs of fixed assets	308,012
+/- Increase / decrease in provisions	163,831
+/- Other non-cash expenses / income	-18,923
-/+ Increase / decrease in inventories, trade receivables, and other assets not related to investing or financing activities	-439,298
+/- Increase / decrease in trade payables and other liabilities not related to investing or financing activities	104,113
-/+ Gain / loss on disposal of fixed assets	-2,212
+/- Interest expense / interest income	118,403
- Other investment income	-788
+/- Expenditure / income of exceptional size and incidence	1,535
+/- Interest payments / receipts related to interest other than for the provision of capital	717
+/- Income tax expense / income	75,306
- Cash payments relating to expenditure of exceptional size and incidence	-94,061
-/+ Income taxes paid	-106,488
	-231,460
2. Cash flows from investing activities	
+ Proceeds from disposal of intangible fixed assets	408
- Payments to acquire intangible fixed assets	-8,138
+ Proceeds from disposal of tangible fixed assets	5,100
- Payments to acquire tangible fixed assets	-157,785
+ Proceeds from disposal of long-term financial assets	3,130
- Payments to acquire long-term financial assets	-1,114
- Payments to acquire entities included in the basis of consolidation	-49,582
+ Cash receipts from the investment of cash funds for short-term cash management	31,769
- Cash payments for the investment of cash funds for short-term cash management	-17,167
+ Interest received	6,453
+ Dividends received	1,018
	-185,908

	2022 -unaudited-
3. Cash flows from financing activities	
+ Proceeds from the issuance of bonds and from borrowings	96,179
- Cash repayments of bonds and borrowings	-585,055
+ Proceeds from grants / subsidies received	2,156
- Interest payment due to leasing agreements	-11
- Interest paid	-58,792
- Dividends paid to shareholders of the parent entity	-6,000
- Dividends paid to minority shareholders	-34,526
	-586,049
4. Cash funds at end of period	
Net change in cash funds (subtotals 1 - 3)	-1,003,417
+/- Effect on cash funds of exchange rate movements and remeasurements	-79,898
+/- Effect on cash funds of changes in the basis of consolidation	402
+ Cash funds at beginning of period	1,041,051
	-41,862
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
Cash funds at beginning of period	1,041,051
<i>thereof from proportionately consolidated entities</i>	39,442
Cash-in-hand, bank balances, and checks	430,632
- Bank balances with an initial term of more than 3 months	-8,711
+ Liabilities to banks with an initial term of less than 3 months	-463,783
Cash funds at end of period	-41,862
<i>thereof from proportionately consolidated entities</i>	18,875

The short-term liabilities which were netted against cash balances contained EUR 32,030k (previous year: EUR 47,920k) 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 4,547k that are restricted on disposal are included.

Consolidated Statement of Changes in Equity

from January 1 to June 30, 2022, in EUR '000

PARENT COMPANY										
	Subscribed capital	Capital reserves	Revenue reserves	Equity impact from currency translation ¹	Consolidated unappropriated retained earnings	Consolidated retained profit brought forward	Consolidated half-year net income/loss attributable to the parent company	Total	Non-controlling interests ¹	Consolidated equity
As at December 31, 2020	150,000	166,430	1,811,451	-278,837	3,439	0	0	1,852,483	236,188	2,088,671
Dividend distribution	0	0	0	0	-3,300	0	0	-3,300	-7,322	-10,622
Currency translation	0	0	0	54,063	0	0	0	54,063	8,164	62,227
Other items	0	0	2	-6	-139	139	0	-4	-19,107	-19,111
Changes in the consolidation group	0	0	295	-295	0	0	0	0	-16	-16
Consolidated half-year net income/ net loss	0	0	0	0	0	0	53,808	53,808	1,074	54,882
As at June 30, 2021 -unaudited-	150,000	166,430	1,811,748	-225,075	0	139	53,808	1,957,050	218,981	2,176,031
As at December 31, 2021	150,000	166,430	1,718,523	-180,781	6,070	0	0	1,860,242	189,722	2,049,964
Capital increase	0	0	0	0	0	0	0	0	22	22
Dividend distribution	0	0	0	0	-6,000	0	0	-6,000	-32,470	-38,470
Currency translation	0	0	0	59,241	0	0	0	59,241	5,495	64,736
Other items	0	0	-681	828	-70	70	0	147	-9,496	-9,349
Changes in the consolidation group	0	0	-71	71	0	0	0	0	0	0
Consolidated half-year net income/ net loss	0	0	0	0	0	0	-293,904	-293,904	-47,703	-341,607
As at June 30, 2022 -unaudited-	150,000	166,430	1,717,771	-120,641	0	70	-293,904	1,619,726	105,570	1,725,296

¹ Including effects from hyperinflation adjustments for the countries Argentina and Turkey in accordance with GAS 25

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