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Consolidated balance sheet

at December 31, 2020, in EUR '000

	Dec. 31, 2020	Dec. 31, 2019
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	181,333	201,362
2. Goodwill	235,115	277,608
3. Prepayments	625	785
	417,073	479,755
II. Property, plant, and equipment		
1. Land, leasehold rights, and buildings including buildings on third-party land	901,634	940,910
2. Technical equipment and machinery	1,488,021	1,664,328
3. Other equipment, fixtures, and furniture	146,703	158,581
4. Prepayments and assets under construction	422,596	438,594
	2,958,954	3,202,413
III. Financial assets		
1. Shares in affiliated companies	3,374	3,031
2. Shares in associated companies	36,054	41,630
3. Equity investments	5,685	5,347
4. Loans to companies in which participations are held	90	90
5. Long-term securities	12,867	12,445
6. Other loans	29,116	42,832
	87,186	105,375
	3,463,213	3,787,543
B. Current assets		
I. Inventories		
1. Raw materials, consumables, and supplies	525,155	548,313
2. Work in process	176,134	197,836
3. Finished goods and merchandise	622,391	662,704
4. Prepayments	10,650	14,327
5. Prepayments received	-92,284	-76,331
	1,242,046	1,346,849
II. Receivables and other assets		
1. Trade receivables	1,794,122	1,970,892
2. Receivables from affiliated companies	356	394
3. Receivables from companies in which investments are held	319	3,240
4. Other assets	410,375	411,287
	2,205,172	2,385,813
III. Securities	1,042	77
IV. Cash in hand, bank balances, and checks	870,580	567,238
	4,318,840	4,299,977
C. Prepaid expenses	33,936	29,524
D. Deferred tax assets	169,493	200,607
E. Excess of plan assets over post-employment benefit liability	96,462	80,270
	8,081,944	8,397,921

	Dec. 31, 2020	Dec. 31, 2019
EQUITY AND LIABILITIES		
A. Equity		
I. Subscribed capital	150,000	150,000
II. Capital reserves	166,430	166,430
III. Revenue reserves	1,811,451	2,184,852
IV. Equity impact from currency translation	-278,837	-138,147
V. Consolidated unappropriated retained earnings	3,439	5,510
VI. Non-controlling interests	236,188	373,805
	2,088,671	2,742,450
B. Accruals		
1. Accruals for pensions and similar obligations	738,374	702,246
2. Accruals for taxes	70,205	64,352
3. Other accruals	1,738,033	1,492,670
	2,546,612	2,259,268
C. Liabilities		
1. Bonds	830,000	830,000
2. Liabilities to banks	965,967	1,077,483
3. Payments received on account of orders	8,375	7,780
4. Trade payables	1,268,705	1,117,098
5. Liabilities on bills accepted and drawn	53,328	49,388
6. Liabilities to affiliated companies	734	1,216
7. Liabilities to companies in which investments are held	2,935	3,914
8. Other liabilities	264,528	246,560
<i>thereof from taxes: 87,983 (prev. yr.: 88,475)</i>		
<i>thereof relating to social security and similar obligations: 39,097 (prev. yr.: 33,960)</i>		
	3,394,572	3,333,439
D. Deferred income	52,089	62,764
	8,081,944	8,397,921

Consolidated income statement

From January 1 to December 31, 2020, in EUR '000

	2020	2019
1. Sales	9,773,873	12,049,163
2. Cost of Sales	-8,445,296	-10,135,690
3. Gross profit on sales	1,328,577	1,913,473
4. Selling expenses	-520,144	-560,236
5. General administrative expenses	-472,958	-519,865
6. Research and development expenses	-643,706	-750,754
7. Other operating income	569,359	346,271
<i>thereof from currency translation: 248,724 (prev. yr.: 121,356)</i>		
8. Other operating expenses	-438,954	-315,149
<i>thereof from currency translation: -293,108 (prev. yr.: -129,076)</i>		
	-1,506,403	-1,799,733
	-177,826	113,740
9. Investment income	4	81
<i>thereof from affiliated companies: 0 (prev. yr.: 11)</i>		
10. Income from other securities and long-term loans	215	1,801
11. Result from associated companies	1,197	6,709
12. Other interest and similar income	31,323	23,661
<i>thereof from affiliated companies: 12 (prev. yr.: 12)</i>		
<i>thereof income from discounting: 27 (prev. yr.: 66)</i>		
<i>thereof negative interest income: 52 (prev. yr.: 0)</i>		
13. Impairment of financial assets and of securities	-15,366	-3,292
14. Interest and similar expenses	-141,692	-132,988
<i>thereof to affiliated companies: -9 (prev. yr.: -11)</i>		
<i>thereof expenses from discounting: -55,170 (prev. yr.: -53,201)</i>		
	-124,319	-104,028
Result from business activities	-302,145	9,712
15. Taxes on income	-98,241	-189,453
<i>thereof expense from deferred income taxes: -5,858 (prev. yr.: -28,716)</i>		
16. Result after taxes	-400,386	-179,741
17. Other taxes	-33,362	-31,806
18. Consolidated net loss	-433,748	-211,547
19. Consolidated unappropriated retained earnings prior year	5,510	13,568
20. Dividend distribution	-5,340	-13,400
21. Withdrawal from revenue reserves	373,410	161,031
22. Profit applicable to non-controlling interests	-40,650	-78,616
23. Loss applicable to non-controlling interests	104,257	134,474
24. Consolidated unappropriated retained earnings	3,439	5,510

Consolidated cash flow statement

From January 1 to December 31, 2020, in EUR '000

	2020
1. Cash flows from operating activities	
Profit for the period (consolidated net loss including profit and loss applicable to non-controlling interests)	-433,748
+/- Depreciation, amortization, and write-downs of fixed assets/reversals of write-downs of fixed assets	641,869
+/- Increase/decrease in provisions	33,609
+/- Other non-cash expenses/income	-16,860
-/+ Increase/decrease in inventories, trade receivables, and other assets not related to investing or financing activities	64,934
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	236,142
-/+ Gain/loss on disposal of fixed assets	5,064
+/- Interest expense/interest income	108,009
- Other investment income	-1,200
- Income of exceptional size and incidence	-90,000
+ Expenditure of exceptional size and incidence	347,075
+/- Interest payments/receipts related to interest other than for the provision of capital	1,922
+/- Income tax expense/income	92,383
+ Cash receipts relating to income of exceptional size and incidence	90,000
- Cash payments relating to expenditure of exceptional size and incidence	-102,632
-/+ Income taxes paid	-100,044
	876,523
2. Cash flows from investing activities	
+ Proceeds from disposal of intangible fixed assets	1,565
- Payments to acquire intangible fixed assets	-12,918
+ Proceeds from disposal of tangible fixed assets	15,198
- Payments to acquire tangible fixed assets	-432,587
+ Proceeds from disposal of long-term financial assets	4,230
- Payments to acquire long-term financial assets	-3,803
- Payments to acquire entities included in the basis of consolidation	-67,433
+ Cash receipts from the investment of cash funds for short-term cash management	28,966
- Cash payments for the investment of cash funds for short-term cash management	-7,344
+ Interest received	6,006
+ Dividends received	4,053
	-464,067

	2020
3. Cash flows from financing activities	
+ Proceeds from capital contributions by minority shareholders	857
+ Proceeds from the issuance of bonds and from borrowings	240,198
– Cash repayments of bonds and borrowings	–283,304
+ Proceeds from grants/subsidies received	7,635
– Interest payment due to leasing agreements	–22
– Interest paid	–75,462
– Dividends paid to shareholders of the parent entity	–5,340
– Dividends paid to minority shareholders	–17,554
	–132,992
4. Cash funds at end of period	
Net change in cash funds (subtotals 1–3)	279,464
+/- Effect on cash funds of exchange rate movements and remeasurements	55,563
+ Cash funds at beginning of period	428,815
	763,842
Cash in hand, bank balances, and checks	567,238
– Bank balances with an initial term of more than 3 months	–4,026
+ Liabilities to banks with an initial term of less than 3 months	–134,397
Cash funds at beginning of period	428,815
<i>thereof from quota-consolidated entities</i>	<i>1,878</i>
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
Cash funds at end of period	763,842
<i>thereof from quota-consolidated entities</i>	<i>20,425</i>

The short-term liabilities which were netted against cash balances contained EUR 74,750k (previous year: EUR 89,659k) 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 724k that are restricted on disposal are included.

Consolidated statement of changes in equity

From January 1 to December 31, 2020, in EUR '000

	PARENT COMPANY		
	Subscribed capital	Capital reserves	Revenue reserves
As at December 31, 2018	150,000	166,430	2,343,108
Capital increase	0	0	0
Withdrawal from revenue reserves	0	0	-161,031
Dividend distribution	0	0	0
Currency translation	0	0	0
Other items	0	0	2,775
Changes in the consolidation group	0	0	0
Consolidated net loss	0	0	0
As at December 31, 2019	150,000	166,430	2,184,852
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
As at December 31, 2020	150,000	166,430	1,811,451

¹Including effects from hyperinflation adjustments for the country Argentina in accordance with GAS 25

	Equity impact from currency translation ¹	Consolidated unappro- priated retained earnings	Total	Non-controlling interests ¹	Consolidated equity
	-153,307	13,568	2,519,799	494,301	3,014,100
	0	0	0	267	267
	0	161,031	0	0	0
	0	-13,400	-13,400	-25,995	-39,395
	17,948	0	17,948	2,923	20,871
	-2,788	0	-13	-41,859	-41,872
	0	0	0	26	26
	0	-155,689	-155,689	-55,858	-211,547
	-138,147	5,510	2,368,645	373,805	2,742,450
	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
	-278,837	3,439	1,852,483	236,188	2,088,671

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 131 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 consolidated companies are included in the list of shareholdings.

During 2020, the following companies were fully consolidated due to the acquisition of the remaining 50 percent of the shares in the BHS Group. In previous years, these companies were consolidated proportionately:

- Behr Hella Comércio de Peças Automotivas S.A., Brazil, as of January 1
- Behr Hella Service GmbH, Germany, as of January 1
- Behr Hella Service North America L.L.C., USA, as of January 1
- Behr Service IAM USA Inc., USA, as of January 1
- MAHLE Aftermarket South Africa (Pty) Ltd. (formerly Behr Hella Service South Africa (Pty) Ltd.), South Africa, as of January 1

The acquisitions did not affect the comparability of the consolidated financial statements with the previous year.

Six companies were merged in the reporting year.

In the business year, ten 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

During 2020, no significant changes occurred within the consolidation group.

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 Amovis GmbH, Berlin; 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, Stuttgart; MAHLE Ventiltrieb GmbH, Stuttgart; MAHLE Versicherungsvermittlung GmbH, Stuttgart.

Method of consolidation

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

As at the balance sheet date, total goodwill of EUR 235,115k is disclosed, which contains goodwill of EUR 29,548k 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 2020, no goodwill impairments were necessary.

The capital consolidation of the remaining 50 percent of the shares of the BHS Group resulted in goodwill of EUR 4,340k. In addition, MAHLE Beteiligungen GmbH increased its shareholding in MAHLE Behr GmbH & Co. KG from 60.71 to 65.71 percent and its shareholding in MAHLE Behr Verwaltung GmbH from 60.71 to 65.71 percent as at January 1, 2020, through the acquisition of shares from non-controlling shareholders. This resulted in badwill of EUR 3,723k. This badwill was released completely in 2020 according to the incurred restructuring expenses considered in the purchase price.

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 2020, the calculation was based on the following discount rates: domestic 1.73 to 2.45 percent; foreign 0.66 to 4.49 percent. The option to

assume a standardized remaining term of 15 years was not utilized. Expected salary increases of 1.50 to 4.10 percent and anticipated labor turnover rates of 2.27 to 6.00 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 34.00 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. 01" 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, 2020	
	Carrying amount	Thereof with a remaining term of more than 1 year
Accounts receivables		
<i>Trade receivables</i>	1,794,122	1,223
<i>Receivables from affiliated companies</i>	356	0
<i>Receivables from companies in which investments are held</i>	319	0
Other assets	410,375	7,482
Total	2,205,172	8,705

During the previous year, trade receivables (EUR 1,699k) as well as other assets (EUR 15,382k) had a remaining term of more than one year.

Trade receivables are included in the amount of EUR 68k (previous year: EUR 243k) from affiliated companies and EUR 319k (previous year: EUR 1,078k) from companies in which investments are held.

Only other assets contain receivables against shareholders amounting to EUR 109k (previous year: EUR 47k). Prepaid expenses include, among others, the differences between net loan proceeds and liabilities to banks (debt discounts) amounting to EUR 358k (previous year: EUR 702k).

Equity

The consolidated unappropriated retained earnings equal those of the parent company and contain the amount carried forward from the previous year of EUR 170k.

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, 2020	
		Carrying amount
Settlement amount of offset liabilities		562,100
Acquisition costs of assets		208,815
Fair value of assets		400,641
Offset income		46,103
Offset expenses		35,357

The difference for discounting with the seven-year average rate according to Sec. 253, paragraph 6, sentence 1 HGB amounts to EUR 76,995k.

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

Liabilities

in EUR '000	Dec. 31, 2020			
	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	830,000	300,000	530,000	0
Liabilities to banks	965,967	123,923	842,044	168,207
Payments received on account of orders	8,375	8,375	0	0
Trade payables	1,268,705	1,264,446	4,259	0
Liabilities on bills accepted and drawn	53,328	53,328	0	0
Liabilities				
<i>to affiliated companies</i>	734	734	0	0
<i>to companies in which investments are held</i>	2,935	2,935	0	0
Other liabilities	264,528	239,632	24,896	12,086
Total	3,394,572	1,993,373	1,401,199	180,293

During the previous year, liabilities to banks (EUR 215,214k), payments received on account of order (EUR 7,773k), trade payables (EUR 1,116,388k), liabilities on bills accepted and drawn (EUR 49,388k), liabilities to affiliated companies (EUR 1,216k), liabilities to companies in which investments are held (EUR 3,914k), and other liabilities (EUR 214,924k) had a remaining term of up to one year.

The liabilities to affiliated companies contain trade payables of EUR 101k (previous year: EUR 487k). The liabilities to companies in which investments are held contain trade payables of EUR 1,042k (previous year: EUR 1,207k).

The liabilities contain payables to shareholders amounting to EUR 1k (previous year: EUR 0k).

Bank liabilities in the amount of EUR 50k (previous year: EUR 43k) are secured by property liens or similar rights.

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 due to different carrying amounts and depreciation methods 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 83,203k were set up for tax loss carry forwards of EUR 335,065k that are recoverable within five years. EUR 299,562k of deferred tax assets on temporary differences were written off as at December 31, 2020, 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 151,093k). Moreover, off-balance-sheet transactions are in place in connection with factoring (EUR 46,191k). 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, 2020
in EUR '000	Carrying amount
Contingents from notes	41,468
Guarantees	200
Warranties	144

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, 2020
in EUR '000	Carrying amount
Purchase commitments from investments	150,866
Financial obligations resulting from rent and lease agreements	93,531
Others	98,070
<i>thereof to affiliated companies</i>	167

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 122,686k income related to other periods. This income is mainly related to the reversal of accruals. Income from financing includes gains of EUR 65,193k (previous year: EUR 25,275k) from currency translation and gains of EUR 59k (previous year: EUR 43k) from financial instruments. Furthermore, income of exceptional size and incidence amounting to EUR 90,000k was received from an insurance reimbursement in connection with a warranty claim.

Other operating expenses contain EUR 9,969k expenses relating to other periods. These expenses are mainly related to disposals of depreciable fixed assets. Expenses from financing include losses of EUR 96,057k (previous year: EUR 32,354k) from currency translation and expenses of EUR 2,737k (previous year: EUR 3,474k) from financial instruments.

Expenditure of exceptional size and incidence for restructuring amounting to EUR 347,075k (previous year: EUR 161,771k) is included in the Production, Sales, General Administration, and Research and Development function.

Sales by area of operation

in EUR '000	2020
Engine Systems and Components business unit	2,107,445
Filtration and Engine Peripherals business unit	1,708,030
Thermal Management business unit	3,420,820
Electronics and Mechatronics business unit	1,028,982
Aftermarket business unit	897,702
Profit centers and services	610,894
Total	9,773,873

Sales of the newly established Electronics and Mechatronics business unit were reported in the Mechatronics division and two profit centers (Pumps, Compressors) in the previous year.

Sales by geographical market (target area)

in EUR '000	2020
Europe	4,336,494
North America	2,284,529
South America	747,321
Asia/Pacific	2,333,497
Africa	72,032
Total	9,773,873

Personnel expenses

in EUR '000	2020
Wages and salaries	2,346,945
Social security expenses and other benefits	430,607
Old age pension expenses	43,174
Total	2,820,726

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	2020
Total	626,555
<i>thereof impairments</i>	<i>19,912</i>

Subsequent valuation of the purchase price allocation for the acquisitions*

in EUR '000	2020
Depreciation and amortization within cost of sales	71,356
Amortization within selling expenses	12,262
Release of subsidies within other operating income	10,316

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

Other notes

Average annual number of employees*

	2020
Direct employees	40,102
Indirect employees	33,343
Total	73,445

* Excluding apprentices

The total average annual number of employees includes a pro rata figure of 2,482 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, 2020	Dec. 31, 2020
	Nominal amounts*	Fair value**
Transactions relating to currency	1,917,499	25,708
Transactions relating to commodities	11,908	1,152

* 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, 2020, 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 438k 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, 2020	Balance sheet item
		Amount of hedged transaction	
Currency exposure			
Recorded values	Portfolio hedge	21,692	Trade receivables
	Portfolio hedge	29,912	Bank balances
	Portfolio hedge	-9,491	Liabilities to banks
	Portfolio hedge	-47,653	Trade payables
Remaining currency exposure from eliminated transactions with affiliated companies	Portfolio hedge	555,231	
Future transactions	Portfolio hedge	-13,577	

in EUR '000	Dec. 31, 2020
	Volume of hedges
Currency exposure in transaction currency	
CAD	22,836
CNY	93,165
CZK	-86,906
EUR	13,607
GBP	6,924
HUF	-1,880,000
JPY	6,224,152
MXN	972,780
PLN	-126,826
RON	56,987
RUB	-956,986
THB	-234,525
TRY	46,889
USD	-781,103

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, 2021, MAHLE Beteiligungen GmbH increased its share in MAHLE Behr GmbH & Co. KG and MAHLE Behr Verwaltung GmbH to 70.71 percent each through the acquisition of shares from non-controlling shareholders.

With effect from February 1, 2021, MAHLE Behr Japan K.K. took over the air conditioning business of Keihin Corporation (now Hitachi Astemo, Ltd.) in Japan, Thailand, and the USA.

For the business year 2021, there are still uncertainties about the further course of the COVID-19 pandemic. Despite the growing availability of vaccines worldwide, the emergence of new virus variants may continue to have a negative impact on the recovery of the global economy and the automotive markets in particular, and is likely to interfere with our production operations and supply chains. This may in turn have impacts on our sales figures and results that cannot be reliably estimated at the time this report is prepared.

Appropriation of earnings

Unappropriated retained earnings

in EUR '000	2020
Net income MAHLE GmbH	13,869
Transfer to revenue reserves	-10,600
Amount carried forward from prior year	170
Unappropriated retained earnings MAHLE GmbH	3,439

Proposed utilization of retained earnings

in EUR '000	2020
Unappropriated retained earnings	3,439
Dividend distribution to MAHLE-Stiftung GmbH	-3,300
Carry forward to new account	139

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

in EUR '000	2020
Supervisory Board	700
Management Board	6,764

The total remuneration of the Management Board comprises fixed and variable components. The fixed portions for 2020 amounted to EUR 4,438k and the variable compensation for 2020 to EUR 1,436k. 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.

Remunerations paid to former members of the Management Board and their descendants totaled EUR 2,491k.

An amount of EUR 30,415k is set aside for this group of persons in the pension accrual as at December 31, 2020.

Auditor's fee

The total auditor's fee recorded as expense for 2020 for the Group auditor PricewaterhouseCoopers GmbH, pursuant to Sec. 314, paragraph 1, number 9 HGB consists of the following:

in EUR '000	2020
Services for audit of financial statements	987
Other assurance services	0
Tax advisory services	433
Other services	28
Total	1,448

Stuttgart/Germany, March 19, 2021

The Management Board of MAHLE GmbH



Dr. Jörg Stratmann



Georg Dietz



Wilhelm Emperhoff



Anke Felder



Michael Frick



Martin Weidlich

Consolidated statement of fixed assets

From January 1 to December 31, 2020, in EUR '000

	Acquisition/manufacturing costs							
	BUSINESS YEAR 2020							
	Jan. 1, 2020	Jan. 1, 2020						Dec. 31, 2020
Accumulated acquisition/manufacturing costs	Currency translation	Changes at the Group	Additions	Disposals	Reclassifications	Currency translation of current year ³	Accumulated acquisition/manufacturing costs	
I. Intangible assets								
1. Purchased concessions, industrial and similar rights and assets, as well as licences in such rights and assets	698,542	-8,495	16,002	56,817	14,598	1,412	172	749,852
2. Goodwill	481,011	0	4,340	1,874	415	0	0	486,810
3. Prepayments	785	-16	0	367	0	-516	5	625
	1,180,338	-8,511	20,342	59,058	15,013	896	177	1,237,287
II. Property, plant, and equipment								
1. Land, leasehold rights, and buildings including buildings on third-party land	1,713,350	-73,704	0	15,451	25,065	46,902	-412	1,676,522
2. Technical equipment and machinery	5,821,393	-345,138	0	120,171	186,022	208,432	1,624	5,620,460
3. Other equipment, fixtures, and furniture	516,376	-22,674	5	23,371	10,495	10,101	-50	516,634
4. Prepayments and assets under construction	449,376	-18,776	0	274,133	4,026	-266,331	-1,095	433,281
	8,500,495	-460,292	5	433,126	225,608	-896	67	8,246,897
III. Financial assets								
1. Shares in affiliated companies	16,346	-3,672	0	372	3	0	0	13,043
2. Shares in associated companies	44,598	0	0	638	5,975 ¹	0	-2,188	37,073
3. Equity investments	5,347	-259	0	739	89	0	-53	5,685
4. Loans to companies in which participations are held	90	0	0	0	0	0	0	90
5. Long-term securities	14,377	-281	0	2,122	1	0	-43	16,174
6. Other loans	68,830	-981	0	2,864	2,517	0	42	68,238
	149,588	-5,193	0	6,735	8,585	0	-2,242	140,303
	9,830,421	-473,996	20,347	498,919	249,206	0	-1,998	9,624,487

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

² Thereof shares in affiliated companies measured according to the equity method: EUR 742k

³ Including effects from hyperinflation adjustments for the country Argentina in accordance with GAS 25

Depreciation/amortization									Net book values		
BUSINESS YEAR 2020									Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Jan. 1, 2020	Jan. 1, 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 ³	Accumulated depreciation/amortization	Net book values	Net book values	
497,180	-6,473	0	90,801	0	12,968	130	-151	568,519	181,333	201,362	
203,403	0	0	48,373	0	81	0	0	251,695	235,115	277,608	
0	0	0	0	0	0	0	0	0	625	785	
700,583	-6,473	0	139,174	0	13,049	130	-151	820,214	417,073	479,755	
772,440	-30,455	0	56,006	0	21,952	-73	-1,078	774,888	901,634	940,910	
4,157,065	-240,827	0	388,927	0	174,259	3,657	-2,124	4,132,439	1,488,021	1,664,328	
357,795	-16,691	0	42,266	0	9,529	-3,714	-196	369,931	146,703	158,581	
10,782	-270	0	182	0	5	0	-4	10,685	422,596	438,594	
5,298,082	-288,243	0	487,381	0	205,745	-130	-3,402	5,287,943	2,958,954	3,202,413	
13,315	-3,646	0	0	0	0	0	0	9,669	3,374	3,031	
2,968	0	0	697	0	2,646	0	0	1,019	36,054 ²	41,630	
0	0	0	0	0	0	0	0	0	5,685	5,347	
0	0	0	0	0	0	0	0	0	90	90	
1,932	-8	0	1,383	0	0	0	0	3,307	12,867	12,445	
25,998	-110	0	13,286	52	0	0	0	39,122	29,116	42,832	
44,213	-3,764	0	15,366	52	2,646	0	0	53,117	87,186	105,375	
6,042,878	-298,480	0	641,921	52	221,440	0	-3,553	6,161,274	3,463,213	3,787,543	

Shareholdings

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

at December 31, 2020

Name and location	Share in equity in %
PARENT COMPANY	
MAHLE GmbH, Stuttgart/Germany	
1. Fully consolidated subsidiaries	
a) Fully consolidated subsidiaries of MAHLE GmbH with direct shareholding quota	
Conso, LLC, Wilmington, Delaware/USA	100.00
MAHLE Aftermarket Deutschland GmbH, Gunningen/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., Bilston/Great Britain	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., Alcalá de Henares/Spain	100.00
MAHLE Aftermarket South Africa (Pty) Ltd., Johannesburg/South Africa	100.00
MAHLE Amovis GmbH, Berlin/Germany	100.00
MAHLE ANAND Filter Systems Private Limited, Gurgaon/India	50.00 ¹
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	67.46
MAHLE Behr Verwaltung GmbH, Stuttgart/Germany	65.71
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., La Loggia/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 Ebikemotion 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

at December 31, 2020

Name and location	Share in equity in %
MAHLE Electric Drives Bovec d.o.o., Bovec/Slovenia	100.00
MAHLE Electric Drives India Private Limited, Coimbatore/India	93.20
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., Kilmarnock/Great Britain	100.00
MAHLE Engineering Services India Private Limited, Pune/India	40.00 ²
MAHLE Filter Systems (Tianjin) Co., Ltd., Tianjin/China	100.00
MAHLE Filter Systems Canada, ULC, Tilbury/Canada	100.00
MAHLE Filter Systems Japan Corporation, Tokyo/Japan	100.00
MAHLE Filter Systems Land Corporation, Cavite/Philippines	66.67
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., Telford/Great Britain	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, Gurgaon/India	100.00
MAHLE Holding Austria GmbH, St. Michael ob Bleiburg/Austria	100.00
MAHLE Holding España S.L.U., Montblanc/Spain	100.00
MAHLE Immobilien GmbH, Stuttgart/Germany	100.00
MAHLE Immobilien Schweiz AG, Grenchen/Switzerland	100.00
MAHLE Indústria e Comércio Ltda., Mogi Guaçu/Brazil	100.00
MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim/Germany	60.00 ²
MAHLE Industriebeteiligungen GmbH, Stuttgart/Germany	100.00

at December 31, 2020

Name and location	Share in equity in %
MAHLE Industriemotoren-Komponenten GmbH, Stuttgart/Germany	100.00
MAHLE Industries UK Ltd., Rugby/Great Britain	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, Foetz/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, Stuttgart/Germany	100.00
MAHLE Powertrain Ltd., Northampton/Great Britain	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, Wolfsberg/Austria	100.00
OSCON, LLC, Wilmington, Delaware/USA	100.00
PT. MAHLE Filter Systems Indonesia, Pasirranji/Indonesia	100.00
PT. MAHLE Indonesia, Pasirranji/Indonesia	100.00
S.C.I. Daudet, Décines/France	100.00

at December 31, 2020

Name and location	Share in equity in %
b) Fully consolidated subsidiaries of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
MAHLE ANAND Thermal Systems Private Limited, Chakan/India	60.00
MAHLE Behr Berga GmbH, Kornwestheim/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 Luxembourg Sàrl, Foetz/Luxembourg	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 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 (Thailand) Co., Ltd., Samut Prakan/Thailand	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 USA Inc., Troy, Michigan/USA	100.00
MAHLE Engineering Services India Private Limited, Pune/India	60.00 ²
MAHLE Industrial Thermal Systems GmbH & Co. KG, Kornwestheim/Germany	40.00 ²

at December 31, 2020

Name and location	Share in equity in %
c) Fully consolidated subsidiaries of MAHLE Metal Leve S.A. with direct shareholding quota	
MAHLE Argentina S.A., Rafaela/Argentina	100.00
MAHLE Filtróil 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
d) Fully consolidated subsidiaries of MAHLE Industrial Thermal Systems GmbH & Co. KG with direct shareholding quota	
MAHLE Industrial Thermal Systems (Tianjin) Co., Ltd., Tianjin/China	100.00
MAHLE Industrial Thermal Systems America, L.P., Belmont, Michigan/USA	99.00
2. Affiliated companies, not consolidated on account of their immateriality for the presentation of the net assets, financial position, and results of operations	
a) Affiliated companies of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
MAHLE Behr Sweden AB, Gothenburg/Sweden	100.00
b) Other affiliated companies with direct shareholding quota	
Compañía Rosarina S.A., Rosario/Argentina	99.99
Eito Denki Co. Ltd., Gojōme-machi, Akita/Japan	66.75
MAHLE Engine Components Australia Pty Ltd., Melbourne/Australia	100.00 ^{3, 5}
MAHLE Industrial Thermal Systems America, Inc., Belmont, Michigan/USA	100.00
MAHLE Industrial Thermal Systems Verwaltung GmbH, Stuttgart/Germany	100.00
MAHLE Kleinmotoren-Komponenten Verwaltungs GmbH, Stuttgart/Germany	100.00
MAHLE Thermoelektronik GmbH, Duisburg/Germany	100.00
Retromotion GmbH, Stuttgart/Germany	50.82
Ueno Industry Co. Ltd., Tokyo/Japan	100.00
Ueno Tech Co., Ltd., Tokyo/Japan	100.00
3. Proportionately consolidated companies	
a) Subgroup Behr-Hella Thermocontrol that is managed by MAHLE Behr GmbH & Co. KG and another company	
PARENT COMPANY	
Behr-Hella Thermocontrol GmbH, Stuttgart/Germany	50.00
Companies included in subgroup accounts of Behr-Hella Thermocontrol GmbH with direct shareholding quota	
Behr-Hella Thermocontrol (Shanghai) Co., Ltd., Shanghai/China	100.00
Behr-Hella Thermocontrol EOOD, Bozhurishte/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., Atsugi/Japan	100.00
BHTC Finland Oy, Tampere/Finland	100.00
BHTC Mexico S.A. de C.V., San Miguel de Allende/Mexico	100.00

at December 31, 2020

Name and location	Share in equity in %
b) Proportionately consolidated group of companies that is managed by MAHLE Behr GmbH & Co. KG and another company	
PARENT COMPANY	
Shanghai MAHLE Thermal Systems Co., Ltd., Shanghai/China	50.00
Subsidiaries with direct shareholding quota	
Chengdu MAHLE Automotive Thermal Systems Co., Ltd., Chengdu/China	100.00
Shenyang MAHLE Automotive Thermal Systems Co., Ltd., Shenyang/China	100.00
Ningde MAHLE Automotive Thermal Systems Co. Ltd., Ningde/China	100.00
c) Other proportionately consolidated companies with direct shareholding quota that are managed by MAHLE Behr GmbH & Co. KG and another company	
Dongfeng MAHLE Thermal Systems Co., Ltd., Wuhan/China	50.00
4. Associated companies, consolidated using the equity method	
a) Associated companies of MAHLE Behr GmbH & Co. KG with direct shareholding quota	
Dongfeng-Paninco Automobile Aluminum Heat Exchanger Co.Ltd., Shiyang/China	50.00 ⁵
b) Associated companies of MAHLE Metal Leve S.A. with direct shareholding quota	
Innoferm Tecnologia Ltda., Mogi Guaçu/Brazil	33.33 ⁴
c) Other associated companies with direct shareholding quota	
Cofap Companhia Fabricadora de Peças Ltda., Mogi Guaçu/Brazil	31.65 ⁵
India Nippon Electricals Ltd., Chennai/India	20.52 ⁵
LangFang Kokusan Electric Co., Ltd., Langfang/China	40.00 ⁵
Pt Federal Izumi Manufacturing, Bogor/Indonesia	41.94 ⁵
SiEVA d.o.o., Šempeter pri Gorici/Slovenia	20.00 ⁴

¹ Shareholding 50% + 1 share

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

³ Affiliated company, consolidated using the equity method

⁴ 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

⁵ 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 2020, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2020, 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 2020.

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 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 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 and, in so doing, to consider whether the other information

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

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with 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 control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an 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 19, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Jürgen Berghaus
Wirtschaftsprüfer
(German Public Auditor)

sgd. Marc Hummel
Wirtschaftsprüfer
(German Public Auditor)