Annual Report 2024

Leadership in Filtration

MANN+HUMMEL

MANN+HUMMEL at a glance[1]

Sales	EBIT	EBIT margin	EBITDA
4.5	**230**	**5.1%**	**427**
EUR billion	EUR million		EUR million

Total assets	Investments in R&D	Locations	Employees
4.2	**128**	**80+**	**21,224**
EUR billion	EUR million	on 6 continents	worldwide

[1] All figures are rounded. This may lead to minor discrepancies when totaling sums and when determining percentages.

Key figures[1]

In EUR million	2024	2023
Sales	**4,528**	**4,735**
Operating profit or loss (EBIT)	**230**	**16**
As % of sales	5.1	0.3
Net profit before interest, taxes, depreciation, amortization (EBITDA)	**427**	**409**
As % of sales	9.4	8.6
Net profit or loss before income tax and changes in net assets attributable to the shareholders of the parent company	**150**	**-98**
As % of sales	3.3	-2.1
Consolidated net income	**-10**	**-11**
As % of sales	-0.2	-0.2
Free cash flow	**133**	**84**
As % of sales	2.9	1.8
Total assets	**4,155**	**4,116**
Investments in tangible assets	**200**	**197**
Depreciation of tangible assets	**160**	**163**
Value added per employee in EUR thousand	**105**	**101**
Average number of employees	**21,224**	**22,015**

[1] All figures are rounded. This may lead to minor discrepancies when totaling sums and when determining percentages.

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Foreword by the Management Board

Resilient foundation, agile response: Our path to "Leadership in Filtration"

In filtration systems, adaptability is key. Just as filters must continuously adjust to varying particle sizes and flow rates to maintain purity and efficiency, a company must be agile—constantly refining its approach to meet evolving market demands.

At MANN+HUMMEL, agility is not just a mindset—it is what enables us to demonstrate true customer centricity. Only by being reliable, flexible, fast, and forward-thinking can we meet the increasingly diverse needs of our global customer base and consistently deliver exceptional value at every stage of their journey, day by day.

For over 84 years, customer centricity has been the guiding principle of our growth—from a Germany-based business to a global leader with more than 80 locations worldwide. We understand that proximity to our customers—both geographically and in how we design our solutions—is key to long-term success.

In today's environment, shaped by rapidly shifting expectations, market complexity, cost pressures, and political volatility, we believe that agility and customer centricity are not opposing forces but mutually reinforcing capabilities. Our strategic priorities, business model, and organizational structure are all designed to adapt quickly, allowing us to stay close to our customers and ahead of change.

This commitment to customer-centric agility was especially evident in 2024. We expanded into new markets by strengthening our Life Sciences & Environment (LS&E) Business Unit and investing in in-house filtration media production. This step toward vertical integration is not only about securing our supply chains—it also enhances our innovative DNA as well as expertise, enabling us to respond with even greater precision and speed to evolving market needs. By continuing to bring filtration solutions that drive sustainability and efficiency across industries, we remain dedicated to solving our customers' increasingly stringent environmental challenges.

As a family-owned enterprise, our financial resilience provides a solid foundation amid volatile global conditions. With the steadfast backing of our shareholders and our disciplined fiscal policies, we ensure cash-flow stability, enabling us to invest in seizing emerging opportunities.

A clear vision is essential in times of transformation. Through our strategy process towards 2030, MANN+HUMMEL has articulated an evolved target picture that every leader and employee can further embrace - our vision of Leadership in Filtration.

Recognizing that clarity of purpose is paramount, we have adopted our target-state-driven approach: guided by our envisioned future, we are accelerating the concrete actions required today to make that future a reality.

Turning strategy into progress requires more than a clear plan—it demands the ability to adapt and execute with precision. This principle is deeply embedded in our operating model—SPEED (Strategy, Performance, Execution, and Excellence Drive)—now in its third year. By translating corporate objectives into actionable targets and tracking progress on an agile, six-month cycle, SPEED creates the transparency and responsiveness needed to move the organization forward.

To drive agility at all levels, leadership itself must be agile. That is why, in 2024, we further enhanced our leadership team. This diverse group of leaders from various backgrounds and cultures strengthens our market intelligence, ability to anticipate change, make informed decisions, and act quickly, allowing us to navigate an increasingly complex global landscape.

MANN+HUMMEL stands for a resilient foundation with agile responses. Much like our filtration systems, our mindset and culture ensure that only the best and most valuable elements prevail. By thinking like a filtration system that separates the useful from the harmful and achieves the purest possible outcome, we navigate uncertainty and emerge even stronger and more competitive.

As the Management Board Committee, we commit ourselves—together with every leader and employee—to serve our customers by being resilient and agile, thus delivering innovative and competitive solutions.

Ludwigsburg, Germany, May 2025

Kurk Wilks	Emese Weissenbacher
CEO	EVP & CFO

Statement of the Chairman

Resilient foundation, agile response: Our path to "Leadership in Filtration"

At a time when political decision-makers are hesitant to take responsibility for much-needed change, we, as a family-owned company, see it as our duty to live by clear, enduring principles. Winston Churchill said it well: "The price of greatness is responsibility." For us, "greatness" means making the right decisions today with the knowledge that our actions will help shape the future. We do not think in terms of quarters but rather in decades.

In a world where tradition and innovation should be in harmony, we at MANN+HUMMEL are underscoring the values of resilience and responsibility—values that enable us to actively work with constant change instead of merely managing it. With this foundation of values—in addition to our family roots and heritage—we are looking to the future with a clear aspiration: "Leadership in Filtration."

Resilience means more to us than just adaptability—it is an expression of inner strength that grows from continuity and foresight. For over eight decades, we have not only survived economic, technological, and geopolitical changes; we have used them as catalysts for our continuous development.

As a family-run company, we have independence that gives us certain freedoms often unavailable to companies operating in short-term market logic. Moreover, our financial strength provides a solid foundation for long-term investments in innovation, quality, and sustainable growth.

True resilience is not only reflected in statistics or structures—it is also exemplified by our employees. After all, an organization can only be resilient when it is continuously transforming. To drive this change in a meaningful manner, the shareholders have launched PURE—a clear commitment to the values that shape our company: Performance, Unity, Respect, and Excellence. These four principles guide us each day, but they also shape how we think and act.

Performance means we foster an environment where we operate at our best even in the most challenging of times. Unity conveys that our success relies on strong sense of community to achieve our common vision. Respect illustrates that we all—employees, customers, and partners alike—lead with empathy and trust. Lastly, Excellence expresses that we are inspired to pave the way as an innovator. PURE is more than just an initiative; it is the bedrock that gives us the strength to act and move forward even in uncertain times.

Nevertheless, a resilient corporate culture cannot flourish in a vacuum; it needs an environment that promotes innovation and competition. Governments must create such an environment—by reducing bureaucratic hurdles, maintaining open markets, and providing a reliable regulatory framework.

With this in mind, resilience also requires the courage to take responsibility and ownership. Our goal is to empower everyone—leaders and employees alike—to break new ground and make decisive decisions that bring about sustainable change. With our CORE framework—Courageous, Organized, and Reliable Execution—we are purposefully promoting a culture of leadership that takes responsibility and demonstrates confidence in its actions.

In an era in which uncertainty—whether due to economic fluctuations, geopolitical instability, or regulatory changes—is ubiquitous, resilience and responsibility are not only measures of success but also essential prerequisites for shaping a future of continuity and innovation. To succeed in these areas, we must value both quantitative metrics as well as the ability to create—and sustain—value. This is our path forward. This is how we are actively and decisively shaping our future.

On behalf of the families as well as the Supervisory Board, I would like to express my sincere gratitude to everyone who contributes to the success of MANN+HUMMEL with their dedication, expertise, and vision. With a firm belief in Churchill's words—that the future belongs to those who are prepared to take responsibility—both the company and its shareholders are committed to fulfilling this responsibility.

Ludwigsburg, Germany, May 2025

Thomas Fischer
Non-Executive Chairman

Combined management report of MANN+HUMMEL International GmbH & Co. KG, Ludwigsburg, and the Group for the 2024 financial year[1]

1 All figures are rounded. This may lead to minor discrepancies when totaling sums and when determining percentages.

1. Business model of the Group

MANN+HUMMEL is a globally active family-owned company headquartered in Ludwigsburg, Germany. For over 80 years, the company has been developing and producing filtration solutions, initially for the automotive sector and increasingly for other areas in industry and public utilities. MANN+HUMMEL International GmbH & Co. KG is the parent company of the Group and is responsible for the strategic orientation of the Group. A few years ago, we decided to focus on the core competence of filtration and to strive for global leadership there. As a result, we expanded our activities to the Life Sciences & Environment division and divested ourselves of the production of high-performance plastic parts in 2022. In this way, we live up to our responsibility as a global manufacturer of filtration solutions wherever cleaner mobility, cleaner air, cleaner water, and cleaner industry are concerned.

The business model is divided into two business divisions: Transportation and Life Sciences & Environment.

Considering the dynamic market developments, and in order to make the best possible use of our opportunities in various global markets, we expanded our management structures in the year under review to include international leaders. We also focused on fast, agile decision-making processes and competences in all respective management areas.

In the Transportation division, MANN+HUMMEL offers solutions for Original Equipment (OE) for passenger cars and commercial vehicles as well as for the Aftermarket (AA). The spare parts business includes both Original Equipment Service (OES) and spare parts for the Independent Aftermarket (IAM). Additionally, manufacturers of construction and agricultural machinery as well as rail vehicles, ships, and other energy technologies are also among the customers of advanced MANN+HUMMEL filtration technologies. In the automotive sector, AA and its continuous demand are stabilizing the slightly volatile OE sector.

In the Life Sciences & Environment (LS&E) division, MANN+HUMMEL develops and produces pioneering solutions for air and water filtration. These include filters for indoor and outdoor use, cleanrooms, and industrial applications, as well as stationary and mobile air purifiers with high-efficiency particulate air (HEPA) filters for the separation of viruses, bacteria, and other microorganisms. Some MANN+HUMMEL indoor filters have anti-allergenic and antimicrobial functionalities.

Our other filters can be found in offices, schools, and commercial and industrial buildings as well as in hazardous areas, such as offshore oil platforms. Our product portfolio also includes stationary systems for the filtration of particulate matter and nitrogen dioxide as well as for improving outdoor air quality.

Our water filtration systems are used for water and wastewater treatment in municipal and industrial applications to efficiently use and recycle scarce freshwater resources. Other key areas of application are in the food sector, biotechnology, or other ultrapure water areas, such as microelectronics.

The Transportation division generates 89% of our sales, while the LS&E division generates 11%. Strategically, both business divisions serve the increasing demand for innovative filtration products for cleaner mobility, cleaner air, cleaner water, and cleaner industry.

Digital services and intelligent customer-specific solutions are increasingly complementing the portfolio, including the networking of product systems via the Internet of Things (IoT), the evaluation of data in the cloud, specially developed algorithms, and user-friendly apps. In this way, we provide our customers with useful data and services that help them further optimize their filtration solutions as well as their business.

MANN+HUMMEL continuously standardizes processes and makes them available in Global Business & Technical Solutions (GBTS), reducing costs while strengthening efficiency and service culture. Only through continuous standardization can business processes be digitized to increase productivity.

In addition to the two business divisions mentioned above as well as GBTS, production is also a strong unit. A global, end-to-end, process-oriented organization allows for faster decisions, increasing the dynamics of the company. In this way, we are constantly increasing efficiency and gaining an edge to better serve our current and future markets.

With a research and development network of nearly 1,100 engineers worldwide, MANN+HUMMEL is constantly working on the development of innovative and sustainable filtration solutions, bringing the vision of "Leadership in Filtration" to life in the long term.

2. Research and development

The year 2024 was marked by further digitalization and increased efficiency in the area of research and development (R&D). A special focus was placed on the optimization of filtration materials, which are at the heart of all filtration solutions. As one of the technology leaders in filtration technologies, MANN+HUMMEL has a unique responsibility to design these core components in more versatile, effective, and energy-saving ways. The vertical integration of filtration materials is designed across industries, and the resulting technological progress will benefit all business sectors and the corresponding target markets: mobility, water and air purification, wastewater treatment, and cleaner industry.

In the year under review, Group-wide R&D expenses amounted to EUR 128.3 million in 2024 (previous year: EUR 117.9 million).

Over 70 priority patent applications were filed during the year. At the end of the year, the intellectual property (IP) portfolio comprised approximately 4,300 patents and patent applications as well as approximately 3,250 trademarks and trademark applications. After two very strong years, the number of priority patent applications in the year under review was roughly at the level of 2021.

Since the company was founded, MANN+HUMMEL has developed extensive expertise in textiles, their properties, and how they work. We intend to continue building on this particular strength in the future, which is why we established our own R&D unit for the further development of filtration materials in the reporting year. It focuses on the optimization of these materials in general. This unit has already begun to contribute to an extensive know-how advantage and supported the company's pioneering technical position in all areas of filtration technologies. As part of this development initiative, a specific test laboratory was put into operation in Marklkofen, Germany, during the reporting year, and initial R&D findings have already been turned into innovations. In collaboration with a leading filter media supplier, for example, we turned research findings on the sustainability of cellulose as the main component of filter media into product prototypes. The impregnated cellulose filter media accounts for more than 50% of the CO_2 footprint of a filter product.

We have also further expanded the area of R&D regionally. In Saltillo, Mexico, for example, we have successfully launched an in-house R&D team with a focus on transportation.

MANN+HUMMEL is actively seeking research collaborations with the aim of jointly developing new technologies. In the year under review, MANN+HUMMEL participated in two innovation projects—AeroSolfd (for clean mobility in cities) and H2MAC (for the development of a cathode air filtration system for fuel cell-powered mobile machinery)—co-financed by Horizon Europe, the EU's main funding program for research and innovation. We also participated in the following publicly funded research projects: LEARN, K-HEALTHinAIR, INQUIRE (for clean air in households and schools), and CORNERSTONE (for clean water via new technologies and digital solutions).

Transportation

The availability of data on product characteristics and performance is crucial for the development of ever-improving filtration solutions. In the year under review, MANN+HUMMEL successfully completed the roll-out of the Product Validation System (PVS). All test laboratories worldwide now have access to a common database, which will accelerate the development of new product lines while also offering a significant cost advantage thanks to increased efficiency. Additionally, there is the integration of an automated life cycle assessment and the assignment of the CO_2 footprint to each individual possible product variant. Digital solutions strengthen the PVS and will optimize the customer-specific development of new filter solutions.

In China, we have expanded strategic partnerships with national garage chains. Our teams have identified the needs of Chinese car owners, working with them to develop diversified products that best meet their needs, such as air conditioning filters with Nanoclear technology instead of absorption technology.
By providing our Chinese passenger car customers with versatile solutions, we aim to meet their needs as comprehensively as we can.

In the year under review, we developed a new filtration solution for passenger car air suspension. This product line is particularly interesting for the Chinese market where the vast majority of passenger cars are air sprung—not just those vehicles in the premium sector. Air suspension systems place high demands on the purity and moisture content of the air in which they operate. MANN+HUMMEL's solution not only removes potentially harmful particles but also dries the air before it reaches the sensitive air chambers of the suspension.

For the heavy-duty sector, we have brought a modular system of diesel pre-filters to series production, offering customers greater variability in assembling the ideal filter for their desired purpose and area of application. Different shapes, flow velocities, and resistances are freely configurable, and the extent and volume of the necessary water separation can also be defined depending on the module. This system can therefore also be used to equip small series in the heavy-duty segment quickly and easily.

With digital solutions, we have been able to greatly simplify our product offerings as well as the configuration of our product details, making them even more customer friendly. These solutions also massively cut development times on the customer side, and time to market is noticeably shortened.

Designed in 2024

Environmentally improved filters by MANN-FILTER

Product features

In a big step towards sustainability, 29 filters in the automotive sector will now be partially impregnated with plant-based lignin instead of oil-based resin.

Innovation performance

The CO_2 footprint of affected lignin impregnation was reduced by up to 5%, while the use of crude oil was reduced by approximately 27% compared to regular phenolic impregnation.

Life Sciences & Environment

Air Filtration

In Europe, we have developed a whole range of new products with the semiconductor industry in mind, including molecular panels, HEPA filters, and filter fan units (FFUs). In particular, our new Carboactiv panels are highly effective at filtering out harmful acids, bases, condensables, and dopants, as well as refractory materials, volatile organic compounds, ozone, and odors from the supply air. They comply with the SEMI F21-1016 classification and are available in different sizes and combinations.

We have been offering FFUs, a particularly effective air filter solution for cleanrooms, since 2024. Thanks to the optimization and precise coordination and design of filter media, fans, and fan housings, the overall system is incomparably quiet and energy efficient, with high air throughput.

The legal standards for the ventilation of public buildings are soon to be amended, and in the future, the use of activated carbon filters will be mandatory. In the year under review, we reacted to this upcoming tightening of ventilation requirements by putting into series production a high-performance compact filter solution with activated carbon filters called V-Bank.

Water & Membrane Solutions

For the food and beverage industry—especially dairies—we have developed new 5kUF and 10kUF membrane filtration solutions that offer a 30% higher flow rate with the same separation efficiency. They are used effectively—for example, in the separation of sugar and proteins.

In the US, we have received two certifications from the National Sanitation Foundation for a filtration solution that allows us to supply our modules for both drinking water and wastewater systems that require effective removal of pathogens such as viruses and bacteria.

In China, we developed the iSep 500+ ultrafiltration (UF) modules and introduced them into series production. They feature a vacuum-operated, backwashable, spiral-wound membrane for the treatment of highly polluted wastewater. Thanks to open inlet channels and integrated tanks, these UF modules can process significantly higher quantities of solids and emulsified oil than conventional polymer UF designs.

The new iSep modules consistently deliver high-quality, filtered water with a smaller footprint, larger membrane area, and the ability to remove solids between backwashes.

Corporate Ventures

In 2024, we significantly increased the quality and efficiency of our search for potential equity investments and start-ups to support us in our quest for cleaner air, water, mobility, and industry by partnering with a generative AI venture search platform. We followed the capital calls of the Assembly Ventures Fund and continued to invest in the portfolio companies Spiffy and Via Separation.

Additionally, we have invested in two new companies in the areas of advanced disinfection solutions and agricultural technology, both of which have the potential to provide us with access to new markets, products, and target groups. In the year under review, the Corporate Venture Capital team further intensified its cooperation with the heads of the individual Business Units, supporting their strategic business expansion with targeted workshops in order to intensify cooperation with corporate ventures and start-ups. This has allowed us to implement innovative solutions more quickly and also decide whether a minority or majority stake in the respective companies makes more sense.

In 2024, we also focused our interests on African start-ups for the first time.

In general, we remain focused on investments with strong potential for growth that can serve as building blocks for our strategic planning.

3. Macroeconomic and sectoral framework conditions

Global economic development in 2024

In 2024, moderate growth in the global economy continued, although uncertainties remained due to geopolitical tensions, protectionist tendencies, and tighter monetary policy. The Kiel Institute for the World Economy forecast global economic growth of 3.1%[1] on the basis of purchasing power parities. Declining inflation worldwide contributed to economic recovery, while the reduction of fiscal support measures became increasingly noticeable.

Industrial production recovered over the course of the year, although global trade continued to be impacted by protectionist measures and regional tensions.

The US economy continued to demonstrate resilience, achieving GDP growth of 2.8%[2] driven by robust labor market performance and stable consumer spending.

The euro area continued to stagnate with GDP growth of only 0.8%[3]. High energy prices and ongoing structural problems weighed on economic momentum.

Despite GDP growth of 4.8%[4], the Chinese economy remained dominated by structural challenges such as a weak real estate industry.

India recorded strong growth of 7%[5], while Latin America's economies grew only marginally and Africa showed slight declines[6,7].

Commodity prices remained relatively stable in the first half of 2024 before rising slightly in the second half of the year due to rising global demand[8]. Nevertheless, inflationary pressures in the commodities sector remained lower than in previous years[9].

[1] https://www.ifw-kiel.de/de/publikationen/weltwirtschaft-im-sommer-2024-konjunkturgefaelle-nimmt-ab-33011
[2] https://www.reuters.com/markets/us/imf-lifts-us-growth-forecast-marks-down-china-sees-lackluster-global-economy-2024-10-22
[3] https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2024/12/10-konjunktur-weltwirtschaft.html
[4] https://de.statista.com/statistik/daten/studie/14560/umfrage/wachstum-des-bruttoinlandsprodukts-in-china
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[7] https://de.statista.com/statistik/daten/studie/1344201/umfrage/wachstum-des-bruttoinlandsprodukts-bip-in-afrika
[8] https://www.ikb.de/MediaLibrary/5da75d0c-ec1c-4a28-8ef9-c972184bed00/241205_Q4_Rohstoffinfo.pdf
[9] https://www.wirtschaftsdienst.eu/inhalt/jahr/2024/heft/2/beitrag/der-einfluss-der-geldpolitik-auf-rohstoffpreise.html

Transportation

Passenger Car

The majority of the international automotive markets developed positively in 2024 as a whole. However, the momentum of new passenger car registrations in Europe was weaker than in most other core automotive markets. Sales in the US rose slightly thanks to solid macroeconomic development. However, the sales volume from the last pre-crisis year of 2019 was not reached in either Europe or the US. In China, a very strong fourth quarter led to strong growth in new registrations and even to a new sales record. The Indian passenger car market remained on the stable growth path of previous years. In Japan, on the other hand, as in some other East Asian markets, passenger car sales declined significantly, while in Brazil and Mexico, the market grew strongly and was above the world market average for the year as a whole.

In the European passenger car market (the EU, EFTA, and UK), a total of just under 13.0 million vehicles were newly registered in 2024—around 1% more than in the previous year. Economic weakness and location problems limited growth opportunities in the year under review. The number of new registrations in Europe remained well below the pre-crisis level (-18% compared to 2019).

The five largest individual markets developed differently in 2024: In Spain (+7%) and the UK (+3%), more new passenger cars were registered than a year earlier. In Italy and Germany (-1% each) as well as in France (-3%), the markets shrank slightly. In December, the European passenger car market was in positive territory with a total of just under 1.1 million new vehicles registered in that month—a good 4% more than in the same month last year.

In the US, light vehicle sales (i.e., passenger cars and light-duty vehicles) increased slightly in 2024 with just under 15.9 million newly registered vehicles—a good 2% more than in the previous year. General growth, a low unemployment rate, and rising real wages supported vehicle sales. In December, 1.5 million new light-duty vehicles were registered—2% more than in the same month last year. The share of the light-duty segment in the overall market in the year under review was 81%, while passenger cars accounted for 19%.

The Brazilian light-duty vehicle market grew very strongly. New registrations rose by 14% to just under 2.5 million units. December fell slightly compared to the year as a whole with 243,800 light-duty vehicles sold—a moderate increase of 3% compared to the same month last year.

In China, almost 23.0 million vehicles were sold—nearly 6% more than in the previous year. The scrappage premium, which was extended in the year under review, accelerated growth, and the closing month of December was also strong with more than 2.6 million cars sold, representing an increase of 11% compared to the same month last year.

The Indian passenger car market also grew again in 2024. More than 4.3 million new registrations made for a 4% increase compared to the previous year. This means that the Indian passenger car market remains the third largest single passenger car market worldwide. December brought above-average growth with 270,800 units sold, representing an increase of a strong 11% compared to December 2023[10].

Commercial Vehicle

In 2024, the European market (the EU, EFTA, and UK) recorded a positive development in sales of vans (i.e., light commercial vehicles weighing up to 3.5 tons). Sales increased by 7% year-on-year to just under 2 million units. There was also a positive market development in the medium-duty commercial vehicle segment (3.5–16 tons). Sales in Europe increased by 7% year-on-year to a total of 75,400 vehicles. In contrast, the European market for heavy-duty

[10] VDA Situation Report, Development of the International Automotive Markets, January 2025

vehicles (over 16 tons) recorded a decline with sales falling by 9% year-on-year to just under 316,900 units.

In the US, sales of commercial vehicles weighing more than 15 tons declined by 10%. While commercial vehicle sales in China (over 14 tons) remained largely stable at -1%, this market grew by 19% in Brazil. In India, meanwhile, sales of commercial vehicles (over 6 tons) were down 8%[11].

Life Sciences & Environment

Air Filtration

The air purification markets are segmented, but the combined total market had a volume of more than USD 17 billion in 2024[12]. Analysts expect annual growth at a compound annual growth rate (CAGR) of 6.2% to 7.9% through 2034.

In the year under review, the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) in the US issued new regulations for commercial and residential buildings, tightening requirements for their CO_2 footprints and reduced energy consumption.

Water & Membrane Solutions

In 2024, nearly USD 1 trillion was spent globally on water and wastewater management by utilities and industrial end users. The willingness to invest is growing due to the need to adapt to ecological and demographic changes as public opinion puts added pressure on decision-makers.

The market focus is on four core themes: resilience to climate change, pollution, sustainable water consumption, and equitable access to water. Although public finances have recovered from the effects of the COVID-19 pandemic, the global inflationary environment is reducing public willingness to invest due to rising interest rates.

The diaphragm market was worth USD 3.8 billion in 2024, divided into two parts: the low-pressure diaphragm (MF/UF) market at USD 1.9 billion, and the high-pressure diaphragm (RO/NF) market at USD 1.9 billion. A CAGR of 4.3% is predicted for the overall market. This corresponds to a volume of USD 4.7 billion by 2029, of which low-pressure membranes (MF/UF) will be worth USD 2.3 billion and high-pressure membranes (RO/NF) USD 2.5 billion. The strongest growth is forecast for the Middle East/Africa with a CAGR of 7.5%[13].

[11] VDA-Conjunbarometer, February 2025
[12] https://www.precedenceresearch.com/air-filters-market
[13] GWi WaterData

4. Business performance

The Transportation division declined slightly in the year under review. While the volume was below the previous year's figures in many areas, gross margins increased. The decline in sales was mainly due to the sale of the non-filtration business in 2022, the missing share of which also reduced volumes in the year under review. The core business grew slightly despite weak original equipment markets. The development in Europe tended to be more positive than that in America and Asia.

The LS&E division grew well on a currency-neutral basis. The acquisitions of U-Air and M-Filter made significant contributions here.

Transportation

Sales from the Plastics division, which was sold in 2022, were still missing proportionately in the reporting year so that the volume in Europe was below that of the previous year. However, profitability increased due to the streamlining of the product portfolio. We had growth in the Middle East, Africa, Asia (except China), and South America. In Europe, China, and North America, on the other hand, sales declined slightly. In the Chinese market, the development of innovative filtration solutions for the air suspension of battery-electric vehicles led to the first orders in the Original Equipment Manufacturer (OEM) sector.

In many regions, MANN+HUMMEL received extensive awards in the year under review as proof of its outstanding performance.

Original Equipment Passenger Car Business Unit

EUROPE

Considering the loss of non-filtration revenue, revenue in the core business remained largely stable despite weak passenger car markets and declining shares of internal combustion engines. Cost-cutting measures helped optimize the product portfolio, and additional orders in the area of venting units for 48V battery technology and also for humidifier solutions for fuel cells show the success in future segments.

AMERICAS

In North America, we saw sales growth in 2024. Additional orders for the supply of oil filters for e-axles pave the way for growing market shares in this promising market. MANN+HUMMEL's strong commitment to e-mobility is evident, not least in the nomination of our electric mobility expert as chairman of the SAE Battery Pack Venting Committee.

In South America, we recorded a slight decline in sales in the reporting year. Notably, however, General Motors Brazil presented MANN+HUMMEL with the Quality Award, and Nissan presented both the Sustainability Award and the Quality Achievement Award (Mexico) to our company.

ASIA

The Asian markets were challenging in the year under review, with a decline in sales mainly due to the weakening Chinese market, unfavorable exchange rates, and the loss of market share of German automotive manufacturers. Additionally, the previous year was characterized by positive one-off effects, making the basis for comparison very high. The absence of non-filtration sales also had an impact on earnings.

In general, MANN+HUMMEL is on the right track. A leading automotive manufacturer in China placed an order for a MANN+HUMMEL pressure compensation seal. There were also several awards, especially in the field of electromobility: Gasgoo, one of the most influential automotive platforms, presented us the 2024 Top 100 Players of China's New Automotive Supply Chain Award for an oil module for e-axles, and Volvo honored our sustainable product solutions with the "Volvo Car APAC Energy Action Award." Newly developed air filters for air suspension systems also had a successful start to the market in the year under review with initial orders for four product lines.

As part of the public administration, the Shanghai Municipal Development and Reform Commission has awarded MANN+HUMMEL the title of "Green Manufacturing Demonstration Enterprise (MJCN)" due to our commitment to sustainability.

Innovation 2024

PreLine Flex fuel filters

Product features

The new PreLine Flex fuel filters have a fully modular design, making them an ideal modular system for perfect protection of the fuel injection system against water and particles.

Innovation Performance

The cartridge solution is sustainable and suitable for different heating and intake concepts (e.g., continuously running electric pumps), and the IP-protected design with innovative functions enables simple, clean servicing. The complete portfolio is future-oriented and offers multi-fuel compatibility (e.g., B7-B100, HVO, jet fuel, etc.). Moreover, these filters are fully compatible with MANN+HUMMEL fluid sensors, ready for digitalization. PreLine Flex modules can be used in a traditional two-filter layout (i.e., pre-filter and main filter) or as a powerful and cost-effective one-filter concept.

Original Equipment Heavy Duty & Industrial Business Unit

EUROPE
In Europe, sales in the Heavy Duty Business Unit declined slightly due to market conditions. Extensive product launches will ensure further growth here in the future. In the year under review, for example, we received an order from a future-oriented manufacturer of hydrogen combustion engines, as well as orders for hydraulic filters for agricultural machinery and fuel filters for construction machinery.

AMERICAS
In North America, we significantly expanded our product portfolio and addressed new customer groups. The result of this consistent market cultivation was double-digit growth. We also grew significantly in South America, but due to a large customer postponing an order, growth was lower than in North America. New orders in the area of conventional product ranges are proof of our successful strategy. MANN+HUMMEL receive the global Caterpillar 2024 Supplier Excellence Award and the CNH Supplier Excellence Award 2024. We were also named Supplier of the Year 2024 in Brazil in the "Parts and Service Agriculture" category.

ASIA
We also grew in Asia in 2024 by launching new products in India and expanding market share in China. Two incoming orders support this development: a leading manufacturer of natural gas engines in China as well as a large Chinese agricultural machinery manufacturer have opted for MANN+HUMMEL filtration technologies. However, the negative exchange rate development compensated for this positive development. In India (Tumkur, Karnataka), we have started a new production facility for liquid filters for the OE sector but also for AA.

Innovation 2024

High+ humidifier

Product features
Our new high-performance membrane humidifier for fuel cell drives features high water transfer, low pressure drop, and excellent freeze start performance. It is resistant to water droplets and requires very little membrane material.

Innovation performance
The flat membrane humidifier has a stable membrane structure and the maximum water transfer rate per volume, as well as low pressure loss due to optimized flow channels. It can be used for different fuel cell outputs and housing requirements thanks to its modular design.

Innovation 2024

Hydraulic filters

Product features
The new hydraulic filters are highly effective at removing harmful particles from hydraulic oil thanks to their high separation efficiency and reliability. The filters reduce wear and downtime, helping extend the service life of machines and systems. Components such as pumps, valves, and cylinders are sustainably protected, ensuring the hydraulic system remains clean and efficient.

Innovation performance
The patented and copy-protected suction filters offer exceptional Delta P values and outstanding dirt-holding capacity (DHC). They ensure superior performance and quality, protecting the reputation of our OEM customers.

Original Equipment Industrial Business Unit

EUROPE
In Europe, we had stable growth in the year under review. An important order for an air purification unit demonstrates our unique competence when it comes to meeting very specific customer requirements in terms of installation situation and functional diversity.

AMERICAS
In North America, sales declined slightly as existing customers reduced delivery volumes. In South America, on the other hand, we had strong, double-digit growth.

ASIA
Moderate growth in China was somewhat reduced by the unfavorable exchange rate development. MANN+HUMMEL was able to significantly expand its presence in India and grew strongly there as well as in South Korea. A first order for the air filtration of locomotives in India opens up good prospects for the future. The pilot batch of air filters with cyclone separators met all railway standards and OEM specifications from the start, opening up new market opportunities. Additionally, our first production facility for liquid filter solutions went into operation.

In China, MANN+HUMMEL has been recognized by both a leading manufacturer of natural gas engines and a leading agricultural machinery manufacturer for our self-cleaning air filters.

Aftermarket Business Unit

In almost all regions, we had stable—and in some cases double-digit—growth. In North America, however, we recorded a decline in sales.

Aftermarket OES Business Unit

We have adjusted our OES product portfolio for low-margin products and thus optimized them throughout. We moved parts of the business to the OE division so that sales in our OES subunit declined slightly.

EUROPE
OES sales in Europe weakened in the reporting year, but for the future, we were able to secure a significant order volume for a large vehicle platform from a leading European volume manufacturer. A multi-year contract for the supply of air dryer solutions for the pneumatics of truck brake systems was also concluded with a major manufacturer in the year under review.

AMERICAS
In North America, distribution challenges impacted OES sales. In South America, on the other hand, we recorded slight growth.

ASIA
In Asia, our sales declined slightly. The Chinese market was particularly challenging as sales of conventional vehicles weakened due to the market transformation toward e-mobility. The reluctance to buy European vehicle brands also affected sales opportunities. Mercedes-Benz honored the excellent quality of our OES spare parts with the "Star Quality Award."

Independent Aftermarket Business Unit

We have grown solidly in the IAM segment, recording growth in almost all global markets. Only the North American market showed a decline. In Asia, the Middle East, and South America, growth was in double digits. We are also strong in our core European market. This positive momentum helped offset lower demand in the OES segment as well as challenges in North America. In order to accelerate future growth in the IAM Business Unit, we have added more than 2,900 new products to our product portfolio worldwide—especially for promising Asian regions.

EUROPE

In Europe, our sales grew at a stable high-single-digit rate in the year under review. The optimization of our product portfolio was more than able to compensate for unfavorable exchange rate conditions. Due to the better market coverage of our product range, we were able to grow faster than the market. In particular, the expansion of the range in the Heavy Duty (on-road and off-highway) and Industrial segments set positive momentum for further success in these promising segments.

AMERICAS

Distribution challenges and parting ways with a key customer limited sales development in North America. With additional resources and a new warehouse structure, we were able to optimize distribution performance. In South America, we were very successful with our brands. Thanks to product cost optimization, we were able to gain market share in the passenger car segment. Growth was in the double digits.

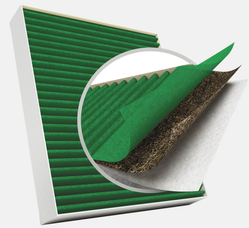
ASIA

In Asia, growth in the year under review was well into the double digits. Moreover, existing customer relationships were successfully expanded (e.g., a partnership with a large workshop chain in China). In other Asian markets, as well, we had growth above the market average and were thus able to expand market share. An additional subsidiary in Indonesia has opened up new opportunities for future growth.

Innovation 2024

Nanoclear cabin air filters

Product features



We have launched the new Nanoclear cabin air filters on the Chinese aftermarket exclusively with a large garage chain, which offers its customers effective, state-of-the-art filter technology while strengthens customer loyalty.

Innovation performance

The nano-coating of the filter material, in combination with the activated carbon layer, offers impressive performance: More than 99.99% of all viruses (e.g., HCoV-229E), 99.9% of bacteria (e.g., E. coli and Staphylococcus aureus), and more than 94% of all pollen are reliably prevented from entering the car interior. At more than 70% for PM0.1, the separation efficiency of fine dust is around twice as high as that of comparable cabin air filters. The nanofiber coating ensures permanently high filtration efficiency throughout the entire service life of the filter.

Innovation 2024

SpiraSep 1060 and iSep 500+ ultrafiltration modules

Product features

The iSep 500 ultrafiltration (UF) modules feature a vacuum-operated, backwashable, spiral-wound membrane for the treatment of heavily contaminated water and wastewater streams. Thanks to open feed channels and an integrated tank design, the iSep modules can process significantly higher solids than many of the standard hollow-fiber UF designs on the market today. Unlike other membrane products, these products are more tolerant of high suspended solids and oil concentrations.

Innovation performance

The new iSep 500+ modules offer a 20% higher output with a 10% smaller footprint compared to the previous product generation.

Life Sciences & Environment

The market environment was also challenging in 2024. Sales grew in the low double-digit percentage range, primarily due to the acquisition of U-Air, China. As in the Transportation division, we were able to noticeably improve our operating results and continue the positive trend.

Air Filtration

EUROPE

2024 was characterized by intense competition and, as a result, price pressure. Nevertheless, we achieved a slight increase in revenue through the development and launch of new products as well as the development of new regions in the heating, ventilation, and air-conditioning (HVAC) segment. In Europe, we have further optimized our footprint.

However, the molecular business declined due to weaker sales volumes from an important customer and delays in legislation on the use of molecular products in commercial buildings. However, we were able to grow in the Northern European market, for example, which shows the potential in this market.

AMERICAS

The year under review was marked by consolidation. Compared to the previous year, we were able to generate higher margins. The National Accounts segment was a key driver of revenue growth, with new customers leading to a significant increase, while the Commercial and Industrial segment weakened.

In the Foremarket segment, we have taken the first steps toward future growth by establishing new customer contacts. Innovative products, such as FFUs and HEPA filters, are now available to end users in microelectronics and cleanroom applications. The successful implementation of SAP S4/H in Canada will optimize efficiency and customer experience in the medium term.

ASIA

Thanks to the acquisition of U-Air, 2024 was a year of growth in Asia. Sales increased by 8%, and we were able to expand the FFU business to India.

Water & Membrane Solutions

In the year under review, we implemented a new strategy with three pillars: Wastewater Solutions with advanced membrane technologies for high-capacity requirements, maximum treatment quality, and strong environmental protection; Water Solutions with innovative solutions, from purification to desalination; and Process Solutions with individual solutions for industries such as chemicals, pharmaceuticals, food and beverage.

EUROPE
In the year under review, the revenue mix shifted while volumes remained the same as in the previous year. While the Wastewater Solutions segment declined, the Process Solutions segment grew in both Africa and the Middle East. We increased R&D spending on innovative solutions in 2024 to be able to grow faster in the future with superior filtration solutions.

AMERICAS
Declining volumes from third-party contracts led to a 15% decline in revenue. However, production improvements were able to offset some of the volume losses in terms of returns.

ASIA-PACIFIC
The Asian business grew at a double-digit rate. Wastewater Solutions in particular made a decisive contribution to this growth in large part due to a state-owned Chinese energy company alone ordering more than 1,000 units of PureULTRA. In order to become even stronger in this market, we localized products such as PureULTRA, iSep, and BIO-CEL in the year under review.

Digital Transformation

In the year under review, digitalization was, once again, a focus of our transformation under the lean premise, with three strategic objectives.

First, we want to optimize data interfaces with our customers, as evidenced by the many successfully implemented connections to distributing e-shops.

Second, we are driving forward the digitalization of our production facilities. The Digital Manufacturing Platform went into operation at 12 plants with over 260 machines in the year under review.

Third, we are focusing on digitalization to make our internal processes more efficient. In the year under review, HR departments around the world used SAP SuccessFactors—among other tools—to train employees, hire new colleagues, support new hires in their early days, and maintain HR data.

In general, a maximum standardization of the methodology and processes is the goal of our efforts. Optimized data management and superior data analytics are the results of this concentration on consistently standardized data handling. This standardization of methodology and data structures is supplemented by area-specific objectives for data use. Each Business Unit defines its own goals within the digitalization offensive, ensuring that needs-based solutions are created and that the focus is on relevant productivity and performance increases.

The use of AI is a good option in many areas of our company. We use the facilitation provided by AI applications for business optimizations, such as regionally differentiated calculations and pricing for our products.

Within our ongoing LEAP program, the global implementation of SAP S/4HANA is a crucial building block. In the year under review, multiple test cycles were successfully completed so that the global go-live in 2025 could take place as planned. Another building block is the ongoing process optimization with Celonis, which contributes significantly to efficiency increases and will be continued even after the switch to SAP S/4HANA.

One example of application-oriented digitalization is Streametric, the MANN+HUMMEL brand for predictive analytics for everything that flows. In the year under review, we focused strongly on wastewater treatment, the analysis of flows, and the forecasting of their type and volume. Sensors monitor the flow velocities as well as the pumps and their activity. They collect the respective data, which is then analyzed either in the app or in the cloud. Streametric provides a comprehensive picture of the situation, predicting the flows and their nature, the condition of the pumps, and their usability for future load and utilization. The use of artificial intelligence, called "AI-Flow," allows for a precision of forecasting that far exceeds conventional empirical analytics. The know-how from sensor-based data collection benefits the development of digital optimizations throughout the company.

5. Net assets, financial position, and results of operations

Profit situation of the MANN+HUMMEL Group

From the management's point of view, the MANN+HUMMEL Group closed the financial year very satisfactorily, even taking into account the difficult economic conditions.

The MANN+HUMMEL Group's sales revenue fell by 4.4%, or EUR 207.1 million, to EUR 4,527.5 million (previous year: EUR 4,734.6 million) in the past financial year. Sales development was strongly influenced by negative currency effects. Adjusted for these exchange rate effects of EUR -262.7 million, revenue growth was 1.2%. The MANN+HUMMEL Group was thus able to continue to grow despite a difficult market environment and a continuing realignment of the business.

Revenue in the Transportation division in 2024 was down year-on-year at EUR -251.6 million, or -5.9%. The exchange rate effect already described for the MANN+HUMMEL Group had a significant impact of EUR -263.2 million, or -6.1%. Adjusted for currency effects, this resulted in a slight growth of EUR 11.6 million, or 0.3%, which is attributable in particular to the positive development in the AA Business Unit.

In the AA, the IAM business in particular recorded slight revenue growth, while the OES business declined. The development in IAM was influenced in particular by the realignment of the customer structure in the Americas, which led to declining revenues there, especially in the second half of the year.

Sales in the OE business declined overall. In addition to the loss of revenue from the high-performance plastic parts business, which had been sold in 2022, difficult market conditions in the passenger car segment also had a negative impact. Market uncertainties led to restrained demand, which could not be fully compensated for by growth in the Heavy Duty and Industrial segments.

The LS&E division recorded solid growth, increasing its revenue by EUR 44.5 million to a total of EUR 486.5 million. The Air Filtration segment developed particularly strongly, growing by 12.7%. Revenue in this area rose by EUR 45.9 million to EUR 408.0 million. The Water & Membrane Solutions division, on the other hand, remained largely stable. There was a slight decline in revenue of 1.8%, or EUR 1.4 million, resulting in revenue of EUR 78.5 million.

The Group's earnings before interest and taxes (operating EBIT) was significantly higher in the year under review than in the previous financial year. Even though revenue was 4.4% lower than in the previous year, the Group was able to increase its gross margin by EUR 64.9 million in absolute terms and by 2.6%, from 25.2% in 2023 to 27.8% in 2024. While the Group's cost of sales was still 74.8% of sales in 2023, it was reduced to 72.2% in the 2024 financial year. This is partly due to sustainable efficiency gains in both business divisions. In absolute terms, the gross profit on sales rose to EUR 1,258.3 million (previous year: EUR 1,193.4 million)—an increase of 5.4% compared to the previous financial year.

EBIT was also significantly higher than in the previous year. However, it should be noted that earnings in the previous year were significantly impacted by one-off effects, including sustained impairments of assets in the impairment test and other extraordinary write-downs, as well as restructuring measures and currency effects from hyperinflationary countries. This year, too, earnings were impacted by one-off effects but not nearly to the same extent as the previous year. EBIT amounted to EUR 230.1 million (previous year: EUR 15.9 million), while the operating margin, or EBIT as a percentage of revenue, was 5.1% (previous year: 0.3%). This includes expenses for restructuring measures totaling EUR 14.8 million. These measures were necessary to adjust structures, particularly at the American locations. We also continued to implement measures to increase efficiency in Europe and in the LS&E division. Additionally, due to persistent market uncertainty, it was necessary to carry out a much more cautious assessment of the Group's inventories. This led to an additional write-down expense of EUR 21.0 million, which was particularly reflected at the European and Asian sites.

As in previous financial years, earnings were impacted by effects from hyperinflation accounting. While the effect was negative in the previous financial years (previous year: EUR -7.9 million), it amounted to EUR 6.4 million, which was determined in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). In countries with very high inflation rates, there was a switch to inflation-adjusted values, which led to additional currency-related effects. In the case of MANN+HUMMEL, this involved the revaluation of assets in the economies of Turkey and Argentina. Additionally, the inclusion or increase of provisions for litigation led to additional expenses of EUR 4.4 million.

In total, expenses from the aforementioned special effects amounted to EUR 33.8 million in 2024 (previous year: EUR -209.0 million). Adjusted for these effects, operating profit amounted to EUR 263.9 million (previous year: EUR 224.9 million). The adjusted operating EBIT margin thus amounted to 5.8% (previous year: 4.8%). The adjusted EBIT margin thus increased significantly compared to the previous year, which is attributable to improved operational efficiency in the Transportation and LS&E divisions. This result shows that the restructuring and structural adjustment measures of the past—as well as the measures to realign the company, the adjustments to the changed market conditions, and extensive cost-saving measures—continue to be successful. It is now important for us to continue this positive trend despite the far-reaching challenges of the dual transformation and to consistently capitalize on existing growth opportunities and potential.

For the 2024 reporting year, the MANN+HUMMEL Group expected sales revenue growth of 5% after adjusting for currency effects. With currency-adjusted growth of 1.2%, our sales revenue was below expectations compared to the previous year. One reason for this is that growth in the LS&E division is still lagging and has not yet reached the planned level. However, we are seeing steady growth in revenue, especially due to the acquisitions made in 2023. MANN+HUMMEL continues to adhere to its strategy and goals in this area.

In addition to the development in the LS&E division, Transportation also fell short of expectations. A difficult market environment in the OE business and the realignment of the customer structure in the American aftermarket meant that we were unable to achieve our targets for the year. Despite below-expected revenue growth, however, we were able to improve the operating profitability of both Transportation and LS&E divisions. While we had assumed an EBIT margin in the mid-single-digit range in the forecast, this is above the forecast margin at 5.8%, adjusted for non-operating one-off effects. The sustained increase in efficiencies and strict cost management have made a significant contribution to this.

In addition to EBIT, return on capital employed (ROCE) serves as a key Group management parameter. ROCE is defined as the return on the capital used to generate the reported EBIT. ROCE improved to 11.7% in the year under review (previous year: 0.8%).

In the past, ROCE was impacted by the one-off effects described above. There was also an improvement in ROCE on an adjusted basis compared to the previous year. Adjusted, this was 12.7%—even above the forecast defined for 2024 (between 10% and 12%). At the same time, it was also significantly higher than the adjusted figure for the previous year, which was 10.9%.

The open order backlog amounts to approximately EUR 2,003 million (previous year: EUR 2,152 million) and is thus EUR 148.5 million, or 6.9%, below the previous year. A forecast for future business development cannot be derived from this.

R&D costs amounted to EUR 128.3 million in the year under review (previous year: EUR 117.9 million). In relation to revenue, costs increased slightly from 2.5% in 2023 to 2.8% in 2024. As a result, the MANN+HUMMEL Group's R&D expenditure remains at the same high level as in previous years or has even increased. MANN+HUMMEL continues to invest in new technologies as well as the associated strategic orientation of existing business areas—especially in our LS&E division, where the development of sustainable filtration solutions is an important focus of R&D activities.

Compared to the previous year, expenses for sales increased significantly. In the year under review, they increased by EUR 45.7 million to EUR 575.0 million (previous year: EUR 529.2 million). The increase of 8.7% is mainly due to the increase in logistics and freight costs. Particularly at the American sites, difficulties and inefficiencies in supplying customers in the AA business led to significantly higher expenses. However, other expenses, including marketing and various others, were also higher than in the previous year. As a result, the share of selling expenses as a percentage of sales rose from 11.2% in the previous year to 12.7% in 2024.

General administrative expenses increased by EUR 6.1 million, or 2.2%, from EUR 273.6 million to EUR 279.7 million. In relation to sales, this is an increase from 5.8% to 6.2%. This is mainly due to increased personnel costs as well as rising rental and leasing costs.

Other operating income declined in the reporting period compared to the previous year, decreasing to EUR 98.8 million (previous year: EUR 120.5 million). The decline was primarily due to reduced foreign currency translation income of EUR 52.8 million (previous year: EUR 74.2 million).

Other operating expenses fell sharply compared to the previous year by EUR -233.2 million to EUR 144.1 million. One of the main reasons for the sharp decline is the absence of the impairment of goodwill and intangible assets of the LS&E division in the previous year, totaling EUR 185.6 million. Expenses from foreign currency translation also decreased to EUR 56.2 million (previous year: EUR 114.8 million). In terms of reducing expenses, the adjustment of the provision for imminent losses from pending transactions in the amount of EUR 8.6 million (previous year: EUR 22.8 million) was emphasized. Additionally, restructuring expenses of EUR 14.8 million (previous year: EUR 6.1 million) were incurred in the year under review.

The financial result developed positively in the year under review compared to the previous year. It improved by EUR 33.5 million to EUR -80.0 million (previous year: EUR -113.5 million). This includes income and expenses for interest, which amounted to EUR 53.7 million on balance, a EUR 16.3 million increase. This is partly due to the higher use of existing credit lines. In addition to the effects of hyperinflation in Turkey and Argentina already described in other operating income and expenses, this also had a negative impact on the financial result by the amount of EUR 14.7 million. However, this was EUR 7.8 million lower than in the previous year. Additionally, our securities portfolio developed positively in 2024, resulting in income of EUR 17.9 million. The financial result also includes effects from interest on pensions, the realization of gains from the merger of two Swedish companies in the LS&E division, as well as the valuation of options from the acquisition of consolidated companies in 2023.

As of December 31, 2024, total tax expenses decreased from EUR 97.1 million in the previous year to EUR 83.1 million.

The year-on-year increase in current tax expenses of EUR 96.0 million is offset by a deferred tax income of EUR 12.9 million. The increase in current tax expenses is mainly due to the positive development in the Transportation division as well as additional tax provisions for risks from ongoing tax audits in the amount of EUR 3.1 million.

Financial position of the MANN+HUMMEL Group

Including the net assets attributable to the shareholders of the parent company, MANN+HUMMEL's equity ratio improved from 19.4% to 20.1% in the 2024 financial year. This is mainly due to the positive development of the operating result. In absolute terms, economic equity (i.e., the sum of equity and net assets attributable to the shareholders of the parent company) also increased in 2024 to EUR 836.5 million (previous year: EUR 799.4 million). MANN+HUMMEL was thus able to take another important step toward sustainably, strengthening its equity ratio to at least 25%.

To ensure sufficient liquidity, the MANN+HUMMEL Group has short-term credit lines with banks available in the amount of of EUR 906.3 million (previous year: EUR 906.3 million). These credit lines were drawn down to the tune of EUR 505.1 million (previous year: EUR 355.0 million) as of the balance sheet date and were therefore reported as liabilities to banks. A large part of the credit lines amounting to EUR 401.2 million (previous year: EUR 551.3 million) was therefore not drawn. The existing, bindingly committed syndicated loan of EUR 800 million has a term until the end of July 2029. This syndicated credit line, in turn, has a sustainability component that links an adjustment of the interest rate to an environmental, social, and governance (ESG) score. The interest margin is increased or decreased by EcoVadis depending on the MANN+HUMMEL rating.

In 2023, the Group repaid the obligations due under promissory note loans and bilateral loans. As a result of the taking out of new bilateral loans and the further use of existing credit lines, financial liabilities to banks increased by EUR 34.9 million to EUR 1,225.8 million.

Additionally, lease liabilities of EUR 53.2 million (previous year: EUR 57.8 million) were paid.

The MANN+HUMMEL Group continues to operate conservatively with financial instruments that have long maturities and essentially fixed interest rates. The loans taken out are mainly in the euro currency.

The maturities of this financing are predominantly spread over the next six years. Our registered bonds (NSV) and individual tranches of our green promissory notes have maturities until 2034. The associated interest rates are mostly fixed.

The balance sheet of the MANN+HUMMEL Group shows the maturity structure of liabilities to banks broken down into non-current and current liabilities. The loan repayments due in 2024 were reclassified from non-current to current obligations in the current financial statements. This resulted in a significant increase in current financial liabilities of EUR 191.4 million.

Off-balance-sheet commitments and contingent liabilities increased by EUR 8.8 million to EUR 65.2 million compared to the previous year. This is due to the increase in order commitments. These mainly relate to investments in the German and Czech companies for the expansion of buildings and production facilities as well as maintenance expenses at the US sites. In addition, off-balance sheet rental and leasing obligations increased slightly. The majority of obligations arising from leasing transactions are recognized in the balance sheet in accordance with IFRS 16 (Leases). The individual items of contingent liabilities and other financial obligations are presented in the notes to the consolidated financial statements under items 34 and 35.

Capital expenditure in the year under review amounted to EUR 202.1 million (previous year: EUR 198.7 million) and was thus EUR 3.4 million, or 1.7%, higher than in the previous year. In relation to sales, the Group thus invested 4.5% (previous year: 4.2%) in property, plant, and equipment and intangible assets. Capital expenditures and the capital expenditure ratio also include EUR 52.7 million (previous year: EUR 39.0 million) in addition to the conclusion of new leases.

In the period under review, MANN+HUMMEL made significant investments at its German sites as well as at other European sites. Among other things, MANN+HUMMEL GmbH continued its investments in a spunbonded nonwoven plant at the Marklkofen site in Germany, which had already begun in the previous year, to expand the company's own capacities with regard to the production of nonwovens. Additionally, MANN+HUMMEL has expanded production capacities at its Himmelkron site. The project to install production facilities at the site in Italy for the water filtration sector, which began in 2022, was also continued. We also further expanded our production capacity in the Czech Republic. Additionally, new leases were concluded. Significant contracts included the conclusion of a lease agreement for a building at the Marklkofen site, where the aforementioned spunbond plant has been erected, and a contract was concluded for the continued leasing of a logistics center at our US site in Gastonia, North Carolina.

In the year under review, there was sufficient liquidity for our investments in new customer projects. As in previous years, we are financing it through operating cash flow.

Cash flow from operating activities decreased insignificantly by EUR -9.4 million from EUR 288.6 million to EUR 279.2 million compared to the previous year. However, at EUR 150.0 million, earnings before taxes in the year under review were significantly higher than in the previous year (EUR -97.7 million), with the previous year being impacted by significant non-cash effects due to the impairment losses of EUR 185.6 million in the cash-generating LS&E division. The operating result for the financial year was impacted by non-cash expenses and income. These included impairments on receivables of EUR 7.4 million (previous year: EUR 5.7 million) and impairments on inventories of EUR 39.3 million (previous year: EUR 19.0 million). The better financial result, which was EUR 33.5 million more positive in 2024 than in the previous financial year, is added to net income in connection with the calculation of free cash flow and reported with the actual payment amounts as part of the cash flow from financing activities. The increases and decreases in short-term provisions have changed significantly compared to the previous year. Among other things, this is due to a higher allocation of restructuring provisions and a lower reversal of provisions for imminent losses from pending transactions.

There were significant shifts within working capital and other assets and liabilities. Inventories were reduced by EUR 17.2 million, whereas trade receivables increased by EUR 25.6 million in cash terms. Among other things, this is due to the change in the business model in the North American market. Other assets also decreased by EUR 10.9 million. Trade payables and other liabilities decreased by EUR -82.0 million (previous year: EUR -34.0 million). As a result, the cash flow from operating activities deteriorated by EUR -48.0 million. The cash outflow reported in this item was mainly due to a decrease in trade payables of EUR 60.2 million. Additionally, the decrease in liabilities from customer discounts by EUR -30.0 million led to a significant cash outflow. This is also due in part to the shifts in the customer structure in North America.

With a cash outflow of EUR -146.2 million, the cash flow from investing activities was EUR 58.8 million below the previous year (EUR -205.0 million). MANN+HUMMEL continues to invest in a sustainable future for the company and thus in a transformation of the existing business as well as in the new business areas. For this reason, disbursements for investments in property, plant, and equipment remained at an unchanged high level of EUR -147.1 million (previous year: EUR -157.6 million). The disbursements for non-current assets of EUR -3.4 million (previous year: EUR -1.8 million) are investments in venture capital for smaller and flexible start-up companies. These investments serve to open up new business and product areas in the field of filtration for the MANN+HUMMEL Group. In the 2023 financial year, the Group invested a total of EUR 53.5 million in the acquisition of 70% of the shares in U-Air in China and 60% of the shares in M-Filter in Finland. In 2024, a further and much lower purchase price installment was paid for the acquisition of U-Air in China.

Free cash flow is combined from the cash flow from operating activities and the cash flow from investing activities. At EUR 133.0 million, this amounted to an increase of EUR 49.3 million compared to the previous year. This was slightly below the forecast free cash flow of around EUR 150 million for the financial year.

Cash flow from financing activities resulted in a cash outflow of EUR -125.4 million in the reporting period and was thus EUR -26.3 million higher than in the previous year. This includes EUR -15.1 million (previous year: EUR -15.8 million) from dividend payments to shareholders, of which EUR 2.1 million (previous year: EUR 6.4 million) relates to dividend distributions to minority shareholders of a Chinese subsidiary. As part of the Group's financing activities, EUR 225.7 million (previous year: EUR 301.7 million) was raised from banks in the past financial year. Among other things, this related to a further drawdown of the revolving syndicated credit line in the amount of EUR 130.0 million (previous year: EUR 60.0 million). Additionally, bilateral loans totaling EUR 86.8 million (previous year: EUR 53.0 million) were taken out in Germany as well as in the Americas. Existing loans and current credit lines were repaid to the credit institutions in accordance with the contract in the reporting period. In total, these repayments amounted to EUR -214.2 million in 2024 (previous year: EUR -275.3 million). In addition to disbursements from lease liabilities of EUR -53.2 million (previous year: EUR -57.8 million), MANN+HUMMEL had to raise EUR -68.7 million for interest payments in the 2024 financial year. The year-on-year increase of EUR 16.7 million was due to the higher use of existing credit lines.

Overall, the Group's financial resources increased by EUR 7.6 million in the 2024 financial year (previous year: EUR -15.3 million).

As MANN+HUMMEL has both stable, sufficient liquidity and an ample number of credit lines, there were no liquidity bottlenecks in the year under review. MANN+HUMMEL is therefore in a position to meet its financial obligations in full when they fall due.

There are no early repayment obligations. These would only arise in the event of a breach of applicable contractual provisions, such as a change in ownership structures, imminent insolvency, or failure to make interest and principal payments, meaning that there is no risk for MANN+HUMMEL in this regard.

In our view, the Group's liquidity is secured by the existing loan agreements.

For additional information, please refer to the disclosures in the notes.

Net asset position of the MANN+HUMMEL Group

Total assets increased slightly by 0.9% compared to the previous year, amounting to EUR 4,155.4 million (previous year: EUR 4,116.3 million). However, it must be noted that total assets increased by EUR 24.9 million (previous year: EUR 85.2 million reduction) due to changes in exchange rates.

Intangible assets decreased by EUR -7.9 million from EUR 723.4 million in the previous year to EUR 715.5 million. This is mainly due to the scheduled amortization. Intangible assets include capitalized goodwill, which amounted to EUR 620.9 million (previous year: EUR 601.0 million), with the changes resulting exclusively from currency translation. In the previous year, MANN+HUMMEL acquired intangible assets in China as part of the acquisition of U-Air. At the time of the preparation of the consolidated balance sheet for the previous year, the valuation of U-Air's existing hidden reserves in the amount of EUR 14.8 million was still based on a preliminary purchase price allocation. Following the completion of the purchase price allocation, the disclosed hidden reserves now amount to EUR 6.8 million.

Additionally, EUR 2.3 million (previous year: EUR 2.1 million) was invested in intangible assets, such as licenses, software, and similar rights, as well as development costs. Intangible assets were depreciated in the amount of EUR 36.8 million (previous year: EUR 43.7 million) as planned. Additionally, fluctuations in exchange rates of EUR 24.3 million (previous year: EUR 7.3 million) led to an increase in this balance sheet position.

Property, plant, and equipment increased by EUR 34.9 million to EUR 1,091.2 million. This includes the aforementioned investment volume in property, plant, and equipment of EUR 199.8 million (previous year: EUR 196.6 million).

Working capital is an important performance indicator at MANN+HUMMEL and results from the difference between current and non-current trade receivables as well as inventories and current and non-current trade payables. Overall, working capital increased by EUR 41.9 million, or 5.4%, year-on-year to EUR 823.7 million. In relation to revenue, working capital amounted to 18.2% (previous year: 16.5%). Inventories included in working capital decreased slightly to EUR 661.2 million (previous year: EUR 697.7 million), remaining at a high level as in the previous financial year. In order to ensure and improve the ability to deliver to customers, especially in the spare parts business, it was necessary to maintain the level of inventories at the previous year's level. In addition to inventories, trade receivables increased to EUR 851.2 million (previous year: EUR 825.6 million). In contrast, liabilities to suppliers decreased by EUR -52.8 million to EUR 688.7 million (previous year: EUR 741.5 million). The significant year-on-year shifts in receivables and payables are largely due to changes in the business model of North American companies in the aftermarket.

The MANN+HUMMEL Group's cash and cash equivalents amounted to EUR 176.5 million in 2024 (previous year: EUR 174.4 million) and were thus EUR 2.1 million higher than in the previous year. Current investments, payments to company owners, company acquisitions, and loan repayments were financed from current cash flow. Additionally, the MANN+HUMMEL Group has current financial assets of EUR 370.1 million (EUR 371.9 million), which can also be quickly converted into liquidity and is thus available to the Group as reserve liquidity.

On January 1, 2016, MANN+HUMMEL International GmbH & Co. KG became the ultimate parent company of the MANN+HUMMEL Group. In this case, there are non-excludable termination rights under German commercial law for the shareholders who do not meet the requirements for reporting as equity in accordance with International Financial Reporting Standards (IFRS). Accordingly, as in the previous year, this item will be reported in debt capital under net assets attributable to the shareholders of the parent company.

In the year under review, equity reported on the balance sheet includes the shares of other shareholders of MANN+HUMMEL International GmbH & Co. KG. They hold a direct 16.67% stake in MANN+HUMMEL Holding GmbH but do not have voting rights. This also includes the non-controlling interests of Changchun MANN+HUMMEL Faway Filter Co., Ltd. in Changchun, China. In total, minority interests amounted to EUR 157.9 million (previous year: EUR 161.0 million).

Non-current and current financial liabilities increased by EUR 12.8 million year-on-year to EUR 1,741.6 million (previous year: EUR 1,728.8 million). Liabilities to banks increased by EUR 34.9 million to EUR 1,225.8 million due to the drawdown of short-term credit lines in excess of the scheduled repayments, while liabilities from lease contracts decreased by EUR 6.3 million in the context of the application of IFRS 16 (Leases), which is attributable to the scheduled payment of existing lease liabilities.

Interest rates have continued to rise due to the continued tightening of monetary policy in 2024 to counteract the inflationary developments that still exist. However, the pace of interest rate hikes has slowed significantly, resulting in a slight increase in the discount factor for the determination of pension provisions. This increased from 3.18% in 2023 to 3.37% in 2024 and was one of the reasons for the reduction in the amount of the provision. Overall, pension obligations thus decreased by EUR -10.7 million from EUR 355.6 million to EUR 344.8 million.

Other short- and long-term provisions decreased by EUR -2.8 million to EUR 163.6 million. This resulted in opposing changes in the various provisions items. While provisions for imminent losses from pending transactions decreased by EUR 8.6 million and personnel provisions by EUR 4.1 million, provisions for restructuring measures increased by EUR 6.0 million partly due to the structural adjustments initiated at the North American sites.

Non-current and current other liabilities increased by EUR 21.9 million from EUR 186.9 million to EUR 208.8 million. The largest changes were in current liabilities, which increased by EUR 24.9 million. In particular, personnel-related liabilities increased by EUR 7.60 million mainly due to higher provisions for bonus- and profit-related remuneration as well as untaken leave. Additionally, liabilities from VAT increased by EUR 9.2 million, while lower advance payments of EUR 5.2 million had an offset effect. Non-current liabilities, on the other hand, decreased by EUR -2.9 million overall.

Existing transfer pricing risks were reassessed in the annual financial statements as of December 31, 2024, and taken into account accordingly, as in the previous year's financial statements.

Group balance sheet structure

Overall, the MANN+HUMMEL Group has a balanced balance sheet structure. The existing short-term obligations can be serviced with the existing cash and cash equivalents as well as available credit lines. The Group's combined equity ratio—summary of equity and net assets attributable to the shareholders of the parent company—was 20.1% (previous year: 19.4%). In addition to sustainable growth and a further improvement in the operating margin, our focus in the coming financial years will continue to be on improving working capital, optimizing cash flows, improving return on capital, and, at the same time, again strengthening the equity ratio.

Overall statement on business performance

The management of the MANN+HUMMEL Group assesses the Group's development as satisfactory, taking into account the continuing difficult economic conditions. The transformation of the Group continued to be consistently driven forward for a successful future. To secure competitiveness, the structures in our LS&E division were further expanded, and preparations were initiated for necessary adjustments in the Transportation division. Sales growth in 2024 was below expectations in both business segments. However, we were able to significantly increase earnings compared to the previous year through a sustained improvement in the operating margin by leveraging efficiency gains and strict cost management. Thanks to working capital remaining at a high level, high investments in the future of the Group, and additional acquisitions, cash flow is still below our ambitious expectations. We will continue to focus on this in the 2025 financial year.

Development and position of MANN+HUMMEL International GmbH & Co. KG

All the following figures refer to the individual financial statements of MANN+HUMMEL International GmbH & Co. KG in accordance with the accounting standards of German commercial law (HGB).

MANN+HUMMEL International GmbH & Co. KG is the parent company of the MANN+HUMMEL Group. The company is headquartered in Ludwigsburg, Germany. In 2024, MANN+HUMMEL International GmbH & Co. KG had an average of 140 (previous year: 131) employees. These are mainly the Group administration areas of Legal, Treasury, Reporting, Finance, Human Resources, and Communications.

The company's main income results from its function as the parent company of the MANN+HUMMEL Group.

The services are invoiced to the domestic investment companies plus an appropriate profit margin within the framework of a business, service and management contract. Additionally, there is a profit and loss transfer agreement with MANN+HUMMEL East European Holding GmbH.

In the 2024 financial year, MANN+HUMMEL International GmbH & Co. KG generated revenue of EUR 53.8 million (previous year: EUR 42.4 million), which resulted primarily from the billing of intra-group services.

The company generated profits of EUR 70.3 million (previous year: EUR 96.1 million) through the profit and loss transfer agreements with its Group subsidiaries. Other operating expenses totaling EUR 32.6 million (previous year: EUR 24.9 million) mainly include costs for services provided by affiliated companies, business and legal advice costs, and IT expenses.

Personnel expenses increased slightly by EUR 3.0 million year-on-year to EUR 19.4 million (previous year: EUR 16.4 million). This is mainly due to lower performance-related compensation from the previous year.

Net interest income amounted to EUR 8.0 million (previous year: EUR 3.3 million) and includes both the increase in the discount rate for pensions and interest income for intra-group loans.

Taking into account taxes on income and income of EUR -2.5 million (previous year: EUR -2.5 million), MANN+HUMMEL International GmbH & Co. KG posted a net profit of EUR 77.8 million in the 2024 financial year (previous year: EUR 98.5 million).

Of this amount, a profit of EUR 70.3 million was included in the reserves (previous year: EUR 96.1 million).

Total assets amounted to EUR 653.8 million (previous year: EUR 584.0 million). This is attributable to the increase in reserves to EUR 346.9 million (previous year: EUR 287.7 million), which is mainly due to the profit transfer of MANN+HUMMEL East European Holding GmbH.

Receivables from affiliated companies rose by EUR 69.8 million to EUR 382.3 million (previous year: EUR 312.5 million). The main components are in-house bank balances at MANN+HUMMEL Holding GmbH as well as receivables from loans to MANN+HUMMEL East European Holding GmbH and receivables from profit transfers of MANN+HUMMEL East European Holding GmbH. Other assets amounted to EUR 5.0 million (previous year: EUR 5.3 million) and mainly included input tax refunds.

Equity amounted to EUR 613.1 million (previous year: EUR 553.8 million).

Provisions amounted to EUR 19.8 million (previous year: EUR 15.6 million). Provisions for pensions and similar obligations amounted to EUR 10.2 million (previous year: EUR 9.9 million). The increase in the pension provision of EUR 0.3 million is mainly due to the regular allocation to the provision. The adjustment of the actuarial interest rate for pension provisions from 1.83% to 1.90% led to an increase of EUR 0.1 million. Other provisions amounted to EUR 4.9 million (previous year: EUR 2.8 million) and mainly included provisions for performance-related additional payments, outstanding invoices, and annual closing costs.

Liabilities to affiliated companies amount to EUR 12.2 million (previous year: EUR 10.6 million) and mainly include VAT liabilities as well as intra-group re-billing of services and costs.

In summary, sales increased by 27% in the past financial year. The increase in revenue and EBIT forecast in the previous year was thus achieved.

For the 2025 financial year, we have so far expected MANN+HUMMEL International GmbH & Co. KG, the ultimate Group company of the MANN+HUMMEL Group, to increase sales by around 7% compared to the previous year and thus also an increase in EBIT.

6. Opportunity and risk report

Geopolitical challenges and the danger of cyberattacks remain the biggest risks to the global economy. Additionally, trade and economic policy uncertainties continue to weigh on global growth prospects. The war in Ukraine and tensions in the Middle East could escalate further. In the Middle East, a major regional conflict with Iran and other actors could break out. Possible consequences such as rising oil prices, interruptions in energy supplies, or blockades of important trade routes could hit the global economy hard. Both conflicts could further intensify or escalate, drawing other countries—including NATO countries—into the conflicts. This would have a significant impact on sales growth, production, supply chains, and energy supply.

Additionally, risks arise from geopolitical tensions in regions such as the Baltics, Eastern Europe, the Western Balkans, China, Taiwan, and North Korea. China's economic development remains a decisive factor as a further slowdown in economic growth could have a direct impact on global value chains. Increasing trade barriers, protectionism, and sanctions would also increase production costs and affect productivity.

Another economic risk is a rapid rise in inflation. If monetary policies were to be tightened further in response, this could trigger a global recession or further exacerbate the recessionary trend in Germany. Financial crises or problems in the banking sector could worsen the situation further still, especially for highly indebted countries, while strong fluctuations in foreign exchange markets could also have a negative impact on financial systems, particularly in emerging markets. Geopolitical developments and trade policy measures, especially by the US government or the EU, could have a significant impact on our business. These include sanctions against certain countries and companies as well as increased import duties on our products or important intermediate products. Such measures can lead to cost increases, limited market access, or delays in the supply chain. In particular, higher tariffs on exports to the US or on intermediate products essential for our production could affect our competitiveness.

Structural challenges in individual sectors also play a role. If the economic downturn in important sectors continues or intensifies, this could have a negative impact on our business development.

Other global risks include the outbreak of a new pandemic, terrorist attacks, or cybercrime, all of which could affect economic activity worldwide. Additionally, the global economy remains vulnerable to natural disasters and extreme weather events, the frequency and intensity of which are further increasing due to climate change.

In order to be as prepared for these challenges as possible, we continuously monitor and analyze market, competition, and industry data, allowing us to react to negative developments at an early stage.

Sustainability is a key driver of our business. With our core competence of filtration, we contribute to cleaner air, cleaner water, cleaner mobility, and cleaner industry. On this basis, we have developed a strategic approach to sustainable business conduct and published a sustainability report for 2023. This sustainability report shows that we are consistently aligning our vision of "Leadership in Filtration" and our mission of separating the useful from the harmful to applications in the LS&E division today and in the future.

Governments around the world are placing increasing emphasis on sustainability, leading to stricter regulatory requirements and expanded reporting requirements. This can result in higher costs for compliance with new regulations.

At the same time, stakeholders and investors are paying more attention to sustainability issues. If our sustainability strategy is perceived as implausible, this could lead to reputational risks, especially with regard to so-called "greenwashing."

A significant risk to our business development is the possible loss of important customers, whether due to insolvency, market changes, strategic realignment, or changes in purchasing policy. Such a development could lead to a decline in sales, production adjustments, and increased bad debts.

In economically uncertain times in particular, the risk of payment defaults and liquidity bottlenecks increases for our customers. This could not only weigh on our financial situation but also have an impact on our supply chains and production processes. To minimize risk, we continuously monitor the financial stability of our key customers, diversify and segment our client portfolio, and take appropriate measures in receivables management.

Given these circumstances, every business decision at MANN+HUMMEL is made by taking the associated opportunities and risks into account. In order to do so, we at MANN+HUMMEL consider risks in our internal risk reporting as possible future events that could prevent us from achieving our planned (financial) targets. However, we also define opportunities as possible events or developments that are expected to have a positive impact on our planned (financial) goals.

As a globally active company, we counter these risks through diversification (i.e., through a broadly diversified product portfolio) as well as through the continuous improvement of our products and processes. We create opportunities by continuously increasing our competitiveness, constantly developing our products, expanding our development expertise, and driving the establishment and expansion of new markets. Future-oriented technologies and media as well as vertical integration, digital and intelligent business models, and diverse service solutions also open up new opportunities for us.

We create synergy effects and new market access through acquisitions, such as in the LS&E division. In this way, we are continuing to drive forward the transformation of the company.

The global trend toward alternative drive systems, especially in the passenger car sector, holds many opportunities—but it also poses risks. We are preparing for this. For years, we have been continuously reducing our dependence on the combustion engine powertrain in our Transportation division. As these drives get replaced by alternative drive systems, there is a risk of losing sales and market share in the OE business. This is why we are investing in the development of innovative filtration solutions for these new drive systems, opening up opportunities to offer new products for future technologies and tap into this market. Additionally, the increased environmental awareness of all market participants and end consumers also offers opportunities to offer new products outside the powertrain. These include all products that are grouped under the generic term "fine-dust eaters," such as, for example, brake dust filters, fine dust filters for vehicle interiors, or stationary fine dust and nitrogen oxide filter columns. These innovative products have great growth potential and are expected to open up new market segments as well as new customers.

Risk and opportunity management is therefore an integral part of the planning and control processes at MANN+HUMMEL, with the aim of sustainably supporting the achievement of corporate goals and strengthening and ensuring risk awareness within the company.

Opportunity report

The MANN+HUMMEL Group sees numerous opportunities for further growth and the expansion of its market positions. In the Transportation division, technological change and new mobility concepts are opening up extensive potential. While the classic combustion engine continues to lose importance, filtration remains essential for battery and fuel cell systems.

The demand for clean air in vehicle interiors is also growing due to increasing environmental regulations and increased health awareness among consumers. High-performance filters for vehicle interiors that filter pollutants and particulate matter are more and more becoming the standard, offering MANN+HUMMEL further growth potential. Additionally, the area of emission control continues to gain in importance. Stricter emission standards require more powerful filter systems, especially for commercial vehicles and off-highway applications such as construction machinery or agricultural vehicles.

Through strategic partnerships with globally active manufacturers and suppliers, MANN+HUMMEL can participate in new developments at an early stage and position itself as an innovation leader in the field of filtration. At the same time, the aftermarket offers a high-margin opportunity to further expand the market position in this area.

There are far-reaching market and technology opportunities in the LS&E division. The increasing demand for sustainable and environmentally friendly filtration solutions offers great growth potential, especially in air and water filtration. Moreover, smart filtration solutions are enabling new digital business models.

Regional production can reduce dependencies in global supply chains, making the company more resilient to geopolitical risks and trade restrictions. Shorter transport routes reduce logistics costs and allow for faster responses to customer needs.

Additionally, we are seeing financial and strategic opportunities that could secure MANN+HUMMEL's market position and competitiveness in the long term. Automation, digitalization, and optimized end-to-end processes can further optimize the cost structure and increase profitability. A targeted realignment of our portfolio toward high-margin and future-proof segments offers further competitive advantages. Sustainable financing strategies are also becoming increasingly important in the wake of growing ESG requirements and can contribute to a long-term increase in the value of the company.

Overall, the MANN+HUMMEL Group can further strengthen its market position by focusing on technological innovations, diversification, and sustainability.

Risk management

The aim of MANN+HUMMEL's risk management is to regularly and continuously identify and assess all risks that are material to the Group at an early stage and to assess their effects, including countermeasures, as well as to ensure sufficient documentation of the risk management process and its results. In order to be able to comprehensively respond to rapidly changing market conditions and corporate changes (e.g., establishment of new plants, integration of newly acquired companies, sale of parts of the company, etc.), we continued to develop our risk management system in the year under review. By implementing a risk management tool, we have largely automated the standard process. In order to refine the assessment of the extent of risk, we have expanded the process to include a two-stage procedure. As part of this process, risk coordinators check whether risks that have already been reported still exist and to what extent newly reported risks are being adequately addressed by those responsible for risk, taking into account the context of their area of responsibility. After initial validation, the reported risks are reviewed by Group Risk Management, taking into account the overall organization.

Risk management is integrated into MANN+HUMMEL's existing organization, encompassing all organizational units, functions, and processes. It is based on common standards, such as the Committee of Sponsoring

Organizations of the Treadway Commission (COSO) and the International Organization for Standardization (ISO), and is precisely tailored to the circumstances at MANN+HUMMEL. It provides optimal support to all responsible parties through a company-wide planning, reporting, and controlling system and defines clear responsibilities, goals, and processes. The risk managers are responsible for identifying, evaluating, managing, and reporting. They also reassess their risk situation annually and report their risk portfolio to Group Risk Management.

The organizational framework of our risk management is the Group Treasury & Risk Management function, who reports directly to the Group's CFO.

Based on the information reported, Group Risk Management determines the Group's current risk portfolio, which is made available to the Executive Board and the Supervisory Board in an annual report with detailed explanations. This report also includes the mathematical aggregation of risks at Group level. In doing so, similar risks are aggregated, and their Group-wide dependencies or effects are taken into account to ensure that overarching risks are identified and limited with overarching measures.

Material changes in the assessment of already known risks as well as new material risks are reported at any time and reported to the Executive Board on an ad hoc basis.

The possible risks are classified according to two criteria: the probability of occurrence and the extent of the risk. The level of risk is divided into five categories, which are based on the potential impact on the business result within two years, as follows:

- **Existential risk** (possible costs of over EUR 40 million)
- **Significant risk** (possible costs of EUR 25–40 million)
- **High risk**, with recognizable effect on business activities (possible costs of EUR 15–25 million)
- **Moderate risk** (possible costs of EUR 5–15 million)
- **Low risk** (possible costs of up to EUR 5 million)

Due to the continued tense economic situation, we kept the 2024 probability intervals (i.e., the range of probabilities in which a certain risk may occur) at the previous year's level so that the principle of prudence continues to apply.

Risk-limiting or mitigation measures are also reported and evaluated. The effectiveness and planned timing of these measures are monitored by Group Risk Management.

The risk remaining after the implementation of the measures is presented in the internal risk report as net risk.

The standard process specifies a lower value limit of EUR 5 million for reporting risks, while the ad hoc process specifies a lower value limit of EUR 25 million in terms of potential negative effects. Risks below these value limits are managed independently within the divisions. The time horizon relevant for internal risk reporting is a maximum of two years. The impact of the risks addressed in the Risk and Opportunity Report is also presented as annual values.

Current geopolitical and trade policy developments may result in additional uncertainties for the further business development of the MANN+HUMMEL Group, which will necessitate a change in the presentation of the Group's risk situation. We have taken measures in the crisis regions to ensure the continued existence of MANN+HUMMEL's assets as best as possible and, if necessary, to counteract the threat of expropriation.

Overall, the risk structure of our company has not changed significantly compared to the previous year—with the exception of the risks already mentioned. We have limited and mitigated the possible effects of the various risks through a range of measures, and we therefore do not currently see any further risks that could have a lasting and material impact on the company's development in the 2025 financial year and beyond.

No significant changes have occurred since the balance sheet date that would lead to a change in the presentation of the Group's risk situation.

Financial risks

For our Group, the narrower circle of financial risks includes exchange rate fluctuations and interest rate changes. These currency risks are continuously and regularly monitored, assessed, and hedged by derivative financial instruments, taking into account a risk limit. For this reason, we also consider the existing currency risk for the MANN+HUMMEL Group to be moderate. We generally use these derivative financial instruments to hedge risk-bearing transactions arising from the Group's operating business. The interest rate risk is also continuously monitored and minimized by the highest possible proportion of financial liabilities with long-term fixed interest rates.

The Group's Treasury & Risk Management department is responsible for limiting financing and liquidity risks. Our long-term financing largely counteracted interest rate developments in the past financial year. Nevertheless, the current interest rate trend will naturally have an impact on future financing. We therefore expect higher interest expenses in the future, but we assume that we will be able to maintain our financing and liquidity risk at a low level in the future.

In addition to currency and interest rate risks, we regularly review the default risks of our financial partners and initiate risk-mitigating measures.

Sufficient financial resources are the basis on which MANN+HUMMEL can drive forward the implementation of its strategic objectives. We keep financial risks low through solid financing, a stable and continuously monitored liquidity situation, and sufficient reserve liquidity (i.e., sufficient financial resources that are reserved for unforeseen critical situations and are not needed for operational business). We monitor our receivables, liabilities, and inventories continuously and regularly in order to be able to initiate necessary measures to avoid risks at short notice.

Part of our reserve liquidity is invested in a master fund with several segments: four sub-funds and one overlay. This allows us to comply with the defined return and risk parameters at all times.

The investment guidelines stipulate that the sub-funds must be equipped with a risk limitation system. Accordingly, one fund has a fixed value floor of -5% and one fund has risk control without a fixed value floor. The other two funds are absolute return funds that cannot fall below a performance of -10% due to a corresponding risk overlay.

Tied working capital is continuously monitored and, if necessary, adjusted in line with the development of sales.

We counter balance sheet risks such as the valuation of our fixed assets, the assessment and recognition of matters relevant to provisions in the individual Business Units, or the accrual and accrual of sales revenue through regular and close coordination between the responsible central divisions and the individual Business Units, as well as through a forecast process closely coordinated with the Business Units and management. Meaningful key figures complement this process. In this way, we ensure that relevant facts are identified at an early stage and mapped correctly.

Operational opportunities and risks

Market environment

In order to be able to react quickly to a further weakening in economic development in relevant markets, we have defined possible scenarios in advance.

From these scenarios, we derive measures that adjust the cost level as far as possible to potential declining sales volumes. We also continuously validate our markets as well as competitor behaviors in order to identify such developments early on and counteract them with appropriate, market-specific measures. Within this context, we have strengthened our measures—particularly in the IP rights implementation process—with a corresponding project, which will continue in 2025 and expand as needed.

In line with the growing social awareness of sustainability, our focus in product development is on cleaner mobility, cleaner air, cleaner water, and cleaner industry. In the Transportation division, we are therefore increasing our work on filtration solutions for fuel cells and electric vehicles. At the same time, we are making an important contribution to reducing particulate matter with our brake dust filters and front-end filters. Additionally, our filtration and separation solutions in the LS&E division round off our product portfolio and underscore our commitment to the environment.

Our historically high dependence on the automotive industry also harbors risks. As a Tier 1 supplier, we are feeling the cost pressure in the series business particularly strongly. This is also due to the increasing market share of alternative drive systems such as electric motors. There is also a risk of production losses at automotive manufacturers not only from the failure of individual automotive suppliers—due to undercapacity—but also in connection with the conflicts in Ukraine and the Middle East and the associated negative effects on their production, purchasing, and logistics processes or due to start-up difficulties with new technologies—including overcapacity—which can negatively impact MANN+HUMMEL's sales.

We are proactively responding to the possible imminent end of the internal combustion engine by transferring our core competencies to new business areas and powertrain technologies, thereby diversifying our product range. At the same time, we are tapping into new markets.

The focus is on competitive behavior. Internal processes for reviewing possible third-party rights and management processes for compliance with all regulations are our basis for legally impeccable conduct in competition.

The rapid and far-reaching changes as well as the constant change brought about by the digital age challenge everyone equally: MANN+HUMMEL as a company, our managers, and each and every one of our employees.

We face new challenges not only in the form of transportation solutions beyond the combustion engine but also in the digital transformation of the economy and society, as well as growing demands for sustainable business practices.

However, these changes also open up a multitude of new opportunities for us. Our core competence in filtration, with over 80 years of experience, is an advantage for the development of innovative products in new business areas. A good example is the LS&E division. Here, broad diversification promotes increasing independence from the automotive sector, opening up new opportunities for technology transfer and innovation for our company.

The recruitment and retention of skilled workers is an integral part of our corporate philosophy. With measures such as our talent management program and the application of leadership principles, we stay close to our employees and can support their individual development.

Purchasing

In the procurement markets relevant to MANN+HUMMEL, price fluctuations for upstream raw materials and components pose both opportunities and risks. We counter the risk of rising costs as far as possible through long-term contracts as well as a globally active and strategically diversified supplier base as part of our Group-wide category management. For 2025, we expect prices on the procurement markets relevant to us to remain stable or stagnate slightly.

Despite ongoing and new international crises, we were able to secure supplies for our production sites via existing supply chains last year. Although there are no strategically important suppliers directly in the crisis regions, the escalation of the conflicts in Ukraine and the Middle East in particular carries the risk of supply chains disruptions, leading to supply bottlenecks in production.

As part of our supplier risk management, we continuously monitor our global supplier base in order to identify potential supply risks as early as possible and initiate appropriate countermeasures. We are in close contact with our strategic suppliers, and our international teams also conduct regular 360-degree assessments.

We pay particular attention to the financial stability of our business partners. Persistently high energy prices as well as the changed interest rate and competitive environment in the automotive industry can lead to smaller companies in particular running into economic difficulties.

In the past financial year, we focused intensively on reporting on new EU regulations. For example, we have been reporting CO_2 emissions as part of the Carbon Border Adjustment Mechanism (CBAM) since the beginning of 2024. Additionally, an impact analysis of the European Deforestation Regulation (EUDR) was carried out.

Due to their complexity, both of the aforementioned regulations as well as the Corporate Sustainability Due Diligence Directive (CSDDD), which will apply from 2027, require IT system support in transactional implementation, which will be implemented in 2025.

This will enable us to efficiently implement the above-mentioned regulatory requirements as well as take an important step toward integration into the existing supplier risk management system. For us, corporate social responsibility (CSR) begins with the responsible and sustainable sourcing of materials along the entire supply chain. Misconduct in the supply chain also poses a risk for MANN+HUMMEL, and we will continue to reduce it. In addition to the system-supported monitoring of our supplier base, we also carry out regular supplier audits, oblige our suppliers to comply with or improve sustainable actions, and thus meet the operational requirements of the Supply Chain Act (LkSG), which has already come into force.
The introduction of sustainability assessments of our strategic suppliers by an external partner, which began in 2023, was completed in the year under review and represents another important component of the CSR strategy in MANN+HUMMEL Purchasing.

Opportunities arise from the planned revision of our supplier risk management, which will lead to complete and consistent risk profiles of our supplier base. In doing so, we will use a new IT system solution to make the risks more transparent, making the supplier management needed in this context more efficient.

In our view, risk management for existing purchasing risks is efficient. We therefore assess the existing risks as moderate, taking into account their probability of occurrence.

Loss of important customers

Both as a Tier 1 supplier and in the aftermarket business, we maintain long-term and trusting relationships with our customers. We continuously monitor our risks and dynamically adjust our credit limits to the payment behavior and creditworthiness of our customers. Although the default of a major customer would have a negative impact on our business development, it would not jeopardize our continued existence. In order to reduce such dependencies, we are pursuing a diversification strategy and offering a broad portfolio of innovative products for various filter markets. We have significantly improved and expanded our existing trade credit insurance and lifted the restriction to individual countries or customer groups.
The renewed trade credit insurance is currently being rolled out worldwide and only includes OEMs with very good credit ratings.

Opportunities arise from strengthening customer relationships through the continuous monitoring and adjustment of credit limits, boosting the trust of our business partners while also serving as an early warning system for us. Through diversification and innovation with a broad product portfolio, we reduce our dependence on individual customers, while improved risk management through extended trade credit insurance provides additional protection.
The optimization of internal processes through more efficient use of resources leads to cost savings.
After all, effective credit management increases our competitiveness and makes us more attractive to business partners. These opportunities promote the financial stability and growth of the company.

We currently assess the risk of default by important customers and the associated payment default as moderate.

Quality, occupational health, safety, and the environment

High-quality products and customer satisfaction are the central goals of our company. Quality problems and the resulting customer complaints as well as warranty cases pose a considerable risk, and our reputation as well as the financial situation of our company would be at risk.

As part of the MANN+HUMMEL management system, which is certified in accordance with IATF 16949 and ISO 9001, high quality standards therefore apply—both for product and process development as well as for production in all plants of the Transportation division. Core elements are our quality targets, which we define top-down, specify bottom-up, and consolidate across our operational areas. This Group-wide quality management system covers all business processes, but we take advantage of the greatest opportunity for error detection and avoidance in advance through balanced and conscientious planning.

The quality and assurance teams work closely with our customers, development departments, and production plants so that we can ensure the quality of our products and react quickly in the event of quality risks.

We take warranty risks into account by making appropriate provisions. Insurance for possible damage from recalls and product liability cases offers additional risk protection.

MANN+HUMMEL has established global occupational health and safety and environmental protection standards and anchored them in a global management policy. These standards take into account the entire product life cycle as well as our supply chain.

Numerous production sites are certified according to ISO 45001 (occupational health and safety management) and ISO 14001 (environmental management). This occupational health and safety and environmental management system is made up of global and local standards and is continuously being developed. The implementation of these standards is regularly reviewed by internal and external audits.

Despite our high company standards, incidents in the area of occupational health and safety and environmental protection cannot be completely ruled out.

Events such as accidents at work, fires, or environmental pollution can lead to business interruptions, impacting the net assets and results of operations. To reduce these economic risks, we have taken out appropriate insurance policies. Overall, however, we assess the risk of business interruption as moderate.

The global standards for occupational health and safety and environmental protection introduced by MANN+HUMMEL also aim to ensure compliance with the relevant legal requirements. As a globally active company, MANN+HUMMEL must comply with a wide range of different statutory occupational health and safety and environmental regulations as well as local approval requirements. The constantly increasing legal requirements require additional investments, such as in the areas of climate protection, energy efficiency, fire protection, and machine safety.

Despite our high compliance standards, the risk of legal violations in the areas of occupational health and safety and environmental protection cannot be completely ruled out. Violations of the law can lead to business interruptions, impacting the net assets an results of operations.

To minimize this risk, we regularly conduct internal or external health, safety, and environment (HSE) compliance audits at numerous production sites.

In the area of quality, occupational health and safety, and the environment, we have implemented established processes and measures to minimize these risks. Based on these measures, we assess the remaining risks as controllable and at a moderate level.

Sustainability

For MANN+HUMMEL, 2024 was marked by weighing up the opportunities and risks arising from the increasing importance of sustainability and the associated ESG requirements. By acting proactively and investing in sustainable technologies, the company was able to strengthen its market position and open up new business opportunities. The year was particularly marked by preparations for the Corporate Sustainability Reporting Directive (CSRD) and the EUDR, compliance with the LkSG, and the introduction of the CBAM.

Through the consistent implementation of ESG criteria, MANN+HUMMEL has been able to position itself as a pioneer in the industry. The company has invested in R&D to develop more environmentally friendly filter technologies that meet the new standards, opening up new markets and strengthening competitiveness. MANN+HUMMEL was also able to benefit from sustainable financing instruments by meeting ESG criteria. It is particularly beneficial that the MANN+HUMMEL rating is among the top 5% of all EcoVadis ratings for the fourth time in a row—a good indicator of the current state of the company's transformation. MANN+HUMMEL also performed well in the CDP rating for water and climate change with a B rating.

As part of our Carbon-Zero Strategy, we have made progress in developing and implementing transition plans toward carbon neutrality. In the year under review, 75% of our electricity demand was covered by renewable sources or offset by certificates in accordance with the RE100 standard; 100% is planned for 2025, marking the first milestone in our Carbon-Zero Strategy. In this way, we are actively supporting our customers in achieving their climate goals.

Determining the CO_2 footprint of companies (CCF) or products (PCF) is becoming increasingly important

—both internally and with our customers. In 2024, we were able to further improve our calculation processes, especially for our products. In addition to data quality, the focus was on automation to significantly reduce calculation times and efforts. Certification according to ISO 14067 is planned for 2025 to secure reliable PCF calculation processes. However, data quantity and quality remain a major challenge.

Adapting to the new ESG regulations involved a significant amount of work. The implementation of CSRD, EUDR, LkSG, and CBAM, as mentioned, required considerable investments in IT systems, training, and external consulting services. Another significant risk was the availability and quality of data, especially in the supply chain. Collecting and providing CO_2 data for CBAM was a major challenge as this data is often limited. Companies had to make sure they had the necessary information and could turn it into a usable form. On a positive note, no material violations of the LkSG were found in 2024.

The continuous adaptation and monitoring of sustainability strategies and practices will therefore continue to be crucial in the future.

We still consider the risk from the increasing importance of sustainability to be low for MANN+HUMMEL.

Information technology

Our global digital networks form the basis for our Group's worldwide presence. Fast and secure data traffic offers the opportunity to optimize processes and collaborate with customers and suppliers. The constant availability of valid data places high demands on our company's information technology. Redundant data centers and systems ensure high data availability. Our IT landscape and architecture supports continuous review, expansion, and further development in the areas of data security, data availability, and process acceleration. Digitalization and digital transformation are core components of our corporate strategy and serve to streamline and automate operational processes. To achieve these goals, we continuously invest in our IT systems and their environment.

In 2024, the virtual Business Process Management Organization (BPMO) continued to work on defining and maintaining a consistent business process landscape with consistently efficient end-to-end processes worldwide, significantly improving internal workflows. Among other things, MANN+HUMMEL worked on an extensive project—the introduction of the new SAP S/4 HANA ERP system—which will go live globally at the end of 2025. Standardization plays a key role in process optimization as this is the only way to achieve a higher degree of automation, which leads to increased efficiency and error prevention. Additionally, the existing process landscape has been optimized in a value-oriented manner. The cooperation between IT and the process owners from the operational business, mapped in the virtual BPMO, proves to be a decisive factor in the development of process improvements. Having a high degree of standardization and an end-to-end view of the individual business processes prevents redundancies and silos that affect operations, thereby achieving an efficient organization and minimizing operational risks.

Cyberattacks—particularly ransomware and extortion attempts—continued to increase worldwide in 2024. These threats pose a significant risk of business disruption as hackers increasingly target IT and physical supply chains. MANN+HUMMEL is also affected by this development. We have seen an increase in incidents in our supply chain and were also affected by two incidents in 2024 that required considerable effort to contain and eliminate the threat potential.

MANN+HUMMEL has implemented extensive preventive measures to defend against attacks on our company. An important step in the reporting period was the introduction of the classification and labeling of documents and emails. This also includes encryption that ensures that protected documents cannot be viewed by unauthorized persons outside MANN+HUMMEL in the event of a data leak, significantly reducing the risk of extortion, benefiting our company, employees, and business partners alike.

The security of our information and communication systems remains a top priority to prevent possible cyberattacks and minimize the risk of data loss and business interruption.

Despite the measures implemented and taking into account the probability of occurrence, we classify the risk of data loss due to cybercrime as a significant risk.

As a globally active company, MANN+HUMMEL is faced with the challenge of adapting to a large number of existing and new regulations. The legally compliant implementation of these regulations presents both opportunities and risks: Opportunities arise from competitive advantages resulting from reliable compliance, strengthening the trust of our business partners and improving our market position; risks arise from the sheer number of new laws.

In 2024, with external support, we identified the subsidiaries affected by the NIS2 Directive, which mandates high cybersecurity levels of network and information systems in the EU, and defined measures to meet the NIS2 requirements. The implementation of NIS2 increases the security of our information and communication systems, protects against cyberattacks, and minimizes the risk of data loss and business interruptions. Additionally, we will be subject to the requirements of the national regulatory authorities in the future and operate as a regulated company within the meaning of the NIS2 Directive. All companies concerned are working to meet the requirements by the time the law comes into force.

Our security activities and processes are designed to continuously protect MANN+HUMMEL's information systems, data, and assets. The primary key performance indicators (KPIs) are the timely and effective detection, response, and remediation of security threats and incidents. This involves implementing and managing a variety of security controls, technologies, and procedures to protect the organization's digital environment. The most important components of security management are monitoring and detection (i.e., the continuous monitoring of network traffic, system logs, and other data sources) to identify unusual or suspicious activity. This includes firewalls and intrusion detection, endpoint detection and response (EDR), identity and access management/active directory (IAM/AD), and other sensors that are correlated in a security information and event management (SIEM) solution. The development and implementation of cybersecurity incident response plans and procedures is also a high priority. This includes identifying the nature and extent of the incident, mitigating its impact, eliminating the threat, recovering the affected systems, and learning from the incident. Our vulnerability management includes the regular assessment and management of vulnerabilities in software, systems, and networks, which includes security assessments, patch management, and other risk-mitigating measures. It also includes gathering information about potential threats; understanding attackers' tactics, techniques, and procedures; and using that information to improve security measures. Security operations are thus an integral part of our organization's overall cybersecurity strategy and work together with other cybersecurity functions, such as security architecture, risk management, and compliance. The overall goal is a robust and resilient security system that effectively responds to and recovers from security incidents.

With the help of our existing insurance policies, we have also ensured sufficient cover for potential major losses from cybersecurity incidents in 2024.

Business continuity management (BCM) is a holistic process that helps our organization identify potential threats and their impact on business processes. This is intended either to prevent interruptions to business activities and processes that could lead to severe damage or devastating losses for the company or to enable alternative processes. BCM ensures the continuity of business processes under crisis conditions—or at least under unforeseen difficult conditions.

Following the preliminary project to introduce a global business continuity management system (BCMS) at MANN+HUMMEL, the possibilities of integrating BCM into the organizational structure in the future were examined in 2024, giving rise to the concept of a new type of resilience function.

This function takes a holistic approach and bundles the management systems for BCM, crisis management, risk management, data protection, and information security, offering the possibility of preventing, better managing, and quickly recovering from emergencies and crises in the future. This will strengthen both our company and our supply chain.

Opportunities arise from the competitive advantage of reliable compliance, which strengthens the trust of our business partners and thus improves our market position.

From our point of view, the risk in information technology can be assessed as high, taking into account the measures implemented.

Fraud and Code of Conduct violations

In many countries, antitrust investigations are increasingly being conducted. Violations of competition laws or other illegal conduct may be subject to penalties. To counteract this, our company guidelines, in conjunction with our Code of Conduct, regulate the correct handling of antitrust law, export controls, corruption, and other violations of the law. Additionally, we raise awareness of these topics among all employees worldwide through ongoing training. Although this training does not completely prevent risks, it can significantly reduce them. Process controls and corresponding policies minimize the risk of compliance violations—both internal and external. With our publicly accessible whistleblowing system on our website, all employees as well as third parties have the opportunity to report suspected compliance cases and risks at any time.

Performance risks

Performance-related risks include possible losses due to business interruptions and the loss of property, plant, and equipment.

Natural disasters, terrorist attacks, or other disruptions to production facilities or the supply chain—both for customers and suppliers—can lead to significant damage and losses. To limit these risks, we have taken out economically appropriate insurance policies.

Taxes and customs

As a globally active group of companies, MANN+HUMMEL operates in a large number of complex, country-specific tax systems, which leads to considerable complexity within the organization. Compliance with the respective tax regulations is ensured by the individual subsidiaries commissioning additional local tax advisors. Additionally, the Group is optimizing its internal tax control systems across the company, particularly in the area of indirect taxation and cross-border relations. The optimization of tax processes and ongoing controls are essential for identifying and minimizing potential tax risks at an early stage. Group-wide guidelines—on transfer pricing, for example—are therefore regularly updated and communicated transparently to our employees worldwide. Additionally, MANN+HUMMEL pursues a uniform Group-wide approach to the documentation of transfer pricing in order to meet the increased formal requirements of tax authorities worldwide.

The topic of carbon emission taxes is considered and evaluated across all business processes because, for MANN+HUMMEL, sustainability means creating lasting economic, ecological, and social added value—for our customers, employees, investors, business partners, and MANN+HUMMEL as a whole. This approach is part of our corporate strategy, defined as a core goal. It is already anchored in our guidelines and business processes and is reflected in our products.

The introduction of further import tariffs can have far-reaching economic and political consequences. Economically, tariffs lead to higher costs for companies and consumers and thus to rising prices and burdens on global supply chains. Many companies are responding by adapting production sites and production and purchasing strategies, as well as diversifying their supply chains and market strategies. Additionally, further tariffs will exacerbate international political tensions. We therefore assume that the possible tariff increases until 2025 represent an economic policy instrument of power that entails both risks and opportunities. Flexible and forward-looking action is crucial in order to adapt to the dynamic conditions.

We rate both the tax and customs risks as moderate on the basis of the controls implemented and taking into account their probability of occurrence.

Overall statement on the opportunity and risk situation

Opportunities and risks are continuously monitored and assessed iteratively. This allows us to minimize risks at an early stage while also being ready to promptly exploit any opportunities. Despite the current difficult geopolitical situation, there are currently no discernible risks that would jeopardize the continued existence of the Group.

7. Forecast report

For the 2025 financial year, the MANN+HUMMEL Group expects sales to develop at an almost unchanged level compared to the 2024 financial year. We expect above-average growth in our LS&E division—albeit still at a lower level. The share of the Group's total sales will continue to increase. The Transportation division remains virtually stable compared to the previous year. At the same time, we currently expect MANN+HUMMEL to achieve an EBIT margin in the mid-single-digit range, which corresponds to an increase compared to the 2024 financial year. Our current expectation for ROCE is in a range of 12% to 13%. Additionally, we expect a slight improvement in free cash flow to around EUR 160 million for the 2025 financial year. In addition to the operating result compared to the previous year, this includes a moderate improvement in working capital and a continued high investment volume.

The current macroeconomic and geopolitical developments harbor considerable uncertainties and risks. Therefore, our primary goal is to increase the efficiency of the company through appropriate measures and thus sustainably improve our margin quality. For this reason, we are constantly reviewing and questioning our location strategy and our product portfolio. We will initiate any necessary measures as quickly as possible.

Ludwigsburg, Germany, April 10, 2025

MANN+HUMMEL International Verwaltungs GmbH,
Wiener Neudorf, Austria

represented by the management

Kurk Wilks	Emese Weissenbacher
CEO	EVP & CFO

MANN+HUMMEL consolidated financial statements in accordance with IFRS[1]

[1] All figures are rounded. This may lead to minor discrepancies when totaling sums and when determining percentages.

Consolidated profit and loss statement January 1 to December 31, 2024

In EUR million	Notes	2024	2023	
Sales	(10)	4,527.5	4,734.6	*
Cost of sales	(11)	3,269.2	3,541.2	*
Gross margin on sales		**1,258.3**	**1,193.4**	*
Research and development costs	(11)	128.3	117.9	*
Selling expenses	(11)	575.0	529.2	*
General administrative expenses	(11)	279.7	273.6	*
Other operating income	(12)	98.8	120.5	*
Other operating expenses	(13)	144.1	377.3	*
Operating profit or loss (EBIT)		**230.1**	**15.9**	
Share in the result from associates	(14)	4.3	-4.9	
Financial expenses	(14)	157.2	217.4	
Financial income	(14)	72.9	108.8	
Net financial result		**-80.0**	**-113.5**	
Net profit or loss before income tax and changes in net assets attributable to the shareholders of the parent company		**150.0**	**-97.6**	
Income taxes	(15)	83.1	97.1	
Net profit or loss after income tax and changes in net assets attributable to the shareholders of the parent company		**66.9**	**-194.7**	
Changes in net assets attributable to the shareholders of the parent company		**76.7**	**-184.1**	
Consolidated net income		-9.8	-10.6	*
Result attributable to non-controlling interests		-3.2	-14.9	
Result attributable to the shareholders of the parent company		-6.6	4.3	

*see explanations in Note 8

Consolidated statement of comprehensive income January 1 to December 31, 2024

In EUR million	Notes	2024	2023
Consolidated net income		**-9.8**	**-10.6**
thereof attributable to non-controlling interests		-3.2	-14.9
Items that may be reclassified to profit/loss			
Exchange rate differences from the conversion of foreign business operations			
Exchange rate differences occurring during the financial year	(26)	8.3	-1.3
Borrowing instruments			
Changes in fair value of financial assets classified as FVOCI	(26)	-7.1	0.8
Reclassifications to profit and loss	(26)	7.9	4.8
Income taxes attributable to these components	(26)	-0.2	-1.6
Cash flow hedge (currency hedging)			
Gains/losses recorded during the financial year	(26)	-5.9	-1.8
Income taxes attributable to these components	(26)	-0.9	1.4
Items that will not be reclassified to profit/loss			
Revaluation of defined benefit obligations and similar commitments	(26)	6.3	-23.4
Income taxes attributable to these components	(26)	-1.1	7.6
Equity instruments			
Changes in fair value of financial assets classified as FVOCI	(26)	3.3	6.1
Income taxes attributable to these components	(26)	-1.5	-0.1
Other income		**9.2**	**-7.5** *
Total consolidated comprehensive income		**-0.6**	**-18.1**
thereof attributable to non-controlling interests		-0.6	-18.1
thereof attributable to the shareholders of the parent company		0.0	0.0

*see explanations in Note 8

Consolidated balance sheet as of December 31, 2024

In EUR million	Notes	12/31/2024	12/31/2023
Assets			
Non-current assets			
Intangible assets	(17)	715.5	723.4
Tangible assets	(19)	1,091.2	1,056.3
Investments in associates	(20)	8.3	3.8
Trade receivables	(24)	1.5	2.9
Other financial assets	(21)	40.8	33.4
Income tax receivables		0.0	0.0
Other assets	(22)	13.1	12.1
Deferred tax assets	(15)	107.3	99.5
		1,977.6	**1,931.4**
Current assets			
Inventories	(23)	661.2	697.7
Trade receivables	(24)	849.7	822.7
Other financial assets	(25)	370.1	371.9
Income tax receivables		27.9	21.5
Other assets	(22)	92.4	96.7
Cash and cash equivalents		176.5	174.4
		2,177.8	**2,184.9**
		4,155.4	**4,116.3**

In EUR million	Notes	12/31/2024	12/31/2023
Shareholders equity and Liabilities			
Equity			
Interests attributable to the shareholders of the parent company	(26)	0.0	0.0
Non-controlling interests	(26)	157.9	159.1
		157.9	**159.1**
Non-current liabilities			
Net assets attributable to the shareholders of the parent company	(26)	678.7	640.3
Financial liabilities	(28)	780.0	958.6 *
Provisions for pensions	(32)	344.8	355.6
Other provisions	(31)	45.3	40.0
Trade payables	(29)	0.4	0.3
Other liabilities	(30)	6.9	9.9
Income tax liabilities		15.5	12.1
Deferred tax liabilities	(15)	41.3	40.6
		1,913.0	**2,057.3**
Current liabilities			
Financial liabilities	(28)	961.6	770.2 *
Trade payables	(29)	688.3	741.2
Other liabilities	(30)	201.9	177.0
Other provisions	(31)	118.2	126.4
Income tax liabilities		114.5	85.0
		2,084.5	**1,899.9**
		4,155.4	**4,116.3**

*see explanations in Note 8

Consolidated cash flow statement January 1 to December 31, 2024

In EUR million	Notes	2024	2023
1. Cash flow from operating activities			
Consolidated net income		-9.8	-10.6
Changes in net assets attributable to the shareholders of the parent company		76.7	-184.1
Income taxes		83.1	97.1
Net profit or loss before income tax and changes in net assets attributable to the shareholders of the parent company		150.0	-97.7
Paid (–)/refunded (+) taxes on income		-69.7	-60.4
Depreciation/allowance (+) of fixed assets		196.6	392.6
Increase (+)/reduction (–) in non-current provisions		4.2	-1.1
Other expenditure (+)/income (-) not affecting payments		-0.4	22.7
Financial result		80.0	113.5
Increase (+)/reduction (–) in current provisions		-6.6	-49.2
Profit (–)/loss (+) from disposal of assets		2.0	0.0
Increase (–)/reduction (+) in inventories, trade debtors, and other assets		5.1	2.2
Increase (+)/reduction (–) in trade creditors and other liabilities		-82.0	-34.0
Cash flow from operating activities	(33)	**279.2**	**288.6**
2. Cash flow from investment activities			
Receipts (+) from the disposal of tangible assets		5.5	11.5
Payments (–) for investment in tangible assets		-147.1	-157.6
Receipts (+) from the disposal of intangible assets		0.0	0.0
Payments (–) for investment in intangible assets		-2.3	-2.2
Receipts (+) from the disposal of non-current financial assets		0.0	0.0
Payments (–) for investment in non-current financial assets		-3.4	-1.8
Payments (–) for the acquisition of consolidated companies, less cash and cash equivalents acquired		-4.1	-53.5
Receipts (+) from loans granted		0.5	0.1
Payments (–) for loans granted		-2.8	-11.4
Interest received (+)		7.5	9.9
Cash flow from investment activities	(33)	**-146.2**	**-205.0**
Free cash flow		**133.0**	**83.7**

3. Cash flow from financing activities			
Receipts (+) from equity increases		0.0	0.0
Payments (–) to company shareholders		-15.1	-15.8
Receipts (+) from acceptance of (financial) credits and sale of monetary financial instruments	(33)	225.7	301.7
Repayment (–) of (financial) credits and acquisition of monetary financial instruments	(33)	-214.2	-275.3
Payments (–) for the acquisition of non-controlling interests		0.0	0.0
Payments (–) from the repayment of lease liabilities	(33)	-53.2	-57.8
Interest paid		-68.7	-51.9
Cash flow from financing activities	(33)	-125.4	-99.1
4. Cash funds at end of period			
Payment-effective change to cash funds (subtotal 1–3)		7.6	-15.3
Changes in cash funds from exchange rate movements, valuation differences, and changes in Group structure		-5.5	-15.3
Cash funds at beginning of period		174.4	205.0
Cash funds at end of period		**176.5**	**174.4**
5. Composition of cash funds			
Cash and cash equivalents	(33)	176.5	174.4
Composition of cash funds		**176.5**	**174.4**

Consolidated changes in equity January 1 to December 31, 2024

	Parent company						Non-controlling interests	Total equity
	Revenue reserves	Total other shareholders' equity				Total equity of the partners of MANN+HUMMEL International GmbH & Co. KG		Total
		Equity and borrowing instruments	measurement of cash flow hedges and costs of hedging	Actuarial gains and losses	Difference from foreign currency translation			
As of 12/31/2022 (before correction IAS 8)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**169.1**	**169.1**
Correction IAS 8	94.6	5.4	5.8	4.5	-110.3	0.0	0.0	0.0
As of 12/31/2022 (after correction IAS 8)	**94.6**	**5.4**	**5.8**	**4.5**	**-110.3**	**0.0**	**169.1**	**169.1** *
Other comprehensive income		8.4	-0.3	-13.3	0.9	-4.3	-3.2	-7.5
Consolidated net income	4.3					4.3	-14.9	-10.6
Total consolidated comprehensive income						**0.0**	**-18.1**	**-18.1**
Paid dividends							-3.7	-3.7
Changes to the consolidated group							10.3	10.3
Other							1.5	1.5
As of 12/31/2023	**98.9**	**13.8**	**5.5**	**-8.8**	**-109.4**	**0.0**	**159.1**	**159.1**
As of 12/31/2023 (before correction IAS 8)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**159.1**	**159.1**
Correction IAS 8	98.9	13.8	5.5	-8.8	-109.4	0.0	0.0	0.0
As of 12/31/2023 (after correction IAS 8)	**98.9**	**13.8**	**5.5**	**-8.8**	**-109.4**	**0.0**	**159.1**	**159.1** *
Other comprehensive income		2.0	-5.7	4.4	5.9	6.6	2.6	2.6
Consolidated net income	-6.6					-6.6	-3.2	-3.2
Total consolidated comprehensive income						**0.0**	**-0.6**	**-0.6**
Paid dividends							-2.2	-2.2
Changes to the consolidated group							0.0	0.0
Other							1.6	1.6
As of 12/31/2024	**92.3**	**15.8**	**-0.2**	**-4.4**	**-103.5**	**0.0**	**157.9**	**157.9**

*see explanations in Note 8

**in the prior year, included lines for "Changes in capital economically attributable" and "Reclassification to borrowed capital" were deleted

Notes to the consolidated financial statements of MANN+HUMMEL International GmbH & Co. KG 2024

Fundamental principles

1. Corporate structure

MANN+HUMMEL International GmbH & Co. KG (hereinafter also referred to as the "Company" or the "Parent Company") is organized in the legal form of a partnership. The company has its registered office at Schwieberdinger Straße 126, 71636 Ludwigsburg, Germany, and is entered in the Commercial Register of the Stuttgart Local Court under the Commercial Register number HRA 730217. The company has been the ultimate parent company of the MANN+HUMMEL Group (hereinafter also referred to as "Group," "MANN+HUMMEL," or "MANN+HUMMEL Group") since January 1, 2016.

The product portfolio includes filtration solutions for automotive and industrial applications, clean indoor and outdoor air, and the sustainable use of water. The MANN+HUMMEL Group's products include air filter systems, intake systems, liquid filter systems, technical plastic parts, filter media, cabin air filters, and industrial filters. In process engineering, industrial applications, and water filtration, the portfolio is supplemented by high-performance membranes, membrane bioreactors, and reverse osmosis technologies. Stationary and mobile systems for the filtration of fine dust and nitrogen dioxide also expand the product range for improving outdoor air quality. The Group increasingly offers digital services and intelligent solutions that meet customers' individual needs. The MANN+HUMMEL Group has more than 80 locations across six continents.

2. General information

The items of the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, and the consolidated statement of changes in equity are broken down or explained in the notes to the consolidated financial statements.

The financial year of MANN+HUMMEL corresponds to the calendar year. The Group currency is the euro. Unless otherwise stated, all amounts are shown in millions of euros (EUR million).

The company's management released the consolidated financial statements for distribution to the Supervisory Board on April 28, 2025.

The consolidated financial statements, prepared as of December 31, 2024, and the Group management report are published in the Federal Gazette.

The consolidated balance sheet is structured in accordance with terms. Balance sheet items are divided into non-current and current assets or liabilities if they have a remaining term of more than one year or up to one year.

Assets and liabilities held for sale or included in a disposal group classified as held for sale are presented separately from other assets and liabilities in the balance sheet.

According to German commercial law regulations, in commercial partnerships such as MANN+HUMMEL International GmbH & Co. KG, the shareholders have non-excludable termination rights. However, according to IAS 32.16, equity only exists for the most subordinate class of shareholders to the extent that a company has neither an unconditional nor a conditional obligation to deliver cash or other financial assets. Due to the provisions in the articles of association regarding the settlement of shareholders, the shares in MANN+HUMMEL International GmbH & Co. KG do not meet the requirements of IAS 32.16A for the recognition of redeemable shares as equity. They are therefore reported separately as "Net assets attributable to shareholders of the parent company." Insofar as IFRS requires items to be recognized in other comprehensive income, this also applies to partnerships that do not have equity in accordance with IFRS. Such items are therefore also not reported in the MANN+HUMMEL Group's profit for the period.

Assets and liabilities are generally recognized according to the historical cost principle. This does not apply to derivative financial instruments, securities, and shares in investments, which are recognized at fair value.

3. Application of IFRS

As a non-capital market-oriented company, MANN+HUMMEL uses the option pursuant to section 315e (3) of the German Commercial Code (HGB) to prepare the consolidated financial statements according to IFRS.

The consolidated financial statements are in accordance with the standards and interpretations of the International Accounting Standards Board (IASB), London, as applicable in the EU (IFRS), and the supplementary provisions of commercial law applicable in accordance with section 315e (1) of the German Commercial Code (HGB).

4. Adjustment of the accounting methods as well as new standards and interpretations

The accounting and valuation methods applied are the same as those applied in the previous year with the following exceptions. In the current financial year, the following new or amended standards were applied for the first time, which did not have a material impact on the consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Amendments to IAS 7 and IFRS 7: Changes Related to Supplier Financing Arrangements
- Amendments to IFRS 16: Lease Liabilities in Relation to Sale and Leaseback Transactions

The following new or revised standards and interpretations have been published but were not yet mandatory for the financial year beginning on January 1, 2024, and were not applied ahead of schedule:

Amendment to IAS 21[1]	Clarification of Accounting in Cases of Lack of Exchangeability
Amendment to IFRS 9 and IFRS 7[2, 4]	Changes in Classification and Measurement of Financial Instrument
Annual Improvements to IFRS Accounting Standards — Volume 11[2, 4]	Enhancements to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7
Amendment to IFRS 9 and IFRS 7[2, 4]	Contracts Related to Nature-Dependent Electricity
IFRS 18 Presentation and Disclosures in Financial Statements [3, 4]	IFRS 18 replaces IAS 1 Presentation of Financial Statements. The objective of IFRS 18 is to establish requirements for the presentation and disclosure of information in general-purpose financial statements to ensure they provide relevant information that faithfully represents the assets, liabilities, equity, income, and expenses of an entity (see IFRS 18.1). IFRS 18 particularly impacts the aggregation and disaggregation of information in the primary financial statement components and the accompanying notes. Additionally, IFRS 18 includes comprehensive regulations for the income statement of an entity, such as categorization of income statement items, presentation of amounts based on whether they relate to main business activities, mandatory presentation of certain subtotals in the income statement, and introduction of a separate section in the notes to explain Management Defined Performance Measures (MPM).
IFRS 19 Subsidiaries without Public Accountability: Disclosures [3, 4]	IFRS 19 introduces relief in disclosure requirements for subsidiaries that do not have their own public accountability and whose parent company applies IFRS in its publicly disclosed consolidated financial statements.

[1] Effective for fiscal years beginning on or after January 1, 2025.
[2] Effective for fiscal years beginning on or after January 1, 2026.
[3] Effective for fiscal years beginning on or after January 1, 2027.
[4] EU endorsement is still pending.

MANN+HUMMEL has not adopted standards and interpretations that have been issued but are not yet effective ahead of time. The Group will apply the new or amended standards and interpretations at the latest when they become mandatory following their adoption by the EU. With the exception of IFRS 18, the amended standards are not expected to have any significant impact on the consolidated financial statements of the MANN+HUMMEL Group. MANN+HUMMEL is currently analyzing the impact of IFRS 18 on the consolidated financial statements.

5. Consolidated group

As part of the reorganization of the Group structure, MANN+HUMMEL International GmbH & Co. KG was founded as the managing holding company on January 1, 2016. This company holds 83.3% of the shares in MANN+HUMMEL Holding GmbH, Ludwigsburg, Germany, and, as the ultimate parent company, prepares the consolidated financial statements for the MANN+HUMMEL Group.

The consolidated financial statements include 17 (previous year: 16) domestic and 74 (previous year: 73) foreign Group companies. In addition to the parent company, the scope of consolidation includes all domestic and foreign companies that the parent company directly or indirectly controls or over which it has a significant influence. Subsidiaries are companies in which the parent company, due to the actual or a de facto majority of voting rights, has control over the business and financial policies to benefit from their activities and thus has the possibility of control. Additionally, the parent company is exposed to and can affect variable returns from its involvement with investees. Associates are entities in which the parent company has significant influence over operating or financial policies but which are neither subsidiaries nor joint ventures.

	01/01/2024	Initial consolidations	Deconsolidations/ mergers	12/31/2024
Consolidated companies	89	3	-1	91
thereof domestic	16	1	0	17
thereof abroad	73	2	-1	74
Associated companies	1	0	0	1

	01/01/2023	Initial consolidations	Deconsolidations/ mergers	12/31/2023
Consolidated companies	85	8	-4	89
thereof domestic	17	0	-1	16
thereof abroad	68	8	-3	73
Associated companies	1	0	0	1

CHANGES IN THE SCOPE OF CONSOLIDATION

COMPANY FOUNDATIONS AND INITIAL CONSOLIDATION

COMPANY ACQUISITIONS

ACQUISITION OF 70% OF THE SHARES IN SUZHOU U-AIR ENVIRONMENTAL TECHNOLOGY CO., LTD, (CHINA)

The purchase price allocation for Suzhou U-Air Environmental Technology Co., Ltd, China ("U-Air") was finalized in the second quarter of the previous financial year based on new information. Retrospective adjustments were made to the acquisition date, which increased goodwill by EUR 7.5 million to EUR 27.7 million, reduced intangible assets by EUR 7.9 million to EUR 6.8 million, and deferred taxes from EUR 2.2 million to EUR 1.2 million.
The adjustments result from valuation effects following the final allocation of intangible assets.

FIRST-TIME CONSOLIDATION AND DECONSOLIDATION

The i2M GmbH, Ludwigsburg, Germany; I2M LLC, Raleigh, NC, US; and PT MANN and HUMMEL Filtration Indonesia, Jakarta, Indonesia, were consolidated for the first-time in the current financial year. They were not part of the consolidated Group before.

Furthermore, MANN+HUMMEL Vokes-Air Holding AB, Svenljunga, Sweden, and MANN+HUMMEL Vokes Air AB, Svenljunga, Sweden, were merged within the Group.

6. Principles of consolidation

The capital consolidation is carried out according to the purchase method. The subsidiaries are fully consolidated from the date of acquisition (i.e., from the date the parent company acquires a controlling influence). Inclusion in the consolidated financial statements ends as soon as control by the parent company no longer exists. At the time control is obtained, the revalued assets and liabilities of the subsidiary and contingent liabilities, insofar as they do not depend on a future event, are offset against the fair value of the consideration paid for the shares. Contingent purchase price payments are recognized at fair value.

Subsequent adjustments to contingent consideration are recognized in profit or loss. Incidental costs incurred in connection with the acquisition are expensed as incurred.

Any difference on the assets side remaining after capital consolidation is capitalized as goodwill and reported under intangible assets. Goodwill is tested for impairment on the balance sheet date. A test is carried out during the year if there are indications of impairment. Negative differences arising from capital consolidation are recognized in the consolidated income statement under other income provided that the reassessment of the carrying amounts does not lead to a different result.

Insofar as not all shares are acquired in the context of the business acquisition, the shares without controlling influence can be recognized at the proportionate revalued net assets or at their proportionate total enterprise value (i.e., fair value), including the goodwill attributable to them. The option can be exercised anew for each company acquisition. The non-controlling interests were recognized at the proportionate net asset value (partial goodwill approach).

In the case of a successive acquisition of shares, the existing shares in the company to be consolidated are revalued at fair value at the date of acquisition of control. The difference to the carrying amount of the investment is recognized in profit or loss.

The acquisition of additional shares in already fully consolidated subsidiaries is accounted for as an equity transaction. The difference between the acquisition cost of the shares and the carrying amount of the non-controlling interest is offset against retained earnings. The effects of share disposals that do not lead to a loss of control of a subsidiary are recognized directly in equity by offsetting the gain or loss on disposal against retained earnings and increasing the non-controlling interests in the amount of the proportionate net assets.

The deconsolidation of subsidiaries occurs at the time of loss of control or at the time of liquidation.

Receivables, liabilities, provisions, sales revenue, and other income and expenses between the companies included in the consolidated financial statements are consolidated. Intercompany profits from intra-group transactions that were not realized through sale to third parties outside the Group are eliminated. Intra-group sureties and guarantees are eliminated.

7. Foreign currency translation

The financial statements of the consolidated group companies prepared in foreign currencies are translated into euros based on the functional currency concept using the modified closing rate method. Since the subsidiaries conduct their business independently in financial, economic, and organizational terms, the functional currency is basically identical to the respective national currency of the company. In the consolidated financial statements, expenses and income from the financial statements of subsidiaries prepared in foreign currencies are translated at the average exchange rate. In contrast, assets and liabilities are translated at the closing rate. The currency difference resulting from the translation of equity at historical rates and the translation differences resulting from the translation of the income statement at the average rate are recognized directly in accumulated other equity.

In the individual financial statements, foreign currency receivables and liabilities are initially valued at the exchange rate valid on the transaction date. The exchange rate on the balance sheet date is used for subsequent valuation. Currency gains and losses from the reporting date valuation of trade receivables and payables are included in other income and expenses. Other financial income and expenses are recognized as currency gains and losses attributable to other financial assets and liabilities. The exchange rates used for currency translation with a significant impact on the consolidated financial statements have changed in relation to the euro as follows:

	Spot rate on reporting date		Annual average rate of exchange	
	12/31/2024	**12/31/2023**	**2024**	**2023**
Argentine peso [ARS]	1,075.26882	892.85714	990.09901	294.11765
Brazilian real [BRL]	6.42770	5.37440	5.85963	5.39091
Renminbi yuan [CNY]	7.50130	7.86895	7.71428	7.68205
Czech koruna [CZK]	25.15812	24.72053	25.14894	23.97645
Pound sterling [GBP]	0.82968	0.86928	0.84473	0.86870
Indian rupee [INR]	89.09559	92.12175	90.49446	89.45264
Japanese yen [JPY]	1.63114	156.73244	1.63854	152.97537
South Korean won [KRW]	15.33390	1,436.10100	14.78524	1,419.99100
Mexican peso [MXN]	21.59338	18.75866	19.90751	19.04780
Singapore dollar [SGD]	1.41823	1.46133	1.44497	1.45397
Thai baht [THB]	35.72398	38.00995	37.98800	37.72119
US dollar [USD]	1.04015	1.10755	1.08028	1.08311

8. Accounting policies

The companies' financial statements included in the consolidated financial statements are prepared as of December 31 of each financial year in accordance with uniform Group accounting as well as valuation principles in accordance with IFRS.

RECOGNITION OF INCOME AND EXPENSE

Revenue is recognized when control of identifiable goods or services is transferred to the customer (i.e., when the customer can direct the use of the transferred goods or services and substantially obtains all the remaining benefits from them). The prerequisite for this is that a contract with enforceable rights and obligations exists and, among other things, the receipt of the consideration—considering the customer's creditworthiness—is probable. Revenue corresponds to the transaction price to which the Group is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that there will not be a significant revenue reversal once the uncertainty associated with the variable consideration no longer exists. The transaction price is based on an expected value. The variable considerations are essentially bonuses and discounts that relate to the achievement of certain targets, such as the purchase of defined quantities or growth rates. The amount of variable consideration is determined using either the expected value method or the most likely amount, depending on which value most accurately estimates the variable consideration. If a contract includes multiple separable goods or services, the transaction price is allocated to the performance obligations based on the relative individual selling prices. If standalone selling prices are not directly observable, the Group estimates selling prices reasonably. For each performance obligation, revenue is recognized either at a specific point in time or over a specific period.

Revenue from the sale of goods is recognized when control is transferred to the buyer, usually upon delivery of goods. Invoices are issued at this time. The payment terms usually provide for payment within 30 days of issuance of the invoice.

Sales from the provision of services are recognized depending on the contractually agreed conditions. Invoices are issued in accordance with the contract. The payment terms usually stipulate payment within 30 days of the invoice being issued.

The **cost of sales** includes the manufacturing costs of the products sold as well as the purchase costs of the merchandise sold. In addition to the directly attributable material and production costs, it also includes the indirect production-related overheads, including depreciation on property, plant, and equipment, as well as intangible assets used. The cost of sales also includes expenses from the write-down of inventories to the lower net realizable value.

Research and non-capitalizable **development costs** are expensed as incurred.

Borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the asset's cost. All other borrowing costs are recognized immediately as an expense.

Interest income is recognized in the income statement as it accrues.

Dividend income is recognized when the legal claim to payment arises.

INCOME TAXES

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The amount calculated is based on the tax rates and tax laws applicable at the balance sheet date.

Deferred tax assets and liabilities are recognized on temporary differences between the tax bases and the IFRS carrying amounts. Deferred tax assets also include tax reduction claims resulting from the expected use of existing loss carryforwards and tax credits in subsequent years. Deferred taxes are calculated based on the tax rates that apply or are expected—with sufficient probability—to apply under the current legal situation in the individual countries at the time of realization.

Deferred tax assets on temporary differences and on tax loss carryforwards are only recognized if it is sufficiently probable that the resulting tax reductions will occur in the future or if they are covered by deferred tax liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. It is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be at least partially utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Additionally, no deferred tax assets and liabilities are recognized if they result from the initial recognition of goodwill, an asset, or a liability in a transaction that is not a business combination; if this initial recognition affects neither the accounting profit before income taxes nor the taxable profit; and if no deferred tax assets and liabilities are recognized.

Deferred taxes relating to items recognized directly in equity are also recognized in equity and not in the consolidated income statement.

Deferred tax assets and deferred tax liabilities are offset against each other if the MANN+HUMMEL Group has a legally enforceable right to set off current tax assets against current tax liabilities. These relate to income taxes levied by the same taxation authority on the same taxable entity.

INTANGIBLE ASSETS

Acquired and internally generated intangible assets are capitalized if it is probable that future economic benefits associated with the use of the asset will flow to the entity and the cost of the asset can be measured reliably.

Regarding the accounting and valuation of **goodwill**, reference is made to explaining the consolidation principles and impairment tests.

The intangible assets identified as part of the significant business acquisitions mainly include customer relationships and brand names. The fair values of the customer lists/relationships were determined using the residual value method based on corporate planning with a useful life of four to 15 years. The brands were valued using the license price analogy method. The main assumptions here were the expected brand sales and the expected license rate. The useful life was set at three to 15 years.

Development costs are capitalized at production costs under the conditions of IAS 38 if, among other criteria, technical feasibility and marketability are assured. Furthermore, the development activity must generate a future economic benefit with sufficient probability. Capitalized development costs include all costs directly attributable to the development process. Capitalized development costs are amortized over an expected product life cycle of five years from the start of production.

Other intangible assets are recognized at cost and, as in the previous year, are amortized on a straight-line basis over the following useful lives:

	In years
Independently developed software	4
Software – general (individual licenses)	4
Software – version change, e.g., product data management (PDM) and CAD (CATIA, PTC Creo, NX, etc.)	8
Patents	10

Intangible assets with indefinite useful lives exist only in the form of goodwill as of the balance sheet date.

TANGIBLE ASSETS

All **tangible fixed assets** are subject to operational use and are valued at acquisition or production cost, less scheduled depreciation based on usage. Depreciation on property, plant, and equipment is calculated using the straight-line method. As in the previous year, scheduled depreciation is based on the following useful lives throughout the Group:

	In years
Buildings	20 to 40
Components	20 to 25
Building parts	15 to 33
Outdoor facilities	20 to 33
Machines	8 to 20
Operating equipment	12 to 20
Vehicles	6 to 10
Tools	5
Machines/devices in general	8 to 15
Tools and equipment	6 to 10

The assets' residual values, depreciation methods, and useful lives are reviewed annually and adjusted if necessary.

GOVERNMENT GRANTS

Government grants are recognized only when there is reasonable assurance that the conditions attached to them will be complied with and that the grants will be received. Investment grants are deducted from fixed assets in the period they are incurred. Expense grants are recognized as income in the same period in which the expenses they were granted to compensate are incurred.

Interest rates customary in the market are used for the valuation of non-interest-bearing and low-interest-bearing public-sector loans. The difference between the discounted and repayment amounts is deferred and reported under other liabilities. The deferred amount is amortized over the term of the loan agreement, which is included in interest expense.

INVESTMENTS IN ASSOCIATES

Investments in associates are generally accounted for using the equity method of accounting and are initially recognized at cost, including transaction costs. An impairment test is carried out if there are objective indications of an impairment of the shares as of the balance sheet date. The Group's share in the profit or loss of the associated companies is reported separately in the consolidated income statement as part of the financial result. Income and expenses recognized directly in the equity of the associated company are also recognized directly in equity in the MANN+HUMMEL Group and presented separately in the consolidated statement of comprehensive income. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment in the associate accordingly. Gains and losses from transactions between the MANN+HUMMEL Group and associates are eliminated in proportion to the share held.

IMPAIRMENT TESTS

In the case of **shares in associated companies and intangible assets** already in **use, as well as property, plant, and equipment, a review** is carried out on the balance sheet date to determine any indications of possible impairment. If such indications exist, the value is reviewed via impairment test. Intangible assets not yet ready for use and intangible assets with indefinite useful lives are subject to an annual impairment test.

The impairment test determines the recoverable amount. This is the higher of the asset's fair value or the smallest cash-generating unit, less any costs to sell and its value in use. Cash-generating units are defined as the smallest units whose cash flows are forecast as part of corporate planning.

The fair value is the amount obtainable from the sale of an asset in an arm's-length transaction, less the disposal costs.

The value in use was determined as the present value of future cash flows. The future cash flows were derived from the long-term planning of the Group and were approved by management. The calculation of the present value of the estimated future cash flows is essentially based on assumptions about the macroeconomic and general development of the respective markets, future sales prices or quantities, and costs, taking into account changed economic conditions where necessary, including with regard to the transformation of the automotive industry and development in the Life Sciences & Environment (LS&E) division as well as the discount rate on which the present value is based. Net cash inflows beyond the detailed planning period are determined by applying individual growth rates derived from the respective market information on the basis of long-term business expectations. The planning for the business areas is based on a detailed planning period of five years. The assumptions used for the planning are checked for plausibility against both historical development and external sources of information (e.g., market studies).

An impairment loss is recognized if the recoverable amount is less than the carrying amount of the asset or cash-generating unit.

The carrying amount of each business area, which corresponds to the respective cash-generating unit, is determined by allocating the assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized whenever the recoverable amount of an operation is less than its carrying amount.

If the reason for a previously recognized impairment loss no longer exists, the impairment loss is reversed—but not to more than amortized costs. Impairment losses and reversals of impairment losses on intangible assets and property, plant, and equipment are allocated to the functional areas of the consolidated income statement.

Goodwill from business combinations is allocated to the groups of cash-generating units that derive the benefit from the combinations.

In accordance with IAS 36, goodwill is not amortized over its useful life but is tested for impairment at least annually at the end of the year using the methods described above, which may lead to a write-down (impairment-only approach).

Impairment losses on goodwill are recognized if the recoverable amount of the corresponding cash-generating unit is less than its carrying amount. Impairment losses on goodwill are recognized in other expenses. Goodwill is not written up.

In order to comply with the regulations of IFRS 3 in conjunction with IAS 36 and to determine any impairment of goodwill, cash-generating units are determined according to internal reporting. Goodwill is therefore allocated to the two divisions (i.e., cash-generating units), Transportation and LS&E. For impairment testing, the carrying amount of each division is determined by allocating the assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized whenever the recoverable amount of an operation is less than its carrying amount. The recoverable amount is determined as the higher of the fair value, less costs to sell and the value in use of a cash-generating unit. The impairment tests to be performed determine the recoverable amount based on the value in use of the respective cash-generating unit.

FINANCIAL INSTRUMENTS

1. Recognition, offsetting, and derecognition

In accordance with IAS 32, a financial instrument is a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of the other party. Financial instruments are recognized at the time at which the respective company of the MANN+HUMMEL Group becomes a contracting party. Regular way purchases or sales of financial assets are recognized on the settlement date.

Financial assets and liabilities are only offset if offsetting of the amounts is legally enforceable at the present time and the intention to offset exists.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognized when the obligations specified in the contract are discharged or cancelled or have expired.

2. Categories

Financial assets in the MANN+HUMMEL Group are classified into the following categories according to the underlying business model and the contractual cash flows of the financial assets:

- Financial assets measured at amortized cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets measured at fair value through profit or loss (FVPL)

MANN+HUMMEL's basic business model is to hold financial assets in order to collect contractual cash flows. In the context of financial assets via fund managers, financial assets are not only held in order to collect the contractual cash flows but, in some cases, are also sold (i.e., a "hold and sell" business model).

Financial assets are classified as measured at amortized cost (AC) if they correspond to the "hold" business model and their contractual cash flows consist solely of interest and principal payments. At the MANN+HUMMEL Group, this applies to cash and cash equivalents, trade receivables, and other financial assets.

Financial assets whose cash flows do not consist exclusively of interest and principal payments are classified as at fair value through profit or loss (FVPL). At the MANN+HUMMEL Group, shares, fund units, non-consolidated investments in partnerships, and derivatives that are not included in hedge accounting do not meet the cash flow criterion and are measured at fair value through profit or loss.

Financial assets that meet the cash flow criterion—so-called debt instruments—but whose business model consists of collecting contractual cash flows by "holding" as well as "selling" are classified as measured at fair value through other comprehensive income (FK FVOCI). This applies to bonds acquired by the fund managers of the special fund.

For equity instruments, IFRS 9 optionally permits measurement at fair value through other comprehensive income (equity FVOCI). The MANN+HUMMEL Group applies this option to non-consolidated investments in corporations.

MANN+HUMMEL classifies financial liabilities in the following categories:

- Financial liabilities measured at amortized cost (FLAC)
- Financial liabilities measured at fair value through profit or loss (FVPL)

The MANN+HUMMEL Group assigns "financial liabilities held for trading" to the FVPL category. This includes derivatives concluded by the fund managers to hedge the price risk of the securities in the special fund. All other financial liabilities are classified as FLAC.

The MANN+HUMMEL Group generally does not use the fair value option to classify financial assets and liabilities as "at fair value through profit or loss" when they are initially recognized.

3. Measurement

On initial recognition, MANN+HUMMEL measures a financial asset or financial liability at fair value plus, in the case of a financial asset or financial liability not measured at fair value through profit or loss, the additional amount directly attributable to the acquisition as well as transaction costs attributable to the issue or sale of this asset or liability. Transaction costs of financial assets and liabilities measured at fair value through profit or loss are recognized directly in profit or loss as an expense.

The subsequent measurement of financial assets and liabilities depends on the category and is as follows:

- Financial assets measured at amortized cost (AC): These assets are subsequently measured at amortized cost, adjusted for any value adjustments for default risks. Interest income from these financial assets is reported under interest and similar income using the effective interest method. Impairment losses and reversals of impairment losses as well as gains or losses from derecognition are recognized in other operating expenses. Foreign currency gains and losses are reported under other operating income/expenses.
- Debt instruments measured at fair value through other comprehensive income (FK FVOCI): Changes in fair value are recognized in the “debt instruments” reserve together with impairments. Interest effects and foreign currency gains and losses are recognized in the financial result.
- Equity instruments measured at fair value through other comprehensive income (equity FVOCI): Unrealized gains and losses as well as gains and losses from the subsequent sale of the instruments are reported in the “equity instruments” reserve.
- Financial liabilities measured at amortized cost (FLAC): Subsequent measurement of these liabilities after initial recognition is generally at amortized cost using the effective interest method. Gains or losses are recognized in the financial result upon derecognition and as part of amortization.
- Financial assets and liabilities at fair value through profit or loss (FVPL): Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition. Gains or losses from the change in fair value are recognized in profit or loss in the financial result.

4. Impairment
Under IFRS 9, the impairment model incorporates expectations about the future and is based on expected credit losses. The general approach of the impairment model under IFRS 9 provides for three levels and is applicable to all financial assets (i.e., debt instruments) that are measured either at amortized cost or at fair value through other comprehensive income:

Level 1 includes financial instruments at the time of addition and all contracts without a significant increase in credit risk since addition. Impairment is measured on the basis of the expected credit loss within the next 12 months.

Level 2 includes financial assets that have experienced a significant increase in credit risk but whose creditworthiness is not yet impaired. Impairment is measured on the basis of the expected credit loss over the entire remaining term. The Group defines a significant increase in credit risk as a deterioration in the rating by at least two rating levels and a rating that is no longer in the investment-grade range.

Level 3 includes financial assets that show objective evidence of impairment or have a default status. The expected credit losses over the entire term of the financial asset and other qualitative information that indicates significant financial difficulties on the part of the debtor are recognized as impairment losses.

The MANN+HUMMEL Group makes use of the simplified approach for trade receivables whereby these receivables are assigned directly to Level 2. They are classified or reclassified to Level 3 if the rating is no longer in the investment-grade range or if there are objective indications of a credit impairment.

MANN+HUMMEL applies a uniform impairment model that takes into account the probability of default of the business partner or a group of comparable business partners.

The calculation is carried out using a credit risk parameter approach. Accordingly, the expected credit loss (ECL) is determined by multiplying the credit risk parameters exposure at default (EAD), the probability of default (PD), and the loss given default (LGD). The parameters are determined in such a way that they reflect relevant events in the past, the current situation, and forward-looking information. In principle, this can be done using an economic model that contains all of the information listed or by adjusting existing parameters so that the current economic environment and forecasts regarding its future change are taken into account. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate, etc.) and forecasts of future economic conditions.

In the simplified approach for trade receivables, impairment is determined using external probabilities of default by customer group. In the general approach, the calculation is based on credit ratings of the respective business partners.

A financial asset is derecognized if it can reasonably be assumed that a financial asset cannot be realized in full or in part (e.g., after the end of insolvency proceedings or after court decisions). The difference between the gross carrying amount of the original contract and the present value of the modified contract is recognized in the income statement.

5. Hedge accounting

Derivative financial instruments are used in the MANN+HUMMEL Group for hedging purposes in order to reduce currency risks and price risks from securities.

The MANN+HUMMEL Group uses hedge accounting to recognize currency hedges. Accounting is carried out as a cash flow hedge or fair value hedge.

Cash flow hedges are used to hedge against fluctuations in future cash flows. In the event of changes in the market value of derivative financial instruments that are designated as hedging instruments in cash flow hedges, the unrealized gains and losses in the amount of the effective portion are initially reported in retained earnings without affecting profit or loss. They are reclassified to the consolidated income statement at the same time as the hedged underlying transaction affects profit or loss. The ineffective portion of the changes in market value is recognized directly in the consolidated income statement. Gains and losses from currency hedging transactions are recognized in sales revenue or in the financial result.

Fair value hedges are used to hedge against the risk of changes in the value of balance sheet items. The results from the market valuation of derivative financial instruments are recognized in profit or loss at the same time as the changes in value of the associated underlying transactions.

6. Differentiation between equity and debt capital
According to German commercial law regulations, commercial partnerships such as MANN+HUMMEL International GmbH & Co. KG, the shareholders have non-excludable termination rights. However, according to IAS 32.16, equity only exists for the most subordinate class of shareholders to the extent that a company has neither an unconditional nor a conditional obligation to deliver cash or other financial assets. Due to the provisions in the articles of association regarding the settlement of shareholders, the shares in MANN+HUMMEL International GmbH & Co. KG do not meet the requirements of IAS 32.16A for the recognition of redeemable shares as equity. They are therefore reported separately as “Net assets attributable to shareholders of the parent company.” Insofar as International Financial Reporting Standards (IFRS) require items to be recognized in other comprehensive income, this also applies to partnerships that do not have equity in accordance with IFRS. Such items are therefore also not reported in the MANN+HUMMEL Group's profit for the period.

The “Net assets attributable to shareholders of the parent company” are measured at the respective shareholder's proportionate carrying amount of the IFRS consolidated net assets.

INVENTORIES

Raw materials, supplies, and wares are generally valued using the standard cost method: considering lower net achievable values at the balance sheet date. Work in progress and finished goods are recognized at the lower cost or net realizable value, considering consumption at the balance sheet date. Production costs include all costs directly attributable to the production process and appropriate portions of production-related overheads. These include production-related depreciation, pro rata administrative expenses, and pro rata social security expenses.

LEASING

For lessees, IFRS 16 provides a uniform approach for the accounting of leasing contracts, according to which assets for the right of use of the leased assets and liabilities for the payment obligations entered into are to be recognized in the balance sheet for all leases. The rights of use are included in land, land rights, and buildings; in technical equipment and other equipment; and in factory and office equipment. The lease liability is shown in the financial liabilities to third parties.

The main leases relate to production, warehouse, and office buildings, as well as land with terms of up to 30 years. Some contracts contain price adjustment clauses that provide for an annual fixed percentage increase. Some contracts include renewal options, termination options, automatic contract extensions, or purchase options. When determining the term, such options are only considered if their exercise is sufficiently certain. During the term, these options are regularly reviewed regarding their likelihood of exercise.

Other leases relate to vehicle fleets, machinery, hardware and software, and other operating and office equipment with terms of up to five years. For some of these contracts, there are renewal options or automatic contract extensions as well as options to purchase the leased objects at market value at the end of the contract term. The leasing installments are partly linked to the service used.

For leased assets of low value (i.e., up to EUR 5,000) and for short-term leases (i.e., up to 12 months), use is made of the application relief, and these are therefore expensed. Furthermore, the option to separate leasing and non-leasing components (service) is used. Non-lease components are not included in the right-of-use asset to be recognized.

Assets and liabilities from leases are initially recognized at present value. The lease liabilities correspond to the present value of the following lease payments not yet made for the right to use the underlying asset:

- Fixed payments, including de facto fixed (in substance fixed) payments, less any lease incentives to be received
- Variable lease payments linked to an index or interest rate, initially measured at the index rate at the commitment date
- Expected payments by the Group from the utilization of residual value guarantees
- The exercise price of a call option or renewal option that is reasonably certain to be exercised by the Group
- Penalty payments in connection with the termination of a lease, provided that the term considers that the Group will exercise the relevant termination option

The discount rate used is the interest rate implicit in the lease if it is readily determinable. Otherwise—and this is usually the case in the Group—discounting is carried out at the lessee's marginal borrowing rate (i.e., the interest rate that the respective lessee would have to pay if it had to borrow funds to a comparable extent for a comparable term with comparable security under comparable conditions).

The rights of use are measured at cost on the date of provision, which is as follows:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the date of commitment, less any lease incentives received
- Any initial direct costs incurred by the lessee
- Estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition required by the lease agreement

The subsequent measurement of the rights of use is at amortized cost. Depreciation is calculated on a straight-line basis over the shorter of the useful life and the underlying lease term. If the exercise of a purchase option is sufficiently specific from the Group's point of view, the asset is depreciated over the useful life of the underlying asset. Leases for buildings and office space contain renewal and termination options. The measurement of the lease liability requires assessing whether the exercise of these options is considered reasonably certain. The Group considers all facts and circumstances that influence the exercise or non-exercise of these options.

For the presentation of leases in the balance sheet, we refer to our comments in Notes 19, 28, and 35. In the income statement, expenses from leases are reported under depreciation and other interest expenses.

The Group is exposed to possible future increases in variable lease payments that may result from a change in an index or interest rate. These potential changes in lease payments are not reflected in the lease liability until they become effective. However, when changes in an index or interest rate affect the lease payments, the lease liability is adjusted against the right of use. Lease payments are divided into principal and interest payments.

The MANN+HUMMEL Group does not act as lessor.

SALE AND LEASEBACK

In a sale and leaseback transaction, criteria from IFRS 15 must first be used to determine if the transfer of an asset should be accounted for as a sale. If the transfer of an asset does not meet the requirements for sale accounting set out in IFRS 15, the asset continues to be recognized, and the proceeds received are recognized as a financial liability in accordance with IFRS 9. If the asset transfer constitutes a sale, the leased-back assets are reflected in the consolidated financial statements in accordance with the lessee accounting principles outlined above. Accordingly, any gain or loss is recognized only to the extent that it relates to the rights transferred to the buyer/lessor.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank balances available at any time, and short-term overnight deposits.

ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Assets and liabilities are reported as a disposal group if they are to be sold as a group in a transaction that is highly probable. Individual assets are shown as assets held for sale on the balance sheet. The assets and liabilities are presented separately on the balance sheet within current assets and liabilities as "Assets of disposal groups held for sale" or "Liabilities of disposal groups." The income and expenses of the assets and liabilities concerned are included in the result from continuing operations until disposal if they do not meet the definition of a discontinued operation. When classified as a disposal group for the first time, it is initially measured in accordance with the relevant IFRS standards, after which the resulting carrying amount of the disposal group is compared to the fair value, less costs to sell to determine the lower value to be recognized.

TRADE PAYABLES

Trade payables under reverse factoring agreements are not reported as financial liabilities due to their relation to the operating business and because the nature and function of the liability correspond to other trade payables. The liabilities cannot be derecognized in the event of a premature sale by the supplier to the bank, nor will MANN+HUMMEL incur additional costs or interest. Therefore, the payment obligation on the part of MANN+HUMMEL remains until the due date of the liability from delivery and service regardless of whether the supplier makes use of the option to sell the receivable or not. The credit lines on which the purchase of receivables is based are unsecured and uncommitted.

OTHER PROVISIONS

Other provisions are formed if an obligation to third parties exists due to a past event, the utilization of which is probable, and the probable amount of the necessary provision can be reliably estimated.

In the valuation of provisions from sales—especially for warranties and expected losses from pending transactions—all cost components are generally included that are also capitalized in inventories. The valuation is carried out at the amount of the best possible estimate of the expenses required to fulfill the obligation on the balance sheet date. Warranty provisions are measured based on actual warranty expenses incurred, considering warranty and goodwill periods and the sales development of the products concerned in the period to be considered.

The personnel-related obligations relate to restructuring measures, long-service awards, and partial retirement obligations. Provisions for long-service anniversaries are determined according to actuarial principles. The provisions for partial retirement obligations include the individually or collectively agreed top-up amounts for pension insurance and the remuneration payments to be made during the release phase. Accruals are made in installments from the beginning of the obligation.

The partial retirement obligations are secured against insolvency through a trust model. Shares in a special fund were assigned to a trustee for this purpose. The shares in the special fund are valued at fair value. The assets that serve exclusively to fulfill the partial retirement obligations and are not accessible to all other creditors are netted against the provisions (i.e., plan assets). If these exceed the value of the provisions, the excess amount is reported under non-current other financial receivables. The income from plan assets is netted with expenses from compounding provisions in the income statement.

Non-current provisions with a remaining term of more than one year are recognized at their settlement amount discounted to the balance sheet date. Discounting is carried out at an interest rate that corresponds to the risk and the term of the fulfillment.

PROVISIONS FOR PENSIONS

Provisions for pensions are recognized using the projected unit credit method, which considers not only the pensions and vested rights known on the balance sheet date but also expected future increases in pensions and current payments. The calculation is based on actuarial reports considering current biometric calculation principles. Actuarial gains and losses are recognized in full in other comprehensive income in the period in which they occur. The net interest is recorded in interest expenses. All other expenses from the allocation of pension obligations are allocated to the affected functional areas in the consolidated profit and loss statement.

IAS 8

In accordance with IAS 8.41, material errors from previous periods must be corrected upon discovery. In accordance with IAS 1.40A, in conjunction with IAS 1.10 (f), a third balance sheet at the beginning of the previous period must be presented in the event of an error correction if the retrospective adjustment has a material effect on the information in this balance sheet. In our opinion, the errors presented below do not have a material effect on the information in the balance sheet, so no error correction is made in a third column of the balance sheet.

In accordance with IAS 8.5, the following errors have been identified in the preparation of the consolidated financial statements of the MANN+HUMMEL Group compared to the previous year:

- In the 2023 financial year, liabilities to credit institutions from promissory note loans in the amount of EUR 816.1 million were reported as non-current, of which EUR 147.0 million represented current liabilities to credit institutions. In this respect, there has been a reclassification between current and non-current liabilities to credit institutions (see Note 28).
- In the 2023 financial year, effects from hyperinflation were reported in other operating income and expenses of EUR 57.0 million and EUR 56.8 million, respectively. According to IAS 29, these income and expenses should have been allocated to the income statement in the respective functional area. As such, other operating income will now be reduced by EUR 56.1 million and other operating expenses by EUR 49.7 million. They will be reclassified netted into the areas of revenue, cost of sales, and selling expenses (see Notes 10 and 11). Sales revenues increased by EUR 32.5 million, cost of sales increased by EUR 25.6 million, and selling expenses also increased by EUR 0.5 million. This results in a net effect unchanged from the previous year. In other operating income and expenses, only the hyperinflation effect of the items themselves remains (see Notes 12 and 13).

Position	Amount 2023 - before correction	Inflation Turkey - before correction	Inflation Turkey - after correction	Amount 2023 - after correction
Sales	4,702.1	0.0	32.5	4,734.6
Cost of sales	3,515.6	0.0	25.6	3,541.2
Cross margin on sales	1,186.5	0.0	6.9	1,193.4
Research and development costs	117.9	0.0	0.0	117.9
Selling expenses	528.7	0.0	0.5	529.2
General administrative expenses	273.6	0.0	0.0	273.6
Other operating income	176.7	-57.0	0.6	120.3
Other operating expenses	427.1	-56.8	6.7	377.0
Operating profit or loss (EBIT)	15.9	-0.3	-0.3	15.9

- The incorrect presentation of other comprehensive income (OCI) effects in the 2023 consolidated financial statements was due to the classification of shareholders' capital accounts of the parent company as liabilities. The effects attributable to the majority shareholders have so far been neutralized separately in the statement of comprehensive income, the statement of equity, and the associated disclosures in the notes.
The neutralization has been corrected, and the effects are shown directly in the consolidated income statement. As a result of this adjustment, consolidated net income changed from EUR -14.9 million to EUR -10.6 million, and other comprehensive income changed from EUR -3.2 million to EUR -7.5 million.
- The disclosures in Note 37 on the fair value of credit institutions' liabilities and other financial liabilities were incorrectly determined in the previous year's financial statements. Therefore, a correction of the previous year's figures will take place in the 2024 financial statements. The liabilities of credit institutions changed from EUR 1,233.2 million to EUR 1,074.5 million, and other financial liabilities changed from EUR 77.7 million to EUR 94.5 million.

9. Judgments and uncertainties in connection with estimates

The preparation of the consolidated financial statements requires assumptions and estimates to be made that affect the recognition, height, and presentation of assets and liabilities, income and expenses, and contingent liabilities. Significant assumptions and estimates applied in the recognition and measurement of balance sheet items are explained below.

The **capitalization of development costs** (Note 17 to the consolidated financial statements) is based on the management's assessment of the technical and commercial feasibility of the development projects. The measurement of capitalized development costs depends on assumptions about the amount and period of the expected future cash flows as well as the discount rates to be applied.

Some leases contain renewal, termination, or purchase options. The measurement of the lease liability requires an assessment of whether the exercise of these options is reasonably certain. If the interest rate underlying the lease cannot be determined, the marginal interest rate is used for discounting. This is derived from country-specific interest rate swaps for different terms and then adjusted by a risk premium. Long-term leases are taken into account over a maximum term of 15 years.

In accounting for other **intangible assets** and **property, plant, and equipment** (Notes 17 and 19 to the consolidated financial statements), assumptions and estimates mainly relate to determining useful lives. Insofar as intangible assets are concerned that are recognized for the first time as part of a company acquisition (e.g., customer base) (Note 5 to the consolidated financial statements), the fair value of these assets is determined as part of a purchase price allocation in accordance with IFRS 3. If a market-price-oriented method cannot be applied, the Group generally determines the fair value of intangible assets using capital-value-oriented methods. In this case, the value of an asset is the sum of the present values of the future cash flows at the valuation date. The forecast of the valuation-relevant cash flows and the derivation of the cost of capital rate reflecting the risk of the intangible asset in question significantly influences the valuation. The Group essentially applied the license price analogy method within the capital-value-oriented method (e.g., for brand names) and the residual value method (e.g., for the customer base).

Intangible assets were identified during purchase price allocations. Regarding the newly acquired companies, these mainly include know-how and customer relationships. The determination of the fair values of the identified customer lists/relationships was made based on the residual value method and corporate planning with a useful life of six to 15 years. The brands were valued using the license price analogy method. Key assumptions here were the expected brand sales and the expected license rate. The useful life was set at 10 years.

Within the framework of the **impairment tests** (Note 18 to the consolidated financial statements), assumptions and estimates are used to determine the expected future cash flows and the discount rates. Particularly in intangible assets, this can influence the respective value.

The assessment of the recoverability of **trade receivables** (Notes 24 and 38 to the consolidated financial statements) is subject to discretionary decisions regarding the estimation of the future solvency of the debtors.

The fair values of **securities** (Note 37 to the consolidated financial statements), which are allocated to Level 3 of the fair value hierarchy, are determined based on inputs that are not observable in the market. The calculation, which is performed using the discounted cash flow method, is based on estimates regarding the expected cash flows and discount rates used.

The amount of impairment losses for other financial assets (Note 37 of the consolidated financial statements) is influenced by discretionary decisions, such as the assessment of the creditworthiness of the issuers.

The amounts related to **reverse factoring agreements** in the balance sheet and cash flow statement are not reclassified to financial liabilities and financial cash flow, respectively, based on judgment (Note 29 to the consolidated financial statements).

In accounting for **deferred tax assets** (Note 15 to the consolidated financial statements), assumptions and estimates essentially relate to the probability that the expected tax reductions will occur in the future.

The actuarial valuation of **provisions for pensions** (Note 32 to the consolidated financial statements) is based on assumptions regarding discount rates, future pension trends, age shifts, and the general cost of living development.

The calculation of **warranty provisions** (Note 31 to the consolidated financial statements) is subject to assumptions and estimates that relate to the period between the delivery date and the occurrence of the warranty event, warranty and goodwill periods, and future warranty charges.

The determination of **long-term provisions for impending losses** (Note 31 to the consolidated financial statements) is subject to discretionary decisions regarding the interpretation of supply contracts. Significant decision-making criteria are the binding determination of the delivery period, quantities, and prices.

Provisions for **restructuring measures** (Note 31 to the consolidated financial statements) are recognized as soon as a formal plan is available and has been communicated to the affected parties or the plan's implementation has begun. In addition to the scope of the planned capacity adjustments, the valuation also considers country- and site-specific regulations and the corresponding remuneration level.

When **recognizing revenue**, assumptions and the exercise of discretion are applied when it is necessary to assess whether there is revenue related to a specific period or point in time. Furthermore, determining the amount of revenue for variable transaction prices is discretionary and subject to certain assumptions (Notes 10 and 22 to the consolidated financial statements).

Provisions were made for **tax risks from ongoing tax audits** if the facts are sufficiently concrete and their occurrence is probable.

No other significant discretionary decisions and estimates were made.

In individual cases, the actual values may deviate from the assumptions and estimates made. Changes are recognized in profit or loss when better knowledge becomes available.

At the time of the preparation of the consolidated financial statements, the underlying estimates were not subject to any significant risks, meaning no material adjustment of the assets and liabilities reported in the consolidated balance sheet is to be expected in the following financial year.

HYPERINFLATION

Since July 1, 2018, Argentina has been classified as a hyperinflationary economy. Additionally, Turkey has been classified as a hyperinflationary economy since May 2022. Accordingly, the provisions of IAS 29 are relevant: The financial statements of an entity whose functional currency is that of a hyperinflationary economy, whether based on the historical cost concept or the current cost concept, must be expressed in terms of the measuring unit current at the balance sheet date. Certain procedures must be followed to adjust the financial statements. Amounts in the balance sheet that are not yet expressed in terms of the measuring unit current at the balance sheet date are adjusted using a general price index. Monetary items are not adjusted because they are already expressed in terms of the monetary unit current at the balance sheet date.

Monetary items are funds held or items for which the entity pays or receives money. Receivables and payables that are contractually linked to price changes, such as index-linked bonds and loans, are contractually adjusted to determine the amount outstanding at the balance sheet date. These items are carried in the adjusted balance sheet at this adjusted amount. All other assets and liabilities are non-monetary. Some of these non-monetary items are carried at the amounts applicable at the balance sheet date, net realizable value and fair value, and are therefore not adjusted. All other non-monetary assets and liabilities are adjusted. Most non-monetary items are carried at cost or amortized cost and are therefore stated at the amount applicable at the date of acquisition. The adjusted or amortized cost of each item is determined by applying to the historical cost and accumulated depreciation the change in a general price index that has occurred between the date of acquisition and the balance sheet date. Property, plant, and equipment; inventories of raw materials and merchandise; goodwill; patents; trademarks; and similar assets are thus adjusted from their acquisition date. Inventories of semi-finished and finished goods are adjusted from the date on which the acquisition and production costs were incurred. The adjusted value of a non-monetary item is lowered if it exceeds the recoverable amount. For this reason, the adjusted value reported for property, plant, and equipment; goodwill; patents; and trademarks is reduced to the recoverable amount in such cases, while the figure used for inventories is the net realizable value.

All items in the income statement shall be expressed in the measuring unit current at the balance sheet date. This means that all amounts are to be adjusted using the general price index, starting from the time when the respective income and expenses were first recognized in the financial statements.

The price indices in Argentina (Índice de Precios al Consumidor Nivel General) and Turkey (Turkish Statistical Institute's Consumer Price Index) are used to adjust non-monetary assets and liabilities as well as income statement items. In Argentina, official inflation rates have been announced by the government as of December 31, 2024, with a change in general purchasing power of 117.8% (2023: 211.4%; 2022: 94.8%). In Turkey, the general price index used was 44.4% (2023: 64.8%; 2022: 64.3%).

Notes to the consolidated profit and loss statement

The consolidated income statement has been prepared using the cost of sales method.

10. Sales

In EUR million	2024	2023
Europe	2,052.6	2,117.4 *
America	1,772.1	1,943.8
Asia	634.7	600.8
Rest of the world	68.1	72.6
	4,527.5	**4,734.6**

Of the turnover, EUR 4,041.0 million (previous year: EUR 4,292.6 million) was generated from the Transportation division and EUR 486.5 million (previous year: EUR 442.0 million) from the LS&E division. All turnover is revenue from contracts with customers.

The majority of sales are recognized at a point in time.

*see explanations in Note 8

11. Cost of sales and other costs

In EUR million	2024	2023
Material expenses	2,306.0	2,557.6
Personnel expenses	662.3	672.1
Amortization	126.4	130.1
Other cost of sales	174.5	181.4 *
	3,269.2	**3,541.2**

Research and development (R&D) costs include expenses for the in-house research department as well as external R&D services and testing activities. The activities in this area serve to develop products for the generation of sales revenues. The financial year's R&D expenses amounted to EUR 128.3 million (previous year: EUR 117.9 million).

Selling expenses mainly include expenses for outbound logistics, advertising, customer support, and commissions and licenses.

Administrative costs mainly include expenses for information technology, finance and controlling, taxes, legal, and human resources.

*see explanations in Note 8

12. Other operating income

In EUR million	2024	2023
Income from foreign currency translation	52.8	74.2
Income from the disposal of property, plant, and equipment	2.0	2.2
Other	44.0	44.1 *
	98.8	**120.5**

The other operating income includes income from hyperinflation amounting to EUR 0.9 million (previous year: EUR 5.0 million).

*see explanations in Note 8

13. Other operating expenses

In EUR million	2024	2023
Expenses from restructuring	9.3	3.7
Expenses from foreign currency translation	56.2	114.8
Expenses from the disposal of property, plant, and equipment	4.4	2.2
Warranty expenses	4.8	3.1
Impairment of tangible and intangible assets	0.7	190.1
Other	68.6	63.4 *
	144.1	**377.3**

Other expenses include costs in connection with consulting services of EUR 26.2 million (previous year: EUR 22.5 million), income from provisions for impending losses of EUR 8.6 million (previous year: income of EUR 22.8 million), and expenses from the write-off or value adjustment of receivables of EUR 7.5 million (previous year: EUR 5.9 million). It also includes expenses from hyperinflation in the amount of EUR 0.7 million (previous year: EUR 16.9 million).

*see explanations in Note 8

14. Net financial result

In EUR million	2024	2023
Share in the result from associates	**4.3**	**-4.9**
Accrued interest of long-term items	-2.5	16.1
Interest and similar expenses	86.8	117.4
Currency losses	60.1	65.0
Depreciations on lending, financial assets, and securities	2.5	8.7
Losses from sale of financial assets, securities, and hedging transactions	10.3	10.2
Financial expenses	**157.2**	**217.4**
Interest and similar income	16.7	31.3
Currency gains	38.1	58.5
Income (previous year: expenses) from lending, financial assets, and securities	16.3	18.5
Income from sale of financial assets, securities, and hedging transactions	1.8	0.5
Financial income	**72.9**	**108.8**
Net financial result	**-80.0**	**-113.5**

The adjustments of the balance sheets and income statements of our subsidiaries in Argentina and Turkey, due to hyperinflation, resulted in an effect on earnings of EUR 14.7 million (previous year: EUR 17.9 million), which was recognized in the financial result.

15. Income taxes

In EUR million	2024	2023
Current tax expense	96.0	75.8
Deferred taxes from temporary differences	-14.5	7.1
Deferred taxes from loss carryforwards and tax credits	1.6	14.1
Total income tax expense	**83.1**	**97.1**
thereof tax revenues previous years	-6.0	-10.8
thereof tax expense previous years	19.2	8.8

A weighted Group tax rate was calculated for the MANN+HUMMEL Group based on the individual Group companies' profit amounts and tax rates. The Group tax rate is 23.6% (previous year: 23.6%). This income tax rate is used as the applicable tax rate for the tax reconciliation statement. The tax rates applied abroad in the financial year range between 9.0% and 36.8% (previous year: 9.0% and 36.8%).

Deferred tax assets and liabilities result from the following balance sheet items:

In EUR million	12/31/2024		12/31/2023	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	22.7	24.6	20.0	29.5
Tangible assets	4.4	61.8	1.4	53.2
Financial assets	9.8	11.0	9.9	5.0
Inventories	13.6	0.5	14.2	0.9
Trade receivables	10.7	0.2	4.5	1.6
Other current assets	7.6	1.5	10.9	4.6
Pension provisions	23.7	2.2	33.0	6.7
Other provisions	26.2	2.1	29.9	9.2
Short-term financial debts	19.1	0.1	26.8	1.0
Trade payables	8.8	4.4	5.0	1.4
Other liabilities	26.3	8.1	9.9	3.9
Deferred taxes related to shares in subsidiaries	0.0	2.9	0.0	2.1
Other	3.4	0.3	2.7	-0.7
	176.3	**119.7**	**168.2**	**118.4**
Tax losses and tax credits carried forward	9.4	0.0	8.0	0.0
Offsetting	-78.4	-78.4	-76.7	-76.7
	107.3	**41.3**	**99.5**	**41.7**

As of the closing date, there were deferred tax liabilities from the market valuation of securities in the amount of EUR -1.7 million (previous year: deferred tax assets of EUR 0.3 million) and deferred tax assets from cash flow hedges in the amount of EUR 0.2 million (previous year: EUR 1.1 million) recognized directly in profit or loss. The treatment of the actuarial gains for pension obligations arising in the reporting year without affecting income leads to a deferred tax asset of EUR 2.2 million (previous year: deferred tax liability of EUR 3.3 million).

Additionally, all other changes, except for changes due to initial consolidations, were recognized in profit or loss.

The amount for temporary deductible differences and unused tax losses and tax credits for which no deferred tax assets were recognized in the balance sheet was EUR 1,157.4 million (previous year: EUR 827.0 million). Of this amount, EUR 56.2 million (previous year: EUR 222.5 million) relates to loss carryforwards that can be used for a limited period of between five and 20 years. Regarding the valuation of deferred tax assets, the expected future business development at the time of preparing the consolidated financial statements was basically based on the corporate planning for the following five financial years. As of the balance sheet date, deferred tax assets of EUR 7.0 million (previous year: EUR 5.6 million) were recognized for Group companies that had incurred losses in the reporting or previous period. In this context, it was taken into account as a substantial indication that, due to the transfer pricing method, individual companies are taxed on a positive EBIT so that the deferred tax assets are recoverable. Additionally, the deferred taxes of MANN+HUMMEL Water & Fluid Solutions S.p.A. and MANN+HUMMEL FILTER (JINAN) CO. LTD. are considered to be recoverable, taking into account current investments in projects and new customer contracts.

The retained earnings at subsidiaries of EUR 2,249.2 million (previous year: EUR 2,191.6 million) are retained based on current planning. In the event of distribution, 5% of the profits would be subject to German taxation, and if applicable, foreign withholding taxes would apply. Additionally, if the profits of a foreign subsidiary were distributed to a foreign intermediate holding company, further income tax consequences might have to be considered. Distributions would, therefore, generally lead to an additional tax expense. Determining the deferred tax liabilities attributable to the temporary taxable differences would involve a disproportionately high effort.

Reconciliation from expected to reported income tax expense is as follows:

In EUR million	2024	2023
Net profit or loss before income tax and changes in net assets attributable to the shareholders of the parent company	150.0	-97.6
Expected income tax expense	**35.4**	**-23.0**
Tax effects due to different national tax rates and group taxation systems	10.3	-3.1
Effects of tax rate changes	0.0	-2.9
Tax effects due to the non-application and value correction due to deferred taxes	22.0	62.9
Tax effects due to permanent differences	0.1	27.1
Tax effects due to facts of past periods	13.2	-1.8
Tax effects related to shares in subsidiaries	0.8	-7.3
Deductible taxes	1.6	1.1
Tax effects due to amortization of non-tax-deductible goodwill	0.0	39.2
Other tax effects	-0.3	4.9
Recognized income tax expense	**83.1**	**97.1**

In fiscal year 2024, the MANN+HUMMEL Group fell under the scope of the Minimum Tax Act for the first time, which implements the requirements of the EU Minimum Tax Directive (Council Directive (EU) 2022/2523) and the concept of a global minimum tax of the OECD (so-called "Inclusive Framework on Base Erosion and Profit Shifting – Pillar 2") into national law. Additionally, national regulations regarding minimum taxation and local supplementary taxes came into force in numerous countries where MANN+HUMMEL operates, and these regulations have been applied to individual group entities for the first time. Under the framework of the global minimum tax, in all countries where the Group's effective tax rate falls below 15%, supplementary taxes are to be remitted in an amount corresponding to the difference.

In fiscal year 2024, MANN+HUMMEL took all necessary measures to comply with the disclosure obligations and other tax requirements arising from the legislation.

As in the previous year, the exemption under IAS 12.88 was utilized for the recognition and disclosure of information regarding deferred tax assets and liabilities in connection with the global minimum tax.

Material liabilities arising from the global minimum tax have not been incurred in fiscal year 2024.

16. Other disclosures to the consolidated profit and loss statement

The consolidated income statement includes the following cost of materials:

In EUR million	2024	2023
Expenditure on raw materials, consumables, supplies, and trading goods	2,256.7	2,519.6
Expenditure on purchased services	43.9	43.2
	2,300.6	**2,562.8**

Personnel expenses break down as follows:

In EUR million	2024	2023
Wages and salaries	958.3	955.3
Social duties and expenses for support	166.7	156.3
Expenses for provisions for pensions and similar commitments	15.2	15.5
	1,140.2	**1,127.1**

Personnel expenses include amounts for defined contribution plans of EUR 33.0 million (previous year: EUR 30.2 million). The expenditures for state plans included in this amount of EUR 26.4 million (previous year: EUR 25.8 million) essentially comprise employer contributions to pension insurance, which are included in social security contributions.

Amortization, depreciation, and impairments on intangible assets as well as property, plant, and equipment are included in the following items of the consolidated income statement:

In EUR million	2024	2023
Cost of sales	126.4	130.1
Research and development costs	5.4	5.4
Selling expenses	7.7	8.3
Administrative expenses	56.2	56.5
Other operating expenses	0.9	192.3
	196.6	**392.6**

Notes to the consolidated balance sheet

17. Intangible assets

In EUR million	Goodwill	Patents, licenses, software, and similar rights and values	Development costs	Total
Acquisition and manufacturing costs as of 01/01/2024	**822.9**	**764.1**	**17.9**	**1,604.9**
Exchange rate effects	28.5	24.3	1.0	53.8
Changes in consolidated group	0.0	2.4	0.0	2.4
Additions	0.0	2.3	0.0	2.3
Transfer	0.0	0.6	0.0	0.6
Disposals	0.0	-28.5	-0.3	-28.8
Other changes	0.0	0.1	0.0	0.1
Acquisition and manufacturing costs as of 12/31/2024	**851.4**	**765.3**	**18.6**	**1,635.3**
Accumulated amortization as of 01/01/2024	**221.9**	**643.3**	**16.3**	**881.5**
Exchange rate effects	8.7	19.9	0.9	29.5
Changes in consolidated group	0.0	0.7	0.0	0.7
Additions	0.0	36.3	0.5	36.8
Impairment	0.0	0.0	0.0	0.0
Transfer	0.0	0.0	0.0	0.0
Disposals	0.0	-28.5	-0.3	-28.8
Other changes	0.0	0.1	0.0	0.1
Accumulated amortization as of 12/31/2024	**230.6**	**671.8**	**17.4**	**919.8**
Carrying amount as of 12/31/2024	**620.8**	**93.5**	**1.2**	**715.5**

In EUR million	Goodwill	Patents, licenses, software, and similar rights and values	Development costs	Total
Acquisition and manufacturing costs as of 01/01/2023	**768.3**	**739.0**	**18.6**	**1,525.9**
Exchange rate effects	7.7	1.9	-0.6	9.0
Changes in consolidated group	46.9	18.1	0.0	65.0
Additions	0.0	2.1	0.0	2.1
Transfer	0.0	0.8	0.0	0.8
Disposals	0.0	-0.6	-0.1	-0.7
Other changes	0.0	2.8	0.0	2.8
Acquisition and manufacturing costs as of 12/31/2023	**822.9**	**764.1**	**17.9**	**1,604.9**
Accumulated amortization as of 01/01/2023	**58.8**	**576.8**	**13.2**	**648.8**
Exchange rate effects	-3.2	5.4	-0.5	1.7
Changes in consolidated group	0.0	0.1	0.0	0.1
Additions	0.0	40.0	3.7	43.7
Impairment	166.3	19.3	0.0	185.6
Transfer	0.0	0.1	0.0	0.1
Disposals	0.0	-0.6	-0.1	-0.7
Other changes	0.0	2.2	0.0	2.2
Accumulated amortization as of 12/31/2023	**221.9**	**643.3**	**16.3**	**881.5**
Carrying amount as of 12/31/2023	**601.0**	**120.8**	**1.6**	**723.4**

Intangible assets in patents, licenses, software, and similar rights and values include customer relationships amounting to EUR 50.6 million (previous year: EUR 74.7 million), which have a remaining useful life of between one and 11 years.

In connection with the impairment tests carried out, the value of the intangible assets acquired in the framework of company acquisitions, such as customer relationships, brands, and existing technology, was also assessed. In the past financial year, for individual assets, there was no write-down required (previous year: write-down of EUR 19.3 million in the LS&E division). The write-down in the previous year was necessary because of the increase in the general interest rate level as well as a shift in the growth of the expected future business development of the LS&E division to later planning years, which had to be taken into account.

GOODWILL

The goodwill from company acquisitions is listed below:

In EUR million	12/31/2024	12/31/2023
Transportation	612.9	601.0
Life Sciences & Environment	8.0	0.0
	620.9	**601.0**

In connection with the purchase price allocation of Suzhou U-Air Environmental Technology Co., Ltd, China ("U-Air"), which was finalized during the fiscal year, goodwill retrospectively increased by EUR 7.5 million as of the acquisition date.

18. Impairment tests

The goodwill included in the consolidated financial statements relates to the differences between the respective purchase prices and the revalued net assets of the acquired businesses arising from the business combinations.

Goodwill is allocated in full to the smallest cash-generating unit.

The respective recoverable amount is determined in all cases by calculating the value in use using the discounted cash flow method.

In performing the impairment test, the Group carried out various sensitivity analyses for possible changes in the weighted average cost of capital (WACC) or EBIT margin with a corresponding impact on free cash flow.

Cash flows from the five-year plan (2025 to 2029) prepared by the responsible management for all Business Units are used as a basis. For the calculation of the impairment tests, assumptions were made regarding the development of turnover, among other things. For Transportation, the annual sales increase assumed in the detailed planning period was between -1.0% and 10.4% (previous year: 2.0% and 7.7%); for LS&E, between 14.2% and 16.3% (previous year: 9.3% and 48.4%).

Growth rates of 1.3% to 2.0% (previous year: 1.3% to 2.0%) were used to measure the perpetual annuity. The calculated cash flows were discounted with weighted cost of capital rates after taxes of 9.3% to 10.1% (previous year: 9.6% to 10.4%) and before taxes of 11.5% to 13.3% (previous year: 12.2% to 13.8%). The weighting of equity and debt capital costs was carried out using a capital structure derived from a group of comparable companies. Capital market data and data from comparable companies were used to determine the cost of equity and debt capital.

In %	2024		2023	
	Weighted capital costs	Growth rate	Weighted capital costs	Growth rate
Transportation	10.1	1.3	10.4	1.3
Life Sciences & Environment	9.3	2.0	9.6	2.0

For the Transportation cash-generating unit, the value in use exceeds the book value by EUR 2,355.1 million (previous year: EUR 2,580.1 million). If the WACC increases by 10.9%, or if the sustainable EBIT in relation to sales decrease by 8.2%, the value in use corresponds to the book value.

For the LS&E cash-generating unit, the value in use exceeds the book value by EUR 58.8 million (previous year: EUR -180.5 million). If the WACC increases by 1.0%, or if the sustainable EBIT in relation to sales decrease by 0.9%, the value in use corresponds to the book value.

For the Transportation cash-generating unit, the value in use amounts to EUR 4,170.3 million (previous year: EUR 4,359.8 million). For the LS&E cash-generating unit, it amounts to EUR 375.4 million (previous year: EUR 347.6 million).

19. Tangible fixed assets and leasing

In EUR million	Land and buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Advance payments and construction in progress	Total
Acquisition and manufacturing costs as of 01/01/2024	**757.4**	**1,409.8**	**255.4**	**172.4**	**2,595.0**
Exchange rate effects	10.9	9.1	-1.0	0.1	19.1
Changes in consolidated group	0.0	0.0	0.2	0.0	0.2
Additions	50.1	29.7	24.9	95.1	199.8
Transfer	43.7	64.1	6.8	-115.2	-0.6
Disposals	-20.6	-51.8	-29.4	-1.6	-103.4
Other changes	1.9	6.1	1.7	-0.1	9.6
Acquisition and manufacturing costs as of 12/31/2024	**843.4**	**1,467.0**	**258.6**	**150.7**	**2,719.7**
Accumulated depreciation as of 01/01/2024	**345.9**	**1,004.2**	**184.9**	**3.7**	**1,538.7**
Exchange rate effects	4.3	6.4	-0.9	0.2	10.0
Changes in consolidated group	0.0	0.0	0.1	0.0	0.1
Additions	53.3	81.1	24.7	0.0	159.1
Impairment	0.4	0.3	0.0	0.0	0.7
Transfer	0.0	-0.4	0.4	0.0	0.0
Reversals of write-downs	0.0	0.0	0.0	-0.9	-0.9
Disposals	-11.9	-46.8	-27.5	0.0	-86.2
Other changes	0.5	5.1	1.4	0.0	7.0
Accumulated depreciation as of 12/31/2024	**392.5**	**1,049.9**	**183.1**	**3.0**	**1,628.5**
Carrying amount as of 12/31/2024	**450.9**	**417.1**	**75.5**	**147.7**	**1,091.2**

In EUR million	Land and buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Advance payments and construction in progress	Total
Acquisition and manufacturing costs as of 01/01/2023	**770.1**	**1,388.9**	**251.4**	**128.9**	**2,539.3**
Exchange rate effects	-17.9	-24.0	-6.0	-0.9	-48.8
Changes in consolidated group	9.5	5.8	0.3	0.0	15.6
Additions	31.2	34.0	20.9	110.5	196.6
Transfer	6.1	53.5	5.2	-65.6	-0.8
Disposals	-45.7	-61.0	-19.7	-0.6	-127.0
Other changes	4.1	12.6	3.3	0.1	20.1
Acquisition and manufacturing costs as of 12/31/2023	**757.4**	**1,409.8**	**255.4**	**172.4**	**2,595.0**
Accumulated depreciation as of 01/01/2023	**315.9**	**981.0**	**179.8**	**0.9**	**1,477.6**
Exchange rate effects	-5.3	-11.1	-2.4	-0.1	-18.9
Changes in consolidated group	1.8	2.2	0.2	0.0	4.2
Additions	53.2	82.1	23.4	0.0	158.7
Impairment	0.0	1.6	0.0	2.9	4.5
Transfer	0.0	-0.5	0.4	0.0	-0.1
Reversals of write-downs	0.0	0.0	0.0	0.0	0.0
Disposals	-19.9	-54.6	-17.3	0.0	-91.8
Other changes	0.2	3.5	0.8	0.0	4.5
Accumulated depreciation as of 12/31/2023	**345.9**	**1,004.2**	**184.9**	**3.7**	**1,538.7**
Carrying amount as of 12/31/2023	**411.5**	**405.6**	**70.5**	**168.7**	**1,056.3**

There was no need for impairment losses in the financial year.

In the balance sheet, the following items are shown under tangible assets and financial liabilities in connection with leases:

In EUR million	12/31/2024	12/31/2023
Rights-of-use assets		
Land and buildings	178.0	177.3
Technical equipment and machinery	1.6	1.8
Other equipment, operational and office equipment	19.4	17.0
	199.0	**196.1**

In EUR million	12/31/2024	12/31/2023
Lease liabilities		
Short term	45.8	41.0
Long term	171.2	169.7
	217.0	**210.7**

Additions to rights of use during the 2024 financial year amounted to EUR 52.7 million (previous year: EUR 39.0 million).

The income statement contains the following amounts in connection with leases:

In EUR million	12/31/2024	12/31/2023
Amortization of rights-of-use assets		
Land and buildings	37.5	38.1
Technical equipment and machinery	0.8	0.6
Other equipment, operational and office equipment	9.8	8.6
	48.1	**47.3**
Gains from sale and leaseback transactions	0.0	0.0
Interest expenses (included in finance expenses)	6.6	6.8

Payments for leases accounted for in accordance with IFRS 16 amounted to EUR 59.8 million in 2024 (previous year: EUR 64.6 million). Of this, EUR 6.6 million (previous year: EUR 6.8 million) was for interest and EUR 53.2 million (previous year: EUR 57.8 million) for the repayment of financial liabilities. Further payments for short-term leases, leases of low-value assets, and variable lease payments amount to EUR 21.6 million (previous year: EUR 21.1 million).

SALE AND LEASEBACK

No gains were realized in 2024 from sale and leaseback transactions (previous year: EUR 0.0 million).

The term of the lease agreement is up to 5.5 years, depending on the property. The Group's obligations under its leases are secured by the lessors' title to the leased asset.

As of December 31, 2024, there are lease liabilities of EUR 7.5 million (previous year: EUR 10.5 million) from the sale and leaseback transaction.

20. Investments in associates

The MANN+HUMMEL Group holds a 27.8% share in ABC S.A., Córdoba, Argentina. The proportionate annual result for the year attributable to the MANN+HUMMEL Group amounts to EUR 4.2 million (previous year: EUR -5.2 million).

21. Non-current financial assets

In EUR million	12/31/2024	12/31/2023
Other holdings	34.2	27.7
Other financial assets	5.5	3.5
Derivative financial instruments	1.1	2.2
	40.8	**33.4**

The other financial assets reported as of December 31, 2024, were essentially investments in start-ups as loans (previous year: investments in start-ups). In the past financial year, no dividends were received from other investments, and there were no sales.

22. Other assets

In EUR million	12/31/2024			12/31/2023		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Other tax receivables	51.4	0.1	51.3	53.0	0.2	52.8
Contract assets	7.9	7.0	0.9	8.3	7.2	1.1
Deferred income	21.6	3.3	18.3	13.6	1.9	11.7
Other	24.6	2.7	21.9	33.8	2.8	31.0
	105.5	**13.1**	**92.4**	**108.8**	**12.1**	**96.7**

Other assets mainly include VAT refund claims and payments on account. The other assets do not contain any overdue amounts that are not impaired.

The MANN+HUMMEL Group has capitalized the following contract assets from contracts with customers in accordance with IFRS 15:

In EUR million	12/31/2024			12/31/2023		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Carrying amount as of 01/01	**8.3**	**7.2**	**1.1**	**11.8**	**10.1**	**1.7**
Exchange rate effects	0.3	0.3	0.0	-0.1	-0.1	0.0
Additions	3.4	3.3	0.1	1.0	1.0	0.0
Utilization	-4.1	-1.7	-2.4	-4.4	-1.8	-2.6
Transfer	0.0	-2.1	2.1	0.0	-2.0	2.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Carrying amount as of 12/31	**7.9**	**7.0**	**0.9**	**8.3**	**7.2**	**1.1**

Sales that were realized in 2024 and based on performance obligations that were fulfilled in previous years did not exist in the financial year. As before, no costs from fulfilling or initiating contracts with customers were capitalized. There were still no adjustments to the consideration for the fair value of the financing component as the period between the transfer of the goods and the payment date was less than 12 months. As before, there are no material repurchase obligations or guarantee obligations that exceed the statutory minimum period. These are assurance-type warranties. The practical expedient according to IFRS 15.129 in connection with IFRS 15.63 is used.

23. Inventories

In EUR million	12/31/2024	12/31/2023
Raw materials, consumables, and supplies	197.8	221.8
Work in progress	48.0	59.3
Finished products and goods	413.0	414.6
Prepayments	2.4	2.0
	661.2	**697.7**

In the 2024 financial year, total write-downs of inventories amounting to EUR 32.6 million were made and recognized (previous year: write-downs of EUR 19.0 million).

24. Trade receivables

Trade receivables amounted to EUR 851.2 million (previous year: EUR 825.6 million).

The value adjustments on current and non-current trade receivables developed as follows:

In EUR million	2024	2023
Carrying amount as of 01/01	**40.8**	**23.1**
Exchange rate effects	1.5	-1.1
Changes in consolidated group	0.0	13.7
Additions	10.2	11.6
Utilization	-3.0	-0.7
Reversals	-3.6	-5.8
Carrying amount as of 12/31	**45.9**	**40.8**

In the financial year, there were reclassifications of trade receivables from Level 2 to Level 3 of the impairment model amounting to EUR 12.3 million (previous year: EUR 24.2 million) and reclassifications from Level 3 to Level 2 amounting to EUR 5.7 million (previous year: EUR 7.4 million).

There were no impaired financial assets for which enforcement proceedings were carried out.

25. Current financial assets

In EUR million	12/31/2024	12/31/2023
Derivative financial instruments	5.9	18.8
Receivables and loans	46.5	54.0
Securities	317.7	299.1
	370.1	**371.9**

The securities are shares, bonds, and fund units. For further information, see Note 37 to the consolidated financial statements.

The portfolio of current financial assets does not contain any overdue amounts that are not impaired.

26. Equity

TOTAL OTHER SHAREHOLDER EQUITY

Accumulated other equity mainly includes the following components:

DIFFERENCE FROM CURRENCY TRANSLATION

This item contains the differences arising from the currency translation of the financial statements of foreign subsidiaries (i.e., non-euro areas) from the date of first-time adoption of IFRS.

CASH FLOW HEDGES AND COSTS OF HEDGING

This item includes the effects from the recognition of effective changes in the value of the designated spot component of derivatives in cash flow hedge accounting and the non-designated forward component of derivatives after taxes.

EQUITY AND BORROWING INSTRUMENTS

This item includes the effects of the valuation of investments in companies that are not required to be included in the consolidated group through profit or loss as well as borrowing instruments after taxes.

ACTUARIAL GAINS AND LOSSES

This item contains the actuarial gains and losses from pension obligations recognized directly in equity after tax.

DEFERRED TAXES ON ITEMS RECOGNIZED DIRECTLY IN EQUITY

In EUR million			2024			2023
	Before income taxes	Income taxes	After taxes	Before income taxes	Income taxes	After taxes
Difference from foreign currency translation	8.3	0.0	8.3	-1.3	0.0	-1.3
Equity instruments	0.8	-0.2	0.6	6.1	-0.1	6.0
Borrowing instruments	3.3	-1.5	1.8	5.7	-1.6	4.1
Fair value measurement of cash flow hedges	-5.9	-0.9	-6.8	-1.8	1.4	-0.4
Actuarial gains and losses	6.3	-1.1	5.3	-23.4	7.6	-15.8
Other income	**12.8**	**-3.7**	**9.2**	**-14.7**	**7.3**	**-7.4**

NON-CONTROLLING INTERESTS

In the reporting year, the equity reported in the balance sheet includes the shares of other shareholders of MANN+HUMMEL International GmbH & Co. KG. These hold a direct interest of 16.7% in MANN+HUMMEL Holding GmbH but without voting rights. The shares of non-controlling interests in equity total EUR 157.9 million (previous year: EUR 161.0 million). They have a direct stake of 16.7% in MANN+HUMMEL Holding GmbH, Ludwigsburg, Germany, but without voting rights. Additionally, 50.0% are held in Changchun MANN+HUMMEL Faway Filter Co., Ltd., Changchun, China; 40.0% in Oy M-Filter Ab, Haapavesi, Finland; 30.0% in Suzhou U-Air Environmental Technology Co., Ltd, China, and the US shareholders.

NET ASSETS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

As the shares in MANN+HUMMEL International GmbH & Co. KG do not meet the requirements of IAS 32.16A for the presentation of puttable shares as equity due to regulations in the articles of association regarding the compensation of shareholders, they were presented as debt capital in net assets attributable to the shareholders of the parent company. This item amounted to EUR 678.7 million at the end of the financial year (previous year: EUR 640.2 million). The valuation of the net assets attributable to the shareholders of the parent company is carried out at the fair value of the obligation. In the present case, this corresponds to the respective shareholder's proportionate book value of the IFRS Group equity.

In the annual financial statements of MANN+HUMMEL International GmbH & Co. KG, the equity capital of EUR 613.1 million (previous year: EUR 553.8 million) is made up of capital shares of the limited partners and reserves.

27. Capital management disclosures

The primary objective of the Group's management is to ensure a stable capital base in order to support the continuation of business activities and preserve the benefit of the shareholders. Economic equity is used to determine the total net assets ratio attributable to the shareholders of the parent company and equity to total assets. This comprises the equity capital and the net assets attributable to the shareholders of the parent company.

	12/31/2024	12/31/2023
Net assets attributable to the shareholders of the parent company and equity (in EUR million)	836.5	799.4
Net assets attributable to the shareholders of the parent company and equity relative to total assets (in %)	20.1	19.4

The MANN+HUMMEL Group is not subject to any statutory capital requirements but only to contractually fixed capital requirements (see Note 28).

28. Financial liabilities

In EUR million	Carrying amount as of 12/31/2024			Carrying amount as of 12/31/2023		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Liabilities to banks	1,225.8	502.4	723.4	1,190.8	669.0	521.8 *
Bonds	99.1	99.1	0.0	99.0	99.0	0.0
Payables from leasing	217.0	171.2	45.8	210.7	169.7	41.0
Derivative financial instruments	33.9	5.0	28.9	8.6	3.0	5.6
Other	165.8	2.3	163.5	219.8	17.9	201.9
	1,741.6	**780.0**	**961.6**	**1,728.9**	**958.6**	**770.3**

The liabilities to banks include promissory note loans amounting to EUR 588.5 million (previous year: EUR 735.5 million).

Other financial liabilities consist mainly of customer bonuses and notes payable.

Current financial liabilities include the repayment installments of long-term loans due within one year. Furthermore, liabilities serving short-term financing are included in this item. The country-specific interest rate for these short-term loans ranges between 1.75% (previous year: 0.00%) and 52.00% (previous year: 52.85%). The high interest rates correspond to the prevailing market rates in certain regions, which are significantly higher than those in Europe.

The country-specific interest rate on the loans reported under non-current financial liabilities ranges between 0.99% (previous year: 0.00%) and 12.30% (previous year: 12.30%). 47.0% of the loans (previous year: 57.8%) have fixed interest rates. Most of the loans are due at the end of the term. Some of the loan agreements contain clauses for the calculation of financial ratios. One of these is the gearing ratio, which is defined as the ratio of the net financial position to earnings before interest, taxes, depreciation, and amortization (EBITDA). A change in the debt-to-equity ratio has an influence on the annually determined risk premium for some of the loans.

No contractual repayment obligations result from the calculation of the financial ratios. Additionally, some loan agreements contain a sustainability component. The interest rate for these loans may be adjusted if the environmental, social, and governance (ESG) score calculated by the sustainability agency EcoVadis exceeds or falls below certain threshold values.

*see explanations in Note 8

29. Trade payables

In EUR million	12/31/2024	12/31/2023
Trade payables	688.7	741.5
thereof covered by reverse factoring	130.7	150.1

MANN+HUMMEL has concluded reverse factoring agreements for EUR 186.6 million (previous year: EUR 205.7 million) of the trade payables. Under these programs, suppliers can assign their receivables from MANN+HUMMEL companies to the participating banks in return for a discount and thus receive the discounted invoice amount earlier. The carrying amount of trade payables for which suppliers have already received early payment under the reverse factoring agreements amounts to EUR 130.7 million (previous year: EUR 150.1 million). The Group has not derecognized the reverse factoring liabilities as neither a legal exemption was obtained nor was the liability materially changed by entering into the agreement. The Group does not incur any additional interest for paying the suppliers' liabilities to the bank. Amounts factored by suppliers are included in trade payables as the nature and function of the liability are the same as other trade payables. Due to the relationship to the operating business, payments to the bank continue to be reported in cash flow from operating activities.

The payment terms for trade payables under reverse factoring agreements are between 150 and 180 days on average. The payment terms for comparable liabilities that are not subject to reverse factoring agreements average between 60 and 90 days. The difference in the average payment terms is due to the fact that by participating in the reverse factoring program, suppliers have the opportunity to sell their receivables from the MANN+HUMMEL Group to a bank before they are due and thus be paid early. Suppliers accept longer payment terms for the opportunity to take advantage of this form of financing.

30. Other liabilities

In EUR million	Carrying amount as of 12/31/2024			Carrying amount as of 12/31/2023		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Staff liabilities	100.2	0.0	100.2	92.6	0.0	92.6
Down payments received	6.2	0.0	6.2	11.5	0.0	11.5
Taxes	31.0	0.0	31.0	20.6	0.0	20.6
Other	71.4	6.9	64.5	62.2	9.9	52.3
	208.8	**6.9**	**201.9**	**186.9**	**9.9**	**177.0**

Tax liabilities mainly include VAT liabilities. Other liabilities include, among other things, outstanding debits, accrued liabilities and license, and commission liabilities. The disclosures, in accordance with IFRS 15.121, are omitted because the performance obligations have an expected original term of no more than one year.

31. Other provisions

In EUR million	Carrying amount as of 12/31/2024			Carrying amount as of 12/31/2023		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Liabilities from the operating area	87.6	25.0	62.6	94.7	19.5	75.2
Liabilities from the staff area	37.7	17.4	20.3	35.8	17.8	18.0
Other liabilities	38.2	2.9	35.3	35.9	2.7	33.2
	163.5	**45.3**	**118.2**	**166.4**	**40.0**	**126.4**

In EUR million	01/01/ 2024	Exchange rate effects	Addition	Changes in consoli-dated group	Accrued interest	Transfers	Other non-cash changes	Utilization	Reversal	12/31/ 2024
Liabilities from the operating area	94.7	-3.4	34.7	0.0	0.0	0.0	0.0	-34.7	-3.7	87.6
Liabilities from the staff area	35.8	0.3	22.8	0.0	1.0	0.0	2.1	-17.0	-7.3	37.7
Other liabilities	35.9	-1.6	17.9	0.0	0.0	0.0	-0.4	-12.8	-0.8	38.2
	166.4	**-4.7**	**75.4**	**0.0**	**1.0**	**0.0**	**1.7**	**-64.5**	**-11.8**	**163.5**

In EUR million	01/01/ 2023	Exchange rate effects	Addition	Changes in consoli-dated group	Accrued interest	Transfers	Other non-cash changes	Utilization	Reversal	12/31/ 2023
Liabilities from the operating area	121.1	0.0	37.2	0.0	0.0	0.0	0.0	-59.3	-4.4	94.7
Liabilities from the staff area	47.6	-0.2	19.5	0.0	0.8	0.0	1.7	-29.3	-4.4	35.8
Other liabilities	45.3	-0.1	13.1	0.5	0.0	0.0	0.0	-21.7	-1.2	35.9
	214.0	**-0.3**	**69.8**	**0.6**	**0.8**	**0.0**	**1.7**	**-110.3**	**-10.0**	**166.4**

Provisions for operating obligations primarily include provisions for warranty obligations of EUR 33.6 million (previous year: EUR 33.7 million) and for impending losses from delivery obligations of EUR 31.0 million (previous year: EUR 39.6 million), as well as provisions for litigation risks of EUR 21.6 million (previous year: EUR 21.1 million). A more detailed description of the provisions for litigation risks can be found in Note 36.

Provisions for personnel mainly include profit sharing, restructuring measures, partial retirement agreements, and long-service awards. The provisions for restructuring measures mainly include expenses for severance payments that will be incurred in connection with site closures and relocations. In accordance with IAS 37.72 et seq., the conditions for forming a provision for restructuring costs—including the existence of a corresponding restructuring plan—are met.

Other provisions include other individual risks and uncertain obligations. This does not include any individual risks greater than EUR 15.0 million.

The short-term obligations are expected to be used up over the next 12 months.

32. Provisions for pensions

Provisions for pensions are formed for obligations arising from vested rights and current benefits to active and former employees of the MANN+HUMMEL Group and their surviving dependents. In accordance with the legal, economic, and tax circumstances of the respective country, there are different systems of old-age provision, which are generally based on the length of service and remuneration of the employees. In the case of company pension schemes, a distinction must be made between defined contributions and defined benefit plans.

In the case of defined contribution plans, the MANN+HUMMEL Group does not enter into any further obligations beyond the payment of contributions to earmarked funds or private pension insurance providers.

In the case of defined benefit plans, the MANN+HUMMEL Group must fulfill the benefits promised to active and former employees. Here, a distinction is made between unfunded and funded pension systems.

Approximately 97.9% (previous year: 98.1%) of the defined benefit obligations of the MANN+HUMMEL Group are based on pension plans for active and former employees of the German locations. Direct pension commitments were—and are—granted to active employees in various pension schemes. Depending on the type of pension scheme, the obligations provide for retirement, disability, and widow's/orphan's pensions; the payment of a fixed capital benefit; or benefits in the form of capital with an annuity option. The amount of the benefits depends on the employee's salary and length of service.

There are no legal or regulatory minimum funding requirements in Germany.

The main valuation risks for the company lie in the actuarial parameters, particularly in the interest rate level and pension trend, the longevity risk, and the development of the general cost of living (i.e., inflation).

The changes in the present value of the defined benefit obligation and the fair value of the fund assets can be based on actuarial gains and losses. Their causes may include, among other things, changes in the calculation parameters, changes in estimates regarding the risk experience of the pension obligations, and differences between the actual and expected return on plan assets.

The amount of the pension obligations (i.e., defined benefit obligations) was calculated using actuarial methods for which estimates are unavoidable. In addition to the assumptions on life expectancy and fluctuation, the following premises have a significant influence on the amount of the obligation:

In %	2024	2023
Discount factor	3.37	3.18
Pensions dynamics	1.48	1.48
Pay rises	3.00	3.00

The assumptions on life expectancy continue to be based on the Mortality Tables 2018 G by Prof. Dr. Klaus Heubeck. The pension obligations resulting from the projected unit credit method are netted with the fund assets measured at fair value in the case of a funded pension scheme. If the pension obligations exceed the fund assets, this results in a liability item that is reported in the provisions for pensions. The pension commitments have the following funded status:

In EUR million	12/31/2024	12/31/2023
Cash value of the unfunded pension entitlements	165.6	358.5
Cash value of the funded pension entitlements	218.3	32.2
Benefit cash value of the funded pension entitlements	**383.8**	**390.7**
Fund assets	39.0	35.1
Net liabilities	**344.8**	**355.6**

The fund assets are composed as follows:

In EUR million	12/31/2024	12/31/2023
Cash and cash equivalents	0.2	0.5
Securities	22.7	24.4
Equity instruments	0.0	0.0
Debt instruments	22.7	24.4
Fund shares	0.0	0.0
Other	16.1	10.2
	39.0	**35.1**

The securities are valued at prices quoted on active markets.

The development of the present value of the pension commitments and the fair value of the fund assets in the balance sheet is as follows:

	In EUR million	12/31/2024	12/31/2023
	Opening balance of defined benefit obligations (DBO)	**390.7**	**366.5**
+/−	Exchange rate effects from abroad	-0.3	-0.4
+	Company acquisitions	0.0	0.0
+	Current service costs	8.4	7.5
+	Past service costs to be calculated	0.0	0.2
+	Interest expense	13.1	13.5
−	Settlements/curtailments	0.0	0.0
−/+	Actuarial gains/losses from the change in demographic assumptions	0.0	-0.1
−/+	Actuarial gains/losses from the change in financial assumptions	-8.0	20.1
−/+	Actuarial gains/losses from experience-based adjustments	-0.5	3.0
−/+	Actuarial gains/losses	-8.5	23.0
+	Contributions from the participants of the plan	0.0	0.0
−	Pension payments made	-19.6	-19.7
−	Reduction of the present value of the defined benefit obligations resulting from deconsolidations	0.0	0.0
+/−	Other changes	0.0	0.0
	Closing balance of defined benefit obligations (DBO) as of 12/31	**383.8**	**390.7**
	Opening balance of fair value of fund assets	**35.1**	**32.2**
+/−	Exchange rate effects from abroad	-0.3	-0.5
−	Settlements/curtailments	-1.5	0.0
+	Expected income from the fund assets	2.1	0.0
+/−	Actual profit/loss on plan assets	-0.1	1.3
+	Contributions made by the participants of the plan	0.0	0.0
+	Contributions made by the employer to the plan	4.5	2.9
−	Pension payments made	-1.9	-1.3
−	Reduction of the fair value of the plan asset resulting from deconsolidations	0.0	0.0
+/−	Other changes	1.0	0.5
	Fair value of fund assets as of 12/31	**39.0**	**35.1**
	Pension provisions as of 01/01	**355.6**	**334.4**
	Pension provisions as of 12/31	**344.8**	**355.6**

The changes in provisions for pensions result from current service cost of EUR 8.4 million (previous year: EUR 7.5 million), net interest expense of EUR 11.0 million (previous year: EUR 13.5 million), actuarial gains/losses

of EUR -8.5 million (previous year: EUR 23.0 million), pension payments made (net) of EUR -17.7 million (previous year: EUR -18.4 million), and others of EUR -4.0 million (previous year: EUR -4.4 million).
Pension obligations result in expenses recognized in profit or loss of EUR 21.2 million (previous year: EUR 20.9 million), which are made up of the following components:

In EUR million	2024	2023
Current service costs	8.4	7.5
Past service costs to be calculated	0.0	0.3
Settlements and curtailments	1.9	0.0
Accrued interest of the net liabilities	11.0	13.1
	21.2	**20.9**

Apart from the interest components, all components of the pension expenses recognized in profit or loss are recognized in the functional areas.

The actuarial gains of EUR 8.4 million (previous year: losses, EUR -21.7 million) are recognized directly in the accumulated other comprehensive income.

The fund assets showed a result of EUR -0.1 million (previous year: EUR 1.3 million). The difference between the actual and expected return of the external pension funds is recognized in the actuarial gains and losses with no effect on profit or loss.

According to the best possible estimate, the contributions to external pension funds will amount to EUR 2.1 million in the following year. The estimate in the previous year for the 2024 financial year was EUR 1.5 million.

The pension payments for subsequent years are as follows:

In EUR million	2024	2023
Within the next financial year	22.4	20.9
Between 2 and 5 financial years	95.7	94.3
Between 5 and 10 financial years	127.8	128.3
Due after more than 10 financial years	546.5	516.7

In the calculation, the actual pension payments were presented, and not only the pension modules earned on the reporting date (i.e., pension modules to be allocated in the future) have already been considered. Furthermore, it was assumed that the number of active employees would remain constant. For the other calculation assumptions, the same parameters that were used to determine the defined benefit obligation were used.

The weighted average term of the defined benefit obligations is 11.2 years (previous year: 11.2 years).

The effect of a change in material assumptions on the defined benefit obligation is shown below:

	Change to pension entitlement cash value	
In EUR million	**2024**	**2023**
Discount factor		
– 1.0%-points	44.2	49.1
+ 1.0%-points	-35.3	-40.9
Pensions dynamics		
– 0.5%-points	-3.2	-5.6
+ 0.5%-points	3.4	6.0
Life expectancy		
– 1 year	-10.1	-14.1
+ 1 year	11.0	14.0

For the sensitivity analysis, the pension obligations were recalculated. It was assumed that the other factors remain unchanged. In calculating the sensitivity of life expectancy, it was assumed that the average life expectancy of a 65-year-old person would be reduced or extended by one year.

33. General

In the reporting year, the MANN+HUMMEL Group had credit lines of EUR 906.3 million (previous year: EUR 906.3 million) at its disposal, of which EUR 401.2 million (previous year: EUR 551.3 million) had not been used by the end of the financial year.

The cash and cash equivalents considered in the consolidated cash flow statement include all cash and cash equivalents shown in the consolidated balance sheet (i.e., cash in hand and bank balances), to the extent that the Group can freely dispose of them.

Dividends and interest received are allocated to cash flow from investing activities. Interest paid and transaction costs for taking on financial debt are shown in the cash flow from financing activities.

As part of the indirect calculation, the changes in balance sheet items considered in connection with current business activities are adjusted for effects from currency translation and from changes in the scope of consolidation. The changes in the relevant balance sheet items can therefore not be reconciled with the corresponding values based on the published consolidated balance sheet.

RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

The following is a reconciliation between the opening and closing balances for liabilities from financing activities:

In EUR million	01/01/2024	Cash flows [1]	Changes in consolidated group	Foreign exchange differences	Fair value changes	New leases	Other[1]	12/31/2024
Lease liabilities	-210.7	53.2	0.0	-4.6	0.0	-52.2	-2.6	-217.0
Bonds	-99.0	0.0	0.0	0.0	0.0	0.0	-0.1	-99.1
Liabilities to banks	-1,190.8	33.8	0.0	-0.7	0.0	0.0	-68.1	-1,225.8
Others[2]	311.6	23.4	0.0	0.3	-36.5	0.0	0.3	299.1

[1] Interest payments and interest expenses are separately disclosed in the reconciliation of financial liabilities under "Cash flows" and "Other."

[2] "Others" includes derivative financial instruments (see Notes 25 and 28). Other financial assets are also included (see Note 25).

In EUR million	01/01/2023	Cash flows [1]	Changes in consolidated group	Foreign exchange differences	Fair value changes	New leases	Other[1]	12/31/2023
Lease liabilities	-245.6	57.8	-4.5	4.8	0.0	-39.0	15.8	-210.7
Bonds	-98.8	0.0	0.0	0.0	0.0	0.0	-0.1	-99.0
Liabilities to banks	-1,138.0	18.4	-7.7	1.5	0.0	0.0	-64.6	-1,190.3
Others[2]	287.1	7.2	0.0	-6.6	20.4	0.0	1.5	309.6

[1] Interest payments and interest expenses are separately disclosed in the reconciliation of financial liabilities under "Cash flows" and "Other."

[2] "Others" includes derivative financial instruments (see Notes 25 and 28). Other financial assets are also included (see Note 25).

Other disclosures

34. Contingent liabilities

No provisions have been made for the following contingent liabilities, which are stated at nominal value because their utilization is considered unlikely:

In EUR million	12/31/2024	12/31/2023
Guarantees	4.4	3.2
Other	4.1	4.5
	8.5	**7.7**

If called upon, the guarantees are due in full within one year. The other contingent liabilities mainly relate to potential obligations to tax authorities.

35. Other financial liabilities

In addition to liabilities, provisions, and contingent liabilities, there are other financial obligations arising from investment projects that have been started and from procurement contracts, as follows:

In EUR million	12/31/2024	12/31/2023
Rental and lease obligations	21.6	21.1
Purchase obligations	43.6	35.3
	65.2	**56.4**

Lease agreements are accounted for in accordance with IFRS 16. Rental and lease obligations consist of expenses for short-term leases, expenses for leases of low-value assets, and expenses for variable lease payments. In the financial year, expenses of EUR 15.4 million (previous year: EUR 13.4 million) were incurred for short-term leases, EUR 1.3 million (previous year: EUR 2.4 million) for leases of low-value assets, and EUR 4.9 million (previous year: EUR 5.3 million) for variable lease payments.

Purchase commitments of EUR 39.3 million (previous year: EUR 32.2 million) relate to property, plant, and equipment; EUR 0.4 million (previous year: EUR 0.1 million) to intangible assets; and EUR 3.9 million (previous year: EUR 3.0 million) to other services.

36. Legal disputes

During its ordinary business activities, the MANN+HUMMEL Group is confronted with lawsuits and court proceedings—mainly in the areas of labor law, product liability and warranty law, tax law, and intellectual property. The most significant amount results from a legal dispute in South America. Provisions are made for those cases in which it is probable that an obligation exists that arose from a past event, it can be reliably estimated, and the settlement of which is likely to result in an outflow of resources embodying economic benefits. A provision of EUR 21.6 million (previous year: EUR 21.1 million) was made for all legal disputes pending on December 31, 2024. The management of the MANN+HUMMEL Group believes that the outcome of all claims and lawsuits brought against the MANN+HUMMEL Group—both individually and collectively—will not have a material adverse effect on its business, financial position, results of operations, or cash flows. The results of currently pending or future proceedings are nevertheless unpredictable. Expenses may arise as a result of court or official decisions or through the agreement of settlements that are not covered (or not fully covered) by insurance benefits, potentially having a material impact on the business of the MANN+HUMMEL Group or its results.

37. Disclosures on financial instruments

BOOK VALUES OF FINANCIAL INSTRUMENTS BY CATEGORY

The balance sheet items for financial instruments are divided into classes and categories. The parent company of the Group is MANN+HUMMEL International GmbH & Co. KG. Insofar as the shares in this commercial partnership do not meet the requirements of IAS 32.16A, they are reported in the position "Net assets attributable to the shareholders of the parent company." This item was thus included in the disclosures on the book values of the financial instruments.

The carrying amounts for each category are shown in the tables below:

CARRYING AMOUNTS OF FINANCIAL ASSETS

12/31/2024 In EUR million	Amortized acquisition costs (AC)	Fair value recognized directly in equity with recycling (FVOCI)	Fair value recognized directly in equity without recycling (FVOCI)	Fair value through profit or loss (FVPL)	Not in scope of IFRS 9	Not categorized
Cash and cash equivalents	176.5					
Trade receivables	851.2					
Other financial assets	52.0					
Securities						
of which bonds		154.0		75.8		
of which shares				87.9		
Holdings			27.0	6.0	1.2	
Derivative financial instruments						
Part of a hedging relationship						3.7
Freestanding				3.3		
	1,079.8	**154.0**	**27.0**	**172.9**	**1.2**	**3.7**

CARRYING AMOUNTS OF FINANCIAL LIABILITIES

12/31/2024 In EUR million	Amortized acquisition costs (AC)	Fair value recognized in income (FVPL)	Not categorized
Net assets attributable to the shareholders of the parent company	678.7		
Trade payables	688.7		
Liabilities to banks	1,225.8		
Other financial liabilities	264.9		
Derivative financial instruments			
Part of a hedging relationship			33.1
Freestanding		0.8	
	2,858.0	**0.8**	**33.1**

CARRYING AMOUNTS OF FINANCIAL ASSETS

12/31/2023 In EUR million	Amortized acquisition costs (AC)	Fair value recognized directly in equity with recycling (FVOCI)	Fair value recognized directly in equity without recycling (FVOCI)	Fair value through profit or loss (FVPL)	Not in scope of IFRS 9	Not categorized
Cash and cash equivalents	174.4					
Trade receivables	825.6					
Other financial assets	57.5					
Securities						
of which bonds		147.2		78.0		
of which shares				73.9		
Holdings			22.2	4.4	1.1	
Derivative financial instruments						
Part of a hedging relationship						17.5
Freestanding				3.5		
	1,057.5	**147.2**	**22.2**	**159.8**	**1.1**	**17.5**

CARRYING AMOUNTS OF FINANCIAL LIABILITIES

12/31/2023 In EUR million	Amortized acquisition costs (AC)	Fair value recognized in income (FVPL)	Not categorized
Net assets attributable to the shareholders of the parent company	640.3		
Trade payables	741.5		
Liabilities to banks	1,190.8		
Other financial liabilities	318.8		
Derivative financial instruments			
Part of a hedging relationship			8.5
Freestanding		0.1	
	2,891.5	**0.1**	**8.5**

The MANN+HUMMEL Group generally holds its equity instruments for strategic reasons in order to complement its operating activities. The intention to generate significant short-term income from disposals is not in the foreground. In the current financial year, the fair value of equity instruments whose changes are recognized in other comprehensive income amounted to EUR 27.0 million (previous year: EUR 22.2 million). In the financial year, no dividends were distributed from these investments in start-ups to MANN+HUMMEL companies. There were no reclassifications to other comprehensive income or dividend distributions from investments sold during the financial year.

The fair values of the financial assets and liabilities, which are evaluated at fair value, are allocated to the three levels of the fair value hierarchy depending on the input parameters used for the valuation. The classification and the need to reclassify between levels are reviewed at each balance sheet date. Level 1 comprises financial instruments for which quoted prices for identical assets and liabilities are available on active markets. Allocation to Level 2 takes place if input parameters are used for the valuation of the financial instruments that are directly observable (e.g., prices) or indirectly observable (e.g., derived from prices) on the market. Financial instruments whose valuation is based on information that is not observable on the market are reported in Level 3.

Due to the short-term maturities of cash and cash equivalents, short-term trade receivables, trade payables, and other current financial assets, their carrying amount generally approximates fair value at the end of the reporting period.

The fair value of the net assets attributable to the shareholders of the parent company was determined on the basis of the present value using the discounted cash flow method and also taking into account the company's existing net debt. The amount determined in this way was subsequently measured in accordance with the settlement provisions standardized in the articles of association. The allocation is made in Level 3.

The fair values of non-current financial receivables, current trade receivables, liabilities to banks, and other financial liabilities were calculated using the present value method. The future cash flows were discounted using the current risk-free interest rates with matching maturities plus a credit risk premium that is customary in the industry. The allocation is made to Level 2.

For Level 1 securities, the fair value is the quoted market price in an active market at any time. An active market is either the stock exchange of the respective country or a comparable trading platform on which the liquidity and transparency of the underlying asset is given. An active market is characterized by the fact that largely homogeneous assets are traded at publicly accessible prices and, as a rule, willing buyers and sellers can be found at any time, such as on securities or commodity exchanges.

Financial instruments whose prices can be derived or modeled from parameters observable on the market are classified in Level 2. Examples are observable interest rates, exchange rates, or comparable instruments. Interest-bearing securities with moderately delayed direct price quotation are also included in Level 2. The Level 2 derivative financial instruments pertain to non-listed derivatives. The determination of fair values is based on discounted price quotations for the remaining maturity (e.g., exchange rates, interest rates, and commodity price indices) from authorized stock exchanges.

In Level 3, investments were already included in the fair value hierarchy in previous financial years. The market values from Level 3 were determined on the basis of currently available information from the fund managers and internal valuation methods. A significant difference in the interest rate level and the associated change in market prices would affect the fair values of the securities. There are no plans to sell the investments classified in Level 3 in the short term.

The fair values of the financial instruments measured at fair value are allocated to the three levels of the fair value hierarchy, as follows:

In EUR million				12/31/2024
	Level 1	Level 2	Level 3	Total
Assets				
Holdings	0.0	0.0	33.0	33.0
Securities				
Shares	87.9	0.0	0.0	87.9
Bonds	100.3	129.5	0.0	229.8
Derivative financial instruments	0.0	7.0	0.0	7.0
Liabilities				
Derivative financial instruments	0.0	33.9	0.0	33.9

In EUR million				12/31/2023
	Level 1	Level 2	Level 3	Total
Assets				
Holdings	0.0	0.0	26.6	26.6
Securities				
Shares	73.8	0.1	0.0	73.9
Bonds	101.8	123.4	0.0	225.2
Derivative financial instruments	0.0	21.0	0.0	21.0
Liabilities				
Derivative financial instruments	0.0	8.6	0.0	8.6

The fair values of the financial instruments measured at amortized cost are allocated to the three levels of the fair value hierarchy, as follows:

In EUR million				12/31/2024
	Level 1	Level 2	Level 3	Total
Liabilities				
Interests attributable to the shareholders of the parent company	0.0	0.0	1,339.6	1,339.6
Liabilities to banks (current and non current)	0.0	1,205.1	0.0	1,205.1
Other financial liabilities	0.0	94.6	0.0	94.6

In EUR million				12/31/2023
	Level 1	Level 2	Level 3	Total
Liabilities				
Interests attributable to the shareholders of the parent company	0.0	0.0	1,400.6	1,400.6
Liabilities to banks (current and non current)	0.0	1,022.7	0.0	1,022.7 *
Other financial liabilities	0.0	94.5	0.0	94.5 *

*see explanations in Note 8

The financial investments at fair value through other comprehensive income include investments in the amount of EUR 27.0 million (previous year: EUR 22.2 million). Already in the prior fiscal year, the valuation model was adjusted. The adjustment was necessary in order to do justice to the increased volume and the market environment. The new valuation model takes into account both current prices of the financing rounds and qualitative factors such as changes and assessments regarding future growth prospects and market potential. The MANN+HUMMEL Group has internal processes for this purpose, within which the valuation of investments is assessed on the basis of available financial information and/or own estimates. The valuation results are reviewed on a quarterly basis and agreed with the management.

If the estimates used in the valuation model were to increase by 10.0%, the fair value of these investments would increase by EUR 0.3 million (previous year: EUR 0.5 million). If they were to decrease, the fair value would decrease by EUR 0.3 million (previous year: EUR 0.5 million).

The development of the investments and options from acquisition of companies classified in Level 3 of the fair value hierarchy is shown in the following table:

In EUR million	Investments 2024	Options 2024	Investments 2023	Options 2023
Balance at 01/01	**26.6**	**1.1**	**22.7**	**0.0**
Fair value changes recognized directly in equity	3.7	0.0	0.1	0.0
Fair value changes recognized directly in profit or loss	0.0	0.0	1.9	0.0
Purchases/additions	2.6	0.0	1.8	1.1
Sales	0.0	0.0	0.0	0.0
Reclassified from Level 3	0.0	0.0	0.0	0.0
Reclassified to level 3	0.0	0.0	0.0	0.0
Balance at 12/31	**33.0**	**1.1**	**26.6**	**1.1**

In the current financial year, no investments were reclassified from Level 3 to Level 2 (previous year: EUR 0.0 million) due to transactions on active markets.

NET PROFITS AND LOSSES BY MEASUREMENT CATEGORY

In EUR million	Total net profits and losses
2024	
Financial assets (amortized) acquisition costs	-31.5
Financial liabilities (amortized) acquisition costs	125.3
Financial instruments of the category FVPL	-14.7
FVOCI debt instruments with recycling	-5.4
FVOCI equity instruments without recycling	3.0
	76.7

In EUR million	Total net profits and losses
2023	
Financial assets (amortized) acquisition costs	-17.7
Financial liabilities (amortized) acquisition costs	-229.1
Financial instruments of the category FVPL	-12.7
FVOCI debt instruments with recycling	-3.1
FVOCI equity instruments without recycling	5.7
	-256.9

NET INTEREST INCOME AND INTEREST EXPENSE BY MEASUREMENT CATEGORY

In EUR million	Total interest income and expense
2024	
Financial assets (amortized) acquisition costs	-12.0
Financial liabilities (amortized) acquisition costs	48.5
FVOCI debt instruments with recycling	-5.6
	30.9

In EUR million	Total interest income and expense
2023	
Financial assets (amortized) acquisition costs	-11.0
Financial liabilities (amortized) acquisition costs	-36.8
FVOCI debt instruments with recycling	-4.5
	-52.3

The net profits and losses of "Financial assets (amortized) acquisition costs" essentially include currency gains and losses from foreign currency receivables, expenses due to value adjustments on trade receivables, and interest income and expenses.

The net profits and losses of "Financial liabilities (amortized) acquisition costs" essentially include currency gains and losses from foreign currency receivables and interest income and expenses.

The other net profits and losses in the measurement category "FVOCI debt instruments with recycling" are the balance of the realized gains and losses from the disposal of such assets, less the unrealized changes already recognized in equity for this purpose in the previous year as well as the unrealized gains or losses of the existing assets recognized in equity in the current financial year. Furthermore, currency gains and losses are also included.

The other net profits and losses in the valuation category "Equity instruments FVOCI without recycling" essentially comprise the adjustments of the investees to the fair value within equity.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following are the financial assets and liabilities that are subject to offsetting agreements, enforceable master netting arrangements, and similar agreements:

In EUR million			12/31/2024
	Gross amount	Offsetting	Book value
Trade receivables	851.0	0.2	851.2
Trade payables	688.9	0.2	688.7

In EUR million			12/31/2023
	Gross amount	Offsetting	Book value
Trade receivables	828.0	2.4	825.6
Trade payables	739.1	2.4	741.5

The framework agreements for financial futures concluded with our banks stipulate, among other things, that in the event of insolvency of a contractual partner, the existing contracts must be terminated and settled at the respective market value. If several transactions are settled with one contractual partner, positive and negative market values are netted, and only the remaining peak is settled. As of December 31, 2024, the following offsetable amounts exist:

In EUR million			12/31/2024
	Balance sheet value	Offsetting potential	Net amount
Derivative assets	7.0	2.5	4.5
Derivative liabilities	33.9	2.5	31.4

In EUR million			12/31/2023
	Balance sheet value	Offsetting potential	Net amount
Derivative assets	21.0	4.5	16.5
Derivative liabilities	8.6	4.5	4.1

38. Risks from financial instruments

MANAGEMENT OF FINANCIAL RISKS

The risk management system of the MANN+HUMMEL Group covers, among other things, credit risk with customers and banks, liquidity, commodity and interest rate risks, currency risks, as well as market risk from securities.

The financial risk management system of the MANN+HUMMEL Group is based on uniform, Group-wide guidelines and is organizationally located within Group Treasury. The assessment and reporting of financial risks are conducted on a monthly basis and are monitored and managed by a designated committee: the so-called Risk Committee. This committee also defines, measures, and makes decisions regarding the management of financial risks. The Group's financial risk management policy also specifies defined thresholds for the respective risks that must not be exceeded. Any adjustments to these thresholds or general components of the financial risk management policy require the approval of the Risk Committee.

The companies of the MANN+HUMMEL Group hedge their interest rate and currency risks at market conditions either through the cash management of the MANN+HUMMEL Group or directly with banks. Original transactions such as loans with long fixed interest rates are usually used, but—especially in the currency area—derivative financial instruments are also utilized. These are concluded exclusively to hedge existing underlying transactions or planned transactions.

The risk positions of cash management are hedged externally with banks of impeccable credit standing, considering specified risk limits. Hedging transactions are concluded in accordance with uniform Group guidelines and in compliance with the regulations applicable to banks for conducting trading transactions.

CREDIT RISK

The credit risk is the risk that counterparties—in the area of cash investments, financial receivables, derivatives, and trade receivables—will not meet their payment obligations.

To reduce the credit risk in the case of financial investments and derivatives, all financial transactions are only carried out with banks of first-class credit standing within the framework of defined limits.

The financial assets of the Group result in a maximum credit risk equal to the carrying amount of the respective balance sheet items in the event of counterparty default without considering any collateral received.

To mitigate credit risk, the creditworthiness of customers with whom credit-based transactions are conducted, as well as our receivables, are subject to ongoing monitoring. Credit risks are selectively reduced using appropriate hedging instruments, such as trade credit insurance. The carrying amount of trade receivables covered by trade credit insurance is EUR 540.4 million (previous year: EUR 492.0 million).

The value adjustments on cash and short-term deposits developed as follows in the financial year:

In EUR million	2024	2023
Carrying amount as of 01/01	**0.1**	**0.1**
Additions/reversals	0.0	0.0
Carrying amount as of 12/31	**0.1**	**0.1**

The following table contains the gross carrying amounts of the Group's financial assets by credit rating:

In EUR million	Gross carrying amount 12/31/2024		
Rating	**Level 1 impairment model (EL)**	**Level 2 impairment model (LEL)**	**Level 3 impairment model (LEL)**
Cash and cash equivalents (investment grade)	173.1	0.0	0.0
Bills of exchange (investment grade)	12.9	0.0	0.0
Trade receivables (investment grade)	0.0	849.8	0.0
Total (investment grade)	186.0	849.8	0.0
Cash and cash equivalents (non-investment grade)	0.0	2.7	0.7
Bills of exchange (non-investment grade)	0.0	10.0	0.0
Trade receivables (non-investment grade)	0.0	0.0	47.3
Total (non-investment grade)	0.0	12.8	48.0

In EUR million	Gross carrying amount 12/31/2023		
Rating	**Level 1 impairment model (EL)**	**Level 2 impairment model (LEL)**	**Level 3 impairment model (LEL)**
Cash and cash equivalents (investment grade)	171.8	0.0	0.0
Bills of exchange (investment grade)	14.2	0.0	0.0
Trade receivables (investment grade)	0.0	830.6	0.0
Total (investment grade)	186.1	830.6	0.0
Cash and cash equivalents (non-investment grade)	0.0	2.5	0.1
Bills of exchange (non-investment grade)	0.0	9.4	0.0
Trade receivables (non-investment grade)	0.0	0.0	35.5
Total (non-investment grade)	0.0	11.9	35.6

LIQUIDITY RISK

Liquidity risk describes the danger that a company will not be able to meet its financial obligations when they fall due. At MANN+HUMMEL, significant liquidity issues and developments are regularly discussed in liquidity planning. The subsidiaries are included in the central financing of the Group. To compensate for possible fluctuations, the company maintains sufficient reserve liquidity and credit lines, which are also available to cover mergers and acquisitions (M&A) activities.

The maturity structure of the undiscounted cash outflows of the financial liabilities is presented in the following table:

In EUR million	Carrying amount as of 12/31/2024			Cash outflows
	Total	2025	2026 to 2029	2029 et seq.
Interests attributable to the shareholders of the parent company	1,339.6		1,339.6	
Liabilities to banks	1,225.8	745.3	468.5	73.3
Lease liabilities	217.0	51.5	129.0	58.8
Derivative financial instruments (Cash outflows due to gross settlement)	33.9	658.2	20.5	0.0
Bonds	99.1	3.3	13.0	116.3
Other financial liabilities	165.9	165.4	0.0	0.0
Trade payables	688.7	688.7	0.0	0.0
	3,770.0	**2,312.4**	**1,970.6**	**248.4**

In EUR million	Carrying amount as of 12/31/2023			Cash outflows
	Total	2024	2025 to 2028	2028 et seq.
Interests attributable to the shareholders of the parent company	1,400.6		1,400.6	
Liabilities to banks	1,190.8	565.8	667.2	108.5
Lease liabilities	210.7	47.4	121.0	65.3
Derivative financial instruments (Cash outflows due to gross settlement)	8.6	326.0	56.5	0.0
Bonds	99.0	3.3	13.0	119.5
Other financial liabilities	219.8	200.6	0.0	0.0
Trade payables	741.5	741.2	0.3	0.0
	3,871.0	**1,884.3**	**2,258.6**	**293.3**

The disclosure of the financial liabilities for the net assets attributable to the shareholders of the parent company is based exclusively on the formal termination provisions of the existing shareholder agreement and is therefore based on the acceptance of the termination by all shareholders. Termination is not currently expected.

PRICE RISK FROM SECURITIES

Price risk refers to the risk that the fair value of securities will fall.

Investments in securities are essentially investments in interest-bearing securities, shares, and fund units that are managed by external fund managers. This diversification reduces risk, which is a prerequisite for a continuous increase in value with as little fluctuation as possible.

The final decision on strategic asset allocation and the monitoring of all investment results and risk budgets for the special funds are the responsibility of a specially created committee: the Investment Committee. The basis for the investment decisions of the external portfolio managers are the investment guidelines defined by the MANN+HUMMEL Group. In formulating these guidelines, attention is paid to, among other things, solid issuer creditworthiness (with a minimum rating requirement), high marketability of the securities, and broad sector diversification in order to achieve a further risk reduction.

The company receives monthly reports on the development of the current market values and the performance of the individual asset classes. The performance is assessed based on comparative values, key risk figures, and attribution and allocation analyses by the portfolio managers, among other things.

In addition to qualitative management instruments for risk minimization—such as diversification of investments in different asset classes, risk-oriented design of investment guidelines, analysis of investment results, and evaluation of changes in the capital markets—quantitative management methods and investment styles are preferably used.

The measurement of market risk from securities is based on a value-at-risk (VaR) analysis. The VaR indicates only the potential loss risk that, with a given probability, will not be exceeded within a specified period (i.e., holding period). However, the method does not provide information about the timing of occurrence or the expected loss amount in the event that the VaR is exceeded. Consequently, the actual development may differ from the results of the VaR analysis.

Based on a VaR calculation, it can be assumed that, with a probability of 99% for a holding period of 10 days, the reduction in market value in the master fund, which bundles the funds with the various fund providers, will not exceed EUR 5.4 million (previous year: EUR 4.9 million). The calculations were made assuming the asset allocation does not change and no additions are made during the year, which would then have to be reallocated. The historical correlations of the respective funds and securities were considered.

INTEREST RATE RISK

The liquidity of the MANN+HUMMEL Group is partly in variable interest-bearing investments, which lead to an interest rate risk. The MANN+HUMMEL Group is also exposed to an interest rate risk as a result of taking variable interest-bearing liabilities in the past, which exist on the balance sheet date.

Interest rate risk is the risk that financial instruments' fair value or future cash flows will fluctuate due to changes in market interest rates.

The companies of the MANN+HUMMEL Group hedge their interest rate risks at market conditions either through the cash management of the MANN+HUMMEL Group or directly with banks. Primarily, original transactions, such as loans with long-term fixed interest rates, are used.

MANN+HUMMEL monitors the interest rate risk monthly and measures it against a predefined loss limit as a basis for any hedging measures.

An increase/decrease in the market interest rate on variable-rate financial liabilities (EUR 223.5 million) by 100 basis points would have an effect on earnings before income taxes in the amount of EUR +/–2.2 million (previous year: EUR +/–1.9 million).

An increase in the market interest rate on variable-interest financial assets (EUR 18.3 million) by 100 basis points would change the result before income taxes by EUR +/–0.18 million (previous year: EUR +/–0.21 million).

The company is only marginally affected by the Investment Book of Record (IBOR) reform. For those currencies for which IBOR interest rates will no longer be published from 2024 onward, new reference interest rates have been agreed upon in the corresponding financing contracts.

RAW MATERIAL PRICE RISK

During the reporting period, no hedging transactions were carried out in the MANN+HUMMEL Group. In principle, MANN+HUMMEL minimizes the existing risks through long-term contracts; a selection of strategic, globally positioned suppliers; and monitoring of commodity prices.

CURRENCY RISK

Due to its international orientation, the MANN+HUMMEL Group carries out transactions in different currencies. This means that purchases and sales can take place in different currencies, resulting in a currency risk. Intercompany loans in foreign currencies also give rise to currency risks. In general, currency risk is the risk that changes in exchange rates will affect the fair values or future cash flows of monetary items.

To determine the exposure to be hedged, a cash flow forecast for the following fiscal year is prepared on an annual basis. Based on this forecast, exposures are subsequently hedged within the approved risk limits using foreign exchange forward contracts.

The companies of the MANN+HUMMEL Group hedge their currency risks at market conditions either through the cash management of the MANN+HUMMEL Group or directly with banks. Here, mainly derivative financial instruments are used. These are exclusively concluded to hedge existing underlying transactions or planned transactions.

As of the balance sheet date, there was an exposure of EUR 546.7 million from intercompany loans in foreign currencies and an exposure of EUR 434.9 million from cash flows in foreign currencies. The total exposure from foreign currencies, therefore, amounted to EUR 981.6 million.

In the MANN+HUMMEL Group, hedging measures for planned foreign currency cash flows are carried out within defined maximum limits and mainly via forward exchange transactions.

The hedging ratio for cash flow hedges is 60% (previous year: 60%). The main currencies used to hedge operating cash flows are EUR, CAD, and USD.

The hedging ratio for fair value hedges is 100% (previous year: 100%). The main currencies for hedging intercompany loans are USD, SEK, and SGD.

As part of the financing for the Affinia acquisition, fixed-rate intercompany loans in USD were granted to the American holding company, for which an interest rate currency swap of USD 400 million was concluded in 2015 to hedge the currency risk from the principal and interest payments. This interest rate currency swap had a nominal amount of EUR 53.0 million (previous year: EUR 88.4 million) as of the reporting date and is designated as a fair value hedge with a fair value of EUR -5.0 million (previous year: EUR -2.9 million) as of December 31, 2024.

The measurement of currency risk is based on a VaR analysis. The VaR indicates only the potential loss risk that, with a given probability, will not be exceeded within a specified period (i.e., holding period). However, the method does not provide information about the timing of occurrence or the expected loss amount in the event that the VaR is exceeded. Consequently, the actual development may differ from the results of the VaR analysis. In the MANN+HUMMEL Group, the VaR is determined unchanged from the previous year based on the variance-covariance method assuming a confidence level of 95% with a holding period of 12 months.

As of the balance sheet date, with a one-sided confidence level of 95%, a potential loss risk of EUR 12.7 million (previous year: EUR 11.0 million), based on the next 12 months, is not exceeded. The largest risk positions are in PLN (EUR 5.9 million; previous year: EUR 5.6 million), USD (EUR 4.1 million; previous year: EUR 2.4 million), and CZK (EUR 2.0 million; previous year: EUR 1.9 million). The calculation was based on an average exchange rate volatility of 8.7% (previous year: 9.3%).

The maximum loss risk is calculated based on the average exchange rate volatility over the past 12 months relative to the open foreign currency position from operating activities.

This position is derived from the balance of cash and cash equivalents as of the reporting date, as well as the expected net cash inflows and outflows over the following 12 months based on the current corporate planning, taking into account the hedged position.

HEDGE ACCOUNTING

To hedge currency risk, the following hedging instruments are held as of December 31, 2024:

In EUR million		Maturity				
Nominal amounts of hedging instruments	**Total**	**Up to 3 months**	**3 months–1 year**	**1–2 years**	**2–5 years**	**Over 5 years**
Foreign exchange forward contract/swap	759.7	401.0	357.3	1.5	0.0	0.0
Interest rate currency swap	53.0	0.0	0.0	53.0	0.0	0.0
	812.8					

The following is as of December 31, 2023:

In EUR million		Maturity				
Nominal amounts of hedging instruments	**Total**	**Up to 3 months**	**3 months–1 year**	**1–2 years**	**2–5 years**	**Over 5 years**
Foreign exchange forward contract/swap	957.1	387.0	560.1	10.0	0.0	0.0
Interest rate currency swap	88.4	0.0	0.0	0.0	88.4	0.0
	1,045.5					

All derivatives listed above are designated as hedging instruments in hedge accounting.

The forward exchange transactions concluded by the end of the year mainly relate to the following currency pairs. The following table represents the average hedging rates:

Average rate of exchange	12/31/2024	12/31/2023
EUR/CZK	25.3058	24.7361
EUR/PLN	4.4074	4.6497
EUR/SEK	11.5761	11.4855
EUR/SGD	1.4219	1.4560
EUR/USD	1.1052	1.0947
USD/CAD	1.3701	1.3475

CASH FLOW HEDGES

2024:

In EUR million		Fair value of hedging instruments		Change in fair value	Balance sheet item for hedging transactions
Cash flow hedges	**Nominal amount**	**Assets**	**Liabilities**		
Currency hedging	266.1	0.9	-4.9	-3.1	Current/non-current financial assets/ financial liabilities

2023:

In EUR million		Fair value of hedging instruments		Change in fair value	Balance sheet item for hedging transactions
Cash flow hedges	**Nominal amount**	**Assets**	**Liabilities**		
Currency hedging	290.2	6.2	-1.7	6.5	Current/non-current financial assets/ financial liabilities

In the MANN+HUMMEL Group, the spot-to-spot method is used for designation. The effectiveness measurement is carried out cumulatively. There are no sources of ineffectiveness due to the spot-to-spot method used. The following amounts were reclassified:

2024:

In EUR million	Reclassified/recycled amount of OCI in profit and loss statement		
Cash flow hedges	**From prematurely terminated underlying transactions**	**Expired underlying transactions**	**Profit and loss statement item for reclassified amounts**
Currency hedging	0.0	2.1	Sales, net financial result

2023:

In EUR million	Reclassified/recycled amount of OCI in profit and loss statement		
Cash flow hedges	**From prematurely terminated underlying transactions**	**Expired underlying transactions**	**Profit and loss statement item for reclassified amounts**
Currency hedging	-0.8	-11.0	Sales, material expense, net financial result

2024:

In EUR million		
Cash flow hedges	**Change in fair value (for effectiveness calculation) of underlying transaction**	**Cash flow hedge reserve**
Currency hedging	3.1	-3.1

2023:

In EUR million		
Cash flow hedges	**Change in fair value (for effectiveness calculation) of underlying transaction**	**Cash flow hedge reserve**
Currency hedging	-6.5	6.5

2024:

In EUR million	Total hedging costs	Of which costs of hedging - forward component	Of which costs of hedging - cross-currency basis spread	Cash flow hedge reserve - spot component	Total other result (OCI) (cash flow hedge reserve and costs of hedging)
Other result (OCI) as of 01/01/2024	**-0.6**	**-1.4**	**0.7**	**6.5**	**5.9**
Additions	-3.8	-3.9	0.1	-4.2	-8.0
Reclassification to profit and loss statement	4.4	4.5	0.0	-2.4	2.1
Other result (OCI) as of 12/31/2024	**0.0**	**-0.8**	**0.8**	**-0.1**	**0.1**

2023:

In EUR million	Total hedging costs	Of which costs of hedging - forward component	Of which costs of hedging - cross-currency basis spread	Cash flow hedge reserve - spot component	Total other result (OCI) (cash flow hedge reserve and costs of hedging)
Other result (OCI) as of 01/01/2023	**1.9**	**1.4**	**0.5**	**5.7**	**7.6**
Additions	-4.3	-4.8	0.5	13.6	9.3
Reclassification to profit and loss statement	1.8	2.1	-0.2	-12.8	-11.0
Other result (OCI) as of 12/31/2023	**-0.6**	**-1.4**	**0.7**	**6.5**	**5.9**

FAIR VALUE HEDGES

The MANN+HUMMEL Group utilizes the exception under IFRS 9.6.3.6 and designates intercompany loans as hedged items within the scope of hedge accounting. The carrying amount of the hedged items in the individual financial statements corresponds to the nominal amount of the currency hedge due to the 100% hedge ratio. While intercompany loans are eliminated in the consolidated balance sheet, gains and losses from currency translation are not fully eliminated at the Group level as the intercompany loans are transacted between two entities within the Group with different functional currencies.

There are also no sources of ineffectiveness for fair value hedges due to the spot-to-spot method applied. The fair value changes of the hedged items essentially corresponded to the fair value changes of the hedging instruments.

2024:

In EUR million		Fair value of hedging instruments		Change in fair value of hedging instruments	Balance sheet item for hedging transactions	Ineffectiveness (result) in profit and loss statement	Profit and loss statement item for hedge accounting
Fair value hedges	**Nominal amounts**	**Assets**	**Liabilities**				
Currency hedging	493.7	2.5	-22.5	-20.1	Financial assets/ financial liabilities	0.0	Financial expenses/financial income
Interest rate/ currency hedging	53.0	0.0	-5.0	-5.0	Financial liabilities	0.0	Financial expenses/financial income

2023:

In EUR million		Fair value of hedging instruments		Change in fair value of hedging instruments	Balance sheet item for hedging transactions	Ineffectiveness (result) in profit and loss statement	Profit and loss statement item for hedge accounting
Fair value hedges	**Nominal amounts**	**Assets**	**Liabilities**				
Currency hedging	666.9	10.9	-2.9	8.0	Financial assets/ financial liabilities	0.0	Financial expenses/financial income
Interest rate/ currency hedging	88.4	0.0	-2.9	-2.9	Financial assets	0.0	Financial expenses/financial income

39. Government grants

In the financial year, EUR 2.0 million (previous year: EUR 3.5 million) in government grants were received. These are broken down as follows:

In EUR million	2024	2023
Grants for investments	0.2	0.6
Cost subsidies	1.8	2.9
	2.0	**3.5**

The expense grants mainly comprise grants for R&D projects. The conditions attached to the granting of the investment subsidies in the previous year were fulfilled.

40. Related party disclosures

According to IAS 24, persons or companies that control or are controlled by the MANN+HUMMEL Group must be disclosed if they are not already included in the consolidated financial statements as a consolidated company. Control exists if a shareholder holds more than half of the voting rights or has the power to govern the financial and operating policies of management by virtue of a provision in the articles of association or a contractual agreement. Additionally, the disclosure obligation according to IAS 24 extends to transactions with associated and affiliated companies in which the MANN+HUMMEL Group holds at least 20%, as well as transactions with persons who exercise a significant influence on the financial and business policy, including close family members or intermediary companies. Significant influence over the financial and operating policies may be based on a shareholding in the parent company of 20% or more, a seat on the Management or Supervisory Board of the parent company, or another key management position. Accordingly, only the members of the Supervisory Board and the Management Board are considered related parties. There are no other related parties.

MANN Holding KG and HUMMEL Holding KG, which together hold 83.3% of MANN+HUMMEL International GmbH & Co. KG, exercise community control as related parties. There were no transactions with these shareholders. In the financial year, withdrawals of EUR 17.2 million (previous year: EUR 9.5 million) were made by the shareholders. With regard to the outstanding amount due to shareholders, please refer to the comments in Note 26.

The transactions with related parties as well as the receivables and liabilities existing as of the balance sheet date essentially result from ordinary business activities and are as follows:

In EUR million	Associates	Other investees
2024		
Deliveries made and services provided		
Sale of goods	7.6	1.1
Services	0.0	0.1
Other services	0.0	3.1
Deliveries received and services procured		
Sale of goods	0.0	0.4
Services	0.0	1.8
Other services	0.0	3.4
Receivables	0.9	23.2
Liabilities	0.0	2.1

In EUR million	Associates	Other investees
2023		
Deliveries made and services provided		
Sale of goods	9.4	1.2
Services	0.0	0.9
Other services	0.0	0.4
Deliveries received and services procured		
Sale of goods	0.0	0.1
Services	0.0	2.1
Other services	0.0	3.7
Receivables	1.1	3.2
Liabilities	0.0	1.1

41. Remuneration of the Management Board

EXTENDED MANAGEMENT BOARD
Kurk Wilks (CEO)
Emese Weissenbacher (EVP & CFO)
Hasmeet Kaur (since August 1, 2024)
Henk in't Hof (since April 1, 2024)
Dr. Marco Heck (since January 1, 2025)

The current short-term remuneration of active members of the extended Management Board for the 2024 financial year amounts to EUR 4.6 million (previous year: EUR 1.9 million). In addition to the regular salary, these consist of a short-term performance-related bonus based on the Group's financial performance indicators. Expenses for pension entitlements earned in the current financial year by active members of the Management Board amount to EUR 0.1 million (previous year: EUR 0.2 million).

The pension provision for active members of the extended Management Board amounts to EUR 1.5 million (previous year: EUR 1.3 million).

The pension provision for former members of the Management Board and their surviving dependents amounts to EUR 13.3 million (previous year: EUR 13.3 million).

Furthermore, companies within the MANN+HUMMEL Group have not engaged in any reportable transactions with members of the Executive Board or other key management personnel nor with entities where these individuals hold positions on Management or Supervisory Boards. This also applies to close family members of these persons.

42. Staff

The average number of employees in the MANN+HUMMEL Group during the year was 21,224 (previous year: 22,015), of which 7,461 (previous year: 7,077) were salaried employees and 13,763 (previous year: 14,938) were wage earners.

43. Auditors' fees

The fees of the Group auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany (previous year: EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany), recognized in the consolidated profit and loss statement, amount to EUR 1.2 million (previous year: EUR 0.7 million).

44. Indication of section 264 (3) and section 264b item 3 HGB

The companies MANN+HUMMEL East European GmbH & Co. KG, Ludwigsburg, Germany; MANN+HUMMEL East European Holding GmbH, Ludwigsburg, Germany; MANN+HUMMEL Filtration GmbH, Ludwigsburg, Germany; MANN+HUMMEL Beteiligungs- und Verwaltungsgesellschaft mbH, Ludwigsburg, Germany; MANN+HUMMEL Life Sciences & Environment Germany GmbH, Sprockhövel, Germany; MANN+HUMMEL Innenraumfilter GmbH & Co. KG, Himmelkron, Germany; MANN+HUMMEL Water & Fluid Solutions GmbH, Wiesbaden, Germany; and MANN+HUMMEL Molecular GmbH, Himmelkron, Germany, make use of the exemption regulations according to Section 264 (3) and Section 264b HGB.

45. Events after the balance sheet date

There were no significant events after the balance sheet date.

46. List of shareholdings (according to Section 313 (2) HGB)

Company name and domicile	Consolidation status 1)	Equity interest %
1. Subsidiaries		
Germany		
MANN+HUMMEL Holding GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL Beteiligungs- und Verwaltungsgesellschaft mbH, Ludwigsburg	F	83.3
MANN+HUMMEL Filtration GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL Innenraumfilter GmbH & Co. KG, Himmelkron	F	83.3
MANN+HUMMEL Innenraumfilter Verwaltungsgesellschaft mbH, Himmelkron	F	83.3
MANN+HUMMEL Komplementär GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL East European Holding GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL East European GmbH & Co. KG, Ludwigsburg	F	83.3
MANN+HUMMEL East European Verwaltungs GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL Life Sciences & Environment Germany GmbH, Sprockhövel	F	83.3
MN Beteiligungsgesellschaft mbH, Wiesbaden	F	83.3
MANN+HUMMEL Water & Fluid Solutions GmbH, Wiesbaden	F	83.3
i2M GmbH, Ludwigsburg	F	83.3
MANN+HUMMEL Molecular GmbH, Himmelkron	F	83.3
Seccua Holding AG, Weilheim	N	83.3
Seccua GmbH, Weilheim	N	83.3
M-Filter GmbH, Weidenberg	F	41.7

Motego GmbH & Co. KG, Pullach i. Isartal	N	83.3
Europe		
MANN+HUMMEL (UK) LTD., Wolverhampton, UK	F	83.3
MANN+HUMMEL HYDROMATION N.V., Antwerp-Berchem, Belgium	F	83.3
MANN+HUMMEL (CZ) v.o.s., Nová Ves, Czech Republic	F	83.3
MANN+HUMMEL Service s.r.o., Nová Ves, Czech Republic	F	83.3
MANN+HUMMEL Innenraumfilter (CZ), s.r.o., Uherský Brod, Czech Republic	F	83.3
MANN+HUMMEL IBERICA S.A.U., Saragossa, Spain	F	83.3
MANN+HUMMEL Filtration France, Laval, France	F	83.3
MANN+HUMMEL ITALIA S.r.l., Turin, Italy	F	83.3
MANN+HUMMEL OOO, Moscow, Russian Federation	F	83.3
MANN+HUMMEL Filtration Technology Ukraine Ltd., Krasyliv, Ukraine	F	83.3
MANN+HUMMEL BA J.S.C., Tešanj, Bosnia and Herzegovina	F	83.3
MANN+HUMMEL Filtre San. Ltd. Sti., Istanbul, Turkey	F	83.3
MANN+HUMMEL Vokes Air Treatment Holdings Ltd., Burnley, UK	F	83.3
MANN+HUMMEL Vokes-Air Limited, Burnley, UK	F	83.3
MANN+HUMMEL Vokes Air Filtration Ltd., Burnley, UK	F	83.3
MANN+HUMMEL Wheway Plc, Burnley, UK	F	83.3
MANN+HUMMEL Vokes Air BV, JA Nieuwegein, Netherlands	F	83.3
MANN+HUMMEL Vokes Air AS, Hvidovre, Denmark	F	83.3
MANN+HUMMEL Vokes Air AG, Volketswil, Switzerland	F	83.3
MANN+HUMMEL Vokes-Air GmbH, Vösendorf, Austria	F	83.3
MANN+HUMMEL Vokes Air AB, Svenljunga, Sweden	F	83.3
MANN+HUMMEL FT Poland Spolka z Ograniczona Odpowiedzialnoscia sp.k., Gostyń, Poland	F	83.3
MANN+HUMMEL FT Poland Spolka z Ograniczona Odpowiedzialnoscia, Gostyń, Poland	F	83.3
MANN+HUMMEL Jack Filter GmbH, Steindorf, Austria	F	83.3
MANN+HUMMEL Jack Filter Kft., Polgárdi, Hungary	F	83.3
MANN+HUMMEL Water & Fluid Solutions S.p.A., Fano, Italy	F	83.3
Oy M-Filter Ab, Haapavesi, Finland	F	50.0
Filterpak Oy, Hanko, Finland	F	50.0
Suodatinkeskus Suomi Oy, Tampere, Finland	F	50.0
LM-Filters Oy, Haapavesi, Finland	N	50.0
UAB M-Filter EU, Druskininkai, Lithuania	F	50.0

Company name and domicile	Consolidation status 1)	Equity interest %
Americas		
MANN+HUMMEL INC., Gastonia, NC, USA	F	83.3
MANN+HUMMEL USA INC., Portage, MI, USA	F	83.3
MANN+HUMMEL Purolator Filters LLC, Fayetteville, NC, USA	F	83.3
I2M LLC, Raleigh, NC, USA	F	83.3
MANN+HUMMEL Water & Fluid Solutions Inc., Goleta, CA, USA	F	83.3
MANN+HUMMEL Filtration Technology US LLC, Gastonia, NC, USA	F	83.3
MANN+HUMMEL Filtration Technology Products Corp LLC, Gastonia, NC, USA	F	83.3
MANN+HUMMEL Filtration Technology Southern Holdings LLC, Gastonia, NC, USA	F	83.3
MANN+HUMMEL Filtration Technology International Holdings Corp., Gastonia, NC, USA	F	83.3
MANN+HUMMEL Filtration Technology Canada ULC, Ayr, Ontario, Canada	F	83.3
MANN+HUMMEL MEXICO S.A. DE C. V., Santiago de Querétaro, Mexico	F	83.3
MANN+HUMMEL Filtration Technology Mexico S. de R.L. de C.V., Ramos Arizpe, Mexico	F	83.3
MANN+HUMMEL Filtration Technology Distribution Mexico S.A. de C.V., Ramos Arizpe, Mexico	F	83.3
MANN+HUMMEL BRASIL LTDA., Indaiatuba, Brazil	F	83.3
MANN+HUMMEL ARGENTINA S.A., Buenos Aires, Argentina	F	83.3
MANN+HUMMEL Filtration Technology Venezuela C.A., Maracay, Venezuela	N	83.3
MANN+HUMMEL Filtration Technology Commercial Distribution C.A., Maracay, Venezuela	N	83.3
MANN+HUMMEL Filtration Technology Distribution Venezuela C.A., Maracay, Venezuela	N	83.3
MANN+HUMMEL COLOMBIA S.A.S., Bogotá, D.C., Colombia	F	83.3
MANN+HUMMEL LS+E HOLDING INC, Gastonia, NC, USA	F	83.3
Tri-Dim Filter Corporation, Louisa, VA, USA	F	83.3
MANN+HUMMEL (CANADA) INC., Trois-Rivières, Quebec, Canada	F	83.3
Seccua Americas, LLC, Wilmington, DE, USA	N	83.3
CleanAire, LLC, Washington, NC, USA	F	83.3
Asia		
MANN+HUMMEL Life Sciences & Environment Holding Singapore Pte. Ltd., Singapore, Singapore	F	83.3
MANN+HUMMEL FILTER TECHNOLOGY (S.E.A.) PTE LTD., Singapore, Singapore	F	83.3
MANN+HUMMEL Life Sciences & Environment Singapore Pte. Ltd., Singapore, Singapore	F	83.3
MANN+HUMMEL Middle East FZE, Dubai, United Arab Emirates	F	83.3
MANN and HUMMEL (Thailand) Ltd., Bangkok, Thailand	F	83.3
MANN+HUMMEL KOREA CO. LTD., Wonju, South Korea	F	83.3
MANN+HUMMEL JAPAN LTD., Shin-Yokohama, Japan	F	83.3
MANN AND HUMMEL FILTER PRIVATE LTD., Bangalore, India	F	83.3
Changchun MANN+HUMMEL Faway Filter Co., Ltd., Changchun, China	F	50.0
MANN+HUMMEL FILTER (SHANGHAI) CO. LTD., Shanghai, China	F	83.3
MANN+HUMMEL Filter (Shanghai) Trading CO. LTD., Shanghai, China	F	83.3
MANN+HUMMEL (CHINA) CO. LTD., Shanghai, China	F	83.3

MANN+HUMMEL FILTER (JINAN) CO. LTD., Jinan, China	F	83.3
MANN+HUMMEL Filter (Bengbu) Co., Ltd., Bengbu, China	F	83.3
Longkou MANN+HUMMEL Filtration Co., Ltd., Longkou, China	F	83.3
MANN+HUMMEL Ventures Pte. Ltd., Singapore, Singapore	F	83.3
MANN+HUMMEL (China) LIFE SCIENCE AND ENVIRONMENTAL CO., LTD., Kunshan, China	F	83.3
PT MANN and HUMMEL Filtration Indonesia, Jakarta, Indonesia	F	83.3
Chongqing U-Air Environmental Technology Co., Ltd, Chongqing, China	F	58.3
Henan U-Air Environmental Technology Co., Ltd, Nanyang, China	F	58.3
Shenzhen U-Air Environmental Technology Co., Ltd, Shenzhen, China	N	58.3
Suzhou U-Air Environmental Technology Co., Ltd, Shaxi, China	N	58.3
Australia		
MANN AND HUMMEL AUSTRALIA (PTY) LTD., Arndell Park, NSW, Australia	F	83.3
Africa		
MANN AND HUMMEL Filters South Africa (Pty) Ltd., Boksburg, South Africa	F	83.3
MANN AND HUMMEL FILTERS MOROCCO SARL AU, Casablanca, Morocco	F	83.3
2. Associates		
ABC S.A., Córdoba, Argentina	E	27.8

1) F: Consolidated group; E: Accounted for at equity;
N: No inclusion due to irrelevance.

The shares in capital in % at the subsidiaries are calculated on the basis of an indirect participation in MANN+HUMMEL Holding GmbH, Ludwigsburg, and therefore represent 83.3 % of the participation quota in MANN+HUMMEL Holding GmbH.

Ludwigsburg, Germany, April 10, 2025

MANN+HUMMEL International Verwaltungs GmbH, Wiener Neudorf, Austria

represented by the Management Board

Kurk Wilks
CEO

Emese Weissenbacher
EVP & CFO

Independent auditors' report

To MANN+HUMMEL International GmbH & Co. KG, Ludwigsburg

Opinions

We have audited the consolidated financial statements of MANN+HUMMEL International GmbH & Co. KG, Ludwigsburg, Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information. Additionally, we have audited the Group management report of MANN+HUMMEL International GmbH & Co. KG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024.

In our opinion, on the basis of the knowledge obtained in the audit:

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024,

- 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 § 322 Abs. 3 Satz [sentence] 1 HGB, 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 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.

Responsibilities of the executive directors 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 IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. Additionally, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Additionally, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the 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. Additionally, 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.

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 the internal control and these arrangements and measures (systems), respectively.

- 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 IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or Business Units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the 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, Germany, April 10, 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marcus Nickel	Kai Mauden
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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