

ANNUAL REPORT

20  
24

PIONEERING  
INNOVATIVE  
TECHNOLOGIES  
FOR A  
SUSTAINABLE  
FUTURE.

elringklinger

## Our product portfolio for sustainable mobility

### Battery technology

ElringKlinger has been a series producer of battery technology components since as early as 2011. In addition, the company produces complete battery modules on the basis of various cell formats. Combining these with other products, ElringKlinger is able to develop and mass-produce end-to-end battery systems.

### Fuel cell

ElringKlinger has been playing an active role in the field of fuel cell technology for the last 20 years and counting. EKPO Fuel Cell Technologies (EKPO), the enterprise operated in partnership with OPmobility, is a leader in the development and large-scale production of fuel cell components and stacks for carbon-neutral mobility. EKPO's stacks and components are used in cars, light commercial vehicles, trucks, buses, and rail and marine applications as well as in off-highway systems and electrolyzers.

### Classic forms of mobility

The portfolio of ElringKlinger's long-standing business units is aimed at ensuring greater efficiency in fuel consumption. Thus, products within this area help to cut back greenhouse gas emissions. The Group also applies its expertise gained in this field to its range of e-mobility products. After all, electric vehicles also require seals and shielding parts – or solutions based on the relevant skills.

### Components for electric drive units

The electric drive unit is a key component of e-mobility applications. The electric drive unit can include a wide range of ElringKlinger components, such as rotor/stator laminated stacks, gaskets, or plastic modules – for use in the electric motor, the transmission, and the inverter. Product engineering and the materials used are tailored precisely to the respective requirements – for maximum freedom of design and functional reliability.

### Lightweighting for all types of drive system

Lightweight construction is a key technology for the automotive industry. ElringKlinger products help to reduce fuel consumption and carbon emissions in vehicles with combustion engines, while also increasing the range of electric vehicles.



# ElringKlinger

## Selected products for the mobility of the future

### Cockpit Cross-Car Beam

Innovative lightweight structural component with the highest level of functional integration; it supports elements such as the instrument panel, steering column, airbags, and other equipment.

### Front-End Module Carrier

The lightweight structural component in a hybrid design accommodates elements such as the radiator, headlights, air intake, radar systems, and other components.

### Rotor and Stator

In the electric motor, the rotor and stator ensure efficient operation thanks to their high packing density. A specially developed three-stage manufacturing process reduces the punching strokes while using thinner sheets to achieve the necessary package height.

### Fuel Cell Stack

The cell stack of the PEM fuel cell (Proton Exchange Membrane Fuel Cell) consists, among other things, of numerous bipolar plates and seals as well as the bracing system; it forms the heart of fuel cell technology.

### Battery System

ElringKlinger battery modules and systems can be used in a wide variety of applications thanks to their modular set-up and various cell formats.

### Cell Contacting System

This key component takes over the current conduction as well as voltage and temperature monitoring.

### Bipolar plate

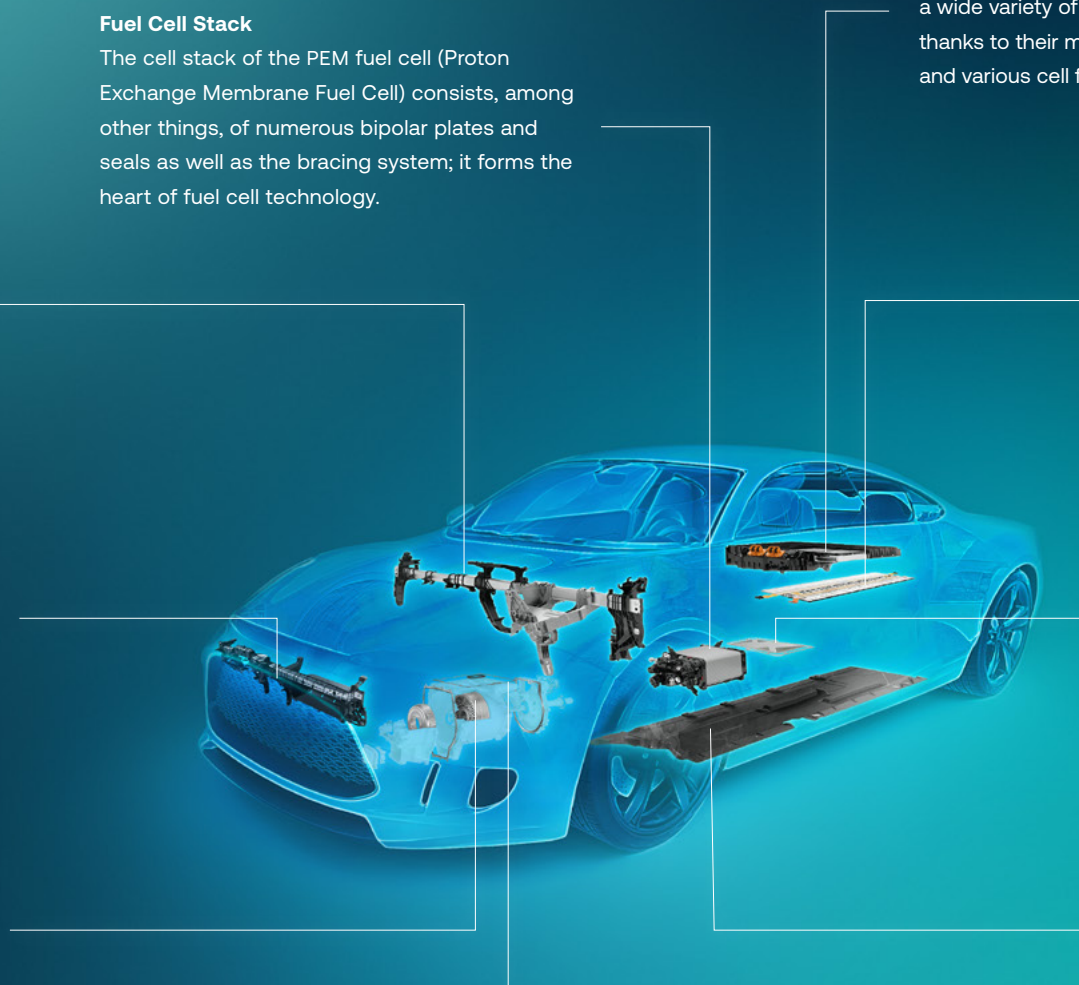
The metal bipolar plates ensure, among other things, the separation of the media and their distribution in the cell stack as well as the transmission of the electric current.

### Underbody Protection

Thermoplastic underride protection systems with maximum impact resistance using high-strength continuous fibers in a sandwich design. High thermal and electrical insulation as well as many other functional integration features.

### ME gaskets

Metal-elastomer gaskets are special gaskets used in various industrial applications to prevent the leakage of liquids or gases. ElringKlinger produces these gaskets for electric drive units (EDU) and battery-based energy storage systems – meeting the most exacting standards of corrosion protection.





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An employee from the E-Mobility business unit is inspecting a cell contacting system at the site in Neuffen, Germany, while preparations for the start of large-scale production of the same component are underway in Asia and efforts to get the Battery Hub up and running for the American market are in full swing in the US state of South Carolina.

► Read »[Electrifying the Future](#)« in the 2025 issue of our »[pulse](#)« magazine for further insights into ElringKlinger's activities in the field of battery technology.



## The Management Board of ElringKlinger AG



► Reiner Drews  
COO



► Thomas Jessulat  
CHAIRMAN OF THE  
MANAGEMENT BOARD



► Dirk Willers  
CSO



## Letter to Shareholders

*Dear Shareholders,  
Ladies and Gentlemen,*

The 2024 financial year was marked by geopolitical uncertainty and sluggish economic conditions in Europe, particularly in Germany. Against the backdrop of persistent hostilities in Ukraine and the Middle East, tensions within the world as a whole are becoming more pronounced. This is compounded by obstacles relating to trade policy, the repercussions of which are particularly severe in the case of globalized sectors such as the automotive industry. In fact, growth within our industry is being stymied before it even has a chance to flourish. This is reflected in automobile production, which fell by 1.1% worldwide in 2024. The respective regions developed along different lines: while China grew, North America and, in particular, Europe declined.

Operating within this environment, we were able to conclude the 2024 financial year on a successful note: organic revenue growth was roughly on a par with market performance. Recording an adjusted EBIT margin of 4.9%, we met our earnings target in full. Thanks largely to strong operating free cash flow of EUR 58 million, we managed to scale back our net financial liabilities to their lowest level in thirteen years. This provides a solid foundation for the continued transformation of the Group.

The transition within our industry is challenging and calls for decisive steps to ensure that we can respond to market requirements at all times – well into the future. Focusing on this goal, we initiated a strategic package of measures in the financial year just ended, the aim being to hone the Group's profile to the greatest extent possible. The emphasis is on profitable, forward-looking product groups and business units. We are withdrawing from loss-making activities.

As part of this action plan, we resolved to discontinue our systems business for electric drive units. The decision to sell the two plants in Sevelen, Switzerland, and Buford, GA, USA, is another example of our transformation efforts. The discontinuation of operations at our sites in Fremont, California, and Thale in Saxony-Anhalt, Germany, also falls into this category.

Overall, the aforementioned package of measures resulted in non-recurring exceptional items amounting to EUR 238 million. While these measures had a significant impact on the Group's earnings performance in 2024, they form the basis for achieving our goal of significantly improving the Group's profitability and cash flow.

This ambition has been set out in our SHAPE30 transformation strategy, which charts the route forward for our Group. Embracing five success factors, we endeavor to shape ElringKlinger's transformation. #1 Product Transformation involves conducting an in-depth analysis of the market and its trends, reviewing the future viability of our product groups, and drawing conclusions in relation to our portfolio and our sites. The strategic package of measures implemented in the financial year just ended should be seen in this context. We will also resolutely pursue this path of transformation in 2025.

At the same time, we accelerated growth in the area of E-Mobility over the course of 2024. In doing so, we more than doubled revenue in the E-Mobility business unit to EUR 103 million. Production relating to a large-scale order for cell contacting systems is already ramping up at our battery center of excellence in Neuffen, and we are currently gearing up for the start of another high-volume order. In Easley, SC, we are in the process of establishing a Battery Hub for the American market. Production for the first orders are scheduled to commence at this site in the near future. As you can see, ElringKlinger's future path of transformation has already been sketched out very clearly. In this context, it should be noted that our strong market position in the area of conventional drive technologies forms the backbone of this transformation.

The second success factor is centered on #2 Sustainability. Our products contribute to a sustainable future. Having said that, our aim is not only to make our products as sustainable as possible but also our manufacturing processes and our value chain. After all, it is essential that we take a present-day view of tomorrow's world. This also includes our objective of



becoming carbon-neutral worldwide from 2030 and at the same time decarbonizing emissions across the value chain in the long term. Our commitment to the Baden-Württemberg Climate Protection Agreement is a case in point.

However, far from just being an environmental issue, sustainability also relates to social commitment. This forms an integral part of ElringKlinger's DNA, not least due to the considerable efforts of our company founder Paul Lechler.

Success factors #3 Performance & Process Excellence and #4 Digital Transformation focus primarily on the Group's positioning, processes, and management. We are committed to expanding our process management and further digitalizing ElringKlinger in order to meet customer requirements on the one hand and to create additional scope for other core tasks on the other.

Last but not least, we want to continue to be an attractive employer with a progressive #5 Corporate Culture – where people enjoy coming together and are given the opportunity to perform at their best. Here, too, we will pursue our chosen path in 2025. After all, our employees are at the heart of ElringKlinger's success. Also on behalf of my two colleagues on the Management Board, Reiner Drews and Dirk Willers, I would like to sincerely thank all employees for the tremendous effort they put in on a daily basis. Your contribution is truly outstanding.

We made significant progress with SHAPE30 in 2024. The strategic package of measures is extensive and its impact is profound. This action plan has also had a pronounced effect on earnings. At EUR -2.18, reported earnings per share are in negative territory due to the impairment losses associated with the package of measures outlined above. However, excluding these exceptional factors, adjusted earnings per share amounted to EUR 0.70. This illustrates that the Group is well positioned from an operational perspective and, essentially, remains successful. In the interests of dividend continuity, we, the Management Board, in consultation with the Supervisory Board, will propose to the Annual General Meeting that a dividend of EUR 0.15 per share, unchanged year on year, be paid out to you as our valued shareholders.

These results show that we are on the right track in pursuing our SHAPE30 strategy. ElringKlinger is on target; the Group is well positioned both financially and strategically. This is necessary not least when one considers that 2025 is set to be another challenging year and that the road ahead of us will be a demanding one. We remain committed to our strategy, the aim being to help shape the next generation of mobility.

Valued shareholders, we would be delighted if you continued to accompany us on this journey. Please feel free to explore what the future holds, as presented on the following pages and in our pulse magazine.

Dettingen/Erms, March 2025

*yours sincerely, Thomas Jessulat*

**Thomas Jessulat**  
**Chairman of the Management Board**

# Report by the Supervisory Board 2024

## Dear Shareholders,

Despite the challenging economic and geopolitical backdrop, the ElringKlinger Group managed to post a solid operating result in 2024 on the back of a slight year-on-year dip in revenue. The process of transformation was again driven forward over the course of the financial year just ended, while the company's profile was sharpened in an effort to ensure the steady enhancement of profitability. Accordingly, the strategic orientation of the Elring-Klinger Group and its focus on areas of business considered promising for the future were key topics discussed by the Supervisory Board.

In the financial year just ended, the Supervisory Board of ElringKlinger AG again discharged in full the duties incumbent on it according to the law, the Articles of Association, the rules of procedure, and the German Corporate Governance Code. It supervised the Management Board and acted in an advisory capacity with regard to issues of material importance. The Supervisory Board received appropriate monthly reports from the Management Board on key figures, matters of business, and events. In addition, the Chairman of the Supervisory Board and the Chairman of the Management Board (CEO) were in regular and ongoing contact and exchanged information in particular on the economic situation, important business developments, and other significant events. The Chairman of the Supervisory Board informed the other members of the Supervisory Board about significant occurrences. The Chairman of the Supervisory Board and the entire Supervisory Board were therefore able to form a sufficient picture of the business policies, corporate planning, profitability, and situation relating to the company and the Group. In line with statutory requirements, the Supervisory Board was involved in all decision-

making processes of material importance. In particular, strategically important decisions were discussed in detail with the Management Board and debated at Supervisory Board meetings.

### Topics discussed by the full Supervisory Board

The Supervisory Board convened for four scheduled meetings and one extraordinary meeting in the year under review, all of which were held as in-person meetings and, in the case of the extraordinary meeting, in a hybrid form in which individual members of the Supervisory Board participated on a virtual basis. At the scheduled meetings, the Management Board regularly provided a detailed overview of business developments, particularly as regards the direction taken by revenue and earnings as well as the cash flows and financial performance of the Group, ElringKlinger AG, and its subsidiaries. The Management Board presented its latest projections together with its evaluation of the economic, market, and competitive situation. In addition, the Management Board supplied regular information on the current risk situation at ElringKlinger and relevant compliance-related issues, significant legal disputes, and other matters of fundamental importance. The meetings also focused on the Group's strategic direction in light of the ongoing transformation of the vehicle industry. Among the key topics were the technological transformation of the product portfolio and the issue of global positioning with a view to the further advancement of the Group in a sustainable and profitable manner. Where necessary, the Supervisory Board sought reports on individual issues from the Group's business unit or departmental managers and from external experts. Finally, another regular item on the agenda was the Audit Committee report furnished by the Chairman of that body.



► **Helmut P. Merch**  
CHAIRMAN OF THE SUPERVISORY BOARD





In addition to the agenda items already outlined above, the Supervisory Board dealt with the following topics, in particular, at its meetings over the course of the year under review:

At its scheduled meeting on **March 26, 2024**, the Supervisory Board focused on the annual financial statements and the combined management report of ElringKlinger AG and the Group as of December 31, 2023, the 2023 annual report, including the Supervisory Board re-port, the corporate governance report, the compensation report, the combined non-financial report, and the auditor's report compiled by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The Supervisory Board adopted the annual financial statements of ElringKlinger AG, endorsed the consolidated financial statements together with the combined management report, and approved the non-financial report. The results of the efficiency review conducted in respect of the duties discharged by the Supervisory Board were presented and discussed by the board members. The Supervisory Board also approved the agenda for the Annual General Meeting on May 16, 2024. As regards the existing compensation system relating to the Management Board, the so-called modifiers were determined in respect of the 2024 financial year. Additionally, the Supervisory Board re-solved on an adjustment to the compensation system.

Upon conclusion of the Annual General Meeting on **May 16, 2024**, the Supervisory Board convened for an extraordinary meeting. The principal items on the agenda were the election of the Chairman of the Supervisory Board, the election of a new member, and the appointment of the Chairman of the Audit Committee as well as other committee appointments.

At the scheduled Supervisory Board meeting held on **July 25, 2024**, no other significant agenda items were discussed beyond the usual agenda items already described.

At its scheduled meeting on **September 26, 2024**, the Supervisory Board was informed about the status of business planning for 2025 and medium-term planning.

The agenda of the ordinary meeting held on **December 5, 2024**, included the 2025 budget and medium-term business planning as scheduled. In this context, the Supervisory Board dealt in detail with the further development and future strategic direction of the Group. Furthermore, the Supervisory Board discussed the audit and compliance report as well as the status of the internal control system. In this context, those attending the plenary meeting of the Supervisory Board were also furnished with information by the Chairman of the Audit Committee. At the proposal of the Personnel Committee, the Supervisory Board resolved to propose to the upcoming Annual General Meeting that the compensation system for the Supervisory Board be confirmed in its current form. The Supervisory Board also resolved to seek the assistance of Deloitte GmbH Wirtschaftsprüfungsgesellschaft for its audit of the non-financial report. After discussing the respective points of argument, the Management Board and Supervisory Board decided to hold the upcoming Annual General Meeting as a virtual event and to avail themselves of the authorization granted in the company's Articles of Association. Finally, the Supervisory Board approved the declaration of conformity with the German Corporate Governance Code for 2024 without any changes compared to the previous year.

#### Committee work

The **Audit Committee** convened on four occasions during the financial year under review. The meeting in March 2024 was centered around the review of the 2023 annual financial statements together with the associated auditor's report. Furthermore, the Audit Committee dealt with the status of the internal control and risk management system, the compliance system, and the organization of data protection and IT security on an ongoing basis at its meetings held in July, September, and December 2024. Other recurring items on the agenda included the issue of future requirements in respect of sustainability reporting. The Audit Committee agenda in December 2024 included the process of determining the focal points of the audit, the procedures with regard to the audit of the financial statements, and the report on the internal audit, compliance, and currency risk management. Discussions

within the Audit Committee were centered in particular on the issue of planning for the coming years and the associated strategic positioning of the Group. Finally, the Management Board also reported on significant customer projects at the meetings. The auditors from Deloitte GmbH Wirtschaftsprüfungsgesellschaft, who were responsible for the audit, regularly attended the meetings for a designated period of time. In particular, the Audit Committee also monitored the independence and efficiency of the auditor.

In the 2024 financial year, the **Personnel Committee** met in March and November for the purpose of preparing the resolutions to be passed by the Supervisory Board on personnel matters and, in particular, remuneration issues.

No meetings were held by the **Nomination Committee**. The **Mediation Committee** did not have to be convened during the financial year just ended.

#### Disclosure of attendance at meetings

All members of the Supervisory Board attended the meetings in 2024 with the exception of Ms. Resch, who was unable to attend the scheduled meetings in September and December and the extraordinary meeting in May. All members attended the meetings of the Audit and Personnel Committee.

#### No conflicts of interest, self-assessment of the Supervisory Board's work, and continuing professional development

There were no conflicts of interest during the 2024 financial year between Supervisory Board members and the company.

In accordance with the German Corporate Governance Code, the Supervisory Board, as in previous years, conducted an efficiency review in respect of its board and committee activities for the 2024 reporting year, using a questionnaire to be answered by all members. Suggestions were taken on board and are being incorporated into the work of the Supervisory Board.

In accordance with the requirements of the German Corporate Governance Code, the company supports the members of the Supervisory Board with regard to professional training measures. Fundamentally, it is at the discretion of the respective Supervisory Board member which measures he or she considers suitable and appropriate. In the year under review, no member of the Supervisory Board participated in professional training events for which the company bore the costs.

#### **Audit of the financial statements for the 2024 financial year**

The annual financial statements of ElringKlinger AG and the corresponding consolidated financial statements with the combined management report for the 2024 financial year, as presented by the Management Board, were audited by the auditors Deloitte Wirtschaftsprüfungsgesellschaft GmbH in February 2025. The audit mandate had been issued by the Supervisory Board following the appointment of the auditor by the Annual General Meeting on May 16, 2024. In accordance with Section 315e of the German Commercial Code (HGB), the consolidated financial statements of ElringKlinger AG were prepared on the basis of International Financial Reporting Standards (IFRS). The auditing firm issued unqualified audit opinions for the annual financial statements of ElringKlinger AG as well as for the consolidated financial statements, including the combined management report, for the financial year 2024. The Supervisory Board was in possession of the documents relating to the financial and consolidated financial statements as well as the two audit reports compiled by the auditor. The aforementioned documents were studied in depth by the Audit Committee and the Supervisory Board as a whole before being discussed at length and examined in the presence of and in consultation with the competent auditors. The Supervisory

Board concurred with the outcome of the audit. No objections were raised. At its meeting on March 25, 2025, the Supervisory Board adopted the annual financial statements of ElringKlinger AG and endorsed the consolidated financial statements together with the combined management report. Additionally, the Supervisory Board approved the non-financial report.

#### **Changes to the Supervisory Board**

Effective upon conclusion of the Annual General Meeting on May 16, 2024, Mr. Eberhardt resigned as a member of the Supervisory Board and as its Chairman. Mr. Eberhardt had been a member of the Supervisory Board since 2013 and had been its Chairman since May 16, 2017. Taking a highly circumspect approach and displaying entrepreneurial foresight, he played a key role in the governance of ElringKlinger. We are greatly indebted to him. The signee of this report was elected as the new Chairman of the Supervisory Board and as a member and Chairman of the Nomination Committee. Membership and chairmanship of the Personnel Committee and Mediation Committee are associated with the role of Chairman of the Supervisory Board. Having previously been elected as a new member of the Supervisory Board by the Annual General Meeting, Mr. Heuberg was elected to the Audit Committee by the Supervisory Board and also appointed as its Chairman.

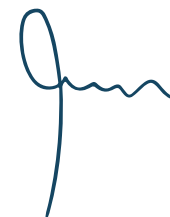
At the end of the financial year under review, Ms. Resch and Mr. Müller stepped down from the Supervisory Board in their capacity as union representatives of the workforce. We would also like to thank them for their contribution on a basis of trust and constructive cooperation. In February of this year, Ms. Genthner and Mr. Lamparter of the IG Metall trade union were appointed as members of the Supervisory Board by way of a court order

governing the appointment of replacement representatives. There were no changes to the Management Board.

The Supervisory Board would like to thank the Management Board and all members of staff at ElringKlinger AG and its subsidiaries in Germany and abroad for their dedicated efforts over the course of another challenging year.

Dettingen/Erms, March 25, 2025

On behalf of the Supervisory Board



**Helmut P. Merch**  
Chairman of the Supervisory Board

## ElringKlinger and the Capital Markets

**The dynamic events driving global financial markets during 2024 were fueled by a multitude of factors. Among the most significant were the slight dip in inflation, less pronounced inflationary risks, and the attendant interest rate cuts by the world's major central banks, the US Federal Reserve and the European Central Bank. Against this backdrop of change, financial markets put in a strong performance in many regions of the world, as evidenced by rallying stock indices. Other significant influencing factors included the notable advances made in the AI industry, the election of Donald Trump as US president, China's fiscal policy measures, the government crises in France and Germany, the protracted war in Ukraine, and the escalation of conflicts in the Middle East. Amid these market challenges, the price of ElringKlinger shares fell by 24% in the course of the year. In the 2024 financial year, the Group furnished comprehensive and transparent information on its business performance and strategic orientation. At the same time, ElringKlinger maintained a close dialogue with the capital markets.**

### **Modest inflation and interest rate cuts as key drivers in 2024**

With energy prices retreating slightly and global economic momentum waning over the course of 2024, the rate of inflation in both the eurozone and the United States trended marginally lower in the period under review. Inflation fell from 2.80% to 2.40% in the eurozone and from 3.10% to 2.90% in the United States. The

slowdown in growth coupled with lower inflation prompted a global move away from restrictive monetary policy. In choosing this path, the world's major central banks initiated a global cycle of interest rate cuts. The US Federal Reserve lowered its target federal funds rate from a range of 5.25–5.50% to 4.25–4.50% over the course of the year, while the European Central Bank (ECB) reduced its main refinancing operations interest rate from 4.50% to 3.15%. Due to the contrasting economic positions and the interest rate differences between the US and eurozone currency areas priced in by the markets, the euro depreciated against the US dollar, reaching an exchange rate of USD/EUR 1.04 at the end of the year.

On the bond markets, meanwhile, the yield curves for US and German government bonds remained inverted. In anticipation of interest rate cuts and against the backdrop of long-term expectations surrounding inflation, lower long-term interest rates had been priced in by market participants. As the year progressed, the onset of the interest rate reduction cycle coupled with the impact of global crises caused considerable volatility in yields on 10-year US government bonds and German government bonds, which stood at 4.57% and 2.36% respectively as of December 31, 2024.

Germany's stock market indices developed along very different lines in 2024. While the German blue-chip index, the DAX, reached a new all-time high of 20,522 points on December 13, 2024, the small and mid-cap indices, the SDAX and MDAX, closed the year in negative territory. Compared to German large caps, many second-line stocks tend to be focused to a larger extent on the domestic market. As such, they are more exposed to economic developments in Germany. Amid bleak economic forecasts and a heightened preference for other asset classes and regions, small and mid-cap funds saw net outflows in the year under review. This

placed a further strain on the liquidity of these shares, which was already at a low level, and led to substantial valuation discounts.

### **Global markets on the rise: USA and China lead the way**

With the United States and China, in particular, taking the lead, global market performance as a whole was very solid in the year under review. This was in strong contrast to the European markets, which lagged significantly behind in terms of forward momentum. As in the previous year, large caps were the main beneficiaries of the positive upturn in the respective regions. In the United States, market growth was largely driven by the sustained trend seen in the field of artificial intelligence (AI) and the strong performance of major tech companies.

In parallel, the Chinese market benefited from extensive fiscal policy measures aimed at bolstering and stabilizing growth. The Hang Seng rose by 22.79% and the Shanghai Stock Exchange by 18.10%. US market performance was driven largely by the continuing interest surrounding AI and the increase in the value of major US tech companies, while the upturn recorded in China was underpinned by fiscal policy measures that helped to fuel stock market growth. These measures included investments in infrastructure projects and tax incentives, which boosted investor confidence and strengthened market liquidity.

In contrast, the European markets were unable to keep pace with the dynamic momentum of their American and Chinese counterparts. Although the DAX rose by 18.85%, it lagged behind the benchmark US and Chinese indices, the S&P 500 and Hang Seng, which were up by 25.52% and 22.79% respectively. This was attributable to the climate of economic uncertainty in conjunction with a lack of comparable impetus for growth.



### ElringKlinger stock down slightly over the course of the year

At the beginning of the year, demand for automotive stocks was rather lackluster initially, as a result of which ElringKlinger shares also trended lower in the first month of the year. Having reached a quarterly low of EUR 4.75, ElringKlinger stock was in demand until mid-February, with the share price rising by over 20% to EUR 5.72 on the back of significant volumes. This was followed by a period of profit-taking before the company's share price trended sideways. ElringKlinger's preliminary results for the 2023 financial year, published on March 13, were received favorably by the capital markets, prompting the share price to rise by 2.6% on that day.

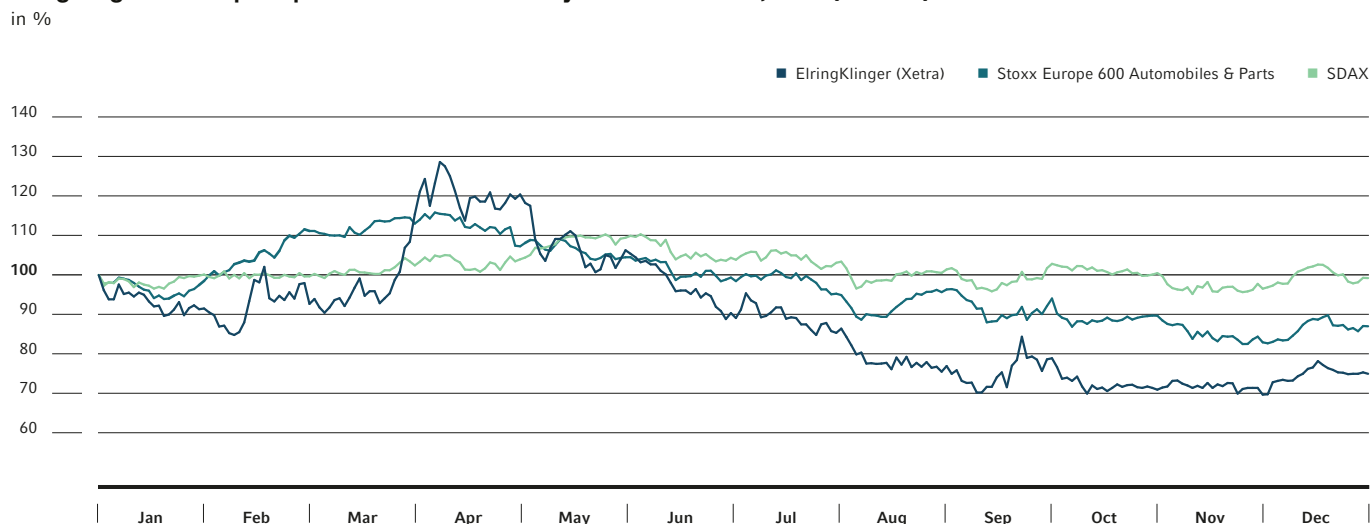
On the back of this, the second quarter saw ElringKlinger shares trend further upwards. After a positive market reaction to the publication of the 2023 annual report on March 27, 2024, ElringKlinger's share price continued to rise, reaching its high for the year to date of EUR 7.20 on April 9. However, similar to the direction taken by the market as a whole and other automotive stocks, the company's share price subsequently trended lower.

### Influence of trade barriers on sector indices

Alongside short-term profit-taking, the looming threat of trade barriers also weighed heavily on key sector indices in the second quarter of 2024. Specifically, the EU Commission announced tariffs on electric cars imported from China in the second quarter of 2024. In general, automotive stocks underperformed the market as a whole in the first half of 2024.

ElringKlinger's share price trended lower in the third quarter of 2024. Having reached a quarterly high of EUR 5.34 on July 4, the stock recorded losses and fell to a current annual low of EUR 3.94 on September 6. The decline in ElringKlinger's share price was in line with the general trend witnessed throughout the automotive industry. In addition, the sense of uncertainty associated with the EU's punitive tariffs on electric cars imported from China announced in the second quarter of 2024 had a detrimental effect

### ElringKlinger's share price performance from January 1 to December 31, 2024 (indexed)



on the industry as a whole and on stock performance. From November onwards, ElringKlinger's share price took a downside turn in line with the market, with volumes remaining comparatively modest, before reaching its low for the year of EUR 3.91 on November 26. ElringKlinger's share price stabilized again towards the end of the year, closing the year at EUR 4.20.

### Trading volume down slightly on previous year

The trading volumes of ElringKlinger shares during the 2024 financial year were down on the prior-year level. On average, 61,348 shares (2023: 62,609 shares) were traded on stock exchange days. At EUR 304 thousand (2023: EUR 476 thousand), the daily value of ElringKlinger's stock traded on average on German stock exchanges was down on the figure for 2023.

Despite a positive performance of share prices in some cases, many German equities, particularly small and mid-caps, saw an outflow of liquidity compared to previous years, as many investors

### Key indicators for ElringKlinger's stock

|  | 2024              | 2023    |
|--|-------------------|---------|
| Earnings per share IFRS (after non-controlling interests, in EUR)              | -2.18             | 0.62    |
| Shareholder's equity per share as of Dec. 31 (in EUR)                          | 10.82             | 14.37   |
| High (in EUR) <sup>1</sup>   | 7.20              | 10.64   |
| Low (in EUR) <sup>1</sup>  | 3.91              | 4.98    |
| Closing price as of Dec. 31 (in EUR) <sup>1</sup>                              | 4.20              | 5.52    |
| Dividend per share (in EUR)  | 0.15 <sup>2</sup> | 0.15    |
| Average daily trading volume (German stock exchanges; volume of shares traded) | 61,348            | 62,609  |
| Average daily trading value (German stock exchanges; in EUR)                   | 304,135           | 475,910 |
| Market capitalization as of Dec. 31 (EUR millions) <sup>1</sup>                | 266.1             | 349.7   |

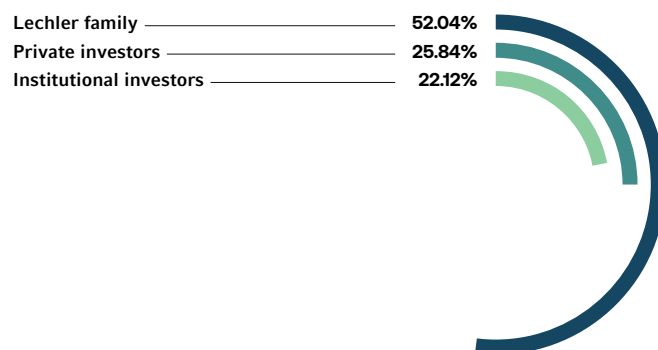
<sup>1</sup> Xetra trading

<sup>2</sup> Proposal to the 2025 Annual General Meeting





### Shareholder structure as of December 31, 2024



### Key indicators for ElringKlinger's stock

|   |                                |
|---|--------------------------------|
| International Securities Identification Number (ISIN) | DE0007856023                   |
| German Securities Identification Code (WKN)           | 785602                         |
| Exchange symbol                                       | ZIL2                           |
| Ticker symbol Bloomberg                               | ZIL2 GY                        |
| Ticker symbol Reuters                                 | ZILGn.DE                       |
| Share capital   | EUR 63,359,990                 |
| Number of shares issued                               | 63,359,990 shares              |
| Stock exchanges                                       | Xetra and all German exchanges |
| Market segment  | Regulated Market               |
| Transparency level                                    | Prime Standard                 |

increasingly re-allocated their funds to fixed-interest investments in the wake of rising interest rates. The decline in liquidity relating to ElringKlinger shares mirrored that of the market as a whole as well as that of numerous peers, i.e., similar stocks within the automotive sector. Despite this downturn, a sufficiently high level of liquidity was available in the stock market at all times over the course of the 2024 financial year to also conduct larger share transactions.

### Virtual Annual General Meeting well attended

As in the four preceding years, the Annual General Meeting (AGM) of ElringKlinger AG, which took place on May 16, 2024, was held in a virtual format. In total, 72.0% of the voting share capital was represented at the Annual General Meeting.

As part of his review, CEO Thomas Jessulat emphasized that the Group had succeeded in achieving an encouraging result overall against the backdrop of a challenging market environment. At the same time, he presented the SHAPE30 Group strategy to shareholders taking part – a strategy that charts a clear route through the far-reaching transformation of the automotive industry.

### Annual General Meeting approves dividend of EUR 0.15 per share and elects new Chairman of the Supervisory Board

The Annual General Meeting concurred with the joint proposal of the Management Board and Supervisory Board to once again pay a dividend in keeping with the company's balanced dividend policy. The proposed dividend of EUR 0.15 per share was approved by a large majority of 99.7%. After Chairman of the Supervisory Board Klaus Eberhardt had announced that he would be stepping down from his office and relinquishing his Supervisory Board mandate at ElringKlinger AG upon conclusion of the Annual General Meeting in March 2024, Ludger Heuberg was elected as a new member of the Supervisory Board as proposed by the Annual General Meeting. Helmut P. Merch, previously Chairman of the Audit Committee, is the successor to Klaus Eberhardt as Chairman

of the Supervisory Board of ElringKlinger AG. All other proposed resolutions were also approved by a large majority in each case.

### Shareholder structure remains well balanced and largely unchanged

Compared to the previous year, there was no change in the ratio of shares in free float to those in family ownership. The ownership interest held by the Lechler family at the end of 2024 totaled 52.04% of the 63,359,990 no-par-value shares issued. Within the free float (47.96%) the company saw just a slight shift in the overall structure toward private investors. As of December 31, 2024, institutional investors held 22.12% (2023: 23.12%) of the shares, while 25.84% of the shares were held by private investors (2023: 24.84%).

### ElringKlinger in dialogue with the capital markets

Against the backdrop of the COVID pandemic, virtual channels of communication have become indispensable for financial market reporting in recent years. Virtual and hybrid formats have now firmly established themselves as an alternative to in-person events, even if face-to-face contact is still considered very important. As in the past, the Group reported continuously, promptly, comprehensively, and transparently on all current and future developments of relevance to the company and the industry as a whole. In this context, ElringKlinger used various communication channels for the purpose of interacting with capital markets.

ElringKlinger remained in continuous dialogue with the capital markets in 2024. The company took part in various capital market conferences and conducted numerous one-on-one meetings with investors and analysts.

Upon publication of its quarterly results, ElringKlinger organized conference calls for capital market players. The conferences were streamed live on the internet and subsequently published on the Group's website, including the associated presentation. In



In addition, the company held a virtual financial results press conference as well as an analysts' conference on site in Frankfurt upon publication of the annual report. In this context, the Management Board of ElringKlinger AG outlined the company's results of the financial year just ended and presented details of the Group's strategic orientation to the journalists and analysts in attendance.

#### **Sustainability of growing capital market relevance**

The issue of sustainability is becoming increasingly important within the capital markets. This applies not only to companies' sustainability strategies but also to the progress they have made in this area. ESG criteria, which include environmental, social, and governance aspects, are coming to the fore to an increasing extent, particularly with regard to equity. In fact, such ESG criteria are already taken into account by both private and institutional investors when making investment decisions. Sustainability criteria are also playing a more prominent role in the area of debt financing. Not only do they influence lending decisions, but they can

also provide the basis for more favorable lending terms if a company can demonstrate a good sustainability track record.

In mid-2024, ElringKlinger published its 2023 Sustainability Report – the 13th of its kind –, outlining the Group's performance relating to the environmental, social, and economic dimensions of corporate sustainability. The report, published in German and English, can be accessed on ElringKlinger's website, under the Sustainability section.

#### **Corporate governance**

In accordance with Principle 23 of the German Corporate Governance Code (GCGC) in the version of April 28, 2022, the Management Board and the Supervisory Board report annually on corporate governance in the corporate governance statement, which also includes the declaration of conformity adopted on December 7, 2024. The statement can be accessed on the company's website at <https://elringklinger.de/en/company/corporate-governance>.

#### **Sustainability Report 2024**

ElringKlinger's annual Sustainability Report contains detailed information and key metrics relating to products and innovations, production and the environment, the supply chain, employees, social commitment, and corporate governance. The 2024 Sustainability Report is scheduled for publication on the ElringKlinger Group's website at <https://elringklinger.de/en/sustainability/publications> in mid-2025.



# Compensation Report

**The compensation report of ElringKlinger AG presents in a transparent and readily intelligible manner the compensation individually granted and owed to the members of the Management Board and the Supervisory Board for the 2024 financial year, in addition to providing detailed explanations. The report complies with the requirements of the German Stock Corporation Act (Aktiengesetz – AktG). The 2023 Compensation Report was approved by 96.75% of the votes at the Annual General Meeting on May 16, 2024. Given the significant percentage of approval, there were no grounds for reviewing the form of reporting or implementation.**

The compensation system for Management Board members is aligned with the company's long-term corporate strategy as well as its objective of sustained success and sets corresponding incentives for the Management Board in line with the "pay for performance" concept. In this context, compensation takes into consideration the size, complexity, and financial situation of the company as well as its prospects for the future. The focus here is on the duties and performance of the entire Management Board. The compensation system is founded on parameters that are transparent and performance-based, in addition to embracing the aspect of sustainability. The existing compensation system was introduced in 2021. As from 2024, adjusted EBIT\*, rather than EBIT, has been incorporated as a key indicator of operating performance alongside free cash flow\*. Adjusted EBIT is a key indicator of the ElringKlinger Group's operating profitability and refers to earnings before interest and taxes adjusted for non-recurring items. On May 16, 2024, the Annual General Meeting approved the revised compensation system by a vote of 96.70%.

## Overview of the compensation system of the Management Board

The table provides an overview of the components of the compensation system for Management Board members applicable to the 2024 financial year, the structuring of the individual compensation components, and the objectives on which they are based.

## Compensation structure

The average compensation structure for the members of the Management Board is as follows: The share of the fixed annual salary in target total compensation payable to the Management Board members, i.e., total compensation in the case of 100% target achievement of the variable compensation components, is around 33%. The benefit allowance in respect of private pension provision accounts for roughly 17% of target total compensation. The Short-Term Incentive accounts for approximately 20% of target total compensation, while the Long-Term Incentive

| Component                               | Objective  | Structuring   |
|---|--|---|
| <b>Fixed compensation components</b>    |  |   |
| Annual fixed salary                     | Securing a basic income  | Cash compensation   |
|   | Alignment with the Board member's area of responsibility   | Payment in twelve monthly installments  |
| Fringe benefits                         |  | Company car   |
|   |  | Mobile and communication devices  |
|   |  | Expense allowances  |
|   |  | Insurance benefits  |
| Benefit allowance                       | Securing adequate pension provision  | Payment of an annual fixed amount   |
| <b>Variable compensation components</b> |  |   |
| Short-Term Incentive (STI)              | Profitable growth of the company   | Adjusted EBIT   |
|   |  | Operating free cash flow  |
|   |  | Modifier to consider the individual as well as collective performance of the Management Board and implementation of non-financial targets           |
| Long-Term Incentive (LTI)               | Sustainable corporate performance and incentivization toward growth in enterprise value through share subscription | Payment in cash   |
|   |  | Commitment at the beginning of a financial year linked to financial performance criteria and the criteria-based modifier of the previous year's STI |
|   |  | Performance of ElringKlinger stock  |
|   |  | Free access to the shares held after the four-year retention period   |

Tables continued overleaf

\* Cf. glossary



| Component   | Objective  | Structuring   |
|---|--|---|
| <b>Benefits in the event of termination of employment</b> |  |   |
| Termination by mutual consent                             | Avoidance of excessive severance payments  | Severance payment limited to remaining term of employment contract or maximum of two years' compensation  |
| <b>Other compensation arrangements</b>                    |  |   |
| Malus and clawback  | Sustained corporate performance  | Option for the Supervisory Board to withhold STI and LTI or to reclaim compensation already paid, e.g., in the event of compliance violations or erroneous consolidated financial statements  |
| Maximum compensation                                      | Restriction of disbursements to an appropriate level due to possible exceptional circumstances | Maximum compensation for the sum of annual fixed salary, fringe benefits, pension benefit allowance, STI and LTI: Chairman of the Management Board (CEO) EUR 3.5 million, ordinary member of the Management Board EUR 2.0 million               |
| Share ownership guidelines                                | Sustained corporate performance  | Shareholding obligation (share ownership guidelines) in the amount of twice the gross annual fixed salary for the Chairman of the Management Board and one times the gross annual fixed salary for the ordinary members of the Management Board |
| Deviations from the system of compensation                | Safeguarding the sustained performance of the company  | In exceptional circumstances the Supervisory Board has the authority to determine a different agreement   |

accounts for approximately 30% of target total compensation. Within the context of the compensation structure, the company thus ensures that variable compensation resulting from the attainment of long-term targets exceeds the percentage share associated with short-term targets. Thus, the focus is directed towards the long-term and sustainable development of ElringKlinger, as required by law, while at the same time an incentive has been established in respect of operational targets.

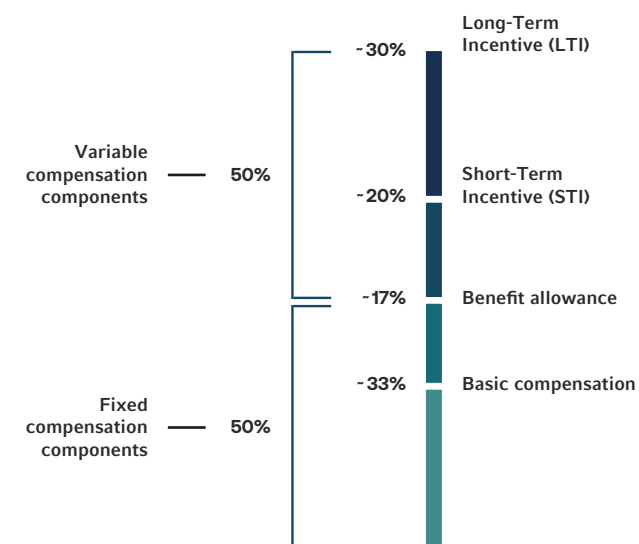
### Maximum compensation

Maximum compensation for members of the Management Board constitutes a cap on the maximum possible payment of all compensation components for the respective financial year. According to the compensation system, it is defined as EUR 3.5 million for the Chairman of the Management Board and EUR 2.0 million

for the ordinary members of the Management Board. Compensation granted and owed in 2024 is below these amounts, i. e., maximum compensation in accordance with Section 87a AktG for the 2024 financial year was complied with in the period under review. Individual maximum compensation for members of the Management Board is calculated by adding the fixed salary and pension allowance as well as twice the STI and twice the LTI.

| Management Board member | Individual maximum compensation in EUR k |
|-------------------------|--|
| Thomas Jessulat         | 2,700                                    |
| Reiner Drews            | 1,900                                    |
| Dirk Willers            | 1,400                                    |

### Overview of compensation structure relating to the compensation system



### Annual fixed salary

The annual fixed salary is a cash payment in respect of the applicable financial year; it takes into account the area of responsibility of the individual Management Board member and is paid in 12 monthly installments.

### Fringe benefits

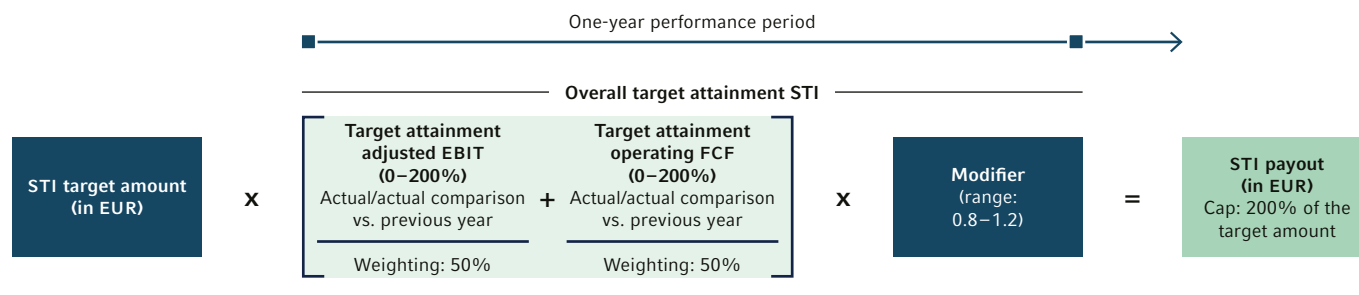
The members of the Management Board receive taxable benefits in kind (fringe benefits) that mainly consist of the provision of a company car, mobile and communication devices as well as insurance benefits.

### Benefit allowance

The benefit allowance is a fixed amount that is paid out annually to the members of the Management Board. The members of the Management Board are entitled to use these for the purposes of their private pension provision. The company therefore bears no risks from pension commitments.



## Principles of the Short-Term Incentive (STI)



### Short-Term Incentive (STI)

The STI is structured as a target bonus system and is calculated on the basis of the individual allocation value multiplied by the overall target attainment based on financial performance targets and a modifier. A commitment with regard to the STI is made annually and the amount is paid out in cash once target attainment has been determined. The maximum amount of the STI per Management Board member is two times the allocation value. The principles of the STI are illustrated in the diagram “Principles of the Short-Term Incentive (STI)”.

The STI is based on the two key financial performance targets adjusted EBIT (earnings before interest and taxes) and operating FCF (operating free cash flow\*), each weighted at 50%.

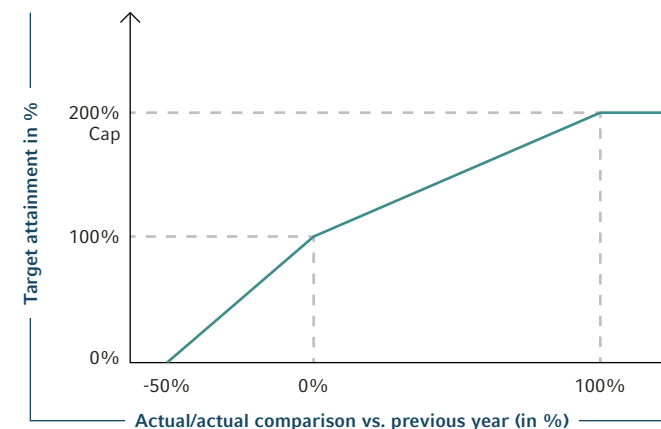
Adjusted EBIT refers to earnings before interest and taxes adjusted for the following items: Amortization/write-downs of intangible assets from purchase price allocation\*, changes in the scope of consolidation, impairment of goodwill and other assets, reversal of impairment losses, gains or losses on disposal from M&A\* activities and other non-operating items. Adjusted EBIT is a key indicator of the ElringKlinger Group’s operating profitability.

Operating free cash flow encompasses cash flow from operating activities less cash flow from investing activities, adjusted for payments in respect of acquisitions and investments in financial assets as well as proceeds from divestments. Operating free cash flow is a central control parameter used for the purpose of mapping the company’s internal financing potential and the liquidity inflow from its operating business.

The audited, certified, and approved consolidated financial statements of ElringKlinger AG are authoritative for both indicators. In the event of extraordinary circumstances, it is at the discretion of the Supervisory Board to set parameters deviating from the audited figures.

Target attainment with regard to adjusted EBIT is determined on the basis of a year-on-year comparison of actual figures. The actual value of adjusted EBIT in the respective financial year is compared with the actual value of adjusted EBIT of the previous financial year. If adjusted EBIT remains the same as in the previous year, target attainment equals 100%. If adjusted EBIT increases by +100%, the maximum level corresponds to 200%. In the case of adjusted EBIT of -50% compared to the previous year, the target attainment level is 0%, which corresponds to a

### Target attainment curve for adjusted EBIT



minimum value. The values within this range are interpolated. The adjusted EBIT target attainment curve is shown in the diagram “Target attainment curve for adjusted EBIT”.

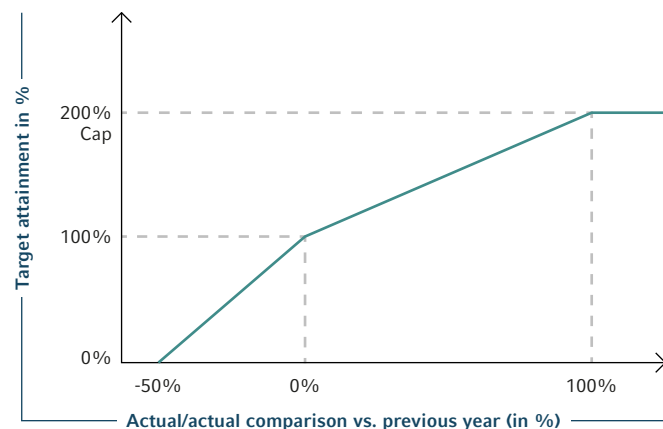
Target attainment for operating FCF is also determined on the basis of a year-on-year comparison of actual figures. The actual value of operating FCF in the respective financial year is compared with the actual value of operating FCF of the previous financial year. If operating FCF remains the same as in the previous year, target attainment equals 100%. If operating FCF is up by +100%, the maximum level corresponds to 200%. In the case of operating FCF of -50% compared to the previous year, target achievement is 0%, which corresponds to a minimum value. The values within this range are interpolated. The target attainment curve for operating FCF is shown in the diagram “Target attainment curve for operating FCF”.

An additional modifier enables the Supervisory Board to assess not only the level of financial target attainment but also the

\* Cf. glossary



### Target attainment curve for operating FCF



individual and collective performance of the Management Board as well as the achievement of stakeholder objectives on the basis of specific criteria. The criteria for assessment are determined by the Supervisory Board at the beginning of each financial year, at the latest within the first three months. It is at the discretion of the Supervisory Board to determine the modifier, which can range from 0.8 to 1.2.

An individual allocation value is contractually agreed for each member of the Management Board. Overall target attainment is calculated from the sum of target attainment of adjusted EBIT and operating FCF multiplied by the modifier.

### Determining the targets for the 2024 financial year

The financial performance targets were defined as follows for the 2024 financial year, resulting in the target attainment figures outlined below.

#### Target attainment STI 2024

| EUR k                    | Target  | 2024   | Target attainment | Weighting   | Weighted target attainment |
|--------------------------|---------|--------|-------------------|-------------|----------------------------|
| Adjusted EBIT            | 100,135 | 87,551 | 75%               | 50%         | 38%                        |
| Operating free cash flow | 36,736  | 58,437 | 159%              | 50%         | 80%                        |
| <b>Total</b>             |         |        |                   | <b>100%</b> | <b>117%</b>                |

For the 2024 financial year, the criteria for the modifier were set collectively for all Management Board members as innovation ratio, performance of ElringKlinger's share price, and improvement in energy efficiency. The innovation ratio shows the hours spent on research and development for e-mobility in relation to the total hours spent on research and development. The share

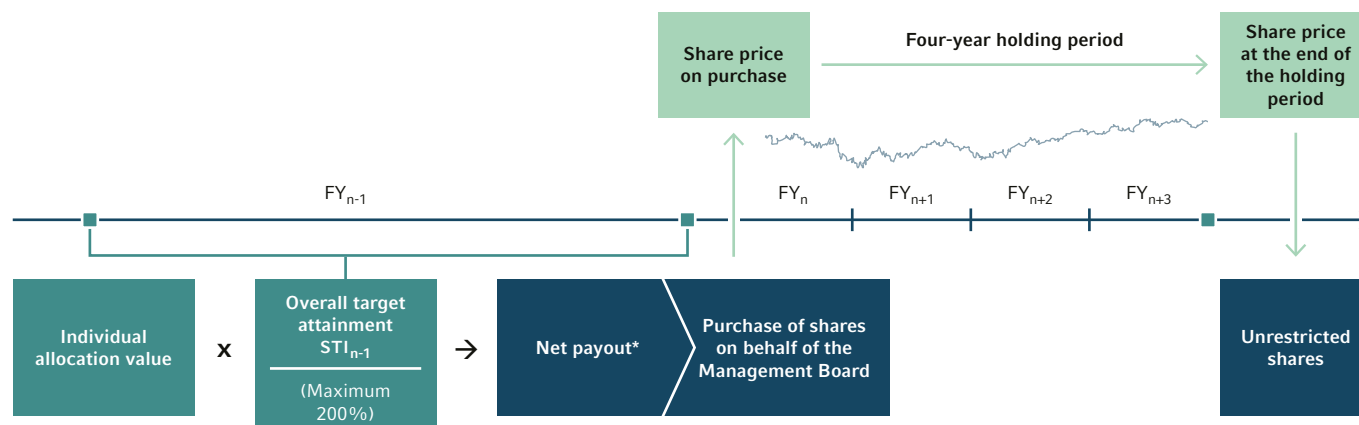
price criterion is based on the performance of ElringKlinger shares in 2024. Energy efficiency is calculated on the basis of CO<sub>2</sub> reduction. The indicator puts CO<sub>2</sub> emissions in relation to revenue. The modifier was determined by the Supervisory Board for all members of the Management Board, taking into account their joint accountability and corporate governance\*, and stands at 1.07.

| Modifier                         | Target | 2024 | Target attainment | Weighting   | Weighted target attainment |
|----------------------------------|--------|------|-------------------|-------------|----------------------------|
| Innovation ratio                 | >70%   | 82%  | 1.20              | 1/3         | 0.40                       |
| Improvement in share price       | >20%   | -33% | 0.80              | 1/3         | 0.27                       |
| Improvement in energy efficiency | >5%    | 23%  | 1.20              | 1/3         | 0.40                       |
| <b>Modifier</b>                  |        |      |                   | <b>1.00</b> | <b>1.07</b>                |
| <b>Overall target attainment</b> |        |      |                   |             | <b>125%</b>                |

| STI EUR k       | Allocation value | Total target attainment | STI |
|-----------------|------------------|-------------------------|-----|
| Thomas Jessulat | 360              | 125%                    | 450 |
| Reiner Drews    | 240              | 125%                    | 300 |
| Dirk Willers    | 200              | 125%                    | 250 |

\* Cf. glossary

## Principles of the Long-Term Incentive (LTI)



\* LTI payout amount less applicable taxes and duties.

FY = financial year

## Target attainment LTI 2024

| EUR k                    | Target | 2023   | Target attainment | Weighting   | Weighted target attainment |
|--------------------------|--------|--------|-------------------|-------------|----------------------------|
| EBIT                     | 85,000 | 82,905 | 95%               | 50%         | 48%                        |
| Operating free cash flow | 14,810 | 36,736 | 200%              | 50%         | 100%                       |
| <b>Total</b>             |        |        |                   | <b>100%</b> | <b>148%</b>                |

|                                  | Target             | 2023              | Target attainment | Weighting   | Weighted target attainment |
|----------------------------------|--------------------|-------------------|-------------------|-------------|----------------------------|
| <b>Modifier</b>                  |                    |                   |                   |             |                            |
| Innovation ratio                 | >70%               | 79%               | 1.20              | 1/3         | 0.40                       |
| Customer retention               | >EUR 1,600 million | EUR 1,360 million | 0.96              | 1/3         | 0.32                       |
| Improvement in energy efficiency | >5%                | 10%               | 1.20              | 1/3         | 0.40                       |
| <b>Modifier</b>                  |                    |                   |                   | <b>1.00</b> | <b>1.12</b>                |
| <b>Overall target attainment</b> |                    |                   |                   |             | <b>165%</b>                |

Tables continued overleaf

## Long-Term Incentive (LTI)

The members of the Management Board are entitled to an annual LTI commitment. In accordance with the method applied to the STI, the allocation value is multiplied by the overall target attainment figure for the STI of the financial year preceding the respective financial year. The amount paid out for the respective financial year under review is determined on the basis of this calculation. The amount payable must be fully invested in company shares after deduction of applicable taxes and duties. These shares must be held for a period of four years.

The underlying principles are illustrated in the diagram "Principles of the Long-Term Incentive (LTI)".

A commitment is made to the individual allocation value in annual rolling tranches at the beginning of each financial year (allocation date). This form of compensation is granted immediately subsequent to the adoption of the consolidated financial statements and the determination of overall target attainment for the STI of the financial year preceding the grant year of the respective tranche of the LTI.

The gross payment amount is calculated by multiplying the individual allocation value by the figure of overall target attainment determined for the STI of the financial year preceding the grant year of the respective tranche of the LTI.

As regards the 2024 financial year, the overall target attainment was 165%. Target attainment is shown in the overview "Target attainment LTI 2024".



| LTI EUR k       | Allocation value | Total target attainment | LTI | Average purchase price (EUR) | Number of shares purchased |
|-----------------|------------------|-------------------------|-----|------------------------------|----------------------------|
| Thomas Jessulat | 540              | 165%                    | 892 | 6.64                         | 70,620                     |
| Reiner Drews    | 360              | 165%                    | 595 | 6.64                         | 47,801                     |
| Dirk Willers*   | 300              | 100%                    | 300 | 6.64                         | 24,801                     |

\* LTI target attainment is contractually set at 100% for the first year subsequent to the appointment on Oct. 1, 2023.

## Overview shares

|  | Thomas Jessulat | Reiner Drews   | Dirk Willers   |
|--|-----------------|----------------|----------------|
| <b>Tranche 2021</b>                                  |                 |                |                |
| Number of shares                                     | 7,914           | 7,914          | 0              |
| Average purchase price (in EUR)                      | 10.43           | 10.43          | 0              |
| <b>Tranche 2022</b>                                  |                 |                |                |
| Number of shares                                     | 42,295          | 42,141         | 0              |
| Average purchase price (in EUR)                      | 8.97            | 8.97           | 0              |
| <b>Tranche 2024</b>                                  |                 |                |                |
| Number of shares                                     | 70,620          | 47,801         | 24,801         |
| Average purchase price (in EUR)                      | 6.64            | 6.64           | 6.64           |
| <b>Total number of shares</b>                        | <b>120,829</b>  | <b>97,856</b>  | <b>24,801</b>  |
| <b>Share value at historical cost</b>                | <b>930,846</b>  | <b>777,946</b> | <b>164,679</b> |
| Degree of fulfillment of the shareholding obligation | 78%             | 194%           | 55%            |

## Malus/clawback

If, subsequent to the payment of variable compensation, it transpires that the consolidated financial statements were incorrect and that, after correction of the consolidated financial statements, a lower amount or no amount shall be payable in respect of variable compensation or that there has been a breach of a material contractual obligation or significant breaches of the duty of care within the meaning of Section 93 AktG, it shall be at the discretion of the Supervisory Board to reduce the amount of unpaid variable compensation agreed for the financial year in which the violation occurred partially or completely to zero (malus) or to reclaim partially or completely (clawback) the gross amount of variable compensation already paid that was agreed for the financial year in which the violation occurred. No clawback actions occurred in 2024 with regard to variable compensation components.

## Share ownership guideline

The Chairman of the Management Board is obliged to acquire shares in the company equivalent to twice the gross annual fixed salary within a build-up period of four years. One gross annual fixed salary was set for ordinary members of the Management Board. The shares are to be held for the duration of the appointment as a member of the Management Board of ElringKlinger AG and for a further two years beyond this period. Fulfillment of this obligation shall be demonstrated to the Chairman of the Supervisory Board at the end of each financial year. The table "Overview shares" provides details of the shares held by each member of the Management Board.

The historical acquisition costs of the shares are used for the purpose of measuring the degree of fulfillment of the shareholding obligation. Owing to the appointment of Thomas Jessulat as CEO on October 1, 2023, and the more extensive obligation to hold shares resulting from this, the degree of fulfillment as of December 31, 2024, is 78%.





Former members of the Management Board are also obliged to hold shares in the company until the agreed conclusion of the LTI vesting period. As of December 31, 2024, 100,110 shares were held.

### Retirement pension

Under the retirement pension arrangements applicable prior to 2020, there are also commitments in respect of an annual retirement pension for the members of the Management Board. The retirement pension was contractually defined and amounts to between EUR 14k and EUR 30k.

If a member of the Management Board acts in a manner that is grossly negligent or displays gross negligence in his failure to act in specific instances and such actions or failures to act would result in significant damages to the Group, all entitlements to a retirement pension shall lapse; the same shall apply if the member of the Management Board enters the service of an entity that is in direct competition with the company.

The contracts include provisions governing surviving dependents' benefits. If a member of the Management Board dies during the period in which the employment contract is applicable or once the retirement benefits become due, his widow/widower or dependent children shall receive a widow's or orphan's pension. The widow's pension amounts to 50% of the retirement pension of the deceased. The orphan's pension amounts to 20% of the widow's pension to the extent that a widow's pension is payable simultaneously and 40% of the widow's pension to the extent that no widow's pension is payable.

The widow's and orphan's pensions shall not exceed 60% of the amount to which the deceased would have been entitled if he had entered into retirement on the day of his death.

### Pension obligations

The present value (DBO) of the pension provisions is presented in the following overview. There is no current service cost.

|                     | Thomas Jessulat |      | Reiner Drews |      | Dirk Willers |      |
|---------------------|-----------------|------|--------------|------|--------------|------|
| EUR k               | 2024            | 2023 | 2024         | 2023 | 2024         | 2023 |
| Present value (DBO) | 450             | 449  | 205          | 205  | 0            | 0    |

### Review and adjustment of target compensation

The salary components are to be reviewed by the company's Supervisory Board every two years. The next review is scheduled for October 2025. The amount of target compensation in the 2024 financial year corresponds to the amount of compensation in the 2023 financial year, with the exception of the target compensation for Thomas Jessulat, who was appointed Chairman of the Management Board (CEO) as of October 1, 2023. Target compensation is calculated on the basis of the STI and LTI allocation values assuming full target attainment, i. e., 100%.

The relative shares of the compensation elements are within the scope of the compensation structure stipulated by the compensation system. The Management Board contract of service relating to Dirk Willers took particular account of the expectations of institutional investors in that the focus was placed on the LTI and this was increased proportionately to the detriment of the pension contribution amount.

### Target compensation 2024

|   | Thomas Jessulat |            | Reiner Drews |            | Dirk Willers |            |
|---|-----------------|------------|--------------|------------|--------------|------------|
|   | in EUR k        | in %       | in EUR k     | in %       | in EUR k     | in %       |
| <b>Non-performance-based compensation</b> |                 |            |              |            |              |            |
| Fixed annual salary                       | 600             | 33%        | 401          | 31%        | 300          | 33%        |
| Benefits for private pension provision    | 300             | 17%        | 300          | 23%        | 100          | 11%        |
| <b>Total</b>                              | <b>900</b>      | <b>50%</b> | <b>701</b>   | <b>54%</b> | <b>400</b>   | <b>44%</b> |
| <b>Performance-based compensation</b>     |                 |            |              |            |              |            |
| Short-Term Incentive                      | 360             | 20%        | 240          | 18%        | 200          | 22%        |
| Long-Term Incentive                       | 540             | 30%        | 360          | 28%        | 300          | 33%        |
| <b>Total</b>                              | <b>900</b>      | <b>50%</b> | <b>600</b>   | <b>46%</b> | <b>500</b>   | <b>56%</b> |



## Compensation granted and owed

| EUR k                                     | Thomas Jessulat <sup>1</sup> |             |              |             | Reiner Drews |             |              |             | Dirk Willers <sup>2</sup> |             |            |             |
|---|------------------------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------------------|-------------|------------|-------------|
|   | 2024                         | in %        | 2023         | in %        | 2024         | in %        | 2023         | in %        | 2024                      | in %        | 2023       | in %        |
| <b>Non-performance-based compensation</b> |                              |             |              |             |              |             |              |             |                           |             |            |             |
| Fixed annual salary                       | 600                          | 26%         | 451          | 37%         | 401          | 25%         | 401          | 36%         | 300                       | 31%         | 75         | 40%         |
| Fringe benefits                           | 26                           | 1%          | 25           | 2%          | 10           | 1%          | 6            | 1%          | 17                        | 2%          | 4          | 2%          |
| Severance payments                        | 0                            | 0%          | 0            | 0%          | 0            | 0%          | 0            | 0%          | 0                         | 0%          | 0          | 0%          |
| Benefits for private pension provision    | 300                          | 13%         | 300          | 25%         | 300          | 19%         | 300          | 27%         | 100                       | 10%         | 25         | 13%         |
| <b>Total</b>                              | <b>926</b>                   | <b>40%</b>  | <b>776</b>   | <b>64%</b>  | <b>711</b>   | <b>45%</b>  | <b>707</b>   | <b>64%</b>  | <b>417</b>                | <b>43%</b>  | <b>104</b> | <b>55%</b>  |
| <b>Performance-based compensation</b>     |                              |             |              |             |              |             |              |             |                           |             |            |             |
| Short-Term Incentive                      | 450                          | 20%         | 446          | 36%         | 300          | 19%         | 396          | 36%         | 250                       | 26%         | 83         | 45%         |
| Long-Term Incentive                       | 892                          | 40%         | 0            | 0%          | 595          | 36%         | 0            | 0%          | 300                       | 31%         | 0          | 0%          |
| <b>Total</b>                              | <b>1,342</b>                 | <b>60%</b>  | <b>446</b>   | <b>36%</b>  | <b>895</b>   | <b>55%</b>  | <b>396</b>   | <b>36%</b>  | <b>550</b>                | <b>57%</b>  | <b>83</b>  | <b>45%</b>  |
| <b>Compensation granted and owed</b>      | <b>2,268</b>                 | <b>100%</b> | <b>1,222</b> | <b>100%</b> | <b>1,606</b> | <b>100%</b> | <b>1,103</b> | <b>100%</b> | <b>967</b>                | <b>100%</b> | <b>187</b> | <b>100%</b> |

<sup>1</sup> Appointment as CEO as of October 1, 2023

<sup>2</sup> Appointment as ordinary member of the Management Board as of October 1, 2023

### Compensation granted and owed to active members of the Management Board in the financial year

The itemized overview "Compensation granted and owed" presents the amount of compensation granted and owed to each active member of the Management Board in the 2024 financial year. In accordance with the provisions set out in Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG), the amount of compensation granted and owed must be stated as the amounts that became due in the reporting period and have already been paid to the individual Management Board member or whose due payment has not yet been concluded.

### Compensation granted and owed to former members of the Management Board who left the company in the last 10 years

Compensation granted and owed in 2024 with regard to former members of the Management Board consists of a pension payment for Theo Becker. In addition to regular compensation up to the

point of his departure on June 30, 2023, the figure for Dr. Stefan Wolf in 2023 includes a one-off payment of EUR 4,424 k in settlement of the contractual claims relating to the remaining term of his contract of service, which was terminated prematurely.

| Former member of the Management Board | Amount EUR k 2024 | Amount EUR k 2023 |
|---------------------------------------|-------------------|-------------------|
| Theo Becker                           | 194               | 194               |
| Dr. Stefan Wolf                       | 31                | 5,357             |

### Supervisory Board compensation

Supervisory Board compensation is governed by the provisions set out in Section 13 of the Articles of Association of ElringKlinger AG. The level of compensation is determined by the Annual General Meeting. The members of the Supervisory Board shall receive

remuneration that is commensurate with their duties and the circumstances of the company. The amount of compensation was last adjusted on July 7, 2020, and the compensation system was approved by the Annual General Meeting on May 18, 2021, with 99.32% and 99.42% of the votes respectively.

The members of the Supervisory Board receive fixed compensation of EUR 50k (2023: EUR 50k) for each full financial year they have served on the Supervisory Board. Additionally, the members of the Supervisory Board receive a lump-sum payment of EUR 1k (2023: EUR 1k) for each Supervisory Board meeting they attend. Membership of a committee is remunerated at EUR 6k (2023: EUR 6k) and membership of the Audit Committee is remunerated at EUR 10k (2023: EUR 10k). Compensation in respect of membership of the Mediation Committee shall only be payable in those cases in which the Committee has to be convened. No compensation is granted for the Nomination Committee.

The role of the Supervisory Board Chairman and the role of his Deputy are taken into consideration when determining the level of fixed compensation. The Chairman of the Supervisory Board receives three times (2023: three times) and the Deputy Chairman two times (2023: two times) the amount of fixed compensation. The chairperson of a committee receives double the respective amounts. The Chairman of the Supervisory Board receives double and the Deputy Chairman one and a half times the amount for their attendance at Supervisory Board meetings.

Expenses incurred by the Supervisory Board members are reimbursed to an appropriate extent. Supervisory Board members who have not held the post for a full financial year receive a pro rata amount of fixed compensation. Fixed compensation is due at the end of the financial year.



### Amount of Supervisory Board compensation in 2024

In the year under review, compensation granted and owed to the Supervisory Board of ElingKlinger AG amounted to EUR 879k (2023: EUR 894k). Additionally, travel expenses totaling EUR 8k

(2023: EUR 4k) were reimbursed. Compensation payable to the individual members of the Supervisory Board was as shown in the tables "Compensation 2024" and "Compensation 2023" respectively.

### Compensation 2024

|                              | Function | Fixed compensation |            | Committee compensation and membership <sup>3</sup> |                     |                      |                     | Attendance fee |           | Total     |           |            |
|------------------------------|----------|--------------------|------------|--|---------------------|----------------------|---------------------|----------------|-----------|-----------|-----------|------------|
|                              |          | in EUR k           | in %       | Audit Committee                                    | Personnel Committee | Nomination Committee | Mediation Committee | in EUR k       | in %      | in EUR k  |           |            |
| Helmut P. Merch <sup>1</sup> | C        | 113                | 79%        | M  | C                   | C                    | C                   | 21             | 15%       | 9         | 6%        | 143        |
| Klaus Eberhardt <sup>2</sup> |          | 56                 | 85%        |  |                     |                      |                     | 8              | 12%       | 2         | 3%        | 66         |
| Markus Siegers               | D        | 100                | 88%        |  | M                   |                      | M                   | 6              | 5%        | 8         | 7%        | 114        |
| Ingeborg Guggolz             |          | 50                 | 91%        |  |                     |                      |                     | 0              | 0%        | 5         | 9%        | 55         |
| Ludger Heuberg <sup>1</sup>  |          | 31                 | 65%        | C  |                     |                      |                     | 13             | 27%       | 4         | 8%        | 48         |
| Andreas Wilhelm Kraut        |          | 50                 | 91%        |  |                     |                      |                     | 0              | 0%        | 5         | 9%        | 55         |
| Gerald Müller                |          | 50                 | 91%        |  |                     |                      |                     | 0              | 0%        | 5         | 9%        | 55         |
| Paula Monteiro Munz          |          | 50                 | 91%        |  |                     |                      | M                   | 0              | 0%        | 5         | 9%        | 55         |
| Barbara Resch                |          | 50                 | 96%        |  |                     |                      |                     | 0              | 0%        | 2         | 4%        | 52         |
| Gabriele Sons                |          | 50                 | 82%        |  | M                   |                      | M                   | 6              | 10%       | 5         | 8%        | 61         |
| Manfred Strauß               |          | 50                 | 77%        | M  |                     | M                    |                     | 10             | 15%       | 5         | 8%        | 65         |
| Bernd Weckenmann             |          | 50                 | 91%        |  |                     |                      |                     | 0              | 0%        | 5         | 9%        | 55         |
| Olcay Zeybek                 |          | 50                 | 91%        |  |                     |                      |                     | 0              | 0%        | 5         | 9%        | 55         |
| <b>Total</b>                 |          | <b>750</b>         | <b>86%</b> |  |                     |                      |                     | <b>64</b>      | <b>7%</b> | <b>65</b> | <b>7%</b> | <b>879</b> |

<sup>1</sup> from May 16, 2024

<sup>2</sup> until May 16, 2024, Chairman

<sup>3</sup> as of December 31, 2024

C = Chairman, D = Deputy Chairman, M = Member



## Compensation 2023

|                       | Function | Fixed compensation |            | Committee compensation and membership <sup>1</sup> |                        |                         |                        | Attendance fee |           | Total<br>in EUR k |           |            |
|-----------------------|----------|--------------------|------------|--|------------------------|-------------------------|------------------------|----------------|-----------|-------------------|-----------|------------|
|                       |          | in EUR k           | in %       | Audit<br>Committee                                 | Personnel<br>Committee | Nomination<br>Committee | Mediation<br>Committee | in EUR k       | in %      |                   |           |            |
| Klaus Eberhardt       | C        | 150                | 81%        | M  | C                      | C                       | C                      | 22             | 12%       | 12                | 7%        | 184        |
| Markus Siegers        | D        | 100                | 87%        |  | M                      |                         | M                      | 6              | 5%        | 9                 | 8%        | 115        |
| Ingeborg Guggolz      |          | 50                 | 89%        |  |                        |                         |                        | 0              | 0%        | 6                 | 11%       | 56         |
| Andreas Wilhelm Kraut |          | 50                 | 89%        |  |                        |                         |                        | 0              | 0%        | 6                 | 11%       | 56         |
| Helmut P. Merch       |          | 50                 | 66%        | C  |                        |                         |                        | 20             | 26%       | 6                 | 8%        | 76         |
| Gerald Müller         |          | 50                 | 89%        |  |                        |                         |                        | 0              | 0%        | 6                 | 11%       | 56         |
| Paula Monteiro Munz   |          | 50                 | 89%        |  |                        |                         | M                      | 0              | 0%        | 6                 | 11%       | 56         |
| Barbara Resch         |          | 50                 | 91%        |  |                        |                         |                        | 0              | 0%        | 5                 | 9%        | 55         |
| Gabriele Sons         |          | 50                 | 80%        |  | M                      |                         | M                      | 6              | 10%       | 6                 | 10%       | 62         |
| Manfred Strauß        |          | 50                 | 76%        | M  |                        | M                       |                        | 10             | 15%       | 6                 | 9%        | 66         |
| Bernd Weckenmann      |          | 50                 | 89%        |  |                        |                         |                        | 0              | 0%        | 6                 | 11%       | 56         |
| Olcay Zeybek          |          | 50                 | 89%        |  |                        |                         |                        | 0              | 0%        | 6                 | 11%       | 56         |
| <b>Gesamt</b>         |          | <b>750</b>         | <b>84%</b> |  |                        |                         |                        | <b>64</b>      | <b>7%</b> | <b>80</b>         | <b>9%</b> | <b>894</b> |

<sup>1</sup> as of December 31, 2023

C = Chairman, D = Deputy Chairman, M = Member



### Information on the relative change in Management Board and Supervisory Board compensation

The overview "Compensation of the Management Board and Supervisory Board in relation to the company's earnings perfor-

mance" lists the change in compensation granted and owed to the individual members of the Management Board and the Supervisory Board in relation to the financial performance indicators of the Group. In addition, remuneration trends for the entire work-

force and employees covered by collective agreements in Germany are shown based on annual salaries, including special payments.

### Compensation of the Management Board and Supervisory Board in relation to the company's earnings performance

| EUR k   | 2024     | Change in % | 2023             | Change in % | 2022    | Change in % | 2021   | Change in % | 2020    |
|---|----------|-------------|------------------|-------------|---------|-------------|--------|-------------|---------|
| <b>Management Board</b>                         |          |             |                  |             |         |             |        |             |         |
| Thomas Jessulat                                 | 2,268    | 86%         | 1,222            | -16%        | 1,450   | 5%          | 1,386  | 52%         | 910     |
| Reiner Drews                                    | 1,606    | 46%         | 1,103            | -23%        | 1,427   | 6%          | 1,346  | 59%         | 845     |
| Dirk Willers                                    | 967      | -           | 187              | -           | 0       | -           | 0      | -           | 0       |
| <b>Former members of the Management Board</b>   |          |             |                  |             |         |             |        |             |         |
| Theo Becker                                     | 194      | -           | 194 <sup>1</sup> | -           | 1,664   | 55%         | 1,077  | 34%         | 807     |
| Dr. Stefan Wolf                                 | 31       | -           | 5,357            | 113%        | 2,512   | 7%          | 2,348  | 58%         | 1,485   |
| <b>Supervisory Board</b>                        |          |             |                  |             |         |             |        |             |         |
| Helmut P. Merch                                 | 143      | 88%         | 76               | 3%          | 74      | 0%          | 74     | -           | 37      |
| Klaus Eberhardt                                 | 66       | -64%        | 184              | 2%          | 180     | 0%          | 180    | -2%         | 183     |
| Markus Siegers                                  | 114      | -1%         | 115              | 3%          | 112     | 0%          | 112    | -2%         | 114     |
| Ingeborg Guggolz                                | 55       | -2%         | 56               | 65%         | 34      | -           | 0      | -           | 0       |
| Ludger Heuberg                                  | 48       | -           | 0                | -           | 0       | -           | 0      | -           | 0       |
| Andreas Wilhelm Kraut                           | 55       | -2%         | 56               | 4%          | 54      | 0%          | 54     | -2%         | 55      |
| Gerald Müller                                   | 55       | -2%         | 56               | 4%          | 54      | 0%          | 54     | -2%         | 55      |
| Paula Monteiro-Munz                             | 55       | -2%         | 56               | 4%          | 54      | 0%          | 54     | -2%         | 55      |
| Barbara Resch                                   | 52       | -6%         | 55               | 2%          | 54      | 2%          | 53     | 96%         | 27      |
| Gabriele Sons                                   | 61       | -2%         | 62               | 3%          | 60      | 0%          | 60     | -2%         | 61      |
| Manfred Strauß                                  | 65       | -2%         | 66               | 3%          | 64      | 0%          | 64     | -10%        | 71      |
| Bernd Weckenmann                                | 55       | -2%         | 56               | 4%          | 54      | 46%         | 37     | -           | 0       |
| Olcay Zeybek                                    | 55       | -2%         | 56               | 4%          | 54      | 0%          | 54     | -           | 27      |
| <b>Key earnings indicators ElringKlinger AG</b> |          |             |                  |             |         |             |        |             |         |
| Profit for the year or loss for the year        | -154,967 | -           | 10,600           | -           | -45,505 | -           | 70,087 | -           | -11,566 |

<sup>1</sup> Prior-year figure added

Tables continued overleaf



### Compensation of the Management Board and Supervisory Board in relation to the company's earnings performance

| EUR k   | 2024     | Change<br>in % | 2023    | Change<br>in % | 2022    | Change<br>in % | 2021    | Change<br>in % | 2020    |
|---|----------|----------------|---------|----------------|---------|----------------|---------|----------------|---------|
| <b>Key earnings indicators Group</b>                                  |          |                |         |                |         |                |         |                |         |
| Adjusted EBIT   | 87,551   | -13%           | 100,135 |                | –       |                | –       |                | –       |
| EBIT  | -150,046 | –              | 82,905  | –              | -42,231 | -141%          | 102,030 | 268%           | 27,736  |
| Operating free cash flow  | 58,437   | 59%            | 36,736  | 148%           | 14,810  | -79%           | 71,971  | -56%           | 164,695 |
| <b>Workforce</b>  |          |                |         |                |         |                |         |                |         |
| Total workforce in Germany <sup>2</sup>                               | 66       | 0%             | 66      | 7%             | 62      | 7%             | 58      | 6%             | 55      |
| Employees covered by collective agreements<br>in Germany <sup>2</sup> | 60       | 2%             | 59      | 7%             | 55      | 0%             | 55      | 6%             | 52      |

<sup>2</sup> Without Management Board


Dettingen/Erms, March 24, 2025

On behalf of the  
Management Board



Thomas Jessulat,  
CEO

On behalf of the  
Supervisory Board



Helmut P. Merch,  
Chairman of the  
Supervisory Board



## Report of the independent auditor on the audit of the compensation report in accordance with section 162 (3) AktG

To ElringKlinger AG, Dettingen an der Erms/Germany

### Audit Opinion

We conducted a formal audit of the compensation report of ElringKlinger AG, Dettingen an der Erms/Germany, for the financial year from January 1, 2024 to December 31, 2024 to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the compensation report. In accordance with Section 162 (3) AktG, we have not audited the content of the compensation report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying compensation report. Our audit opinion does not cover the content of the compensation report.

### Basis for the Audit Opinion

We conducted our audit of the compensation report in accordance with Section 162 (3) AktG and in compliance with the *IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (09.2023))*. Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. Our audit firm has applied the requirements of the IDW Quality Management Standards. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

### Responsibilities of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud (i. e., fraudulent financial reporting and misappropriation of assets) or error.

### Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the compensation report, and to express an opinion on this in a report on the audit.

We planned and conducted our audit in such a way to be able to determine whether the compensation report is formally complete by comparing the disclosures made in the compensation report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the compensation report.

Stuttgart/Germany, March 24, 2025

### Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:  
Michael Sturm  
Wirtschaftsprüfer  
(German Public Auditor)

Signed:  
Florian Sauter  
Wirtschaftsprüfer  
(German Public Auditor)

## Corporate Governance

In accordance with Principle 22 of the German Corporate Governance\* Code of April 28, 2022, the Management Board and the Supervisory Board report annually on corporate governance in the combined corporate governance statement, which also includes the declaration of conformity adopted on December 5, 2024. The statement is published on ElringKlinger's website and can be accessed via the following link: <https://elringklinger.de/en/company/corporate-governance/corporate-governance-statement>

## Sustainability Report

ElringKlinger's annual sustainability report contains detailed information and key metrics relating to the following aspects of sustainability: products and innovations, production and the environment, supply chain, social commitment, and employees. It is scheduled for publication on the Group's website at [www.elringklinger.de](http://www.elringklinger.de) (Sustainability section) in mid-2025.

\* Cf. glossary



# Combined Non-Financial Report 2024

## of ElringKlinger AG

This non-financial Group report has been combined with the non-financial report of the exchange-listed parent company ElringKlinger AG and relates to the 2024 financial year. Unless otherwise specified, the information presented refers to the ElringKlinger Group in its entirety.

The combined non-financial report has been prepared in accordance with the legal provisions set out in Section 289b et seqq. and Section 315b et seqq. of the German Commercial Code (Handelsgesetzbuch – HGB\*) and, in the context of focused reporting, does as yet not currently follow a specific framework. As soon as the provisions set out in the Corporate Sustainability Reporting Directive (CSRD) come into force in Germany, the Group will comply with this standard. This report also contains information on the implementation of the EU Taxonomy Regulation

(Regulation (EU) 2020/852). Deloitte GmbH Wirtschaftsprüfungsgesellschaft was commissioned to review the combined non-financial report of ElringKlinger AG for the period from January 1, 2024, to December 31, 2024, in the context of a limited assurance engagement.

As in previous years, the Group plans to publish a comprehensive sustainability report later in 2025.

## Business model of the ElringKlinger Group

As an automotive supplier, the ElringKlinger Group specializes in the development of high-tech solutions relating to various types of drive system. As an independent development partner and large-scale manufacturer, the ElringKlinger Group is actively contributing to the transition within the mobility sector towards a sustainable future based on innovative products. Its core competence lies in R&D and industrial-scale manufacturing centered around large-volume series production contracts for passenger cars and commercial vehicles. In the field of e-mobility, the product portfolio encompasses innovative battery components and systems as well as fuel cell\* stacks and components. ElringKlinger generates the majority of its revenue with products used in internal combustion engines. These include a variety of seals, innovative lightweighting concepts, and shielding systems. Beyond the automotive industry, the portfolio includes products made from high-performance plastics. The Group markets an extensive range of spare parts under the “Elring – das Original” brand.

In 2024, ElringKlinger employed an average of around 9,600 people in all vehicle markets around the globe. As of December 31, 2024, following the sale of the sites in Buford, GA, USA, and Sevelen, Switzerland, ElringKlinger was operating at a total of 45 international sites. Alongside smaller locations, these are divided into 37 production sites, four sales offices, and a logistics center. ElringKlinger maintains direct lines of contact with the majority of the world’s major vehicle and engine manufacturers. ElringKlinger leverages the benefits of a global network of suppliers to procure raw materials in a wide range of countries.

The Group’s operating business is divided into four segments: Original Equipment, Aftermarket, Engineered Plastics, and Other. The Original Equipment segment, in turn, comprises several business units. In organizational terms, the Aftermarket and Engineered Plastics segments correspond to business units.

In 2024, ElringKlinger unveiled a new corporate strategy by the name of SHAPE30. It encompasses five factors for success, one of which is sustainability. Thus, acting in a sustainable manner is an integral part of its long-term corporate strategy aimed at increasing enterprise value. The objective is to combine long-term economic success and growth in all areas of business with the preservation of social and ecological interests. Values, actions, and goals derived from aspects of sustainability are therefore reflected in the Group’s guidelines.

\* Cf. glossary



## Determining materiality

ElringKlinger conducted a far-reaching review of its materiality analysis in 2022 for the purpose of determining matters of significance and compliance with statutory obligations in respect of environmental, social, and employee-related matters, respect for human rights, and anti-corruption and bribery matters (Section 289c(3) HGB). This was validated by internal stakeholders in 2024. Among others, experts from the Human Resources, Quality, Health & Safety, Supplier Quality, and Compliance units as well as those from Corporate Communications and Sustainability were represented. The main focus was, above all, on those issues that are significantly influenced by the business model and the value chain. Six material topics were identified as part of this

assessment; they cover the five statutory matters specified in Section 315c in conjunction with Sections 289c to 289e HGB.

As in the previous year, the following six topics were derived from this analysis:

- Combating corruption and bribery
- Responsibility in the supply chain
- Environmentally-friendly mobility
- Environmental protection in production
- Occupational health and safety
- Targeted recruitment and development of employees

As regards the topics covered by the non-financial report, there is a particularly high relevance in relation to the business operations of the ElringKlinger Group. These business operations, in turn, have an especially strong impact on the reportable matters. The exception is the aspect of social matters, where no major topics were identified.

The materiality analysis conducted in 2022 also confirmed that emissions in the upstream and downstream value chain (Scope 3\*) as well as the issue of waste management are of increasing importance to the Group. With this in mind, the Group is continuing to develop both areas and will disclose information relating thereto in future sustainability reports.

## Risk assessment

As regards the area of action relating to the business activities, as presented in the combined non-financial report of ElringKlinger AG, no material risks were identified that are associated with its own business activities and for which, pursuant to Section 289c(3) no. 3 and 4 HGB, the business activities are very likely to have or will in future have a severe negative impact on the reportable aspects. The risk assessment applies both to the Group's business activities and its business relations as well as the products and services of the ElringKlinger Group. Furthermore, there are no non-financial performance indicators that have been classified as being "key" indicators (Section 289b(3) no. 5, Section 315(3) HGB). The non-financial report therefore contains significant indicators for each material matter that illustrate progress made within the areas of action.

Risk management is seen as an all-embracing function within the ElringKlinger Group. New risks that may potentially arise are incorporated into the existing risk management system. Relevant risk assessments have been performed by teams of experts for all material topics presented in this non-financial report; they are continuously updated and reviewed.

\* Cf. glossary



## Combating corruption and bribery

**Integrity is of fundamental importance to commercial activities within the ElringKlinger Group and thus constitutes one of the company's six core values. To this end, Group-wide guidelines apply to all employees around the world.**

ElringKlinger aspires to high standards, particularly with regard to combating corruption and bribery. The Group has put in place a compliance management system (CMS) in an effort to uphold its values and to prevent or detect breaches of the law at an early stage. The CMS is based on the three fundamental principles of prevention, detection, and investigation of compliance violations and, in addition to binding compliance rules, also includes requisite measures to ensure compliance with laws and directives and to act and behave responsibly. It is designed to avoid violations of statutory provisions, such as incidents of corruption and bribery or non-compliance with antitrust law, which, in addition to reputational and financial risks, would also have personal consequences under criminal and labor law. ElringKlinger's CMS is based on the seven fundamental elements of IDW Auditing Standard 980: compliance culture, compliance objectives, compliance organization, compliance risks, compliance program, compliance communication, and compliance monitoring and improvement.

The fundamental corporate values set out by the Group in 2024 as part of SHAPE30 include Passion & Team Spirit, Innovation, Focus, Trust & Reliability, Sustainability, and Integrity. ElringKlinger expects all employees to assume responsibility when it comes to actively protecting and upholding the company's values, in addition to neither endorsing nor tolerating corrupt conduct relating to gratuities from or to business partners. In

addition, the code of conduct and anti-corruption policy clearly address issues such as corruption, conflicts of interest, gifts, and benefits. The ElringKlinger Group also expects its business partners to adhere to these values and principles of conduct in order to maintain a working relationship based on trust.

The compliance organization is headed by the Chief Compliance Officer (CCO), who is responsible for implementing, structuring, and refining the CMS. He is supported by regional or local compliance officers in the high-revenue regions of Europe, Asia, and South America, who report directly to him. In North and Central America, the compliance organization is complemented by external compliance experts at law firms. In addition, the CCO has a direct reporting line to the Chief Executive Officer, who oversees compliance with legal requirements and internal policies. Reporting with regard to compliance issues is conducted on a regular basis – to the Management Board as well as at Supervisory Board committee meetings.

The compliance organization follows up directly on indications of potential compliance-related violations in order to clarify critical issues as quickly as possible and initiate appropriate measures. Such information can be submitted via several reporting channels. In addition to the online-based "Share with us" whistleblower system, this may also include communication by telephone, in writing, or in person.

The global case management tool that ElringKlinger uses to process cases structures the procedure for dealing with compliance-related allegations and supports the regional compliance officers in dealing with notifications. In the 2024 financial year, the regional compliance officers discussed the key developments in their area of responsibility with the CCO at five regular meetings.

As part of the onboarding process, all employees are furnished with copies of the Group's directives and policies prior to joining the company. This highlights the importance of compliance issues and helps to avoid operational losses and reputational damage. On the basis of an internal training program, the ElringKlinger Group provides its employees and managers with the necessary insights into compliance and raises their awareness of compliance risks in day-to-day business. The Group's standardized compliance online training must be repeated every two years by all employees with a personal Office account. In the financial year under review, this training was completed by 93% of the relevant target group, i. e., 4,068 employees. Selected employees who work in particularly sensitive areas, such as sales, purchasing, or project management, receive in-depth training relating to competition law, corruption, and dealing with benefits and conflicts of interest.

Fundamentally, risks relating to infringements within the area of corruption and bribery exist throughout the entire ElringKlinger Group. However, in view of its firmly established corporate culture and expanded CMS, ElringKlinger considers the risk of significant compliance infringements to be low. ElringKlinger was not aware of any case in the 2024 reporting period in which material breaches in connection with bribery and corruption occurred within the parent company or the subsidiaries.





## Responsibility in the supply chain

**As a company with global operations and a set of fundamental values, ElringKlinger endeavors to engage solely with suppliers who take their responsibilities seriously and comply with applicable labor, social, and environmental standards. The Group regularly reviews these requirements and standards in the form of supplier audits.**

Reflecting the transformation process in the automotive industry, the product portfolio maintained by ElringKlinger is also undergoing change. This is accompanied by the emergence of new product groups that call for an extended supplier base. At the same time, the complexity of products is becoming more pronounced. This translates into a more extensive audit workload for ElringKlinger's Supplier Quality Management department, which is involved in the selection of direct suppliers<sup>1</sup> and is responsible for qualifying new suppliers.

Values play a pivotal role when it comes to working with suppliers. It is with this in mind that ElringKlinger requires its suppliers to comply with the code of conduct and the supplier handbook. Both documents set out the ethical standards and behavioral codes that ElringKlinger expects its suppliers to adhere to. As of December 31, 2024, the code of conduct for suppliers had been signed by 45.1% of all direct suppliers. The code is based on the principles of the International Labour Organization (ILO) as well as the United Nations (UN) Global Compact, the Universal Declaration of Human Rights of the UN, the UN Guiding Principles on Business and Human Rights, and the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and

Development (OECD). The values of the Group are also enshrined in a policy statement on the upholding of human rights, which applies to all of the company's sites and all business contacts within the supply chain.

In its first BAFA report (Federal Office for Economic Affairs and Export Control; Bundesamt für Wirtschaft und Ausfuhrkontrolle – BAFA), which was published in 2024 in compliance with the German Supply Chain Due Diligence Act, the ElringKlinger Group describes its approach to implementing and continuously improving its human rights and environmental due diligence obligations. From now on, the Group will be supported by a software application designed to make its supply chains more sustainable. This includes the monitoring of sustainability requirements by means of questionnaires, the completion of concrete and abstract risk analyses, and the system-aided compilation of reports.

Operational management governed by environmental considerations as well as structured practices and processes in relation to the implementation of the company's environmental policy are other essential prerequisites. To this end, the Group requires its direct suppliers in the automotive field to have a quality management system in accordance with ISO\* 9001 and IATF\* 16949 and an environmental management system according to ISO 14001. As of December 31, 2024, 99.0% (2023: 98.8%) of all direct suppliers in the automotive business were certified according to the quality management standard ISO 9001. At the same time, 52.0% (2023: 53.0%) of direct suppliers in the automotive field were certified according to environmental standard ISO 14001. In 2024, 75.6% (2023: 75.5%) of direct automotive suppliers were certified under the IATF 16949 quality management standard for the automotive industry. Dealers, raw material suppliers, and

suppliers designated by customers were not taken into account in calculating the proportion of IATF-16949-certified suppliers. The Group has specified a target quota of 78% for 2025.

Supplier Quality Management performs supplier audits in accordance with the VDA 6.3 standard on an annual basis in order to verify compliance with the requisite standards and meet due diligence requirements within the supply chain. In the period under review, the process also covered initial aspects relating to sustainability. Given the growing importance of sustainability issues in the supply chain, the Group extended this section of the questionnaire in 2024. Appropriate training for Supplier Quality Management is scheduled for early 2025. In those cases in which deviations from points listed in the questionnaire are identified, the Group draws up improvement measures to be adopted within a timeframe specified on a case-by-case basis according to the work required. Implementation of these measures is subsequently verified. Significant deviations can result in the supplier relationship being terminated immediately. In 2024, ElringKlinger conducted 172 (2023: 202) supplier audits.

For the purpose of selecting and qualifying new suppliers, Supplier Quality Management applies a catalog of criteria spanning such conventional aspects as the quality, reliability, and liquidity of suppliers as well as sustainability criteria such as compliance with labor, social, and environmental standards. In addition, management reports detailing the current situation and developments in the field of Supplier Quality Management are submitted to the Management Board on a monthly basis.

<sup>1</sup> Suppliers providing production materials or carrying out external work linked to the manufacture of ElringKlinger products.



ElringKlinger relies in particular on the International Material Data System (IMDS) for the declaration of materials used. In addition, information collected from all automotive suppliers on the material and chemical composition of semi-finished products and components is passed on to ElringKlinger and customers. The IMDS is designed such that all key automotive supply companies and suppliers throughout the supply chain can store their data in a single system, thereby ensuring transparency with regard

to the exact contents and enabling components to be disposed of in an environmentally sound manner at the end of their life cycle. The database is also used as a platform for quickly checking the countries of origin of conflict minerals. Among other things, US legislation on conflict minerals (Dodd-Frank Act) requires companies to disclose the origin of certain raw materials. This is intended to rule out the possibility of conflict minerals such as tantalum, gold, tungsten, and tin from the Republic of Congo or

neighboring countries from being incorporated into products via supply chains. Although ElringKlinger does use small quantities of several of the aforementioned materials, it does not source these from the countries stated. In 2024, the analysis of raw materials procured by the ElringKlinger Group based on supplier information again provided no evidence that conflict minerals were being sourced from the regions listed above.

## Environmentally-friendly mobility

**Environmentally-friendly mobility calls for innovative solutions. Demand for mobility looks set to rise, which in turn will be accompanied by higher emissions. If these are to be scaled back, which coincides with efforts to reduce the current use of fossil fuels, it is all the more important that mobility takes on a more environmentally friendly form. Driven by its corporate purpose of “Pioneering Innovative Technologies for a Sustainable Future,” it is precisely in this area that ElringKlinger intends to make its mark. Drawing on its abilities as an innovator, the Group develops groundbreaking solutions that contribute to the sustainable transformation of mobility. By 2030, the Group plans to achieve a global revenue share of more than 50% with products not centered around the internal combustion engine (ICE). This encompasses not only the automotive industry but also revenue in other sectors.**

In 2024, ElringKlinger’s management set out its Group strategy in the form of SHAPE30, which outlines the direction to be taken on the basis of five success factors as a framework for action. One of the five success factors is product transformation, which also determines the path to be taken in pursuit of ElringKlinger’s long-term goal of raising the share of revenue generated by technologies beyond the combustion engine. To this end, the company drew up an all-embracing strategic approach in which the tactical elements relating to product groups, markets, and locations are intertwined. As part of this approach, ElringKlinger’s management regularly assesses its wide-ranging product portfolio in respect of market attractiveness and competitive positioning. The findings from these reviews form the basis for decision-making on the Group’s global site strategy. In 2024, ElringKlinger’s decision to divest itself of two production plants operating in the field of thermal and acoustic shielding was made in the context of such an evaluation.

Committed to shaping sustainable mobility through innovative and pioneering R&D work, ElringKlinger was an early mover in its efforts to forge component and system expertise in the product fields of battery and fuel cell technology. At the same time, the

units once considered the “traditional” areas of business applied their materials expertise and manufacturing skills to the development of products needed in zero-emission vehicles. As it strives to increase the share of revenue generated by E-Mobility products over the long term, the Group has also stepped up its sales activities in this area.

The political climate in Europe and around the world is currently marked by a high level of uncertainty. This stems not only from geopolitical and trade conflicts but also from social and political debate surrounding measures aimed at mitigating climate change. In Europe, for example, discussion has turned to postponing the ban on combustion engines, while in the United States funding previously directed at sustainable mobility is being scaled back. These latest developments may lead to a shift in regulatory requirements in the future. However, based on figures released by industry data providers and also taking into account the finite nature of fossil fuels, the fundamental trend towards sustainable mobility remains intact.

Despite regional differences in the pace of transformation, the pattern emerging is essentially the same. The passenger car



sector is seeing an expansion in the number of battery-powered models being launched, particularly those designed for short- and medium-range travel. When it comes to long distances or heavy-duty applications, such as SUVs, vehicles powered by fuel cells may be a viable alternative, as they are capable of generating energy on board. The same reasoning applies even more so to the commercial vehicle and bus sector. Here, too, the emphasis is on meeting the substantial energy requirements of the drive unit. Frequent stoppages for battery recharging would translate into additional costs for the bus operator or freight forwarder. Fuel cells, by contrast, generate electrical energy on board, as a result of which the range of fuel-cell-powered vehicles is far superior to that of fully electric vehicles. It is for this reason that ElringKlinger continues to focus both on battery technology and, via its subsidiary EKPO, on fuel cell solutions.

In the field of battery technology, ElringKlinger is an engineering partner and supplier of individual components for high-volume series production as well as modules and systems for niche markets. The Group has concentrated the majority of its activities at its site in Neuffen, Germany. In addition, a new battery hub for the American market is currently being established in Easley, SC, USA.

Having geared up for industry transformation at an early stage, the Group secured its first series production contract for cell contacting systems\* back in 2010. Its extensive product portfolio now encompasses battery systems, battery modules, and components for batteries such as cell contacting systems, module connectors, and cell covers. As regards the nominations received for e-mobility applications, the Group further expanded its manufacturing capacity in 2024, the aim being to take production to an industrial level. In this context, the Group is also preparing for the ramp-up of the high-volume order for cell contacting systems destined for the BMW Group's New Class models. The first series production systems have already been installed and put into operation.

The EKPO Fuel Cell Technologies (EKPO) joint venture brings together ElringKlinger's fuel cell activities with those of French

automotive supplier OPmobility. The rationale behind this partnership is to accelerate the development of hydrogen-based mobility in the area of low-temperature PEM (Proton Exchange Membrane) fuel cells. ElringKlinger is conducting extensive research, which is being funded with up to EUR 177 million until 2027 as part of the European "IPCEI\* Hydrogen" program ("IPCEI" standing for "Important Project of Common European Interest"). The funding comes from the German Federal Ministry for Digital and Transport and the Ministry of the Environment, Climate Protection, and Energy Sector of the state of Baden-Württemberg and is to be used to develop powerful PEM fuel cell stack modules for heavy-duty applications and get them ready for industrial-scale manufacture.

EKPO already boasts an extensive product portfolio and offers complete stack modules in various performance categories as well as corresponding components such as metallic bipolar plates\* or plastic media modules. In September 2024, EKPO unveiled its new NM20 stack module at the IAA TRANSPORTATION trade show. Delivering up to 400 kW, it is EKPO's most powerful product yet and is designed particularly with heavy-duty applications in mind. The core features of the new stack include high efficiency, lower hydrogen consumption, the ability to operate at higher temperatures, recyclability, and a long service life. Another key benefit of the new system is its power density, which has been significantly increased compared to previous generations. Operating in a market environment presenting a multitude of challenges, EKPO has set itself the medium-term goal of playing a key role in the fuel cell market for both mobility and stationary applications.

The EKPO joint venture managed to attract a number of new customers over the course of 2024. The contracts secured by the company reflect the wide range of potential applications. Integrated into a fuel cell system, an ElringKlinger stack will supply power to aircraft at Amsterdam's Schiphol Airport. Working in close cooperation with Belgian system specialist MITIS, EKPO delivered an NM12 stack for stationary power generation at the European Spaceport in French Guiana in 2024. In addition,

ElringKlinger received an order from the FAW Group for the development and supply of fuel cell stack modules to be used in a next-generation fuel cell vehicle of FAW's premium Hongqi marque.

Drawing on their core competencies in coating, punching, embossing, molding, and plastic injection molding, the business units previously focused primarily on products for combustion engines have also been heavily involved in developing solutions for emission-free mobility over the past decade. In the Metal Sealing Systems & Drivetrain Components business unit, the focus of R&D in 2024 was on refining rotor/stator technologies and (solid) steel brake discs.

The focus for the Lightweighting/Elastomer\* Technology business unit continues to be on reducing CO<sub>2</sub> emissions. Lighter products help to cut vehicle weight, which in turn contributes to a reduction in fuel consumption or an increase in range. Minimizing CO<sub>2</sub> emissions and cutting particulate pollution by reducing tire wear are the main objectives in this regard. Its many years of experience relating to materials, processes, and manufacture are particularly reflected in its broad product portfolio, which includes drivetrain and body products. In 2024, the focus was on underbody shielding products designed to protect the battery. Another key aspect of this technology is its full-scale recyclability, which has a positive impact on sustainability.

By 2030, ElringKlinger aims to achieve a revenue share of more than 50% with products not associated with the combustion engine. In 2024, the share of Group revenue generated by new technologies rose to 11.6% (2023: 10.8%). This figure differs from that reported for the environmental KPI stated in the "EU Taxonomy" section in terms of both its amount and what it covers. Essentially, it comprises the revenue generated in the Lightweighting business unit, which helps to reduce emissions in hybrid vehicles or those powered by combustion engines but does not fall within the scope of the definition according to the EU Taxonomy.

\* Cf. glossary



## Environmental protection in production

**As a manufacturing company, ElringKlinger has an impact on the environment. The Group embraces its ecological responsibilities as part of its environmental and quality policy. For this reason, the Group aims to dedicate around 1% of its total capital expenditure<sup>2</sup> each year to measures that help reduce emissions.**

The latest figures published by the Federal Environment Agency indicate that Germany's climate protection target for 2030 is within reach. The forecast for 2024 points to a reduction in greenhouse gases of almost 64% compared to 1990. Germany's climate target stipulates a reduction of 65%. Thus, if Germany stays on course, the climate action target for 2030 will be achieved in full. The energy and industry sectors in particular have seen considerable reductions, mainly due to the expansion of renewable energy.<sup>3</sup> As part of its climate strategy, set out as early as 2021, ElringKlinger has also introduced energy from sustainable sources for operations at many of its sites and aims to source exclusively green electricity for all sites in Europe by 2025 and at a global level by 2030.

Acknowledging its all-embracing responsibility toward the environment, ElringKlinger has drawn up a quality and environmental policy that applies to all employees and suppliers. Overall responsibility for environmental protection and other sustainability-related matters rests with ElringKlinger's Management Board. The environmental officer of ElringKlinger AG and its plants is always

involved in investment decisions of environmental relevance. The corporate and business units are responsible for mapping out environmental topics, and the energy officers appointed at the individual production sites are responsible for implementation.

The ElringKlinger Group included 27 companies and their sites in its environmental reporting in 2024. As well as 35 production sites, ElringKlinger Logistic Service GmbH, Ergenzingen, Germany, was also included. The excluded production sites in Timisoara, Romania, Chongqing, China, Qingdao, China and Tianjin, China are not subject to reporting due to their small size and minor relevance to the environmental indicators. The production site in Easley, SC, USA, which has also not been included, was still under construction in 2024. In 2024, therefore, ElringKlinger's environmental reporting covered 89.7% of the Group's production sites, representing 97.3% of Group revenue and 95.7% of the Group's workforce.

In 2024, ElringKlinger continued to implement its strategy for becoming carbon-neutral in net terms by 2030 in respect of its Scope 1\* and Scope 2 emissions. ElringKlinger's management is focusing on a total of four specific measures when it comes to achieving this goal. These are: (1) increasing energy efficiency with regard to all buildings and facilities, (2) expanding renewable energies, (3) switching to green electricity, and (4) offsetting CO<sub>2</sub> emissions that are considered completely unavoidable by investing in external projects aimed at reducing CO<sub>2</sub> emissions. In 2024, the contracts for the supply of electricity to Group companies in France, Switzerland, Turkey, Brazil, and Suzhou, China, were converted to green electricity. Overall, all emissions from

the German sites associated with gas, the vehicle fleet, and air travel were offset completely by means of voluntary compensation measures.

The companies covered in this report have an environmental management system that has been implemented and certified according to the international DIN EN ISO\* 14001:2015 standard. Among the exceptions are the production sites in Karawang, Indonesia, Fremont, CA, USA, Solihull, UK, San Antonio, TX, USA, and EKPO's production site in Dettingen, Germany. In addition to external system certification, internal audits are also performed at the production sites, for example with regard to energy and hazardous materials management. The indicators shown below are calculated once per year, analyzed, and submitted to the Management Board for information purposes and as a basis for possible action.

In line with the Greenhouse Gas Protocol, ElringKlinger subdivides the environmental indicators into Scope 1, Scope 2, and Scope 3 emissions. Direct emissions attributable to the company itself include emissions from gas, heating oil, engine test benches, and the company's own vehicle fleet (Scope 1). Scope 2 emissions are indirect CO<sub>2</sub> emissions caused by electricity consumption. The reported Scope 3 emissions relate to employee air travel.

In 2024, both direct and indirect CO<sub>2</sub> emissions declined to 51,390 tons (2023: 68,270 tons). CO<sub>2</sub> emissions per EUR 1 million of total Group revenue stood at 28.5 tons (2023: 37.0 tons).

<sup>2</sup> The capital expenditure made in order to achieve the target (particularly additional capital expenditure on energy-saving measures) relates to the emission-reducing elements of investment in property and buildings, in technical equipment and machinery, and in other equipment (operating and office equipment).

<sup>3</sup> German website: Wo steht Deutschland bei seinen Klimazielen? | Bundesregierung



Of the total direct CO<sub>2</sub> emissions in tons, 19,480 tons (2023: 19,200 tons) were Scope 1 emissions from gas and heating oil consumption. Direct CO<sub>2</sub> emissions from the fleet and rental vehicles fell to 620 tons in the reporting year (2023: 710 tons), despite the larger number of company vehicles (2024: 369 vehicles/2023: 303 vehicles). The average CO<sub>2</sub> emissions per vehicle in the company vehicle fleet and by rental vehicles were cut to 101 g/km (2023: 105 g/km). The fleet of company vehicles includes all vehicles at ElringKlinger sites in Germany. The figures for rental vehicles also relate to the Rest of Europe, the United States, and Canada.

Total indirect CO<sub>2</sub> emissions fell by 35.3% to 31,290 tons (2023: 48,360 tons). This change in indirect CO<sub>2</sub> emissions is mainly due to the significant decrease in emissions from electricity consumption, which fell to 28,670 tons in the 2024 reporting year (2023: 45,800 tons).

ElringKlinger maintains a metering infrastructure at its European production plants to facilitate an end-to-end assessment of energy flows, because the Group attaches great importance to the responsible use of energy required for the manufacture of its products. This enables previously unused potential for energy efficiency to be tapped, energy costs to be lowered, and the emission of greenhouse gases (e.g., CO<sub>2</sub> emissions) to be reduced. All production sites in the EU are ISO 50001-certified, with the exception of the minor production site in Romania.

At some sites, the Group operates combined heat and power (CHP) units as well as wind and several solar installations at the plants in Germany, Spain, India, and China so as to protect the environment and become more independent of electricity suppliers. The advantage of a CHP unit is that electricity and heat can be obtained in parallel. In 2024, energy consumption (electricity, gas, and heating oil) was down on the prior-year level at 268,490 MWh (2023: 286,200 MWh). Of this, a total of 94,190 MWh (2023: 106,900 MWh) is attributable to ElringKlinger AG.

Mitigating climate change is extremely important in the ElringKlinger Group. Continuous process optimization and the procurement of energy-efficient equipment are designed to help reduce consumption of finite resources. ElringKlinger also invests regularly in building maintenance, which also brings energy savings. Although these measures generally contribute to lower emissions, Group growth and the procurement of new equipment or the commissioning of further production plants may be accompanied by step-fixed increases in CO<sub>2</sub> emissions. Changes in CO<sub>2</sub> emissions at Group level are constantly monitored and analyzed by the energy officer.

1.1% of ElringKlinger's investments in property, plant, and equipment and investment property went toward measures designed to reduce emissions in 2024. This indicator differs from the scope of definition stipulated by the EU Taxonomy in terms of both its amount and what it covers, as the focus of the indicator presented here is exclusively on emission reductions. Among other things, these included a biofilter system, a roof renovation project, and the replacement of a compressor with integrated heat recovery. The target of putting approximately 1% of total investments toward emission-reducing measures was thus met in 2024.

|   | 2024          | 2023          |
|---|---------------|---------------|
| <b>Total direct and indirect CO<sub>2</sub> emissions in t<sup>7</sup></b>              | <b>51,390</b> | <b>68,270</b> |
| <b>Total direct CO<sub>2</sub> emissions in t<sup>1</sup></b>                           | <b>20,100</b> | <b>19,910</b> |
| of which direct CO <sub>2</sub> emissions from gas, oil, engine test benches, etc. in t | 19,480        | 19,200        |
| of which direct CO <sub>2</sub> emissions by the vehicle fleet in t <sup>2</sup>        | 620           | 710           |
| <b>Total indirect CO<sub>2</sub> emissions in t</b>                                     | <b>31,290</b> | <b>48,360</b> |
| of which indirect CO <sub>2</sub> emissions from electricity in t <sup>3</sup>          | 28,670        | 45,800        |
| of which indirect CO <sub>2</sub> emissions from air travel in t <sup>4,5</sup>         | 2,620         | 2,560         |
| <b>CO<sub>2</sub> emissions per EUR 1 million of revenue in t</b>                       | <b>28.5</b>   | <b>37.0</b>   |
| <b>Voluntary offsetting of CO<sub>2</sub> emissions in t<sup>6</sup></b>                | <b>15,060</b> | <b>15,450</b> |

<sup>1</sup> ElringKlinger AG's total direct CO<sub>2</sub> emissions for 2024 amounted to 9,890 tons (2023: 10,700 tons). These comprise 9,400 tons (2023: 10,200 tons) of direct CO<sub>2</sub> emissions from gas, oil, and engine test benches, among other things, and the direct CO<sub>2</sub> emissions of the parent company's vehicle fleet, which amounted to 490 tons in 2024 (2023: 560 tons).

<sup>2</sup> Emissions are calculated by multiplying the actual kilometers driven by the vehicles annually, i. e., mileage, by the CO<sub>2</sub> emissions stated by the relevant vehicle manufacturer. The fleet of company vehicles includes all vehicles at ElringKlinger sites in Germany. The figures for rental vehicles also include the Rest of Europe, the US, and Canada.

<sup>3</sup> At the parent company, ElringKlinger AG, 0 tons (2023: 0 tons) of indirect CO<sub>2</sub> emissions arose from electricity in 2024 (calculated using the market-based method).

<sup>4</sup> Of the indirect CO<sub>2</sub> emissions from air travel, ElringKlinger AG accounted for 2,080 tons in 2024 (2023: 1,960 tons).

<sup>5</sup> Air travel from the sites in Germany, Switzerland, France, Romania, Hungary, and partly the United Kingdom as well as centrally recorded flights from the sites in Italy, Turkey, Mexico, Canada, and the United States.

<sup>6</sup> ElringKlinger paid to offset its emissions from gas consumption, oil, engine test benches, the vehicle fleet, and air travel at its German production companies.

<sup>7</sup> To a lesser extent, ElringKlinger uses extrapolations in those cases in which complete invoicing values for the 2024 financial year are not yet available for individual entities.





## Occupational health and safety

**ElringKlinger is committed to a safe and healthy working environment around the globe and consistently prioritizes health and safety issues. Indeed, it is ElringKlinger's mission to reduce accidents at work to an absolute minimum and promote employee health.**

ElringKlinger has a health and safety management system in place at the majority of its plants, certified in accordance with ISO\* 45001. This system is designed to support the Group in its efforts to evolve its occupational health and safety processes and standards, improve emergency preparedness and response, and establish a uniform understanding of safety throughout the Group. In 2024, the new battery technology site in Neuffen, inaugurated in 2022, was certified in accordance with ISO 45001 as scheduled. The plants in Chongqing, China, San Antonio, TX, USA, Fremont, CA, USA, Solihull, England, Karawang, Indonesia, Timisoara, Romania, and EKPO Fuel Cell Technologies GmbH in Dettingen, Germany, have not yet been certified in accordance with the ISO 45001 occupational safety standard, as some of the facilities are small in size.

ElringKlinger relies on a proactive approach in its efforts to avoid accidents at work altogether. This includes clearly defined work instructions – standardized across the Group – on the issue of safety, regular safety training, preventive measures in individual workplaces, a technical safety standard for systems and work equipment, and suitable personal protective equipment. To ensure health and safety, ElringKlinger prepares risk assessments for each workplace and updates these on an ongoing basis. In addition, regular safety inspections are conducted throughout the Group. The “EKOS\*” production system used across the Group also focuses on standardized occupational safety processes and

stipulates, among other things, that the daily shop-floor meetings held by the production teams focus on “safety first” – with a strong focus on occupational safety. Regular internal audits are conducted with a view to verifying compliance with specified requirements and swiftly rectifying any deficiencies by means of appropriate action plans. The occupational safety policy and the central processes of workplace safety management apply equally to all employees of the ElringKlinger Group.

The Health and Safety Management corporate unit is responsible for overseeing occupational safety issues. It maintains a direct line of reporting to the Management Board of ElringKlinger AG. The unit is responsible for ensuring that minimum standards for occupational health and safety and health protection are defined and implemented in the relevant business units. Among other things, this relates to safety technology, protective equipment, the handling of hazardous substances, the procurement of safe equipment, and the qualification of employees.

In the financial year under review, the number of occupational accidents resulting in more than three days' absence from work was brought down to 88 (2023: 105 occupational accidents). Of these, 47 occupational accidents (2023: 43 occupational accidents) related to ElringKlinger AG. Including the employees of the entities divested as of December 31, 2024, the relative accident frequency per 1,000 employees was 9.2 (2023: 11.0) at Group level and 15.2 (2023: 14.5) with regard to the parent company. ElringKlinger conducts a detailed analysis of the cause of all accidents and the steps leading up to them. Corrective and preventive measures to avoid similar accidents are defined and implemented promptly. The figure for occupational accidents causing staff to be off work for more than three days is part of the ElringKlinger indicator system and is presented to the Management Board on a monthly basis.

ElringKlinger's health management system takes into account the requirements of employees based on the nature of their jobs in order to reduce stress in the workplace and implement uniform standards. In an effort to prevent health-related impairments, ElringKlinger relies on preventive, needs-based measures as well as health-promoting measures geared towards specific target groups. Apart from ergonomic workstations, these include various training sessions that address the topics of nutrition, physical fitness, and first aid.

\* Cf. glossary



## Targeted recruitment and development of employees

**The automotive industry is in a state of transformation – and the challenges ahead are complex. ElringKlinger believes that this process of transformation will only be successful if it is built on a progressive corporate culture with motivated employees. It is with this in mind that the Group offers an extensive range of training programs aimed at staff development, thereby underpinning efforts to retain employees over the long term.**

The automotive sector as a whole is undergoing a major transformation process. Significant changes to the product portfolio allied with wide-ranging digitalization projects mean that specialists are increasingly in demand. As a technology-oriented Group, ElringKlinger is also impacted by this trend, particularly in the future-focused fields of alternative drive technologies. The ability to attract qualified staff is therefore a principal concern for the Group. In all key decisions, Human Resources maintains close contact with the Management Board.

Due to the shift within the automotive industry toward alternative drive systems, the Group adapted employee numbers to the current business situation in many units. At the same time, ElringKlinger added staff in the strategic fields of the future in particular. R&D, above all, saw an increase in its headcount over the course of the 2024 financial year.

The use of digital media also plays an increasingly important role in the recruitment of new employees. In an effort to reach out to different target groups, ElringKlinger harnessed various social media channels (including LinkedIn and Instagram), its own jobs

page, and various other careers portals. The Group also attended several vocational training fairs, including another ElringKlinger “INFO Day” for training and study. In 2024, ElringKlinger was again in a position to offer in-person events, such as study visits by school classes and university students. In addition to using external recruitment options, the company is aiming to recruit highly committed and qualified candidates from the personal spheres of employees based on the staff referral scheme “Bring a Talent.” A total of 208 new employees have been brought on board since the initiative was launched in September 2018.

The Group builds up internal expertise through a range of training programs and work-study courses. Alongside the external recruitment of specialists, these measures are important both in terms of training new internal experts and retaining qualified staff for the long haul. In late 2024, 12 work-study students and 19 vocational trainees embarked on courses at ElringKlinger’s main site in Dettingen, Germany. Thus, ElringKlinger was able to fill 13 dual study programs and 9 vocational job profiles in the reporting year.

During the 2024 financial year, an average of 93 employees were engaged in training at the parent company ElringKlinger AG in Dettingen, Germany (2023: 87 employees). The training ratio for the Group stood at 1.5% on average (2023: 1.5%). The average training ratio for the parent company (number of vocational trainees and internal students in relation to the total number of employees) rose slightly to 3.1% in 2024 (2023: 3.0%).

ElringKlinger offers all employees around the globe access to Workday Learning, a digital learning management system (LMS). This system brings together the full range of qualification and training measures within the Group. The LMS provides access to various learning processes, training formats, and content at a global level. At the same time, all necessary documentation

and qualification records can be accessed digitally. The Workday offering is complemented by “HR Academy,” a global training program directed at staff members of ElringKlinger’s HR departments. The aim of the “HR Academy” is to reinforce the professional skills of HR staff and expand their expertise for successful Human Resources work.

As part of the EKDrive High Potential Program, employees with significant development potential for a leadership role are identified at three regional levels – APAC (Asia-Pacific), Americas (USA, Canada, Mexico, and Brazil), and EMEA (Europe, Middle East, and Africa) – and are given access to several training modules in support of their skills. The selected employees are assigned to individual projects within specific professional fields and to joint regional projects. In July 2024, a total of 25 participants successfully completed the 2022–2024 EKDrive Program. The application and selection process for the new 2024–2026 program period commenced on September 1, 2024.

The 2024 financial year saw the successful continuation of the Senior Management Development Program with a range of training and development initiatives. Various strategic topics were covered in the period from February to November 2024, such as simulation training for holistic corporate governance\* and financial management, agile project management, and scrum and risk management. These training measures were also accompanied by job shadowing at the plants in Runkel, Germany, Toluca, Mexico, and Suzhou, China. The program team also engaged in fireside chats and exchanged thoughts with members of the Management Board on various Group strategies and topics. In addition, the team had the opportunity of working on a group project entitled “Save Resources: Waste Management@ElringKlinger” in the context of the “Sustainability” success factor of ElringKlinger’s SHAPE30 strategy.

\* Cf. glossary



ElringKlinger introduced a new career path for subject-matter experts in the 2024 reporting year. The initial rollout was implemented with a pilot group of three employees from one business unit in order to test in practice the full range of processes for this specialized career path. The pilot program is to be completed by June 30, 2025.

A system-based process, standardized globally, is in place to ensure that all indirect and general staff worldwide receive feedback on their personal performance and development once a year. Meetings with the direct line manager are arranged for the purpose of identifying and assessing the individual performance and

targets. The ratio (proportion of performance reviews to average number of employees, not including vocational trainees and internal students) stood at 54.0% for the Group in 2024 (2023: 50.8%). As regards those subject to performance reviews, ElringKlinger's overall population encompasses all employees with the exception of those directly employed in production. The Group will be able to increase the current average ratio of 54% as soon as a standard process for this has been established. Against this background, the Group has defined a target ratio of 70% in relation to the total workforce to undergo staff appraisals by 2026. For the parent company ElringKlinger AG, the ratio for 2024 stood at 69.2% (2023: 61.6%).

Going forward, ElringKlinger is committed to reinforcing its successful standing in the labor market in an effort to recruit qualified and committed employees. This can only be accomplished with the help of a progressive corporate culture. Against this backdrop, ElringKlinger's corporate culture also came under scrutiny as part of the newly formulated SHAPE30 Group strategy. The values of Trust, Passion & Team Spirit, Integrity, Sustainability, Innovation, and Focus on strategic priorities form the basis for a contemporary mindset. Other strategic key areas include fine-tuning the organization of Human Resources and continuing to digitalize personnel-related processes and products.



## EU Taxonomy

The European Commission signed off its action plan for financing sustainable growth in 2018. To channel capital flows toward sustainable investments, criteria for measuring the economic sustainability of an investment need to be defined. This action plan therefore includes the introduction of an EU classification system for sustainable activities, which the Commission accomplished by means of the Taxonomy Regulation (2020/852) in 2020. These criteria are intended to prevent so-called “greenwashing<sup>4</sup>.”

With its non-financial disclosure obligations having been extended, ElringKlinger provides details on its implementation of the EU Taxonomy Regulation (Regulation (EU) 2020/852) – herein after “EU Taxonomy.” The Group is among those required to prepare a non-financial statement in accordance with Sections 289b et seqq. and 315b et seqq. of the German Commercial Code (Handelsgesetzbuch – HGB), meaning that it is obligated pursuant to Article 1 of the EU Taxonomy Regulation to comply with the requirements resulting therefrom.

The EU Taxonomy Regulation (9) defines six climate and environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The EU has published screening criteria for sustainable economic activities with regard to all climate and environmental objectives<sup>5</sup>. In a first step, ElringKlinger’s economic activities are to be analyzed to determine Taxonomy-eligibility, i. e., whether they fall within the scope of the EU Taxonomy. The second step is to assess whether the activities identified as Taxonomy-eligible are Taxonomy-aligned. Taxonomy-alignment is considered to apply if all defined technical screening criteria for the activity concerned are fulfilled and minimum safeguards are met.

These criteria define the conditions under which an activity is to be classified as being sustainable. ElringKlinger continuously analyzes its contribution to the European Union’s environmental objectives as part of a project to implement the EU Taxonomy – with a joint team from Financial Reporting and Corporate Sustainability.

All economic activities were initially reviewed in workshops together with the representatives of the business units and the Quality department, their relevance with regard to EU Taxonomy eligibility was assessed, and they were allocated to individual activities. The results were then used to review the respective conditions for alignment and determine the key performance indicators (KPIs) (turnover (i. e., sales revenue), Capex, and Opex) for the activities identified as Taxonomy-eligible and Taxonomy-aligned. To this end, data was taken from Financial Accounting and validated centrally by Group Accounting. Double counting was avoided by clearly allocating each item of Taxonomy-eligible and Taxonomy-aligned turnover (i. e., sales revenue), capital expenditure, and operating expenditure to a single Taxonomy-eligible economic activity.

As a technology Group focused on developing, manufacturing, and selling products and components for the vehicle industry, ElringKlinger falls within the scope of the EU Taxonomy in its Original Equipment segment in respect of the activities in its E-Mobility, Lightweighting/Elastomer Technology, and Metal Forming & Assembly Technology business units. Within the E-Mobility business unit, the Group is engaged in the development and production of battery and fuel cell technologies. Based on the current status of the EU Taxonomy, products from the Metal Sealing Systems & Drivetrain Components, Metal Forming & Assembly Technology and Lightweighting/Elastomer Technology business units, which are also manufactured for vehicles powered exclusively by electric drive technologies, were classified as Taxonomy-eligible and Taxonomy-aligned within activity 3.18. Any further clarification provided by the European Commission may result in adjustments in interpretation in subsequent periods.

As part of the evaluation of the alignment criteria, an assessment is made as to whether the Taxonomy-eligible economic activities make a substantial contribution to a climate objective defined by the Taxonomy Regulation and whether no other climate or environmental objective is significantly harmed in the process and the minimum safeguards are met.

The technical screening criteria that determine whether an economic activity makes a substantial contribution to a climate objective and whether significant harm to one of the other climate and environmental objectives is avoided (DNSH = do no significant harm) were applied to all Taxonomy-eligible activities either on the basis of the technical characteristics of individual assets or on the basis of national laws. A detailed climate risk analysis was

<sup>4</sup> Greenwashing describes efforts to present oneself as particularly environmentally aware and environmentally friendly by donating money to environmental projects, PR measures, and similar.

<sup>5</sup> Delegated Regulations 2021/2139 (environmental objectives 1 to 2); 2022/1214 (gas and nuclear energy); 2023/2486 (environmental objectives 3 to 6); 2023/2485 (amendment with regard to environmental objectives 1 to 2)



also conducted in connection with this review pursuant to Appendix A. The results from the individual evaluations of DNSH criteria are presented in the following tables.

Specific elements of evidence have been applied to verify and document whether a substantial contribution is made to achieving one or more of the climate and environmental objectives of the article, whether there is no harm to one or more of the climate and environmental objectives, and whether the technical screening criteria have been met. The substances listed in Appendix C with regard to the DNSH criterion on environmental pollution were assessed for the Taxonomy-eligible activities. As regards the Taxonomy-eligible activity 3.4 Manufacture of batteries, and the activity 3.18, an Essential Use Assessment in accordance with the recommendations of the European Chemical Industry Council (Cefic) was conducted, in addition to a review of compliance with the limits according to the REACH Regulation. In ElringKlinger's view, the Essential Use criterion of Appendix C has been fulfilled, due also to the fact that use of such substances only occurs in very small quantities.

In addition, compliance with minimum safeguards in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labor Standards, and the International Bill of Human Rights was reviewed and documented at the level of Taxonomy-eligible activities with the aid of various corporate documents, policies, and voluntary commitments (e.g., code of conduct, compliance policies, supplier code of conduct). ElringKlinger communicates the minimum safeguards both within its own business units and vis-à-vis its business partners, including suppliers. In this context, the Group uses publicly accessible documents such as the supplier code of conduct. In addition, risk analyses as well as preventive and control measures are based on these requirements. The existing "Share with us" whistleblower system can be used for the purpose of submitting reports on potential violations relating to all topics. In the financial year under review, the assessment of

the minimum safeguards with regard to the issue of human rights in the supply chain was also underpinned by a software-based structured risk analysis. In summary, the assessment did not identify any violations of the criteria set out in Art. 18 of the EU Taxonomy Regulation and in the report on minimum safeguards of the Platform on Sustainable Finance.

The Group's battery and fuel cell business is combined in the E-Mobility division. In the field of battery technology, ElringKlinger develops and manufactures battery components and systems, among other things, tailored to various requirements of automotive industry customers. These key technologies help to enable and promote emission-free road transport. The products are used in fully (100%) electrified passenger cars as well as in infrastructure applications, e.g., for fixed or mobile charging stations, energy storage systems, or also as grid stabilization technology. Based on ElringKlinger's analyses, the Group has concluded that the development and production of battery technology can be allocated to activity 3.4 (manufacture of batteries) in pursuit of the climate objective of "climate change mitigation" and is thus to be regarded as Taxonomy-eligible. The activity also meets the criteria for a substantial contribution, the minimum safeguards, and the DNSH criteria; it is therefore also Taxonomy-aligned.

The Group pools all its fuel cell technology activities in the company EKPO Fuel Cell Technologies (EKPO), an entity operated jointly by ElringKlinger and OPmobility. Its product portfolio includes fuel cell systems that are used in various means of transport and contribute toward carbon-neutral mobility. The analyses undertaken within the Group have shown that the development and production of fuel cell systems can be directly allocated to activity 3.2 (manufacture of equipment for the production and use of hydrogen) under the EU Taxonomy; this activity is thus to be regarded as Taxonomy-eligible. Exceptions to this are individual components that may not be allocated to activity 3.2. These relate to bipolar plates, which are taken into account within activity 3.18 of the EU Taxonomy; this matter is discussed in more detail

in the following section. Activity 3.2 also meets the criteria for a substantial contribution, the minimum safeguards, and the DNSH criteria; it is therefore also Taxonomy-aligned.

As of the 2023 reporting year, the EU Commission has specified an additional climate target within the EU Taxonomy that is of relevance to ElringKlinger. As part of activity 3.18 "Manufacture of automotive and mobility components," the Group can account for various business units that manufacture components. In this context, the definition covers components from the business units Lightweighting/Elastomer Technology, Metal Forming & Assembly Technology and Metal Sealing Systems & Drivetrain components. Thanks to lighter vehicle components, relevant energy savings can be achieved during the operation of a vehicle. Shielding technology components are also taken into account, as these prevent electromagnetic radiation from reaching areas in which it poses a risk of damage. In the context of electric drive units, ElringKlinger supplies key components responsible for transmitting the torque from the electric motor to the transmission and for driving the axles, thus facilitating CO<sub>2</sub>-neutral mobility.

Furthermore, individual components relating to fuel cells are now also taken into account, in particular bipolar plates, which are sold separately and are essential explicitly to the positive environmental performance of the fuel cell stack, as they are a key component with regard to functionality. As part of its interpretation of the Taxonomy, ElringKlinger only considers components that are installed in purely electrically powered vehicles. The fact that the use of such components in both combustion and hybrid vehicles has a positive effect on their environmental footprint (e.g., fuel consumption) is not taken into consideration. However, the Group pursues and promotes such usage in the context of its sustainability and corporate strategy.





The requirements relating to a substantial contribution set out in activity 3.18, the minimum safeguards, and the DNSH criteria have been met, as a result of which the activity is classified as Taxonomy-aligned.

As well as considering Taxonomy-eligible and Taxonomy-aligned Group turnover (i. e., sales revenue), as part of the EU Taxonomy, investments in intangible assets, property, plant, and equipment, and right-of-use assets in accordance with IAS 38, IAS 16, and IFRS\* 16 are also taken into account when determining the capital expenditure (Capex) KPI.

The Capex items identified as being Taxonomy-eligible relate either to the Taxonomy-eligible activities in the business units described above or to the following activities considered Taxonomy-eligible: 6.5 (transport by motorbikes, passenger cars, and (light) commercial vehicles) for company vehicles of employees, 7.2 (renovation of existing buildings), 7.6 (installation, maintenance and repair of renewable energy technologies), or 7.7 (acquisition and ownership of buildings) for production and administration buildings.

The business units made the following material Taxonomy-eligible and Taxonomy-aligned investments in the 2024 financial year:

- Investment in production machinery and buildings and in related technical equipment (allocated to activities 3.2, 3.4, 3.18)
- Capitalized development costs for the business unit's products (allocated to activities 3.2, 3.4, 3.18)

The following Taxonomy-eligible and, in part, Taxonomy-aligned investments were made outside the business units:

- Leasing company cars (allocated to activity 6.5)
- Renovation of existing buildings (allocated to activity 7.2)
- Investment in a heat pump (allocated to activity 7.6)
- Renting buildings not part of the E-Mobility business unit (allocated to 7.7)

The KPI of Taxonomy-eligible operational expenditure (Opex) was calculated based on expenses for non-capitalized research and development costs, short-term and low-value leases, building renovation work, and maintenance and repair. The individual

components were analyzed and, if applicable, allocated directly to the activities listed that are Taxonomy-eligible and Taxonomy-aligned. To determine the maintenance and repair costs, allocation was performed, in part, on the basis of revenue.

The denominator for the Taxonomy KPI "turnover" (i. e., sales revenue) comprises consolidated sales revenue within the meaning of IAS 1 82(a) (consolidated sales revenue). The denominator for the Taxonomy KPIs "Capex" and "Opex" comprises additions to and/or investments in assets in accordance with IAS 16, IAS 38, and IFRS 16 (Capex) as well as expenses for non-capitalized research and development costs, short-term and low-value leases, building renovation work, and maintenance and repair (Opex). Consolidated sales revenue (2024: EUR 1,803 million) as well as capital expenditure (2024: EUR 177 million) can be reconciled with the consolidated financial statements. Further information on the KPIs can be found in the notes to the consolidated financial statements of the 2024 annual report under sales revenue (1), intangible assets (12), and property, plant, and equipment (13).

The KPIs for the financial year are as follows:



## EU-Taxonomy 2024

Turnover Financial year 01.01. – 31.12.2024

EUR k

| Economic Activities  | Code      | 2024           |                              | Substantial contribution criteria |                           |                |                |                  |                | DNSH criteria (Do No Significant Harm) |                           |          |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Turnover, 2023 | Category enabling activity | Category transitional activity |
|--|-----------|----------------|------------------------------|-----------------------------------|---------------------------|----------------|----------------|------------------|----------------|--|---------------------------|----------|-----------|------------------|--------------|--------------------|--|----------------------------|--------------------------------|
|  |           | Turnover       | Proportion of Turnover, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water          | Pollution      | Circular Economy | Biodiversity   | Climate Change Mitigation              | Climate Change Adaptation | Water    | Pollution | Circular Economy | Biodiversity |                    |  |                            |                                |
|  |           | EUR k          | %                            | Y; N; N/EL (a)                    | Y; N; N/EL (a)            | Y; N; N/EL (a) | Y; N; N/EL (a) | Y; N; N/EL (a)   | Y; N; N/EL (a) | Y/N                                    | Y/N                       | Y/N      | Y/N       | Y/N              | Y/N          | Y/N                | %  | E                          | T                              |
| <b>A. Taxonomy-eligible activities</b>   |           |                |                              |                                   |                           |                |                |                  |                |  |                           |          |           |                  |              |                    |  |                            |                                |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>               |           |                |                              |                                   |                           |                |                |                  |                |  |                           |          |           |                  |              |                    |  |                            |                                |
| Manufacture of equipment for the production and use of hydrogen                    | CCM 3.2.  | 17,423         | 0.97%                        | Y                                 | N/EL                      | N/EL           | N/EL           | N/EL             | N/EL           | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.55%  | E                          |                                |
| Manufacture of batteries   | CCM 3.4.  | 66,506         | 3.69%                        | Y                                 | N/EL                      | N/EL           | N/EL           | N/EL             | N/EL           | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.74%  | E                          |                                |
| Manufacture of automotive and mobility components                                  | CCM 3.18. | 60,242         | 3.34%                        | Y                                 | N/EL                      | N/EL           | N/EL           | N/EL             | N/EL           | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.00%  | E                          |                                |
| <b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b> |           | <b>144,172</b> | <b>8.00%</b>                 | <b>8.00%</b>                      | <b>0%</b>                 | <b>0%</b>      | <b>0%</b>      | <b>0%</b>        | <b>0%</b>      | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>1.29%</b>   |                            |                                |
| <b>Of which enabling</b>   |           | <b>144,172</b> | <b>8.00%</b>                 | <b>8.00%</b>                      | <b>0%</b>                 | <b>0%</b>      | <b>0%</b>      | <b>0%</b>        | <b>0%</b>      | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>1.29%</b>   | <b>E</b>                   |                                |
| <b>Of which transitional</b>   |           | <b>0</b>       | <b>0.00%</b>                 | <b>0.00%</b>                      |                           |                |                |                  |                | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>0.00%</b>   |                            | <b>T</b>                       |

Tables continued overleaf



## Turnover Financial year 01.01.–31.12.2024

EUR k

| Economic Activities   | 2024             |                |                              | Substantial contribution criteria |                           |                   |                   |                   |              | DNSH criteria (Do No Significant Harm) |                           |       |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Turnover, 2023 | Category enabling activity | Category transitional activity |
|---|------------------|----------------|------------------------------|-----------------------------------|---------------------------|-------------------|-------------------|-------------------|--------------|--|---------------------------|-------|-----------|------------------|--------------|--------------------|--|----------------------------|--------------------------------|
|   | Code             | Turnover       | Proportion of Turnover, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water             | Pollution         | Circular Economy  | Biodiversity | Climate Change Mitigation              | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity |                    |  |                            |                                |
|   | EUR k            | %              | Y; N; N/EL<br>(a)            | Y; N; N/EL<br>(a)                 | Y; N; N/EL<br>(a)         | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y/N          | Y/N                                    | Y/N                       | Y/N   | Y/N       | Y/N              | Y/N          | %                  | E  | T                          |                                |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>               |                  |                |                              | EL; N/EL<br>(b)                   | EL; N/EL<br>(b)           | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   |              |  |                           |       |           |                  |              |                    |  |                            |                                |
| <b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b> | 0                | 0.00%          |                              |                                   |                           |                   |                   |                   |              |  |                           |       |           |                  |              | 6.11%              |  |                            |                                |
| <b>Total (A.1 + A.2)</b>  | 144,172          | 8.00%          |                              |                                   |                           |                   |                   |                   |              |  |                           |       |           |                  |              | 7.40%              |  |                            |                                |
| <b>B. Taxonomy-non-eligible activities</b>  | 1,658,964        | 92.00%         |                              |                                   |                           |                   |                   |                   |              |  |                           |       |           |                  |              |                    |  |                            |                                |
| <i>Turnover of Taxonomy-non-eligible activities</i>   | 1,658,964        | 92.00%         |                              |                                   |                           |                   |                   |                   |              |  |                           |       |           |                  |              |                    |  |                            |                                |
| <b>Total (A + B)</b>  | <b>1,803,136</b> | <b>100.00%</b> |                              |                                   |                           |                   |                   |                   |              |  |                           |       |           |                  |              |                    |  |                            |                                |

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

b) EL – Taxonomy-eligible activity for the relevant environmental objective  
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective



## Capex Financial year 01.01.–31.12.2024

EUR k

| Economic Activities   | 2024      |                |                           | Substantial contribution criteria |                           |                           |                           |                           |              | DNSH criteria (Do No Significant Harm) |                           |          |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Capex, 2023 | Category enabling activity | Category transitional activity |
|---|-----------|----------------|---------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------|--|---------------------------|----------|-----------|------------------|--------------|--------------------|---|----------------------------|--------------------------------|
|   | Code      | Capex          | Proportion of Capex, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water                     | Pollution                 | Circular Economy          | Biodiversity | Climate Change Mitigation              | Climate Change Adaptation | Water    | Pollution | Circular Economy | Biodiversity |                    |   |                            |                                |
|   | EUR k     | %              | Y; N; N/EL<br>N/EL<br>(a) | Y; N; N/EL<br>N/EL<br>(a)         | Y; N; N/EL<br>N/EL<br>(a) | Y; N; N/EL<br>N/EL<br>(a) | Y; N; N/EL<br>N/EL<br>(a) | Y; N; N/EL<br>N/EL<br>(a) | Y/N          | Y/N                                    | Y/N                       | Y/N      | Y/N       | Y/N              | Y/N          |                    |   |                            |                                |
| <b>A. Taxonomy-eligible activities</b>  |           |                |                           |                                   |                           |                           |                           |                           |              |  |                           |          |           |                  |              |                    |   |                            |                                |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>            |           |                |                           |                                   |                           |                           |                           |                           |              |  |                           |          |           |                  |              |                    |   |                            |                                |
| Manufacture of equipment for the production and use of hydrogen                 | CCM 3.2.  | 23,124         | 13.06%                    | Y                                 | N/EL                      | N/EL                      | N/EL                      | N/EL                      | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 18.79%  | E                          |                                |
| Manufacture of batteries  | CCM 3.4.  | 85,044         | 48.04%                    | Y                                 | N/EL                      | N/EL                      | N/EL                      | N/EL                      | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 12.77%  | E                          |                                |
| Transport by motorbikes, passenger cars and light commercial vehicles           | CCM 6.5.  | 482            | 0.27%                     | Y                                 | N/EL                      | N/EL                      | N/EL                      | N/EL                      | N/EL         | Y                                      | Y                         |          | Y         | Y                |              | Y                  | 0.15%   | T                          |                                |
| Installation, maintenance and repair of renewable energy technologies           | CCM 7.6.  | 309            | 0.17%                     | Y                                 | N/EL                      | N/EL                      | N/EL                      | N/EL                      | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.98%   | E                          |                                |
| Manufacture of automotive and mobility components                               | CCM 3.18. | 1,783          | 1.01%                     | Y                                 | N/EL                      | N/EL                      | N/EL                      | N/EL                      | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.00%   | E                          |                                |
| <b>Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b> |           | <b>110,743</b> | <b>62.56%</b>             | <b>62.56%</b>                     | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>    | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>32.69%</b>   |                            |                                |
| <b>Of which enabling</b>  |           | <b>110,261</b> | <b>62.29%</b>             | <b>62.29%</b>                     | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>                 | <b>0%</b>    | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>32.54%</b>   | <b>E</b>                   |                                |
| <b>Of which transitional</b>  |           | <b>482</b>     | <b>0.27%</b>              | <b>0.27%</b>                      |                           |                           |                           |                           |              | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>0.15%</b>  | <b>T</b>                   |                                |

Tables continued overleaf



## Capex Financial year 01.01.–31.12.2024

EUR k

| Economic Activities  | 2024     |                |                           | Substantial contribution criteria |                           |                   |                   |                   |                 | DNSH criteria (Do No Significant Harm) |                           |       |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Capex, 2023 | Category enabling activity | Category transitional activity |
|--|----------|----------------|---------------------------|-----------------------------------|---------------------------|-------------------|-------------------|-------------------|-----------------|--|---------------------------|-------|-----------|------------------|--------------|--------------------|---|----------------------------|--------------------------------|
|  | Code     | Capex          | Proportion of Capex, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water             | Pollution         | Circular Economy  | Biodiversity    | Climate Change Mitigation              | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity |                    |   |                            |                                |
|  | EUR k    | %              | Y; N; N/EL<br>(a)         | Y; N; N/EL<br>(a)                 | Y; N; N/EL<br>(a)         | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y/N             | Y/N                                    | Y/N                       | Y/N   | Y/N       | Y/N              | Y/N          |                    |   |                            |                                |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>            |          |                |                           | EL; N/EL<br>(b)                   | EL; N/EL<br>(b)           | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   | EL; N/EL<br>(b) |  |                           |       |           |                  |              |                    |   |                            |                                |
| Transport by motorbikes, passenger cars and light commercial vehicles  | CCM 6.5. | 3,080          | 1.74%                     | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL            |  |                           |       |           |                  |              |                    |   | 2.57%                      |                                |
| Renovation of existing buildings   | CCM 7.2. | 2,484          | 1.40%                     | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL            |  |                           |       |           |                  |              |                    |   | 4.67%                      |                                |
| Acquisition and ownership of buildings   | CCM 7.7. | 11,395         | 6.44%                     | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL            |  |                           |       |           |                  |              |                    |   | 1.19%                      |                                |
| <b>Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b> |          | <b>16,959</b>  | <b>9.58%</b>              | <b>9.58%</b>                      | <b>0%</b>                 | <b>0%</b>         | <b>0%</b>         | <b>0%</b>         | <b>0%</b>       |  |                           |       |           |                  |              |                    |   | <b>25.88%</b>              |                                |
| <b>Total (A.1 + A.2)</b>   |          | <b>127,702</b> | <b>72.14%</b>             | <b>72.14%</b>                     | <b>0%</b>                 | <b>0%</b>         | <b>0%</b>         | <b>0%</b>         | <b>0%</b>       |  |                           |       |           |                  |              |                    |   | <b>58.57%</b>              |                                |
| <b>B. Taxonomy-non-eligible activities</b>   |          | <b>49,309</b>  | <b>27.86%</b>             |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |   |                            |                                |
| Capex of Taxonomy-non-eligible activities  |          | 43,887         | 24.79%                    |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |   |                            |                                |
| <b>Total (A + B)</b>   |          | <b>177,011</b> | <b>100.00%</b>            |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |   |                            |                                |

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

b) EL – Taxonomy-eligible activity for the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective





## Opex Financial year 01.01.–31.12.2024

EUR k

| Economic Activities  | 2024      |               |                          | Substantial contribution criteria |                           |                   |                   |                   |              | DNSH criteria (Do No Significant Harm) |                           |          |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Opex, 2023 | Category enabling activity | Category transitional activity |
|--|-----------|---------------|--------------------------|-----------------------------------|---------------------------|-------------------|-------------------|-------------------|--------------|--|---------------------------|----------|-----------|------------------|--------------|--------------------|--|----------------------------|--------------------------------|
|  | Code      | Opex          | Proportion of Opex, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water             | Pollution         | Circular Economy  | Biodiversity | Climate Change Mitigation              | Climate Change Adaptation | Water    | Pollution | Circular Economy | Biodiversity |                    |  |                            |                                |
|  | EUR k     | %             | Y; N; N/EL<br>(a)        | Y; N; N/EL<br>(a)                 | Y; N; N/EL<br>(a)         | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y/N          | Y/N                                    | Y/N                       | Y/N      | Y/N       | Y/N              | Y/N          | %                  | E  | T                          |                                |
| <b>A. Taxonomy-eligible activities</b>   |           |               |                          |                                   |                           |                   |                   |                   |              |  |                           |          |           |                  |              |                    |  |                            |                                |
| <b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>           |           |               |                          |                                   |                           |                   |                   |                   |              |  |                           |          |           |                  |              |                    |  |                            |                                |
| Manufacture of equipment for the production and use of hydrogen                | CCM 3.2.  | 2,396         | 2.09%                    | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 4.65%  | E                          |                                |
| Manufacture of batteries   | CCM 3.4.  | 17,974        | 15.66%                   | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 14.21%   | E                          |                                |
| Manufacture of automotive and mobility components                              | CCM 3.18. | 14,177        | 12.35%                   | Y                                 | N/EL                      | N/EL              | N/EL              | N/EL              | N/EL         | Y                                      | Y                         | Y        | Y         | Y                | Y            | Y                  | 0.00%  | E                          |                                |
| <b>Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b> |           | <b>34,546</b> | <b>30.09%</b>            | <b>30.09%</b>                     | <b>0%</b>                 | <b>0%</b>         | <b>0%</b>         | <b>0%</b>         | <b>0%</b>    | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>18.86%</b>  |                            |                                |
| <b>Of which enabling</b>   |           | <b>34,546</b> | <b>30.09%</b>            | <b>30.09%</b>                     | <b>0%</b>                 | <b>0%</b>         | <b>0%</b>         | <b>0%</b>         | <b>0%</b>    | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>18.86%</b>  | <b>E</b>                   |                                |
| <b>Of which transitional</b>   |           | <b>0</b>      | <b>0.00%</b>             | <b>0.00%</b>                      |                           |                   |                   |                   |              | <b>Y</b>                               | <b>Y</b>                  | <b>Y</b> | <b>Y</b>  | <b>Y</b>         | <b>Y</b>     | <b>Y</b>           | <b>0.00%</b>   | <b>T</b>                   |                                |

Tables continued overleaf



## Opex Financial year 01.01.–31.12.2024

EUR k

| Economic Activities   | 2024           |                |                          | Substantial contribution criteria |                           |                   |                   |                   |                 | DNSH criteria (Do No Significant Harm) |                           |       |           |                  |              | Minimum Safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) Opex, 2023 | Category enabling activity | Category transitional activity |
|---|----------------|----------------|--------------------------|-----------------------------------|---------------------------|-------------------|-------------------|-------------------|-----------------|--|---------------------------|-------|-----------|------------------|--------------|--------------------|--|----------------------------|--------------------------------|
|   | Code           | Opex           | Proportion of Opex, 2024 | Climate Change Mitigation         | Climate Change Adaptation | Water             | Pollution         | Circular Economy  | Biodiversity    | Climate Change Mitigation              | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity |                    |  |                            |                                |
|   | EUR k          | %              | Y; N; N/EL<br>(a)        | Y; N; N/EL<br>(a)                 | Y; N; N/EL<br>(a)         | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y; N; N/EL<br>(a) | Y/N             | Y/N                                    | Y/N                       | Y/N   | Y/N       | Y/N              | Y/N          |                    |  |                            |                                |
| <b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>           |                |                |                          | EL; N/EL<br>(b)                   | EL; N/EL<br>(b)           | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   | EL; N/EL<br>(b)   | EL; N/EL<br>(b) |  |                           |       |           |                  |              |                    |  |                            |                                |
| <b>Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b> | <b>0</b>       | <b>0.00%</b>   |                          |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              | <b>6.30%</b>       |  |                            |                                |
| <b>Total (A.1 + A.2)</b>  | <b>34,546</b>  | <b>30.09%</b>  |                          |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              | <b>25.15%</b>      |  |                            |                                |
| <b>B. Taxonomy-non-eligible activities</b>  | <b>80,248</b>  | <b>69.91%</b>  |                          |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |  |                            |                                |
| <i>Opex of Taxonomy-non-eligible activities</i>   | 80,248         | 69.91%         |                          |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |  |                            |                                |
| <b>Total (A + B)</b>  | <b>114,794</b> | <b>100.00%</b> |                          |                                   |                           |                   |                   |                   |                 |  |                           |       |           |                  |              |                    |  |                            |                                |

a) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

b) EL – Taxonomy-eligible activity for the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

### Reporting of the scope of taxonomy eligibility and alignment in accordance with environmental objective

|     | Proportion of Turnover/total Turnover |                        | Proportion of Capex/total Capex |                        | Proportion of Opex/total Opex |                        |
|-----|---------------------------------------|------------------------|---------------------------------|------------------------|-------------------------------|------------------------|
|     | Aligned per objective                 | Eligible per objective | Aligned per objective           | Eligible per objective | Aligned per objective         | Eligible per objective |
| CCM | 8.00%                                 | 8.00%                  | 62.56%                          | 72.14%                 | 30.09%                        | 30.09%                 |
| CCA | 0.00%                                 | 0.00%                  | 0.00%                           | 0.00%                  | 0.00%                         | 0.00%                  |
| WTR | 0.00%                                 | 0.00%                  | 0.00%                           | 0.00%                  | 0.00%                         | 0.00%                  |
| CE  | 0.00%                                 | 0.00%                  | 0.00%                           | 0.00%                  | 0.00%                         | 0.00%                  |
| PPC | 0.00%                                 | 0.00%                  | 0.00%                           | 0.00%                  | 0.00%                         | 0.00%                  |
| BIO | 0.00%                                 | 0.00%                  | 0.00%                           | 0.00%                  | 0.00%                         | 0.00%                  |

CCM Climate change mitigation

CCA Climate change adaption

WTR Water and marine resources

CE Circular economy

PPC Pollution prevention and control

BIO Biodiversity and ecosystems

Dettingen/Erms, March 24, 2025

The Management Board



Thomas Jessulat  
CEO



Reiner Drews



Dirk Willers



## **Assurance report of the Independent German Public Auditor on a limited assurance engagement in relation to the combined separate non-financial report for the financial year from January 1 to December 31, 2024**

To ElringKlinger AG, Dettingen an der Erms/Germany

### **Assurance Conclusion**

We have conducted a limited assurance engagement on the combined separate non-financial report of ElringKlinger AG, Dettingen an der Erms/Germany, for the financial year from January 1 to December 31, 2024 for complying with Sections 289b to 289e German Commercial Code (HGB) as well as 315b and 315c in conjunction with 289c to 289e HGB including the disclosures for complying with the requirements under Article 8 of Regulation (EU) 2020/852 included in this combined separate non-financial report (hereafter referred to as “the Non-Financial Reporting”).

Not subject to our assurance engagement are references to external sources of documentation and websites, including their contents, as well as disclosures relating to prior years included in the Non-Financial Reporting.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Reporting for the financial year from January 1 to December 31, 2024 is not prepared, in all material respects, in accordance with Sections 289b to 289e HGB as well as 315b and 315c in conjunction with 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852, and the specifying criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on references to external sources of documentation and websites, including their contents, as well as disclosures relating to prior years included in the Non-Financial Reporting.

### **Basis for the Assurance Conclusion**

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Non-Financial Reporting”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

### **Responsibilities of the Executive Directors and the Supervisory Board for the Non-Financial Reporting**

The executive directors are responsible for the preparation of the Non-Financial Reporting in accordance with the applicable German legal and European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a non-financial reporting in accordance with these requirements that is free from material misstatement, whether due to fraud (i. e., fraudulent reporting in the Non-Financial Reporting) or error.

This responsibility of the executive directors includes selecting and applying appropriate reporting policies for preparing the Non-Financial Reporting as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Non-Financial Reporting.

### **Inherent Limitations in Preparing the Non-Financial Reporting**

The applicable German legal and European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have disclosed interpretations of such wording and terms in the Non-Financial Reporting. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain.



### German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Non-Financial Reporting has not been prepared, in all material respects, in accordance with the applicable German legal and European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Non-Financial Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

- obtain an understanding of the process used to prepare the Non-Financial Reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

### Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the non-financial information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Non-Financial Reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the Non-Financial Reporting about the preparation process and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the Non-Financial Reporting.
- evaluated the reasonableness of the estimates and related information provided by the executive directors.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Non-Financial Reporting.
- considered the presentation of the information in the Non-Financial Reporting.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-Financial Reporting.

### Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Stuttgart/Germany, March 24, 2025

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

Sebastian Dingel  
Partner

Verena Winkler  
Manager



A close dialogue with customers and a deeply ingrained sense of service are the very essence of ElringKlinger's Aftermarket business. It is for this reason, too, that the segment has seen remarkable growth in recent years.

► Find out how ElringKlinger's vision – to be the »preferred partner« – is put into practice each and every day when engaging with customers: go straight to »All You Need« in the 2025 issue of our »pulse« magazine.



# 02

## Combined Management Report of ElringKlinger AG and the ElringKlinger Group

FOR THE FINANCIAL YEAR 2024

|    |  |    |   |
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## Overview of ElringKlinger's Activities and Structure

**The business activities of the ElringKlinger Group, which operates at an international level, are focused on the development, manufacture, and sale of components, modules, and systems for the automotive industry. One of the key purposes of ElringKlinger's business model is to help shape the transition within the mobility sector by developing innovative products geared towards a sustainable future. It is with this in mind that the company is advancing climate-friendly drive technologies such as battery and fuel cell solutions. These technologies are also capable of unlocking opportunities for fields of application in the non-automotive sector, which the Group is committed to embracing. ElringKlinger's portfolio is complemented by a broad range of products in the Aftermarket and Engineered Plastics segments.**

### Company profile

The operating activities of the ElringKlinger Group, whose history dates back to 1879, primarily relate to the development, manufacture, and sale of components, modules, and systems for the automotive industry. The Group's capability as an innovator is of key importance to ElringKlinger's corporate strategy, the aim being to support a sustainable future. In this context, ElringKlinger

takes a fundamentally open attitude, i. e., a technology-agnostic view, towards various types of drive technology. Alongside the automotive supply portfolio, the Group's range of products and services includes those targeted at customers operating in other industries. The Group's comprehensive portfolio also encompasses a very wide range of products centered around aftermarket sales as well as an offering in the field of engineered plastics.

ElringKlinger has its headquarters in Dettingen/Erms, Germany, and is represented at 45 international locations worldwide<sup>1</sup>. In the 2024 financial year, the Group generated revenue of EUR 1,803 million (2023: EUR 1,847 million). The Group employed an average of around 9,600 people in 2024.

### Business model and core competencies

Against the backdrop of progressive transformation in the automotive industry, ElringKlinger sees itself in a market-shaping role. The Group's new product developments are focused on technological fields of the future that are considered relevant to sustainable mobility, such as battery and fuel cell\* technology as well as lightweight structural engineering. The long-standing business units form an important basis for the advancement of core competencies obtained over a period of many decades. These include extensive expertise in materials and operations relating to metal and plastics processing. This primarily encompasses knowledge of the processing steps of punching, embossing, and coating as well as plastic injection molding. ElringKlinger's expertise in the industrialization of newly developed products –

from toolmaking to efficient large-scale production – is of considerable importance.

Within the Engineered Plastics segment, ElringKlinger can draw on many years of far-reaching materials and processing expertise relating to high-performance machinable thermoplastics and products for various industrial sectors.

### SHAPE30 Group strategy

With a view to successfully shaping the process of transformation in the automotive industry, ElringKlinger laid out its Group strategy in the form of an integrated concept entitled SHAPE30 and presented the associated targets – together with the key factors for achieving them by the end of the decade – on the company's website in the 2024 financial year. The company's purpose, vision, and mission are set out in this concept as fundamental elements. In summary, the purpose is defined as "Pioneering Innovative Technologies for a Sustainable Future" and the vision as "The Preferred Partner in Driving Innovative Technologies." This expresses ElringKlinger's ambition to harness its passion for technology and innovation in pursuit of a sustainable future and to establish itself as the preferred partner to customers and other stakeholders. The mission defines five success factors to be implemented: #1 Product Transformation, #2 Sustainability, #3 Process and Performance Excellence, #4 Digital Transformation, #5 Corporate Culture. They determine the areas of action, the aim being to identify specific measures in each case. In the 2024 financial year, a far-reaching program was put in place to present the details of the Group strategy to the entire workforce

<sup>1</sup> Unless otherwise specified, all figures refer to December 31, 2024.

and to ensure employee engagement with regard to its implementation.

### Group structure and organization

As of December 31, 2024, the ElringKlinger Group comprised 41 fully consolidated companies in 19 countries (cf. Notes, "Scope of Consolidated Financial Statements"). The parent company of the Group is ElringKlinger AG, which has its registered office in Dettingen/Erms, Germany. Operating several sites in Germany, it fulfills a financing function for affiliated companies and constitutes the largest operational Group company in terms of revenue and production volume.

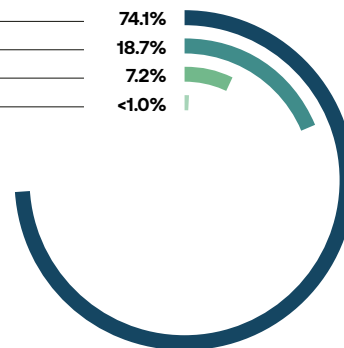
The Group's organizational structure is based on a matrix in conjunction with the three levels consisting of corporate units (CU for short), business units (BU for short), and plants. The corporate units oversee centrally managed functions, while the business units are responsible for product, production, and investment activities and the plants ensure implementation at an operational level.

In addition to strategic management, the parent company ElringKlinger AG is home to the corporate units responsible for the central functions of Purchasing & Supply Chain, IT, Communications, Finance, Legal, and Human Resources. Sales activities are also performed by corporate units: centrally at ElringKlinger AG in the case of the Original Equipment and Aftermarket segments and at ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen, Germany, with regard to the portfolio of the Engineered Plastics segment. Research & Development activities are assigned to the individual business units.

The Management Board of ElringKlinger AG consists of three members: the Chief Executive Officer, the Chief Operating Officer, and the Chief Sales Officer, each with their own areas of responsibility.

### Group revenue by segment 2024

|                     |       |
|---------------------|-------|
| Original Equipment  | 74.1% |
| Aftermarket         | 18.7% |
| Engineered Plastics | 7.2%  |
| Other               | <1.0% |



|   | in EUR million (previous year) |           |
|---|--------------------------------|-----------|
| ■ <b>Original Equipment</b><br>Car, truck, and engine manufacturers, automotive suppliers, non-automotive | 1,335.2                        | (1,411.9) |
| ■ <b>Aftermarket</b><br>Independent aftermarket business  | 336.3                          | (300.1)   |
| ■ <b>Engineered Plastics</b><br>Automotive industry, mechanical engineering, medical technology           | 130.0                          | (132.3)   |
| ■ <b>Other</b><br>Unspecified industries  | 1.6                            | (2.9)     |

### Locations, sales, and procurement markets

As a global Group, ElringKlinger is represented with plants in all of the world's major vehicle markets. Of the 45 sites operating around the globe, 37 are production sites. In terms of revenue, Europe leads the way with a 53.7% share of Group sales revenue, followed by North America (25.3%) and Asia-Pacific (15.3%). In the majority of cases ElringKlinger holds a Tier 1\* supplier position within the automotive industry value chain. This means that it maintains a direct line of contact with vehicle and engine manufacturers, particularly within the Original Equipment segment. Within the Engineered Plastics segment, which boasts a wide range of products, ElringKlinger operates as a supplier to various sectors. In the Aftermarket segment, the customer base consists of wholesalers and group purchasing organizations.

For the manufacture of its products, ElringKlinger primarily requires raw materials and capital goods as well as merchandise. The most important raw materials include alloyed stainless steels, carbon steel, aluminum, polyamide\*-based plastic granules, i. e., pellets, and elastomers as well as polytetrafluoroethy-

lene in the Engineered Plastics segment; these materials are sourced from international procurement markets. Purchasing at ElringKlinger is organized centrally in order to pool requirements as effectively as possible and conclude blanket agreements. At the same time, the objective of regional material procurement is also taken into account. Materials accounted for 42.0% (2023: 44.7%) of the cost of sales in the 2024 financial year.

### Segments and business units

The ElringKlinger Group's business activities are divided into four segments: Original Equipment, Aftermarket, Engineered Plastics, and Other. The segments specified above constitute the business segments in accordance with the International Financial Reporting Standards IFRS\* (specifically: IFRS 8) "Operating Segments."

Within the **Original Equipment** segment, ElringKlinger develops, manufactures, and sells systems, modules, and components destined in particular for the automotive industry. The segment is divided into the business units Lightweighting/Elastomer\* Technology, Metal Sealing Systems & Drivetrain Components,

\* Cf. glossary

Metal Forming & Assembly Technology, and E-Mobility. The business units each possess specific competencies that are utilized across the business units as needed. As set out in the SHAPE30 Group strategy, ElringKlinger evaluates its product groups on the basis of market potential. Based on these findings, it draws up strategies that may result in the realignment of business units and sites. In the 2024 financial year, this was reflected in divestments, primarily in the Metal Forming & Assembly Technology business unit (cf. "Important Events").

The Lightweighting/Elastomer Technology business unit develops and produces components made of thermoplastics for drivetrain, body, and underbody applications. A variety of manufacturing processes, including thermoplastic composite hybrid technology or plastic-metal hybrid technology, as well as numerous materials or material-specific innovations provide the basis for tailor-made solutions with high functional integration and/or weight savings with regard to all types of drive system, i.e., vehicles equipped with combustion engines as well as those powered by hybrid or all-electric systems.

As its primary activity, the Metal Sealing Systems & Drivetrain Components business unit offers an extensive portfolio of seals and gaskets for a wide range of vehicle applications. The remainder of the portfolio covers a multitude of products, including transmission control plates, complex formed parts engineered from sheet metal, and rotor/stator concepts for electric drive units.

The Metal Forming & Assembly Technology business unit offers punched and formed metal components as well as assemblies for electromobility. Its portfolio also includes customized shielding packages with thermal, acoustic, and/or aerodynamic functions for the entire vehicle – from the engine and the underbody to the exhaust tract.

The E-Mobility business unit, featuring battery and fuel cell technology, brings together technologies currently of relevance to the electrification of vehicle propulsion. The Group was early to

focus on solutions for electromobility, as evidenced by its active involvement in fuel cell technology for more than two decades and a track record of more than ten years as a series supplier of electromobility products. Today, ElringKlinger is an established supplier of components, modules, and systems for battery and fuel cell technology. ElringKlinger has been operating its own battery technology site in Neuffen, Germany, since 2021. Construction of the new Battery Center Americas in Easley, SC, USA, commenced in 2024. The subsidiary EKPO Fuel Cell Technologies GmbH, located at the headquarters in Dettingen/Erms, specializes in the development, production, and distribution of a portfolio centered around fuel cell technology. ElringKlinger is no longer pursuing its market development activities relating to the system business for electric drive units, an area that was focused on the niche market of high-end sports and luxury vehicles.

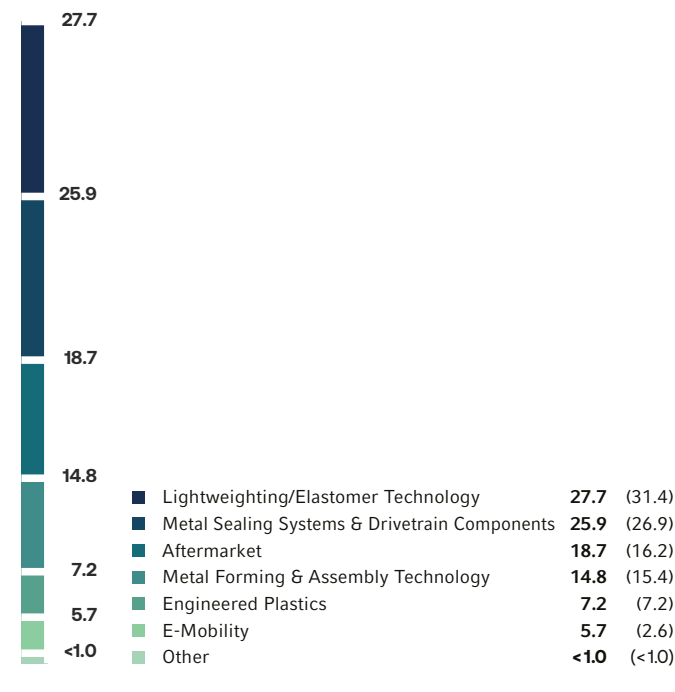
In the **Aftermarket segment**, which is equivalent to the Aftermarket business unit, ElringKlinger offers an extensive range of gaskets, gasket sets, and service parts for the repair of engines, transmissions, exhaust systems, and auxiliary units in cars and commercial vehicles. They are marketed under the "Elring – Das Original" brand. Western and Eastern Europe continue to be the strongest markets in terms of revenue, although business in the Americas and Asia regions has expanded significantly in recent years.

Within the **Engineered Plastics segment**, which also constitutes a business unit by the same name, ElringKlinger develops, manufactures, and markets a wide range of customized products made of various high-performance plastics. Revenue is attributable primarily to sales within the mechanical engineering sector and the medical devices, chemical, and energy industries as well as the vehicle industry. ElringKlinger is pushing ahead with efforts to expand its business in this segment at an international level and also operates production sites in the United States and China.

At less than 1%, the **segment** referred to as **Other** accounts for a negligible share of Group revenue. It includes services provided

### Group revenue by business unit<sup>1</sup> 2024

(previous year) in %



<sup>1</sup> Presentation supplemented by the segments Aftermarket, Engineered Plastics, and Other

by various subsidiaries. Among these are order picking services for the Aftermarket segment and revenue generated by the company restaurant and catering services. Business relating to the operation of engine test benches and measuring equipment for engines, transmissions, and exhaust systems, which had formerly been included in this segment, was phased out as planned in the preceding year and subsequently terminated in the 2024 financial year.

### Economic and legal factors

In the Original Equipment segment, ElringKlinger primarily operates as a supplier to vehicle manufacturers. Demand is influ-



enced by trends relating to global vehicle production, which in turn is driven by the direction taken by sales markets. Primary drivers include, for example, the economic situation, purchasing power in the various regions, consumer behavior, fuel prices, and

government funding. Regulations governing climate protection are considered to be a key influencing factor in terms of legislation. Against the backdrop of ever stricter emissions regulations, vehicle concepts with lower or zero emissions are required to an increas-

ing extent. Geopolitical and trade policy factors, disruptions to supply chains, or the availability of raw materials may also play a prominent role in those cases in which the associated impediments are more severe.

## Internal Control System

**For the purpose of managing the Group, ElringKlinger regularly collects and evaluates financial metrics, non-financial performance indicators, and leading indicators relating to economic and industry performance. Financial metrics constitute the most important control criteria. In this context, the company is guided by the strategic principle of sustainable management.**

The management of the ElringKlinger Group applies metrics, leading indicators, and knowledge gained from market observations, for example, as a basis for strategic considerations, planning, and ongoing decision-making. This includes a company-specific system of indicators that encompasses cross-departmental targets in respect of the business units and is monitored by the Management Board and Vice Presidents (i.e., the first line of management below the Management Board) on a monthly basis. The dependencies between individual indicators in operational areas of business as well as between operational progress and financial effects are conveyed in transparent reporting and are communicated on a regular basis. The system of indicators pro-

vides a basis for pursuing the company strategy and achieving corporate goals, as it makes developments quantifiable, visible, and generally easier to manage in a targeted manner.

### Key financial control criteria

The key control criteria of the ElringKlinger Group and the parent company ElringKlinger AG are revenue, adjusted EBIT margin\* (earnings before interest and taxes, adjusted for exceptional items, in relation to revenue), operating free cash flow\*, and return on capital employed (ROCE\*) as financial metrics.

Sales revenue and the adjusted EBIT margin are budgeted, calculated, and continually monitored for the Group, the individual Group companies, including ElringKlinger AG, and the segments Original Equipment, Aftermarket, and Engineered Plastics as well as the associated business units. Adjusted Group EBIT is used for the purpose of better comparing operating profitability across different periods in a way that eliminates the effect of exceptional items. It is defined as reported EBIT adjusted\* for amortization of intangible assets from purchase price allocation\*, changes in the scope of consolidation, and exceptional items. Exceptional items, for example, include gains and losses from non-recurring events, such as impairments (including impairments of goodwill), reversals of impairments, restructuring costs

### Calculating ROCE for the Group

in EUR million

|                                 |                |                |
|---------------------------------|----------------|----------------|
| EBIT                            | -150.0         |                |
|                                 | 31.12.24       | 31.12.23       |
| Equity                          | 685.3          | 910.7          |
| Financial liabilities           | 365.4          | 449.9          |
| Provisions for pensions         | 95.9           | 104.0          |
| <b>Total</b>                    | <b>1,146.5</b> | <b>1,464.6</b> |
| <b>Average capital employed</b> | <b>1,305.6</b> |                |
| <b>ROCE<sup>1</sup></b>         | <b>-11.5%</b>  |                |

<sup>1</sup> Calculation: EBIT/Average capital employed  
Calculation on the basis of unadjusted EBIT (unadjusted ROCE)

(including severance payments), and gains and losses on disposal from M&A\* activities.

As an indicator, ROCE refers to the return on capital employed. It illustrates the level of the return on capital employed and is calculated by putting EBIT in relation to capital employed. In this context, ElringKlinger uses average capital employed as a basis of calculation. This includes shareholders' equity, financial liabilities, and provisions for pensions. Based on adjusted Group EBIT, which is relevant for management purposes, the adjusted





ROCE for the 2024 financial year was 6.7% (2023: 6.8%). Calculated on the basis of unadjusted EBIT, this resulted in ROCE of -11.5% for the 2024 financial year (2023: 5.6%). In order to ensure meaningful comparability, ElringKlinger intends to forecast and report adjusted ROCE from the 2025 financial year onwards.

Operating free cash flow serves as an indicator of internal financing capability. It is calculated by deducting cash outflows for investments in property, plant, and equipment and intangible assets, excluding cash flows\* for M&A activities and cash flows for financial assets, from cash flow from operating activities.

Other indicators that are not classified as key indicators but are of relevance to financial control include the equity ratio and the net debt-to-EBITDA ratio, which represents net financial liabilities<sup>2</sup> in relation to EBITDA<sup>3</sup>.

The table shows the key and other control criteria for the ElringKlinger Group.

#### Non-financial and other internal control criteria

Sustainability is an aspect firmly enshrined as one of five success factors within a corporate strategy geared towards increasing enterprise value. The company's management is supported in its sustainable practices by a comprehensive system of non-financial metrics. The procedure of recording metrics was further refined in the 2024 financial year and more closely aligned with operational processes thanks to software support. This includes personnel, quality, and environmental indicators, such as CO<sub>2</sub> emissions and energy consumption. At present, non-financial control criteria do not constitute key control criteria for the Group.

<sup>2</sup> Current and non-current financial liabilities less cash and short-term securities

<sup>3</sup> Earnings before interest, taxes, depreciation, and amortization

#### Financial control criteria of the ElringKlinger Group

|   | Guidance 2024 <sup>1</sup>         |                  | 2024                 | 2023    | 2022    | 2021    | 2020    |
|---|------------------------------------|------------------|----------------------|---------|---------|---------|---------|
| <b>Revenue</b>                              | Slight organic growth <sup>2</sup> | (in EUR million) | 1,803.1 <sup>3</sup> | 1,847.1 | 1,798.4 | 1,624.4 | 1,480.4 |
| <b>EBIT (adjusted)</b>                      |                                    | (in EUR million) | 87.6                 | 100.1   | 68.4    | 102.0   | 27.7    |
| <b>EBIT margin (adjusted)<sup>4</sup></b>   | Approx. 5% of Group revenue        | Margin:          | 4.9%                 | 5.4%    | 3.8%    | 6.3%    | 1.9%    |
| <b>ROCE<sup>5</sup></b>                     | Around 6%                          |                  | -11.5%               | 5.6%    | -2.7%   | 6.4%    | 1.7%    |
| <b>ROCE (adjusted)</b>                      |                                    |                  | 6.7%                 | 6.8%    |         |         |         |
| <b>Operating free cash flow</b>             |                                    | (in EUR million) | 58.4                 | 36.7    | 14.8    | 72.0    | 164.7   |
|   | Approx. 2% of Group revenue        |                  | 3.2%                 | 2.0%    | 0.8%    | 4.4%    | 11.1%   |
| <b>Equity ratio</b>                         | 40 to 50% of total assets          |                  | 39.0%                | 45.3%   | 43.8%   | 47.0%   | 41.4%   |
| <b>Net debt-to-EBITDA ratio<sup>6</sup></b> | Below 2.0                          |                  | 1.7                  | 1.6     | 2.1     | 1.7     | 2.5     |

<sup>1</sup> Original forecast according to combined management report 2023; adjustments during the year – if applicable – are not presented.

<sup>2</sup> Adjustments are made for currency and M&A effects when calculating organic revenue growth.

<sup>3</sup> Revenue reported; revenue adjusted for effects of currencies and acquisitions (organic): EUR 1,831.2 million (-0.9%/market growth: -1.1%)

<sup>4</sup> As of 2023, ElringKlinger reports adjusted EBIT and the adjusted EBIT margin, Adjusted figure shown here from fiscal year 2022.

<sup>5</sup> Return on Capital Employed; As from 2025 ElringKlinger reports the adjusted ROCE calculated on the basis of adjusted EBIT.

<sup>6</sup> Net debt/EBITDA

Further information on non-financial indicators can be found in the combined non-financial report, which has been included in the 2024 annual report under the heading "To Our Shareholders" in the separate section "Combined Non-Financial Report." The publication of the 2024 annual report is scheduled for March 27, 2025, on the website <https://elringklinger.de/en/investor-relations/reports-presentations/financial-reports-pulse-magazine>.

#### Company- and market-specific leading indicators

Economic and industry-specific leading indicators are used for the purpose of assessing future revenue and business trajectories. These include, for example, projected growth rates relating to gross domestic product, forecasts of trends within the global vehicle markets, and expectations regarding the price of materi-

als. Among the important leading indicators specific to the company are metrics relating to order intake\* and order backlog. Revenue budgeting is based on customer call-offs executed as part of their delivery scheduling arrangements, recorded systematically on the basis of a timescale of up to 24 months, and the nominated volumes of customer orders over the entire term of the contract. Leading indicators specific to the market, sector, and the company are continually monitored, forming the basis for reviews of the forecast for the remainder of the respective year, which are conducted on several occasions during the annual period, and the annually compiled business plan, which includes mid-term planning with a timescale of five years.

\* Cf. glossary



## Research and development

**ElringKlinger is actively contributing to the industry's transition towards climate-neutral mobility by developing and mass-producing components and systems that help to reduce carbon emissions. Over the course of many years, ElringKlinger has been focusing its efforts heavily on the development of alternative drive technologies, with a particular emphasis on batteries and fuel cells. The innovative product solutions stemming from these activities are the fruit of independent research and development work as well as close collaboration with customers.**

**In the 2024 financial year, R&D activities continued to focus on battery technology, fuel cell technology, and lightweighting, all of which are considered strategic fields of the future.**

### Research and development ratio at 5.3%

In the 2024 financial year, modifications and newly developed solutions were introduced in the long-standing business units of Metal Sealing Systems & Drivetrain Components, Metal Forming & Assembly Technology, and Lightweighting/Elastomer\* Technology as well as in the E-Mobility business unit and the Engineered Plastics segment. As a highly technology-driven company with a strong focus on innovation, ElringKlinger concentrates primarily on transferring its own existing expertise to new applications. This is also reflected in the host of newly developed products that

the above-mentioned business units have realized in the field of electromobility.

Research and development activities within the ElringKlinger Group are centralized to a large extent within the respective business units. This prevents an outflow of existing knowledge. Development activities are concentrated at the German sites for the Original Equipment and Engineered Plastics segments and at the site in Southfield, MI, USA. The company's other sites handle smaller development tasks and refinements. A total of 694 (2023: 627<sup>4</sup>) staff were employed in R&D as of December 31, 2024. The number of employees assigned to research and development increased in the period under review, particularly within the strategic fields of the future.

R&D costs (including capitalized development costs) amounted to EUR 95.2 million in the 2024 financial year (2023: EUR 96.0 million). This corresponds to an R&D ratio of 5.3% (2023: 5.2%), which was thus slightly in excess of the prior-year figure and within the target range of around 5 to 6% (including capitalized development costs). Out of this total, the amount capitalized was EUR 20.8 million (2023: EUR 27.1 million), giving a capitalization ratio of 21.8% (2023: 28.2%).

### Technological expertise reflected in another record number of patent applications

The Group invariably seeks legal protection for new developments at both a product and a process level. In this context, the centralized patent department is tasked with protecting the company's technological expertise and intellectual property rights. In the 2024 financial year, it submitted a total of 146 applications relating to industrial property rights (2023: 110). This marks a new record and bears testimony not only to the R&D spirit of

### Key R&D figures

| in EUR million   | 2024        | 2023        |
|--|-------------|-------------|
| Research and development spending                                | 95.2        | 96.0        |
| Capitalized development costs                                    | 20.8        | 27.1        |
| Capitalization ratio <sup>1</sup>                                | 21.8%       | 28.2%       |
| <b>Research and development costs</b>                            | <b>74.4</b> | <b>69.0</b> |
| Amortization/impairment of capitalized development costs         | 64.6        | 4.8         |
| Research and development costs recognized through profit or loss | 139.0       | 73.7        |
| <b>Research and development ratio<sup>2</sup></b>                | <b>5.3%</b> | <b>5.2%</b> |
| Patent applications  | 146         | 110         |
| R&D staff  | 694         | 627         |

<sup>1</sup> Capitalized development costs in relation to R&D costs, including capitalized development costs

<sup>2</sup> R&D costs, including capitalized development costs, in relation to revenue

ElringKlinger employees but also to the Group's enduring innovative prowess. As in the previous year, a significant proportion of the newly registered industrial property rights relate to the Group's strategic fields of the future (fuel cell\* and battery).

### The future of drive technologies: transformation and diversity

The mobility transformation currently under way is particularly apparent in the field of drive technologies. New types of drive system will gradually replace combustion engine technology, the aim being to reduce CO<sub>2</sub> emissions in the transport sector. The focus here is primarily on battery-powered electric and fuel cell vehicles. ElringKlinger sees tremendous potential in both technologies and expects them to evolve at different speeds depending on how and where in the world they are being used. In this context, the company is working on the assumption that battery

<sup>4</sup> The headcount includes all direct and indirect employees in the area of research and development. The prior-year figure was adjusted in accordance with a uniform approach.



and fuel cell technology will coexist. Taking a technology-agnostic approach, it thus aims to support and supply its customers in a way that is open to all technologies.

Driven by prevailing trends and regulatory requirements, the market for combustion engines will gradually shrink, while alternative drive technologies are likely to see significant growth. ElringKlinger has geared itself up accordingly. Optimizing and increasing the efficiency of modern combustion engines remains a relevant topic for ElringKlinger's developers. Regardless of this, the focus of development activities is on the strategic fields of the future in the form of battery and fuel cell technology as well as lightweight structural engineering.

#### **Battery technology: success in securing new projects**

As part of organizational measures, the Electric Drive and Battery Technology sections were merged within the E-Mobility business unit. The series production of cell contacting systems\* for lithium-ion batteries has been an integral part of the ElringKlinger Group's transformation for many years. The cell contacting system electrically connects the individual battery cells\* to form the overall battery, while also monitoring both voltage and temperature and providing safety mechanisms. The Group applies its expertise in metal forming, punching technology, injection molding, and tool development to the manufacture of cell connectors and plastic parts used in cell contacting systems. It is partly a testament to this expertise and its know-how in the field of industrialization that ElringKlinger was awarded a high-volume series production contract for the supply of cell contacting systems to be fitted to the BMW Group's "New Class" models. As part of the preparations, the focus is on the initial series production system, which is to be installed in Neuffen and will produce the first parts in 2025. With this in mind, R&D activities were also closely linked to preparatory work for series production. The start of series production of cell contacting systems for a global battery manufac-

turer in 2024 had been postponed by the customer. As a result, the actual ramp-up trajectory is now steeper than originally planned.

The objective of improving battery safety was successfully achieved in the period under review. As regards battery components, a parameterizable standard platform battery management system was developed on the basis of a customer project in the financial year just ended. In addition, the design of the cell covers was further refined and transferred to the new design of the so-called unified cell. In an effort to ensure that the company is favorably positioned for ramp-ups and series production orders, new prototyping processes are being introduced and continuously improved within the organization. In 2024, ElringKlinger announced its plans to open a Battery Center in Easley, SC, USA. The focus of ElringKlinger's production at the new premises will be on battery technology products, the aim being to evolve the site into a battery hub for the American market.

#### **EKPO's path to the future**

Following many years of extensive research and development in the field of fuel cell technology, the ElringKlinger Group decided to consolidate its expertise within EKPO Fuel Cell Technologies GmbH (EKPO). This subsidiary, which is based at the main site in Dettingen/Erms, Germany, commenced operations in 2021. Since then, EKPO has continuously and successfully advanced the production of fuel cell components and stacks. Over the course of the 2024 financial year, the company further stepped up its extensive development activities with a view to accelerating the series production of components and systems. In this context, it was able to unveil its most powerful fuel cell module, the NM20, at the IAA trade show in Hanover, which served as testament to EKPO's innovatory prowess and commitment. Among the key features of the new stack are a high degree of efficiency, reduced hydrogen consumption, the capacity for high-

er operating temperatures, recyclability, and a long service life. This is made possible by the high power density of the stacks, a characteristic feature of EKPO-engineered products, which have undergone significant enhancement compared to previous generations. The development and commercialization of the NM20 are funded by the Federal Ministry for Digital and Transport and the Baden-Württemberg State Ministry of the Environment as part of the "Hy2Tech" IPCEI\* hydrogen program.

The company's R&D efforts also yielded tangible results in other areas of application. In addition to investments directed at the production of the NM20 module, considerable funds were also allocated to the expansion of production capacity for bipolar plates\* in the reporting year. The single largest investment related to a PVD coating system that was specially developed for high-volume production processes.

In addition to pursuing its ongoing technology development programs, the Group secured and processed development orders placed by customers in 2024. These were also reflected (in whole or in part) in research and development efforts in the period under review. In the reporting year, EKPO attracted several new customers with smaller volume projects, in addition to receiving a series production order from a major global automotive manufacturer, covering the development and supply of bipolar plates. The company also pressed ahead with work on an OEM order to develop a customized fuel cell stack\*. In June 2024, EKPO completed the delivery of an NM12 stack for stationary power generation at the European Spaceport in French Guiana, a project handled in cooperation with Belgian system generator MITIS.

#### **Lightweighting/Elastomer Technology: innovative solutions for e-mobility and universal applications**

Reducing vehicle weight remains a key factor when it comes to scaling back CO<sub>2</sub> emissions. Lower weight not only helps to cut

\* Cf. glossary



fuel and energy consumption; it also reduces tire wear, which further minimizes the overall impact on the environment. Lightweighting is also considered to be of great importance in the ongoing electrification of mobility, as a lower weight significantly increases the range of electric vehicles.

In 2024, the focus with regard to refinements within the business unit was on the ElroSafe™ underbody protection products, the Lightweight Components product group, and concepts for plastic battery housings. The company also launched new products as part of various sealing and plastic component projects. In further refining these products, the Lightweighting/Elastomer Technology business unit continued to focus on the R&D priorities it had set last year. The ElroSafe™ underbody guard not only provides thermal and acoustic protection but also shields the battery at high speeds. Another important aspect of ElroSafe™ technology is its complete recyclability, which makes a significant contribution to sustainability.

The innovative construction of ElringKlinger's cockpit cross-car beams\* and front-end carriers\* enables significant weight reductions. Other key factors alongside weight are value for money, design, and reproducible product quality. ElringKlinger recently won the SPE Award for a cockpit cross-car beam manufactured in cooperation with Lucid Motors. In the 2024 financial year, both the customer base and the product portfolio of the business unit were expanded as part of customized refinements and adaptations to lightweight structural components that are currently in high demand.

In particular, as in previous years, the developers on the elastomer sealing technology team worked on products for battery electric vehicles. In addition, the business unit secured new contracts from Asian car manufacturers, underscoring the international recognition and demand for the company's advanced solu-

tions. The strong level of demand for sealing technology used in electric vehicles illustrates the progress the business unit has made in the context of industry transformation.

#### **Innovative solutions for electromobility: Metal Forming & Assembly Technology**

In the financial year under review, the Metal Forming & Assembly Technology business unit again focused on efforts to enhance ElroForm™ product solutions for electromobility applications. In 2024, the emphasis was primarily on executing projects awarded in 2023 and presenting the new product groups to existing and potential new customers in the global EV markets. In this context, valuable contacts were established with the "Big Three" in the United States and with major German OEMs. A large proportion of orders within the business unit are now attributable to the ElroForm™ product group. Another focal point in the financial year under review was the development of battery shielding to reduce the consequences of potential thermal runaway at module and pack level and to prevent thermal propagation\* at cell and module level. These products are brought together under the ElroForm™ TP brand.

Building on this success within the market, the business unit is able to adapt its product portfolio to the needs of electromobility customers. Thanks to decades of expertise in design-to-cost and sound design in the field of metalworking, the business unit manufactures technically and commercially optimized products that offer enhanced benefits for customers. Several projects of this kind have already culminated in series production orders. Within the ElroForm™ product group, the business unit also developed ultra-lightweight metal components with significantly improved forming properties. These components provide the basis for the production of parts that boast the low weight of aluminum but could previously only be manufactured, from a design perspective, by using steel, a considerably heavier material.

In 2024, the Metal Forming & Assembly Technology business unit again focused mainly on metal components for electromobility that have to meet specific additional requirements, such as their electrical or thermal insulation properties. This brings the business unit closer to its goal of successfully bringing its existing product portfolio to market and meeting customers' needs in the best possible way.

#### **Metal Sealing Systems & Drivetrain Components: focusing on innovation and progress**

In the 2024 financial year, R&D activities in the Metal Sealing Systems & Drivetrain Components business unit were again aimed at supplementing and enhancing the product portfolio with regard to alternative drive systems and drivetrain-independent components. In the reporting year, the focus of development activities continued to be on the refinement of rotor/stator technologies and on an innovative (solid) steel brake disc. The activities relating to these focal points drew on existing expertise in sealing and forming technology, the result of which was significant progress in new drive technologies. The Group is also making efforts to apply its capabilities to other vehicle components and thus add them to its technology portfolio. The Metal Sealing Systems & Drivetrain Components business unit stepped up its development work on drivetrain-independent products in the reporting year.

#### **Engineered Plastics: customized solutions for a wide range of industries**

The Engineered Plastics unit manufactures components made from high-performance plastics that are used in a wide range of industries. Among other things, these include medical technology, mechanical engineering, the food industry, and the automotive sector. The materials used as well as the applications themselves are always individually tailored to the needs of the customer and the requirements of the respective industry, which also applies to

\* Cf. glossary



the ongoing refinement of the products. In 2024, the segment focused on evolving the areas of e-mobility, foodstuffs, and hydrogen but also on new applications such as energy storage systems and semiconductors.

The focus of research and development in the financial year under review was on developing significant new products and materials and refining existing ones. In the area of material development, the Engineered Plastics business unit worked intensively on the

development and validation of non-fluoroplastics in order to comply with the global restrictions on PFAS and meet more extensive customer requirements. The team also continued its efforts to refine existing materials for hydrogen electrolysis applications.

In the area of product development, the focus was on creating alternative sealing systems for hydrogen electrolysis and on developing solutions for charge dissipation for high-voltage

systems in the field of electromobility. The emphasis was on optimizing sealing systems for thermal management for the purpose of improving the efficiency of alternative drives and battery temperature control. These innovations underscore the company's commitment to promoting forward-looking technologies and meeting the needs and requirements of customers.

## Macroeconomic Conditions and Business Environment

**Displaying restrained momentum and expanding by 3.2%<sup>5</sup>, the global economy continued on its modest growth trajectory in 2024. Among the major economies, the United States and India saw tangible growth, whereas the eurozone remained subdued and growth in China slackened. While the retreat of inflation proved sluggish, central banks in the United States and Europe were prompted to initiate a reversal of interest rate policy. Global vehicle production trended lower in 2024, recording a slight overall decline of 1.1% compared to the previous year's figure.**

Global economic growth in 2024 was fueled in particular by the services sector, while industrial production and the trade in goods expanded only slightly at an international level. Prices

accelerated at a less pronounced rate worldwide. However, the decline in core inflation (excluding energy and food) was less palpable in the wake of stubbornly high prices for services in particular. Global inflation stood at 5.5%<sup>6</sup>. Toward the end of the year, it edged closer to the two percent target set by central banks in the eurozone and the United States. In response to this and in an effort to stimulate economic activity, the major central banks in the United States and Europe initiated a cautious turn-around in interest rate policy. Over the course of the year, the Federal Reserve (United States) reduced the upper end of its target range for the benchmark federal funds rate from 5.5% to 4.25%, while the European Central Bank lowered its key interest rate from 4.5% to 3.15%.

The international economies developed along different lines in the financial year under review. While the US economy was bolstered by solid consumer spending among private households, but also by government consumption and private investment, and continued on its path of expansion, the economy in the euro-

### GDP growth

Year-on-year change (in %)

| Region                            | 2023       | 2024       |
|-----------------------------------|------------|------------|
| <b>World</b>                      | <b>3.3</b> | <b>3.2</b> |
| Advanced economies                | 1.7        | 1.7        |
| Emerging and developing countries | 4.4        | 4.2        |
| Eurozone                          | 0.4        | 0.8        |
| Germany                           | -0.3       | -0.2       |
| USA                               | 2.9        | 2.8        |
| Brazil                            | 3.2        | 3.7        |
| China                             | 5.2        | 4.8        |
| Indien                            | 8.2        | 6.5        |
| Japan                             | 1.5        | -0.2       |

Source: International Monetary Fund (Jan. 2025)

zone again lacked momentum. This was attributable in part to persistently unfavorable financing terms and anemic consumer

<sup>5</sup> Gross domestic product (GDP), International Monetary Fund (IMF), Jan. 2025

<sup>6</sup> Source: HSBC





## Light vehicle production

| Region               | Million units |             | Year-on-year change |
|----------------------|---------------|-------------|---------------------|
|                      | 2023          | 2024        |                     |
| Europe <sup>1</sup>  | 17.3          | 16.3        | -6.0%               |
| China                | 29.0          | 30.1        | 3.6%                |
| Japan/Korea          | 12.8          | 12.0        | -6.3%               |
| Middle East & Africa | 2.3           | 2.2         | -2.7%               |
| North America        | 15.7          | 15.4        | -1.5%               |
| South America        | 2.9           | 3.0         | 1.7%                |
| South Asia           | 9.8           | 9.6         | -2.0%               |
| <b>World</b>         | <b>90.5</b>   | <b>89.5</b> | <b>-1.1%</b>        |

<sup>1</sup> Without Russia

Source: S&P Global Mobility (Feb. 2025)

spending. In 2024, Germany experienced another year of recession and, in particular, sluggish productivity growth in the manufacturing sector. The German economy is having to contend with high energy costs and growing competition in the export sector, among other factors.

Underpinned by the government's stimulus program, the Chinese economy met the official growth target set for 2024. Downside factors such as those associated with the troubled real estate sector and weak domestic demand were offset in part by buoyant exports and robust industrial production.

Geopolitical events also posed challenges for the global economy in 2024. For instance, the conflict in the Middle East, the ongoing war in Ukraine, and deteriorating trade relations, particularly between the United States, China, and the European Union, gave rise to considerable uncertainty, coupled with additional public spending and new trade barriers. Container freight prices increased as a result of the unrest in the Red Sea region.

## Global vehicle production slightly down year on year

According to figures released by industry data service provider S&P Global Mobility, global production of light vehicles (passenger cars and light commercial vehicles) fell by 1.1% in 2024. On the back of strong growth of almost 10% in the preceding year, partly as a result of backlog effects from previous periods, this was a sharp slowdown. This trend reflects the complex situation with regard to sluggish macroeconomic performance in many regions as well as uncertainty surrounding incentive measures, technologies, and economic policy. China, the largest single market, recorded a relatively modest increase in passenger car production, albeit from a high base. North America saw a slight downturn, while the percentage decline in Europe and Japan was in the mid-single-digit range. Global production by German manufacturers fell by around 3%, although domestic production remained stable.

## Strong growth in new car and light vehicle registrations

Measured on the basis of new registrations in 2024, the international passenger car sales markets developed favorably for the most part. Nevertheless, the levels recorded in both Europe and the United States were still below those seen in the last pre-crisis year of 2019. Mirroring the macroeconomic situation, Europe only recorded a slight increase compared to the previous year, while sales in other core markets rose more sharply. In Germany, sales of new passenger cars again declined slightly compared to the previous year, which had already been weak. The expiry of a government incentive program for electric cars in 2023 had a dampening effect on the electric vehicle market in particular. The Chinese automobile market registered a new all-time high, most recently boosted by an extended scrappage scheme for the purchase of so-called NEVs ("New Energy Vehicle\*" – i.e., electric vehicles). India's market for passenger cars consolidated its position as the third largest single market in the world, having remained on a consistent growth trajectory, while sales in Brazil and Mexico also trended higher year on year. Japan brought up

the rear of the major sales regions with a significant decline in market activity.

According to data published by the German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), new registrations/sales and the year-on-year changes relating to 2024 were as follows: Europe (EU, EFTA\*, and UK) recorded new car registrations of around 13.0 million (0.9%), of which 2.8 million (-1.0%) were in Germany. In China, the figure stood at 23.0 million (5.9%), in India at 4.3 million (4.2%), and in Japan at 3.7 million (-6.7%). Light vehicle sales (passenger cars and light commercial vehicles) in the United States amounted to 15.9 million, an increase of 2.2%, while sales in Brazil rose by 14.1% to 2.5 million.

## Downturn in commercial vehicle production

Against the backdrop of economic slowdown, the global commercial vehicle sector recorded a noticeable decline compared to the previous year's production figures. According to industry data provider S&P Global Mobility, around 3.0 million medium and heavy commercial vehicles were produced in 2024, a downturn of 8.1% on the previous year. With the exception of South America, which is dominated by Brazil, all regions trended lower year on year. In this context, the segment relating to heavy commercial vehicles (Class 8 or 16 tons and above), accounting for around 2.2 million vehicles, was of particular significance. The decline in production within the category of heavy commercial vehicles was around -24% to 426.7 thousand units in Europe, of which around -30%, down to 72.1 thousand units, was attributable to Germany, while output in North America fell by approx. -8% to 312.8 thousand units and production in China declined by around -4% to 915.6 thousand units.

\* Cf. glossary



## Important Events

**Among the notable events relating to the ElringKlinger Group in the 2024 financial year were the change at the helm of the Supervisory Board, which has thus been headed by Helmut P. Merch since May, as well as the establishment of a Battery Center in the United States and the strategic divestments of the sites in Sevelen, Switzerland, and Buford, USA.**

### **Helmut P. Merch appointed as new Chairman of the Supervisory Board of ElringKlinger AG**

On May 16, 2024, Helmut P. Merch, who had previously chaired the Audit Committee, took over as Chairman of the Supervisory Board of ElringKlinger AG from Klaus Eberhardt. Helmut P. Merch has been a member of the Supervisory Board of ElringKlinger AG since July 2020. In March 2024, Klaus Eberhardt had announced his intention to step down from his position and relinquish his mandate at the end of the 2024 Annual General Meeting to pass on the chairmanship to younger hands.

As proposed by the Supervisory Board, the Annual General Meeting on May 16, 2024, elected Ludger Heuberg as a new member of the Supervisory Board. Ludger Heuberg has held the position of CFO for several large companies and can draw on many years of experience in the automotive sector.

### **SHAPE30 Group strategy**

In an effort to help successfully shape the transformation of the automotive industry, ElringKlinger set out its existing Group strategy, already applicable for 2023, within an integrated concept entitled SHAPE30 and published the associated targets – together with the key factors for achieving them by the end of the decade – on its company website in the 2024 financial year (cf. “Overview of ElringKlinger’s Activities and Structure”).

### **Establishment of Battery Center in the United States**

Established in June 2024, the Group company ElringKlinger South Carolina, LLC., based in Easley, SC, USA, represents the next step in the implementation of the Group’s SHAPE30 transformation strategy. The plan is for the site to primarily manufacture battery technology\* products as from 2025 and to be expanded into a Battery Hub for the American market. In this context, ElringKlinger has already secured its first high-volume series production nomination.

### **Strategic divestment of the sites in Sevelen, Switzerland, and Buford, Georgia, USA**

In the third quarter of 2024, Group management took the strategic decision to effect the divestment of the two subsidiaries ElringKlinger Switzerland AG, with its registered office in Sevelen, Switzerland, and ElringKlinger USA, LLC., with its registered office in Buford, GA, USA. The sale to the Certina Group, based in Germany, was signed on October 7, 2024, and closed at the end

of the fourth quarter of 2024. This transaction is to be seen against the backdrop of far-reaching changes in the automotive industry and ElringKlinger’s efforts to hone its profile in this environment of transition. The transaction is to be viewed in the context of the substantial investments required for the process of transformation in certain areas in order to remain competitive. In ElringKlinger’s case, this related primarily to the area of thermal and acoustic shielding, particularly in Europe and North America, as a result of which a decision was made in favor of divestment.

### **Wide-ranging growth in e-mobility**

Nominations for orders relating to battery and fuel cell\* technology as well as an upturn in revenue from the production of battery components in the 2024 financial year (cf. “Sales and Earnings Performance”) are testimony to ElringKlinger’s successful e-mobility strategy. For example, Group subsidiary EKPO Fuel Cell Technologies GmbH, Dettingen/Erms, Germany, presented its most powerful stack module, the NM20, for heavy-duty applications at the international flagship trade show IAA Transportation in September 2024. This IPCEI\* project is funded by the Federal Ministry for Digital and Transport and the Baden-Württemberg Ministry of the Environment.

\* Cf. glossary



## Sales and Earnings Performance

**Operating within a challenging market environment, ElringKlinger recorded Group revenue of around EUR 1.8 billion in the 2024 financial year, which corresponds to a slight year-on-year decline of 2.4%. In organic terms, revenue dipped by 0.9% or EUR 15.9 million in the period under review. Exceptional items amounting to EUR 238 million had a significant negative impact on earnings. The Group recorded adjusted EBIT of EUR 87.6 million in the financial year under review. With an adjusted EBIT margin of 4.9%, ElringKlinger met its guidance for the 2024 financial year.**

### Organic revenue down slightly at -0.9%

Against the backdrop of challenging economic and industry-specific conditions, ElringKlinger generated Group revenue of EUR 1,803.1 million in the 2024 financial year (2023: EUR 1,847.1 million), down EUR 44.0 million or -2.4% on the prior-year figure. Revenue momentum was curbed noticeably by a downturn in the market, particularly in the high-revenue region of Europe, as well as adverse exchange rate movements.

The drag on revenue caused by exchange rate movements in the reporting year was equivalent to EUR -28.1 million or -1.5%. The direction taken by exchange rates for the Swiss franc and the British pound had a positive impact on revenue, while the Turkish lira, the Brazilian real, the Mexican peso, and the Japanese yen had contrary effects. Excluding the effects of exchange rate changes, i. e., organically, revenue declined by EUR 15.9 million

### Factors influencing Group revenue

| in EUR million       | 2024           | 2023           | Change, absolute | Change, relative |
|----------------------|----------------|----------------|------------------|------------------|
| <b>Group revenue</b> | <b>1,803.1</b> | <b>1,847.1</b> | <b>-44.0</b>     | <b>-2.4%</b>     |
| of which FX effects  |                |                | -28.1            | -1.5%            |
| of which M&A         |                |                | 0.0              | 0.0%             |
| of which organic     |                |                | -15.9            | -0.9%            |

or 0.9%. ElringKlinger thus met its guidance, as announced in October, (“organic growth slightly below prior-year figure”) for the 2024 financial year. Originally, the outlook had been for slight organic revenue growth. The trajectory of organic revenue therefore also roughly corresponded to that of the global market. According to data released by industry service provider S&P Global Mobility, light vehicle production fell by 1.1% in 2024.

Revenue growth was influenced by both currency effects and other macroeconomic factors. In contrast to North America and Europe, Asia-Pacific represented a growth region for the automotive industry. The share of revenue generated in the Group’s home market of Germany increased by 290 basis points.

### Revenue down in Europe and North America

In line with market developments, the region comprising the Rest of Europe recorded a decline in revenue in the 2024 financial year but performed slightly better than the market as a whole with a swing of EUR -22.1 million or -3.8% to EUR 558.8 million (2023: EUR 580.9 million). Accounting for 31.0% of Group revenue (2023: 31.4%), as in the previous year this region is the Group’s largest. Revenue generated in the Rest of Europe was

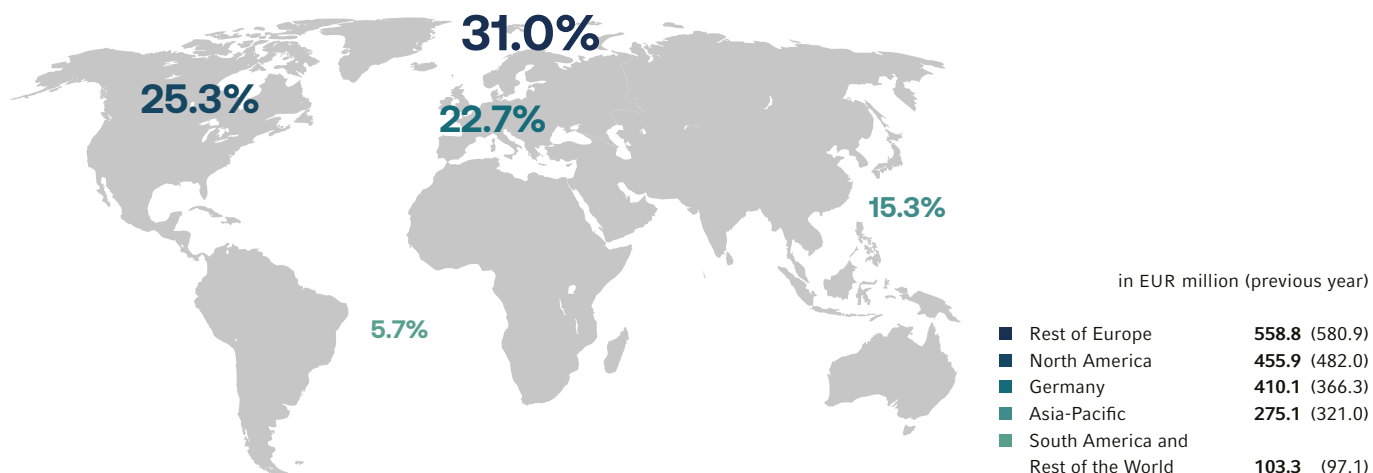
impacted by the effects of exchange rates in 2024. Adjusted for these currency effects, revenue fell by just 2.1% compared to the previous year.

In North America, revenue fell by 5.4% or EUR 26.1 million in the 2024 financial year. The Group thus posted revenue of EUR 455.9 million in this region (2023: EUR 482.0 million). With a share of 25.3% (2023: 26.1%), ElringKlinger generates more than a quarter of Group revenue in this region – the percentage share was thus just short of the prior-year figure. Eliminating exchange rate effects, revenue in this region was down by 4.2%.

### Further growth in South America and Rest of the World

The region comprising South America and Rest of the World again produced a marked percentage increase in revenue for ElringKlinger during the 2024 financial year. The Group saw revenue expand by EUR 6.3 million or 6.5% to EUR 103.3 million (2023: EUR 97.1 million). The direction taken by exchange rates acted as a brake on growth. Adjusted for currency effects, revenue increased by 13.4%. Overall, the share of Group revenue was up at 5.7%, compared to 5.3% in the previous year.

## Group revenue by region 2024



### Strong growth in Germany, decline in revenue in Asia-Pacific

In the region covering Germany, ElringKlinger recorded significant growth of EUR 43.8 million, or 11.9%, in the year under review, due in part to the ramp-up of a large-volume order for cell contacting systems\* and an increase in revenue attributable to Aftermarket sales. In the period under review, the Group generated revenue of EUR 410.1 million in Germany (2023: EUR 366.3 million). Thus, the overall proportion of domestic revenue stood at 22.7% in the financial year under review (2023: 19.8%). Correspondingly, the share of Group revenue generated abroad was down on the previous year at 77.3% (2023: 80.2%).

At +0.1%, automotive production in the Asia-Pacific region trended more or less sideways in 2024. The Group generated revenue of EUR 275.1 million in this region in the reporting year (2023: EUR 321.0 million). Exchange rate effects played a minor

role in this region in the period under review. The share of total Group revenue generated in this region thus fell to 15.3% (2023: 17.4%).

### Original Equipment segment remains solid

In the period under review, the Original Equipment segment recorded revenue of EUR 1,335.2 million, compared to EUR 1,411.9 million in 2023. This corresponds to a decline of EUR 76.7 million, which was attributable to challenging industry conditions in 2024. Accounting for 74.1% (2023: 76.4%) of total revenue, Original Equipment constitutes the largest segment of the ElringKlinger Group.

Within the segment, the Metal Sealing Systems & Drivetrain Components business unit generated revenue of EUR 466.4 million (2023: EUR 497.8 million), a downturn of EUR 31.4 million.

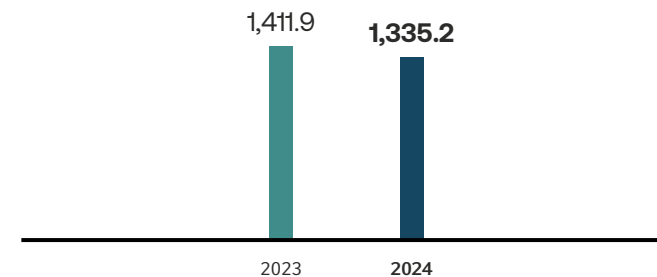
Remaining the Group's largest business unit in terms of revenue share, Lightweighting/Elastomer\* Technology recorded revenue of EUR 499.9 million in the 2024 financial year (2023: EUR 580.0 million). The Metal Forming & Assembly Technology business unit generated revenue of EUR 266.4 million in 2024 (2023: EUR 284.6 million). The segment's remaining revenue amounted to EUR 0.1 million in the financial year under review (2023: EUR 1.2 million). The activities here were mainly centered around components for exhaust gas aftertreatment.

### E-Mobility revenue doubled

The E-Mobility business unit brings together the Group's activities in the field of battery and fuel cell\* technology as well as in the area of electric drive units (Drivetrain Technology). At EUR 102.5 million (2023: EUR 48.3 million), the business unit more than doubled its revenue compared to the previous year. In this context, the large series production order placed by a global battery manufacturer made a significant contribution to revenue growth. This is in keeping with the objectives defined in the SHAPE30 transformation strategy, under which ElringKlinger has set itself the goal, among other things, of achieving strong revenue growth in the E-Mobility segment. The E-Mobility business unit is scheduled to break even in 2027.

### Revenue in the Original Equipment segment

in EUR million



\* Cf. glossary



### Strategic measures in the Original Equipment segment

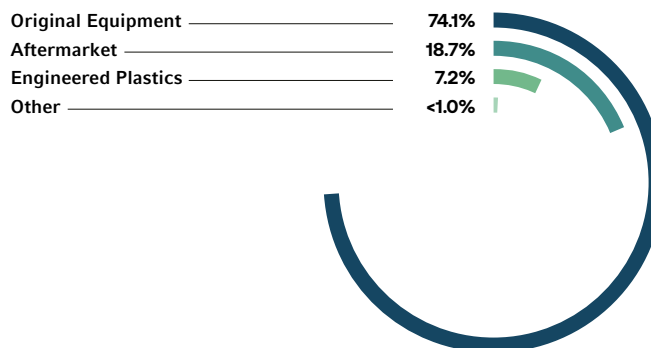
For the 2024 financial year, the Group accounted for impairment losses, restructuring expenses, and other non-operating effects, in particular with regard to the sale of the two entities in Switzerland and the United States, the termination of system business for electric drive units, and the discontinuation of production activities at two sites. These are fully attributable to the Original Equipment segment. Beyond this, the direction taken by material prices had a positive impact on segment earnings. By contrast, higher staff costs and ramp-up costs for additional series production orders in the E-Mobility business unit had a negative impact. Overall, the adjusted segment EBIT\* amounted to EUR -1.4 million (2023: EUR 9.9 million). The adjusted EBIT margin\* was -0.1% (2023: 0.7%).

### Aftermarket again posts strong revenue growth

The Aftermarket segment pressed ahead with its growth strategy, focusing in particular on the Americas and Europe. In the financial year just ended, revenue was up at EUR 336.3 million, compared to a figure of EUR 300.1 million in 2023. This corresponds to year-on-year revenue growth of 12.1% in 2024. The expansion in revenue was driven by all major sales regions. The steady expansion of the product portfolio and consistently high product availability also had a positive impact on revenue. The Aftermarket segment is the Group's second largest, accounting for 18.7% (2023: 16.2%) of Group revenue.

On the back of revenue growth and sustained cost discipline, adjusted EBIT further improved to EUR 76.7 million (2023: EUR 71.7 million), which – due to the disproportionately large increase in revenue – corresponds to an adjusted EBIT margin of 22.8% (2023: 24.0%).

### Group revenue by segment and business unit 2024



in EUR million (previous year)

|   |         |           |
|---|---------|-----------|
| <b>Original Equipment</b>                       | 1,335.2 | (1,411.9) |
| – Lightweighting/Elastomer Technology           | 499.9   | (580.0)   |
| – Metal Sealing Systems & Drivetrain Components | 466.4   | (497.8)   |
| – Metal Forming & Assembly Technology           | 266.4   | (284.6)   |
| – E-Mobility                                    | 102.5   | (48.3)    |
| – Other   | 0.1     | (1.2)     |
| <b>Aftermarket</b>                              | 336.3   | (300.1)   |
| <b>Engineered Plastics</b>                      | 130.0   | (132.3)   |
| <b>Other</b>                                    | 1.6     | (2.9)     |

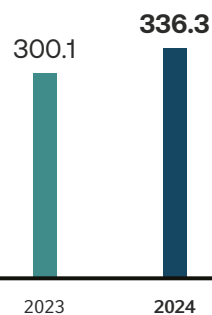
### Engineered Plastics with stable revenue

Despite weaker economic momentum, the Engineered Plastics segment proved robust in the reporting year, partly due to its broad industry mix. Overall, slightly higher staff costs contrasted with marginally lower prices for fluoropolymers in the period under review. With revenue totaling EUR 130.0 million (2023: EUR 132.3 million), the segment was roughly on a par with the previous year.

Higher expenditure on research and development as part of the segment's transformation had a material influence on earnings compared to the previous year. In addition, the price of high-performance plastics such as fluoropolymers was at a persistently elevated level, which had an impact on costs. The segment generated adjusted EBIT of EUR 10.7 million in the financial year under review (2023: EUR 16.6 million). As a result, the adjusted EBIT margin stood at 8.3% (2023: 12.5%).

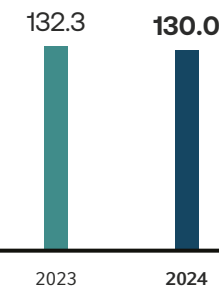
### Revenue in the Aftermarket segment

in EUR million



### Revenue in the Engineered Plastics segment

in EUR million



\* Cf. glossary





### Other segment

Revenue in the segment referred to as Other, which mainly comprises services provided by various subsidiaries, totaled EUR 1.6 million in the reporting year (2023: EUR 2.9 million). Adjusted EBIT amounted to EUR 1.3 million in the financial year under review (2023: EUR 1.9 million).

### Gross profit margin up by 30 basis points

Compared to revenue, which declined by 2.4%, the cost of sales fell at a more pronounced rate. In total, it stood at EUR 1,404.0 million in the period under review (2023: EUR 1,444.3 million). Although this resulted in a slight year-on-year decline in gross profit in absolute terms at EUR 399.1 million (2023: EUR 402.8 million), the gross profit margin increased by 30 basis points to 22.1% (2023: 21.8%).

Alongside factors relating to the product mix, this was attributable primarily to lower material prices, which had previously spiraled rapidly and across the board to elevated levels following the disruptions and supply-side bottlenecks caused by the pandemic, the outbreak of war in Ukraine, and other factors such as the Suez Canal disaster. Despite some easing in price-related pressures in the period under review, prices remained above pre-pandemic levels overall. The downward trend in prices during the financial year was also reflected in expenses for some raw materials and energy. Compared to the previous year, prices trended lower in the 2024 financial year, particularly for steel and plastic, and remained at a consistently low level over the course of the year. However, this easing of prices did not apply to all raw materials used by ElringKlinger in production: Prices for aluminum and elastomers remained at a comparable level to the previous year due to movements in market prices over the course of the financial year.

As part of its manufacturing processes, the ElringKlinger Group mainly uses raw materials such as aluminum, alloyed high-grade steels (and especially chromium-nickel alloys), carbon steels, polyamide\*-based polymer granules, i. e., pellets, such as PA6.6,

elastomers, and – in the Engineered Plastics segment – polytetrafluoroethylene (PTFE\*). In addition, materials and components required for the production of battery and fuel cell systems are also becoming increasingly important. The Group uses aluminum primarily in the production of shielding parts within the Metal Forming & Assembly Technology business unit. High-grade steels and their alloys are deployed in the Metal Sealing Systems & Drivetrain Components business unit, while plastic granules, i. e., pellets, and elastomers are used in the Lightweighting/Elastomer Technology business unit.

The ElringKlinger Group continues to employ a broad range of instruments to counter volatility and the general upward trend in prices. This includes, for example, price escalation clauses in customer contracts through which price changes relating to commodities are passed on to the customer. In addition, the Group concludes hedging transactions where this is possible on the basis of corresponding reference figures. In the area of procurement, the Group consistently pursues various strategies to optimize material costs via contract parameters such as duration and volumes.

In total, the cost of materials amounted to EUR 757.0 million in the financial year just ended (2023: EUR 826.0 million). Against the backdrop of the above-mentioned market developments, the Group once again improved its cost-of-materials ratio (cost of materials in relation to Group revenue) by 270 basis points to 42.0% (2023: 44.7%), although it nevertheless remains at a high level.

Staff costs are accounted for in various functional categories of the income statement. They amounted to EUR 603.0 million in the period under review (2023: EUR 587.8 million). Compared to the previous year, they were up by EUR 15.2 million or 2.6%, which is primarily due to collectively agreed wage and salary increases and a slight increase in the headcount, particularly in Germany. Staff costs also include expenses for the planned decommissioning of the two sites in Germany and the United States. Expressed as a ratio, staff costs in relation to Group

revenue were up marginally on the prior-year figure at 33.4% in 2024 (2023: 31.8%).

Selling expenses increased by 2.3% or EUR 3.5 million to EUR 155.9 million in the financial year just ended (2023: EUR 152.4 million), which was primarily due to higher staff costs.

General and administrative expenses amounted to EUR 103.9 million in 2024 (2023: EUR 90.3 million), up significantly on the prior-year figure. This was attributable primarily to digitalization costs.

### R&D ratio at 5.3% and within guidance range

In an effort to help shape the transformation process in the field of mobility, ElringKlinger's goal for 2025 is to spend 4 to 6% of revenue (including capitalized development costs) on research and development (R&D), thereby investing in the future of the Group. In the financial year under review, the Group focused its R&D activities on the strategic fields of the future: battery and fuel cell technology, components for electric drive units, and lightweight structural engineering.

The ElringKlinger Group expanded its research and development expenses to EUR 74.4 million in the year under review (2023: EUR 69.0 million). In addition, it recorded EUR 20.8 million (2023: EUR 27.1 million) in capitalized costs meeting the relevant criteria for recognition. This resulted in a capitalization ratio of 21.8% (2023: 28.2%). In the financial year under review, amortization and impairment losses amounted to EUR 64.6 million (2023: EUR 4.8 million) with regard to capitalized development costs; they were included in full in the cost of sales. Including capitalized development costs, the R&D ratio (i. e., R&D costs in relation to Group revenue) of 5.3% (2023: 5.2%) was just slightly higher than that recorded in the previous year and was within the 2024 target corridor of around 5 to 6% of Group revenue.

\* Cf. glossary



### ElringKlinger Group receives funding from two IPCEI programs

The ElringKlinger Group again received public funding in support of its R&D activities in the financial year just ended. Funds granted for R&D projects recognized in the income statement under other operating income amounted to EUR 4.7 million (2023: EUR 5.5 million). Funding received with regard to EKPO included the two major IPCEI projects European Battery Innovation ("EuBatIn" for short) and "IPCEI Hydrogen". As the Group does not receive any funding without incurring its own expenses, all public grants recognized in profit or loss in 2024 coincided with project-related expenses for development and prototyping in the corresponding amount.

Other operating income, which includes income from the disposal of non-current assets, government grants, and third-party cost reimbursements, amounted to EUR 19.8 million in the financial year under review, EUR 1.9 million higher than in the previous year (2023: EUR 17.9 million). In this case, higher gains on the disposal of non-current assets had a positive effect.

At EUR 234.7 million (2023: EUR 26.1 million), other operating expenses in the 2024 financial year were significantly higher than in the previous twelve-month period. This was driven primarily by impairment losses relating to intangible assets and property, plant, and equipment in the amount of EUR 170.7 million as well as expenses from deconsolidation in the amount of EUR 43.7 million. These accounting measures are the result of the Group's strategic decisions to focus on profitable business and discontinue loss-making activities. In this context, for example, the Group sold the entities in Sevelen, Switzerland, and Buford, GA, USA, is discontinuing operations at two further sites in Thale, Germany, and Fremont, CA, USA, and is no longer pursuing system business for electric drive units.

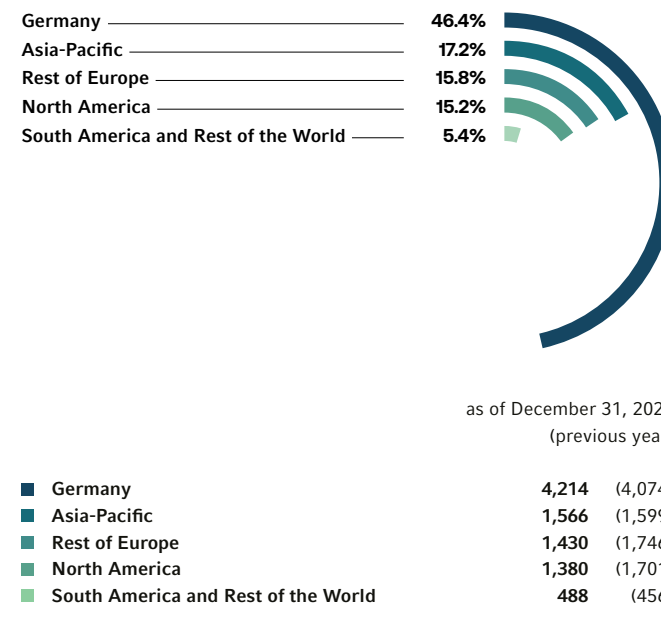
### Headcount up slightly

Compared to the previous year, the Group headcount as of December 31, 2024, decreased to 9,078 (Dec. 31, 2023: 9,576), which was primarily due to the deconsolidation of the two entities in Sevelen, Switzerland, and Buford, GA, USA. Acknowledging the process of transformation, the Group made a point, among other things, of taking a prudent approach to filling vacant positions and focused on expanding its headcount in strategic fields of the future. The headcount in Germany and South America and Rest of the World rose in line with regional revenue trends. Staffing levels in the Asia-Pacific and North America regions were down even after adjusting the figures for deconsolidation. At the end of the year, the headcount for Germany stood at 4,214, representing 46.4% of the Group's total workforce (excluding the two divested entities). The number of people employed abroad was 4,864, corresponding to a share of 53.6%. The annual average number of employees within the ElringKlinger Group was 9,596 (2023: 9,600). The employees at the Buford and Sevelen plants are no longer part of the Group as of December 31, 2024, due to the divestment of the two subsidiaries. Staff costs in relation to total operating revenue rose to 33.4% (2023: 31.8%).

### Adjusted EBIT margin at target level in 2024

Earnings performance was influenced by various factors in the period under review. On the one hand, changes in the materials price trajectory and further growth in the Aftermarket business had a positive impact on earnings, while higher staff costs and challenging conditions in the market for high-performance plastics had a detrimental effect on earnings. In total, ElringKlinger recorded EBITDA\* of EUR 144.0 million in the 2024 financial year (2023: EUR 200.3 million). After accounting for non-recurring items in EBITDA, primarily associated with the sale of the two entities in the United States and Switzerland, the adjusted figure was EUR 197.1 million. Depreciation, amortization, and impair-

### ElringKlinger Group employees



ments of non-current assets totaled EUR 294.1 million in the financial year under review (2023: EUR 117.4 million).

Despite the challenging conditions, the Group recorded adjusted earnings before interest and taxes (adjusted EBIT) of EUR 87.6 million in the financial year under review (2023: EUR 100.1 million). Accordingly, the adjusted EBIT margin also changed by 50 basis points to 4.9% (2023: 5.4%). On this basis, the Group met the targets set at the beginning of the year of achieving an adjusted EBIT margin of around 5% for the 2024 annual period.



As from the 2023 financial year, ElringKlinger reports adjusted EBIT in order to be able to compare operating profitability across the respective periods without the influence of exceptional factors. Therefore, non-recurring effects are eliminated accordingly. In the financial year under review, adjustments included significant impairment losses relating to non-current assets and restructuring expenses associated with the strategic measures. In total, these adjustments amounted to EUR 237.6 million. In the previous year, adjustments included, to a lesser extent, impairment losses for property, plant, and equipment and accounting items in connection with capacity adjustments as well as one-time non-operating items.

In the financial year just ended, the Group recorded EBIT of EUR -150.0 million (2023: EUR 82.9 million), corresponding to an EBIT margin of -8.3% (2023: 4.5%).

#### Net finance cost down markedly due to net foreign exchange result

The net interest result was influenced by a marginal increase in interest income, which contrasted with slightly higher interest expenses. Fixed interest rates were agreed for part of the

#### Adjusted EBIT margin 2024<sup>1</sup>

| in EUR million                      | 2024          | 2023         | Year-on-year change |
|-------------------------------------|---------------|--------------|---------------------|
| <b>EBIT</b>                         | <b>-150.0</b> | <b>82.9</b>  | <b>-232.9</b>       |
| Impairment losses                   | 184.5         | 4.0          | +180.5              |
| of which goodwill impairment losses | 0.0           | 0.0          | +0.0                |
| Restructuring                       | 3.5           | 2.8          | +0.7                |
| Other non-operational effects       | 49.6          | 10.5         | +39.1               |
| <b>Adjusted EBIT</b>                | <b>87.6</b>   | <b>100.1</b> | <b>-12.5</b>        |
| <b>Adjusted EBIT margin</b>         | <b>4.9%</b>   | <b>5.4%</b>  | <b>-0.5 PP</b>      |

<sup>1</sup> A detailed definition of adjusted EBIT can be found in the „Internal Control System“ section.

Group's financial liabilities, which to some extent contained the impact of the change in interest expenses. Overall, the net interest result remained virtually unchanged, improving slightly in the financial year under review.

In the net foreign exchange result, both foreign exchange losses and foreign exchange gains increased significantly – and the latter at a more pronounced rate. This takes into account both realized and unrealized gains and losses. Unrealized gains and losses arise, for example, from the translation of foreign currency balance sheet items into the reporting currency EUR at the year-end exchange rate. The net result from currency translation improved by EUR 24.0 million to EUR 25.5 million (2023: EUR 1.5 million). At the same time, losses from associates were up on the prior-year figure. Overall, the net finance result stood at EUR 0.1 million (2023: EUR -29.7 million).

Including the net finance result, earnings before taxes of EUR -150.0 million were significantly lower than the previous year's figure of EUR 53.2 million.

#### Year-on-year reduction in income tax expense

Following a change in the transfer pricing system, income tax expenses in 2024 were down year on year at EUR 13.9 million (2023: EUR 19.7 million), which corresponds to an effective tax rate of -9.3% (2023: 37.0%). After adjusting earnings before taxes on income for non-recurring items, the adjusted effective tax rate for 2024 stood at 15.9%.

After accounting for income taxes, net income for the 2024 financial year amounted to EUR -163.9 million (2023: EUR 33.5 million). Taking into account the share of net income attributable to non-controlling interests, net income attributable to the shareholders of ElringKlinger AG amounted to EUR -137.8 million in 2024 (2023: EUR 39.3 million). Accordingly, earnings per share\* were down significantly on the previous year at EUR -2.18 (2023:

#### Net finance cost/income 2024

| in EUR million   | 2024       | 2023         | Year-on-year change |
|--|------------|--------------|---------------------|
| Net interest result                                      | -25.9      | -26.3        | +0.4                |
| Net foreign exchange result and other net finance result | 26.0       | -3.4         | +29.4               |
| <b>Net finance result</b>                                | <b>0.1</b> | <b>-29.7</b> | <b>+29.8</b>        |

EUR 0.62). Excluding the exceptional items described above, adjusted earnings before interest and taxes (adjusted EBIT) per share amounted to EUR 0.70. As of December 31, 2024, the number of shares issued that were entitled to a dividend remained unchanged at 63,359,990.

#### Dividend proposal of EUR 0.15 per share

The annual financial statements of ElringKlinger AG, which were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB\*) and the German Stock Corporation Act (Aktengesetz – AktG) and are relevant for the payment of dividends, showed a net loss of EUR -155.0 million at the end of the reporting period (2023: net income of EUR 10.6 million).

In keeping with its balanced approach to dividend payments, the Management Board and Supervisory Board would like to ensure that shareholders benefit appropriately from the Group's performance. Given in particular the favorable prospects for the coming financial years, both boards are keen to ensure continuity with regard to the dividend policy.

In agreement with the Supervisory Board, the Management Board proposes to the Annual General Meeting that an unchanged dividend of EUR 0.15 per share (2023: EUR 0.15 per share) be paid out for the 2024 financial year.



## Financial Position

**The financial position of the ElringKlinger Group remained solid at the end of the 2024 financial year. The equity ratio stood at 39.0% at the end of the reporting period, while net financial liabilities were scaled back by EUR 77.3 million to a long-term low of EUR 245.9 million in 2024. The strategic reorientation of the Group, which involves a stronger focus on profitable business based on a targeted package of measures and as part of which two entities in Switzerland and the United States were sold in the fourth quarter of 2024, resulted in a noticeable reduction in the balance sheet total at the end of 2024.**

### Total assets down amid deconsolidations and impairments

At the end of the 2024 financial year, the ElringKlinger Group had total assets of EUR 1,759.3 million (Dec. 31, 2023: EUR 2,008.2 million). This represents a decline of EUR 248.9 million, i. e. -12.4%.

This year-on-year change was influenced to a large extent by several exceptional items in the 2024 financial year resulting from strategic measures. This includes the sale of two previously wholly owned subsidiaries, namely ElringKlinger Switzerland AG, based in Sevelen, Switzerland, and ElringKlinger USA, LLC., based in Buford, GA, USA (cf. section "Important Events"). As a result of the deconsolidation of the subsidiaries and the derecognition of the associated assets and liabilities as of December 31, 2024, the balance sheet total was reduced by around EUR 125 million. In addition, impairment losses of around EUR 58 million

### Key figures financial position & other

| in EUR million   | Dec. 31, 2024 | Dec. 31, 2023 |
|--|---------------|---------------|
| Total assets   | 1,759.3       | 2,008.2       |
| Equity ratio   | 39.0%         | 45.3%         |
| Net working capital <sup>1</sup>                       | 346.9         | 466.3         |
| In relation to Group revenue                           | 19.2%         | 25.2%         |
| Net financial debt <sup>2</sup>                        | 245.9         | 323.2         |
| Net debt-to-EBITDA ratio (ditto adjusted) <sup>3</sup> | 1.7 (1.2)     | 1.6 (1.5)     |
| ROCE (ditto adjusted) <sup>4</sup>                     | -11.5% (6.7%) | 5.6% (6.8%)   |

<sup>1</sup> Inventories as well as trade receivables less trade payables

<sup>2</sup> Current and non-current financial liabilities less cash and short-term securities

<sup>3</sup> Net debt/EBITDA; Adjusted figure (in brackets) calculated on the basis of adjusted EBITDA

<sup>4</sup> Return on capital employed; Adjusted figure (in brackets) calculated on the basis of adjusted EBIT

were recognized in respect of property, plant, and equipment as part of this divestment.

Furthermore, changes in expectations relating to demand in connection with the transformation process in the automotive industry led to impairments in property, plant, and equipment and intangible assets. The strategic reorientation of ElringKlinger, driven forward by Group management with a focus on profitable business, resulted in further impairments as well as reclassifications to assets and liabilities held for sale. These measures included, for example, the decision to terminate the Group's system business relating to electric drive units. The reassessments and subsequent impairments due to changes in demand expectations

also impacted a number of capitalized development costs (recognized in intangible assets).

In addition to the impairment losses recognized in connection with the above-mentioned sale of the plants, these overall transformation-related measures resulted in an impairment requirement for property, plant, and equipment and intangible assets of around EUR 125 million. The assets and liabilities held for sale had a total carrying amount of EUR 35.9 million and EUR 14.7 million respectively at the end of the reporting period and were each reported in a separate item – under assets and liabilities – in the statement of financial position.

### Non-current assets account for 52 percent of total assets

Non-current assets had a carrying amount of EUR 907.7 million as of December 31, 2024 (Dec. 31, 2023: EUR 1,092.3 million), thus accounting for 51.6% (2023: 54.4%) of total assets. Of these assets, intangible assets were the second largest item on the books – after property, plant, and equipment – at EUR 122.6 million (Dec. 31, 2023: EUR 168.2 million). The year-on-year decline is mainly due to the impairment requirement described above, which amounted to EUR 58.4 million in this balance sheet item and primarily related to capitalized development projects in the Original Equipment segment. Additions in the financial year of EUR 21.6 million, with capitalized development costs accounting for the majority at EUR 20.8 million, contrasted with systematic amortization of EUR 7.9 million, of which EUR 6.4 million was attributable to development costs. Acquired goodwill, which is also recognized here, was not affected by any impairment losses, meaning that its carrying amount of EUR 79.8 million (Dec. 31, 2023: EUR 80.7 million) changed only marginally.



Property, plant, and equipment decreased by EUR 142.9 million year on year to a total carrying amount of EUR 715.1 million (Dec. 31, 2023: EUR 858.0 million). Additions accounted for in the 2024 financial year amounted to EUR 155.4 million (including additions from lease agreements). In parallel, depreciation and amortization amounted to EUR 101.7 million. The impairment losses recognized as a result of the aforementioned factors totaled EUR 126.1 million. The reduction in property, plant, and equipment at the end of 2024 was also attributable to asset disposals with a carrying amount of EUR 15.8 million and changes in the scope of consolidation, which covered a carrying amount of EUR 43.6 million and were related to the deconsolidation of the divested entities.

The decline in investments in associates to an asset value of EUR 3.4 million, down from EUR 14.1 million in the previous year, reflects the Group's reorientation described above. One of the investments recognized in this item in the previous year was affected by reclassification to the disposal group.

Non-current and current contract assets amounted to EUR 12.4 million as of December 31, 2024 (Dec. 31, 2023: EUR 13.3 million). They include contingent assets in respect of the fulfillment of performance obligations and revenues that will not be invoiced until subsequent periods and mainly relate to customer projects in the Original Equipment segment. Apart from deferred tax assets at the end of 2024, there were no significant changes in other non-current assets compared to the figure posted at the end of the previous year's reporting period.

#### **Net working capital ratio as a percentage of revenue improves to below 20 percent**

Working capital, which is made up of inventories and trade receivables and is comparable to current assets under German commercial law, fell by EUR 59.3 million to EUR 623.9 million at the end of 2024 (Dec. 31, 2023: EUR 683.2 million).

Inventories decreased by EUR 16.5 million to EUR 419.8 million (Dec. 31, 2023: EUR 436.3 million) and trade receivables were down by EUR 42.8 million at EUR 204.1 million (Dec. 31, 2023: EUR 246.9 million). Adjusted for currency effects and exceptional items relating to deconsolidation, inventories rose by around 9% year on year, while trade receivables fell slightly by around EUR 7 million. The increase in inventories is attributable, among other things, to the ramp-up of a large series production order for e-mobility applications and to tooling and development projects to be invoiced.

Net working capital\* is calculated by taking into account trade payables, which amounted to EUR 277.0 million (Dec. 31, 2023: EUR 216.9 million). On this basis, net working capital stood at EUR 346.9 million at the end of 2024, compared to EUR 466.3 million a year earlier. Compared to the previous financial year, it was down by EUR 119.4 million. The share of net working capital in Group revenue was thus significantly lower at 19.2% (2023: 25.2%). At EUR 42.2 million, the items deconsolidated as part of the sale of the two plants accounted for far less than half of the decline. The guidance of a net working capital ratio of "below 25% of Group revenue" stated in the combined management report for the 2023 financial year was therefore clearly met – also without the effect of deconsolidation.

"Other current assets" include a wide range of items. At the end of the financial year under review, the total carrying amount of this item was EUR 61.5 million (Dec. 31, 2023: EUR 91.4 million). This item includes receivables from third parties, tax receivables, time deposits, and securities as well as prepaid expenses. In the 2024 financial year, other current assets decreased primarily due to the scheduled contribution of EUR 20.0 million by the co-shareholder in EKPO Fuel Cell Technologies GmbH, Dettingen/Erms, Germany (EKPO for short), which had been agreed for the purpose of providing the company with capital.

Cash and cash equivalents held by the ElringKlinger Group amounted to EUR 111.7 million as of December 31, 2024 (Dec. 31, 2023: EUR 113.7 million).

#### **Equity down due to exceptional factors**

Equity held by the ElringKlinger Group decreased by a total of EUR 225.3 million to EUR 685.3 million compared to that recorded at the end of the 2023 financial year (Dec. 31, 2023: EUR 910.7 million). This is mainly due to the exceptional factors described above, most of which were recognized in profit or loss and contributed to a net loss for the period of EUR -163.9 million (2023: net income of EUR 33.5 million). In addition, there was a further dilutive effect from foreign exchange differences, which was attributable in part to deconsolidation and led to a reduction in other reserves. Including comparatively small and opposing amounts from the remeasurement of pension provisions, this had an impact of EUR -58.6 million on the statement of changes in equity.

The non-controlling interest of EUR 8.0 million from the capital contribution made by the co-owner of EKPO to this entity in the 2024 financial year was recognized in Group equity. Conversely, the dividend distribution to shareholders and non-controlling interests in respect of the preceding financial year, amounting to EUR 10.9 million (2023: EUR 13.7 million), had a dilutive effect on equity.

Despite the noticeably dilutive effects of non-recurring items on equity, ElringKlinger was nevertheless able to report an equity ratio of 39.0% (Dec. 31, 2023: 45.3%) at the end of the 2024 financial year, a figure that can be considered substantial regardless of the fact that it is no longer within the range of 40 to 50% in which it had been for many years and which remains the target of management.

\* Cf. glossary

### Pension provisions down after remeasurement

Provisions for pensions accounted for in the consolidated statement of financial position amounted to EUR 95.9 million at the end of 2024 (Dec. 31, 2023: EUR 104.0 million). Their measurement using the projected unit credit method depends on a number of factors such as discount rates and assumptions about future developments. The year-on-year decline was partly due to disposals in connection with the sale of two Group companies described above. The change in pension provisions resulting from the actuarial effect was recognized in equity (cf. Note 24 in the Notes to the Consolidated Financial Statements).

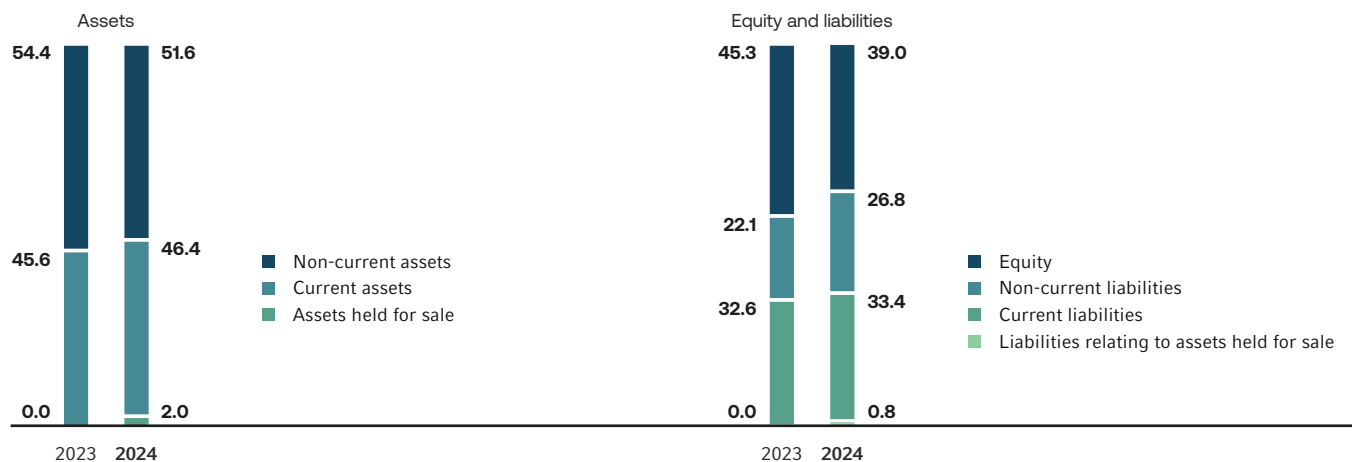
Other non-current and current provisions amounted to EUR 76.1 million at the end of the 2024 financial year (Dec. 31, 2023: EUR 74.7 million), a similar level to that recorded at the end of 2023. While current provisions fell from EUR 50.9 million to EUR 46.5 million at the end of the reporting period, non-current provisions increased from EUR 23.7 million to EUR 29.5 million. The obligations recognized under this item mainly relate to personnel, warranties, or contingent losses from customer orders.

### Further reduction in net financial liabilities

Net financial liabilities, which consist of non-current and current financial liabilities less cash, cash equivalents, and current securities, were scaled back by EUR 77.3 million year on year, taking the figure to a long-term low of EUR 245.9 million (Dec. 31, 2023: EUR 323.2 million). The Group took advantage of the high cash inflow from operating activities in the period under review, which was reflected in operating free cash flow\* of EUR 58.4 million (cf. "Cash Flows" section).

### Structure of the ElringKlinger Group's financial position

as of December 31, 2024  
in %



Non-current financial liabilities accounted for the larger share of this liability at EUR 320.7 million (Dec. 31, 2023: EUR 282.2 million). While the latter rose by a net amount of EUR 38.4 million in the 2024 financial year, current financial liabilities fell by EUR 123.0 million to EUR 44.7 million (Dec. 31, 2023: EUR 167.7 million).

The net debt-to-EBITDA\* ratio, i.e., the ratio of net debt\* to EBITDA (earnings before interest, taxes, depreciation, and amortization), was 1.7 at the end of the 2024 financial year (Dec. 31, 2023: 1.6). If EBITDA adjusted for non-recurring items is used for the calculation, eliminating the losses on disposal of the two plants in

Switzerland and the United States, the adjusted net debt-to-EBITDA ratio stands at 1.2. On the basis of these figures (unadjusted and adjusted), ElringKlinger thus met its guidance of "below 2.0" as set out in the combined management report for the 2023 financial year and maintained its track record of improvement over the long term (cf. "Internal Control System" section).

Total non-current liabilities of the ElringKlinger Group amounted to EUR 471.5 million at the end of the 2024 financial year (Dec. 31, 2023: EUR 443.7 million), representing 26.8% of total equity and liabilities.

\* Cf. glossary





Current liabilities had a total carrying amount of EUR 587.8 million (Dec. 31, 2023: EUR 653.8 million), which corresponds to a share of 33.4%. Trade payables constituted the largest item, amounting to EUR 277.0 million (Dec. 31, 2023: EUR 216.9 million). The year-on-year increase was partly due to purchases made in connection with the series production ramp-up of battery components planned for 2025, which affects several of the Group's locations. The collective item "Other current liabilities" includes various liabilities and accruals/deferrals. The carrying amount at the end of the 2024 financial year was EUR 177.8 million

(Dec. 31, 2023: EUR 182.5 million). As in previous years, one of the larger items recognized here is a call and put option agreement in the amount of EUR 31.9 million (Dec. 31, 2023: EUR 39.4 million) with non-controlling shareholders in respect of the interest in the fully consolidated Japanese subgroup.

#### Adjusted ROCE at 6.7%

ROCE\* is an indicator that reflects the return on capital employed (cf. "Internal Control System") and is calculated by dividing EBIT\* (earnings before interest and taxes) by capital employed. Based

on unadjusted EBIT, ROCE for 2024 was in negative territory at -11.5% (Dec. 31, 2023: 5.6%). Due to the significant non-recurring factors affecting earnings in the 2024 financial year, it is appropriate that this key figure is reported additionally on the basis of adjusted EBIT. ElringKlinger therefore recorded adjusted ROCE of 6.7% at the end of the 2024 financial year (2023: 6.8%). The adjusted key performance indicator was better than the guidance figure of "around 6%" presented in the combined management report for the 2023 financial year, which at the time had been prepared without foreseeable adjustment effects.

## Cash Flows

**ElringKlinger generated a substantial inflow of cash from operating activities in the 2024 financial year. As a result, payments for investments were in effect fully financed from within the Group and, in addition, financial liabilities were scaled back yet again by a noticeable amount. Operating free cash flow rose significantly year on year to EUR 58.4 million (2023: EUR 36.7 million). Thanks to the unused credit lines available at the end of 2024 and a substantial level of cash and cash equivalents, the Group continues to benefit from ample liquidity headroom for systematically managed business development.**

#### Strong operating cash flow of EUR 168 million

Having recorded a solid inflow of cash of EUR 129.7 million in the previous year, ElringKlinger was able to further expand its net cash from operating activities to EUR 168.0 million in the

2024 financial year. It should be noted that the exceptional items recognized in profit or loss in the reporting year, leading to a net loss for the period, were largely non-cash items and did not affect cash and cash equivalents. Against the backdrop of declining market trends, ElringKlinger thus put in a strong cash flow\* performance in the financial year under review – similar to its solid earnings before interest, taxes, depreciation, and amortization (EBITDA\*), which amounted to EUR 144.0 million in the financial year under review and is the closest indicator of cash flow levels in terms of earnings.

In the presentation of the cash flow statement (cf. Group Statement of Cash Flows\* in the Consolidated Financial Statements), cash flow from operating activities is calculated on the basis of earnings before income taxes, which amounted to EUR -150.0 million (2023: EUR 53.2 million). Non-cash changes are eliminated. In the 2024 financial year, these included depreciation, amortization, and impairment losses (less write-ups) totaling EUR 299.4 million (2023: EUR 121.3 million). Of this total, EUR 184.5 million was attributable to impairment losses. Non-

#### Key figures cash flows

| in EUR million   | 2024  | 2023  |
|--|-------|-------|
| Net cash from operating activities                         | 168.0 | 129.7 |
| Operating free cash flow <sup>1</sup>                      | 58.4  | 36.7  |
| Investments in property, plant, and equipment <sup>2</sup> | 108.3 | 71.2  |
| Investment ratio   | 6.0%  | 3.9%  |

<sup>1</sup> Cash flow from operating activities and cash flow from investing activities, excluding cash flows for M&A activities and for financial assets

<sup>2</sup> Payments for investments in property, plant, and equipment

cash changes in provisions of EUR 25.9 million (2023: EUR 26.3 million) and currency effects were also eliminated.

In addition to cash income and expenses for the period, cash flow from operating activities is primarily influenced by the funds required for net working capital\*. These cash funds include those used for inventories and trade receivables after deduction of





trade payables. The net change in these items resulted in a noticeable inflow of funds. In particular, the substantial level of trade payables at the end of the reporting period, which were higher in part due to advance input required for upcoming series production ramp-ups for E-Mobility applications, had a positive effect on cash and cash equivalents as of December 31, 2024. Including other assets and liabilities that are not attributable to financing activities, this resulted in a net cash inflow of EUR 34.2 million (2023: EUR 4.5 million).

Income taxes paid in the period amounted to EUR 15.2 million (2023: EUR 40.6 million) and interest paid totaled EUR 25.1 million (2023: EUR 24.9 million).

The sale of the two plants in Switzerland and the United States (cf. "Important Events") did not generate any significant cash flows from operating activities.

#### **Cash flow from investing activities at EUR -110 million**

The ElringKlinger Group spent a total of EUR 109.6 million in cash on investing activities in the 2024 financial year (2023: EUR 90.2 million).

Payments relating to property, plant, and equipment amounted to EUR 108.3 million in 2024 (2023: EUR 71.2 million). The majority of this item was attributable to the Original Equipment segment. The year-on-year increase in investments in property, plant, and equipment reflects in particular the business anticipated from the ramp-up of high-volume series production orders in the E-Mobility business unit. For example, extensive production

lines were installed at the Neuffen site in Germany, which has been set up as a technology center for battery components, for a large-scale order placed by a global battery manufacturer. Other purchases of plant and equipment related to a major order for cell contacting systems\*, which is due to ramp up in 2025 and is also scheduled to extend over a period of several years. In addition to being produced at the site in Neuffen, these systems will also be manufactured at other international Group sites in future and delivered to OE customer plants in close proximity. As in previous years, this in itself illustrates ElringKlinger's commitment to focusing its investment activities on strategic areas of the future in 2024. Having said that, order-related investments were also directed at the long-standing business units, the emphasis being on ensuring a high degree of technical efficiency and thus maintaining a profitable platform in what was traditionally ElringKlinger's core business.

In addition, ElringKlinger invested in measures aimed at sustainable and climate-friendly operations. In 2024, for example, this included a renovation project to improve the energy efficiency of the roof at the main plant in Dettingen/Erms, Germany.

Overall, investments in property, plant, and equipment were made for all plants worldwide and in all segments in the financial year under review. In regional terms, the main focus was on Germany, where the sites of ElringKlinger AG in Dettingen/Erms and Neuffen as well as EKPO Fuel Cell Technologies in Dettingen/Erms were the key beneficiaries, as well as on North America. ElringKlinger is in the process of establishing a Battery Hub for the Americas region at its new US site in Easley, South Carolina.

The investment ratio, i.e., payments for investments in property, plant, and equipment relative to Group revenue, was up on the previous year at 6.0% (2023: 3.9%). Thus, it was at the upper end of the range of "around 4% to 6% of Group revenue," the guidance figure presented in the combined management report for 2023.

ElringKlinger spent EUR 21.6 million (2023: EUR 27.8 million) on intangible assets. This related primarily to internally generated development services, which also illustrates the Group's strategic investment in the transformation process.

In addition, the Group recorded cash flows relating to proceeds from the disposal of property, plant, and equipment and intangible assets in the amount of EUR 20.3 million (2023: EUR 6.0 million). These were attributable primarily to the divestment of the Buford site and the associated transfer of properties but were not part of the deconsolidated company's disposal transaction. The above-mentioned sale of the plants in Switzerland and the United States resulted in a cash outflow of EUR 4.9 million in cash flow from investing activities.

Cash inflows and outflows for financial assets generally relate to foreign Group companies and amounted to EUR 4.9 million, in net terms, in the period under review (2023: EUR 4.6 million).

#### **Operating free cash flow at EUR 58 million**

Despite the increase in investments in the 2024 financial year, ElringKlinger generated substantial operating free cash flow\* (cash flow from operating activities less cash flow from investing

\* Cf. glossary



## Operating free cash flow

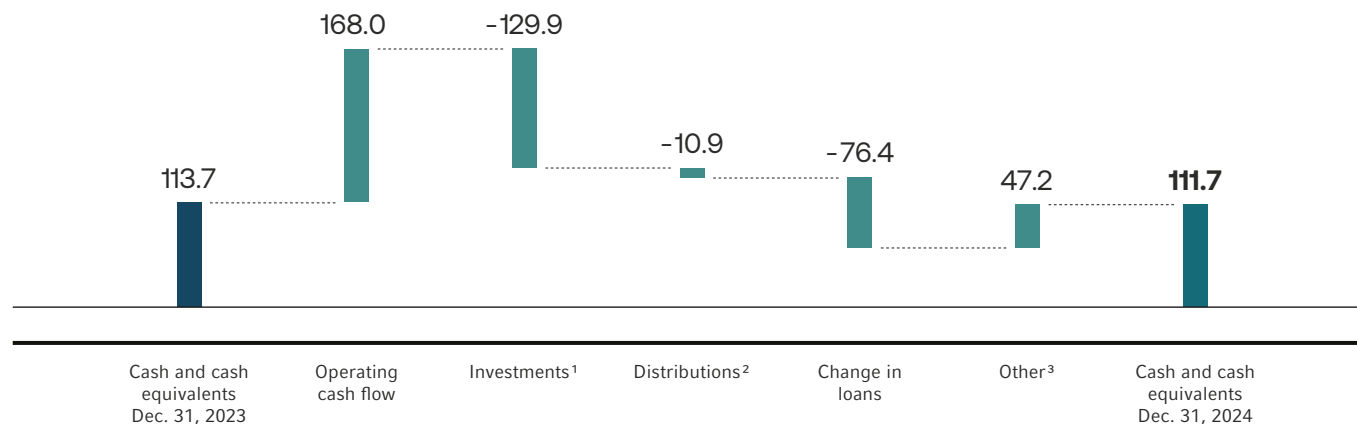
| in EUR million  | 2024        | 2023        | Change, absolute |
|---|-------------|-------------|------------------|
| Net cash from operating activities  | 168.0       | 129.7       | 38.3             |
| Proceeds from disposals of property, plant, and equipment and intangible assets | 20.3        | 6.0         | 14.3             |
| Payments for investments in intangible assets                                   | -21.6       | -27.8       | -6.2             |
| Payments for investments in property, plant, and equipment                      | -108.3      | -71.2       | 37.1             |
| <b>Operating free cash flow</b>   | <b>58.4</b> | <b>36.7</b> | <b>21.7</b>      |

activities excluding cash flows for M&A\* activities and for financial assets) of EUR 58.4 million (2023: EUR 36.7 million). On the back of year-on-year growth in operating free cash flow, the Group was in a position to fully finance its investing activities

from cash generated from operations and to repay loans. The guidance of “around 2% of Group revenue” formulated in the 2023 combined management report was clearly exceeded on this basis, the figure standing at 3.2%.

## Key cash flow figures 2024

in EUR million



<sup>1</sup> Payments for investments in property, plant, and equipment and intangible assets

<sup>2</sup> To shareholders of ElringKlinger AG and non-controlling interests

<sup>3</sup> Including payment of EUR 28.0 million received from the co-owner of EKPO Fuel Cell Technologies GmbH and proceeds from asset disposals

## Debt repayment reflected in cash flow from financing activities

ElringKlinger again used its surplus funds to scale back loans over the course of the 2024 financial year. Consequently, cash flow from financing activities was in negative territory at a net amount of EUR -59.2 million (2023: EUR -39.7 million). This included long-term loan borrowings and repayments as well as the change in short-term loans, the overall net amount of which was EUR -76.4 million (2023: EUR -51.1 million). In addition, the item includes payments for dividend distributions of EUR 10.9 million (2023: EUR 13.8 million) to shareholders and non-controlling interests. ElringKlinger also received further contributions of EUR 28.0 million (2023: EUR 26.0 million) from the co-owner of EKPO Fuel Cell Technologies, Dettingen/Erms, Germany, in 2024.

As of December 31, 2024, the ElringKlinger Group had cash and cash equivalents of EUR 111.7 million (Dec. 31, 2023: 113.7 million). Together with open, undrawn credit lines of EUR 236.9 million (Dec. 31, 2023: EUR 303.4 million), this continues to provide ElringKlinger with a solid liquidity base to drive forward and shape the Group's transformation.



## Overall assessment by the Management Board of the financial position, financial performance, and cash flows of the Group

For ElringKlinger, the 2024 financial year continued to be dominated by challenging fundamentals. The global automotive industry has been drawn into a quagmire of tension marked by geopolitical turbulence, armed conflicts in certain parts of the world, and the threat of more extensive trade barriers, such as those caused by higher tariffs. Driven in part by the need to meet specific climate targets, the industry is undergoing a technological transformation that continues to pose a major challenge. At the same time, this transition has had a bearing on demand-side purchasing patterns, with consumers often facing difficult decisions. These developments in conjunction with divergent economic trends, including the structural recession in Germany, had an impact on the markets, which – calculated on the basis of global automotive production of -1.1% – proved anything but dynamic.

Against this backdrop, management views the ElringKlinger Group's performance in the 2024 financial year as solid overall. The Group generated sales revenue of EUR 1,803.1 million. Although this was down on the prior-year figure of EUR 1,847.1 million, assuming stable exchange rates, it would have been almost on a par with the previous year at EUR 1,831.2 million. Sales

revenue generated in the E-Mobility business unit, a promising field of the future, more than doubled year on year, reflecting the ramp-up of a large series production order in the area of new drive technologies; further ramp-ups are in the pipeline. EBITDA amounted to EUR 144.0 million (2023: EUR 200.3 million), while adjusted EBIT\* for the year stood at EUR 87.6 million (2023: EUR 100.1 million). The adjusted EBIT margin\* of 4.9% (2023: 5.4%) was in line with the original annual guidance of around 5% of Group revenue.

Management activities continued to center on the financial performance of the largest segment, Original Equipment. This was reflected in the Group's sharper focus on profitable business and future-facing technologies during the 2024 financial year in the form of several strategic measures. Among them, for example, was the sale of two entities in Switzerland and the United States, which primarily related to the Metal Forming & Assembly Technology business unit. This also included critical impairment tests relating to capitalized development projects and decisions to discontinue loss-making activities. A case in point was ElringKlinger's systems business for electric drive units. Here, the Group will be focusing on its profitable components business. In addition, the Group plans to cease operations at the plants in Thale, Germany, and Fremont, CA, USA. These measures led to substantial impairment losses and other operating expenses in the 2024 financial year. Ultimately, however, they will help to improve the

Group's profitability and cash flow in the long term. The After-market and Engineered Plastics segments reaped the rewards of their market development strategies and made a significant contribution to Group earnings.

One of the central management objectives is to provide the basis for self-financing from operating activities. In this context, operating free cash flow of EUR 58.4 million is to be seen as a successful milestone. ElringKlinger financed the investments it made worldwide – with a focus on new drive technologies and scheduled ramp-ups – entirely from cash flow generated from operating activities and was also in a position to further reduce net financial liabilities significantly to a long-term low of EUR 245.9 million. While the equity ratio fell to 39.0% as part of the strategic measures, the aim is to swiftly return it to the medium-term target range of 40 to 50%.

ElringKlinger will continue to pursue its successful path of transformation in line with the Group's SHAPE30 strategy. The strategic package of measures initiated to a greater extent in 2024 has established a firm foundation for the Group's profitable future. ElringKlinger's portfolio includes innovative, production-ready components and systems that contribute to emission-neutral mobility. This product portfolio, the broad customer base, and the global network of modern production sites form a good basis for consistently solid business development.



# Financial Performance, Net Assets, and Cash Flows of ElringKlinger AG

**The management report of ElringKlinger AG and the Group management report have been brought together in a combined format. Details of the business performance relating to ElringKlinger AG, as outlined below, are based on its annual financial statements, which have been prepared in accordance with the provisions set out in the Commercial Code (Handelsgesetzbuch – HGB) and the Stock Corporation Act (Aktiengesetz – AktG) as well as in compliance with the additional requirements of the Articles of Association.**

**Operating within a challenging business environment, ElringKlinger AG expanded its revenues in some of its sales regions compared to the previous financial year and achieved growth of 2.8%. Earnings before interest, taxes, and equity investments (EBIT) were influenced by exceptional items in the financial year under review and amounted to EUR -54.3 million. ElringKlinger AG's net assets and cash flows at the end of the reporting period remained very solid, with an equity ratio of 37.0% and a substantial cash inflow from operating activities of around EUR 72.5 million in the 2024 financial year.**

## **ElringKlinger AG revenue at EUR 879 million**

Despite challenging economic and industry-specific conditions, ElringKlinger AG's business activities remained very stable over the financial year just ended. The parent company, which operates sites in Dettingen/Erms, Geretsried-Gelting, Langenzenn,

Lenningen, Neuffen, Thale, and Runkel, saw its revenue increase by EUR 23.8 million or 2.8% year on year. Revenue amounted to EUR 879.4 million (2023: EUR 855.6 million) and thus expanded against the backdrop of challenging industry conditions. The rate of growth recorded by the company clearly exceeded that of the market as a whole, even though it fell short of the original target of achieving revenue growth of around 5%.

ElringKlinger AG recorded double-digit percentage growth in sales revenue in the regions of Germany, Asia-Pacific, and South America and Rest of the World in the year under review. In Germany, the company's second strongest region in terms of revenue, sales revenue rose sharply by 19.5% to EUR 306.4 million (2023: EUR 256.4 million). At the same time, the percentage share of Germany as a sales region rose to 34.8% (2023: 30.0%). With a share of 41.3% (2023: 45.7%), the Rest of Europe continues to represent the company's largest sales region. In this region, ElringKlinger AG generated revenue of EUR 362.9 million (2023: EUR 390.9 million). Yet again, the company was also able to expand revenue generated in the Asia-Pacific region in the reporting period. In 2024, it posted revenue of EUR 96.1 million (2023: EUR 85.3 million), which corresponds to a growth rate of 12.6%. The rate of growth was similar in South America and Rest of the World. In this region, ElringKlinger AG saw its revenue grow by 13.9% to EUR 48.0 million (2023: EUR 42.1 million). In the region encompassing North America, revenue generated by ElringKlinger AG fell by 18.4% to EUR 66.0 million (2023: EUR 80.9 million).

Of particular note in this reporting year is the growth in revenue achieved in Germany, up by EUR 50.0 million on the previous year. Correspondingly, the share of foreign sales in total revenue attributable to ElringKlinger AG fell to 65.2% (2023: 70.0%). The increase in revenue was due in part to the high rate of growth in the Aftermarket business.

## **Original Equipment segment down slightly year on year**

In the 2024 financial year, the Original Equipment segment generated revenue of EUR 579.2 million (2023: EUR 587.3 million), down 1.3% on the previous year. Due to the strong expansion of the company's Aftermarket business, the share of total ElringKlinger AG revenue accounted for by Original Equipment declined slightly from 68.6% to 65.9%. The largest increase in revenue within this segment was attributable to the Battery business unit. The E-Mobility business unit also experienced year-on-year growth, while revenue in the Metal Sealing Systems & Drivetrain Components business unit declined.

## **Aftermarket again records double-digit growth**

Boasting a rate of expansion of 11.8%, the Aftermarket segment made an above-average contribution to revenue growth at ElringKlinger AG in the 2024 financial year, thus emulating last year's performance. At EUR 300.2 million (2023: EUR 268.6 million), revenue was up EUR 31.6 million on the prior-year figure. This segment's share of total revenue was further expanded by 270 basis points to 34.1% (2023: 31.4%). The expansion in revenue was driven by all major sales regions.

## **Sustained growth in total operating revenue**

As part of ramp-up measures and further preparations relating to the large-scale series production orders received by the company, inventories increased by EUR 15.1 million (2023: EUR 2.6 million) with the help of a circumspect inventory policy. Including other own work capitalized, total operating revenue amounted to EUR 894.5 million (2023: EUR 858.3 million), up by EUR 36.2 million or 4.2%.

At EUR 58.3 million (2023: EUR 56.2 million), other operating income was slightly up on the previous year. In addition to income from currency translation and government grants, the key factor here was the impact of the change in the transfer pricing system.



Other operating expenses were up in 2024 compared to the previous year at EUR 271.2 million (2023: EUR 249.5 million), which was attributable to a variety of influences. The effects of the company's strategic measures, including the sale of the Swiss subsidiary and the discontinuation of business activities in the area of engine testing services, played a role in this context, as did the change in the transfer pricing system and the costs associated with the further digitalization of the company.

### Prices remain fundamentally high overall

After prices for raw materials and energy had soared to a high level across the board in the past and eased somewhat in specific areas in the previous year, prices trended slightly downwards overall in 2024 but still remained above the pre-pandemic level. The downward trend in prices during the financial year was also reflected in expenses for some raw materials and energy. Prices for steel and plastic in particular trended downwards and remained at a consistently low level. However, this easing of prices did not apply to all raw materials used by ElringKlinger in production: Prices for aluminum and elastomers remained at a comparable level to the previous year due to movements in market prices over the course of the financial year.

In view of the elevated level of prices overall and the growth in operating revenue, the cost of materials also trended higher year on year, although at 3.2% this item rose at a slower rate than revenue, which increased by 4.2%. The cost of materials amounted to EUR 391.5 million in the year under review (2023: EUR 379.4 million). The cost-of-materials ratio, which puts the cost of materials in relation to total operating revenue, fell by 40 basis points to 43.8% (2023: 44.2%).

### ElringKlinger AG workforce grows

ElringKlinger AG employed 3,103 people at the end of the financial year under review (Dec. 31, 2023: 2,956 employees), which corresponds to an increase of 5.0%. In the financial year under review, wages and salaries rose to EUR 222.5 million (2023: EUR 211.9 million). At the same time, social security contributions and pension

expenses also trended higher year on year. Overall, personnel expenses stood at EUR 265.4 million in the financial year just ended, up EUR 14.2 million or 5.7% (2023: EUR 251.2 million). Personnel expenses in relation to total operating revenue rose slightly to 29.7% (2023: 29.3%).

### Year-on-year increase in depreciation, amortization, and write-downs

Depreciation, amortization, and write-downs of intangible assets and fixed tangible assets stood at EUR 43.9 million in the financial year under review (2023: EUR 29.9 million), up on the prior-year figure. At EUR 35.1 million (2023: EUR 0.1 million), write-downs of receivables from affiliated companies, prompted by impairment testing, were significantly higher than in the previous year.

### Earnings before interest, taxes, and equity investments impacted by depreciation, amortization, and write-downs

The effects of the increase in revenue contrasted with higher material and personnel expenses, an increase in depreciation, amortization, and write-downs, and also a rise in other operating expenses due to persistently high price levels, wage cost increases, and the company's strategic measures. As a result, the company's earnings before interest, taxes, and equity investments (EBIT\*) fell to EUR -54.4 million (2023: EUR 4.4 million). This is equivalent to an EBIT margin (EBIT as a proportion of total operating revenue) of -6.1% (2023: 0.5%).

The adjusted EBIT margin of ElringKlinger AG, i.e., the ratio of adjusted EBIT to the company's revenue, was expected to be around 6%, as presented in the 2023 combined management report as a guidance for the 2024 financial year. With adjusted EBIT of EUR 0.4 million (2023: EUR 72.4 million), the adjusted EBIT margin stood at 0,1% (2023: 9.2%), meaning that the company fell short of the target it had set itself. The adjustments in the reporting year mainly included one-time effects from the strategic measures described above.

### Net finance result influenced by strategic measures

Income from equity investments includes distributions from several subsidiaries in Germany and abroad to ElringKlinger AG and totaled EUR 24.6 million (2023: EUR 35.1 million). The item comprising other interest and similar income was higher than in the previous year at EUR 13.9 million (2023: EUR 10.5 million). While interest and similar expenses totaling EUR 16.2 million (2023: EUR 16.3 million) and income from other securities and loans classified as financial assets amounting to EUR 0.2 million (2023: EUR 0.2 million) remained virtually unchanged, write-downs of financial assets increased significantly due to the strategic measures described above. This was attributable primarily to the sale of the Swiss subsidiary but also to write-downs as part of impairment testing on investments. Write-downs of financial assets amounted to EUR 110.3 million in the reporting year (2023: EUR 23.0 million). Overall, the net finance result of EUR -87.8 million (2023: EUR 6.5 million) was also significantly lower than the prior-year figure.

### Net loss due to exceptional items

As a result of the downturn in earnings before interest, taxes, and equity investments and the lower net finance result, earnings before taxes were also down significantly on the prior-year figure. The latter stood at EUR -142.2 million (2023: EUR 10.9 million). Following a non-recurring effect arising from a change in the transfer pricing system, which had led to income taxes of EUR 27 thousand in the previous year, this figure was up at EUR 12.4 million in the year under review. In total, post-tax profit at the end of the reporting period amounted to EUR -154.6 million (2023: EUR 10.9 million). After deducting other taxes, the net loss for the year was EUR -155.0 million (2023: net income of EUR 10.6 million). In the 2024 financial year, net reversals of revenue reserves amounted to EUR 163.4 million (2023: EUR 0 million). In the financial year under review, a dividend totaling EUR 9.5 million (2023: EUR 9.5 million) was distributed to the shareholders of ElringKlinger AG. As of December 31, 2024, the company's unappropriated surplus (i.e., net retained profit) for

\* Cf. glossary





the financial year amounted to EUR 9.5 million for the financial year under review (2023: EUR 10.6 million).

#### **Dividend proposal of EUR 0.15 per share**

In keeping with its balanced approach with regard to dividend payments, the Management Board and Supervisory Board would like to ensure that shareholders benefit appropriately from the Group's performance. Given in particular the favorable prospects for the coming financial years, both boards are keen to ensure continuity with regard to the dividend policy. In agreement with the Supervisory Board, the Management Board proposes to the Annual General Meeting that an unchanged dividend of EUR 0.15 per share be paid out for the 2024 financial year (2023: EUR 0.15 per share).

#### **Net Assets of ElringKlinger AG**

The dual role of ElringKlinger AG as the parent company of the ElringKlinger Group and at the same time as a production company is reflected in the asset structure of the balance sheet. As regards assets, the principal components are both the operating assets required for operational activities and the interests in and receivables from affiliated companies. In the 2024 financial year, the strategic divestment of two companies directly and indirectly affiliated with the parent company and the impairment tests carried out on the basis of business expectations for the financial assets recognized at the end of the 2024 reporting period had a dilutive effect on total assets.

#### **Total assets of the AG at just over one billion euros**

Total assets reported in the balance sheet of ElringKlinger AG, as prepared in accordance with the German Commercial Code (HGB\*), amounted to EUR 1,002.1 million as of December 31, 2024, compared to EUR 1,132.2 million in the previous year. While

fixed assets with a total carrying amount of EUR 545.3 million (Dec. 31, 2023: EUR 573.0 million) fell by EUR 27.7 million compared to the previous year, current assets decreased more sharply to EUR 441.0 million (Dec. 31, 2023: EUR 546.7 million), as discussed below. Thus, the respective share of fixed assets in the balance sheet total rose from 50.6% at the end of the previous year to 54.4% and fell from 48.3% to 44.0% in the case of current assets. Prepaid expenses of EUR 15.7 million (Dec 31, 2023: EUR 12.4 million) accounted for a further, albeit minor, share of 1.6% of assets at the end of 2024.

#### **Tangible fixed assets and intangible assets at around EUR 250 million**

ElringKlinger AG's tangible fixed assets had a carrying amount of EUR 243.3 million as of December 31, 2024 (Dec. 31, 2023: EUR 260.7 million). In the 2024 financial year, additions from investments in the amount of EUR 28.0 million contrasted with depreciation and amortization of EUR 29.5 million. The year-on-year decline in the carrying amount is mainly due to write-downs in the form of impairment losses totaling EUR 14.8 million, which were attributable primarily to the plant discontinuations in Thale and Langenzenn. Intangible assets, which under German commercial law do not include own development work capitalized, amounted to EUR 3.4 million at the end of the reporting period (Dec. 31, 2023: EUR 3.7 million).

#### **Financial assets influenced in part by divestments**

The financial assets of ElringKlinger AG mainly comprise shares in affiliated companies and, in addition, equity investments as well as long-term loans to affiliated companies and investees. As of December 31, 2024, they totaled EUR 298.7 million, which corresponds to a slight decrease of EUR 10.0 million compared to the previous year's figure of EUR 308.7 million.

As in previous years, the principal component of financial assets was shares in affiliated companies with a total carrying amount of EUR 287.0 million (Dec. 31, 2023: EUR 279.3 million). The net increase of EUR 7.7 million compared to the previous year is attributable to various circumstances that prompted both the expansion in shareholdings or new contributions and the disposal of shares as well as write-downs and, to a very small extent, write-ups. These included the sale of two Group companies in Switzerland and the United States in the fourth quarter of 2024, which led directly to a disposal in financial assets in the case of the Swiss plant. The plant in the United States was part of the US holding company owned by the parent company. The battery center in South Carolina, which was founded in 2024 and is currently under development, is also affiliated with this US holding company. The carrying amount of the share in ElringKlinger Holding USA, Inc. was up in net terms at the end of the 2024 financial year following the conversion of receivables and an adjustment to the carrying amount. Other items, including the disposal of shares associated with the sale of the Swiss company, led to a reduction in this balance sheet item. In total, write-downs in the form of impairment losses amounted to EUR 91.9 million.

At the end of 2024, loans to affiliated companies and investees amounted to EUR 3.3 million (Dec. 31, 2023: EUR 7.2 million). Due to the strategic decision to terminate system business for electric drive units, the activities relating to the subsidiary hofer powertrain products GmbH, Neuffen, Germany, were significantly reduced in the period under review. This also resulted in a reduction in the investment value of associated Hofer AG. In total, ElringKlinger AG's equity investments amounted to EUR 7.8 million at the end of 2024 (Dec. 31, 2023: EUR 21.6 million).

#### **Current assets fall to EUR 441 million**

Inventories held by ElringKlinger AG as a separate entity increased by 14.4% year on year to EUR 220.2 million at the end





of the reporting period (Dec. 31, 2023: EUR 192.4 million). They comprise raw materials, semi-finished and finished goods for the manufacturing process as well as inventories relating to the company's aftermarket business, with finished goods forming the principal component with a carrying amount of EUR 125.7 million (Dec. 31, 2023: EUR 112.7 million). Part of this increase in inventories was driven by the large-scale series production orders ramping up in the E-Mobility business unit.

ElringKlinger AG's receivables totaling EUR 211.4 million (Dec. 31, 2023: EUR 353.6 million) consisted of other assets, trade receivables in the amount of EUR 68.7 million (Dec. 31, 2023: EUR 64.0 million), and receivables from affiliated companies in the amount of EUR 115.0 million (Dec. 31, 2023: EUR 260.7 million). The latter largely relate to financial transactions and the parent company's financing function in respect of affiliated companies. Alongside a conversion process involving shares in affiliated companies, the decline was also attributable to an impairment loss of EUR 35.1 million recognized in profit or loss, which was also in connection with the strategic discontinuation of business activities.

#### Equity diluted by net loss for the year

Equity held by ElringKlinger AG was diluted by the net loss for the year of EUR -155.0 million and the dividend payment of EUR 9.5 million made to shareholders of ElringKlinger AG in respect of the previous financial year. At the end of 2024, equity amounted to EUR 370.7 million (Dec. 31, 2023: EUR 535.1 million), resulting in an equity ratio of 37.0% (Dec. 31, 2023: 47.3%). Subscribed capital of EUR 63.4 million, which corresponds to a notional value of EUR 1.00 of the nominal capital per registered share, and the capital reserves of EUR 120.8 million remained unchanged from the previous year's reporting date.

The pension provisions of ElringKlinger AG had a carrying amount of EUR 96.2 million at the end of the 2024 financial year (Dec. 31, 2023: EUR 99.4 million). They were measured at the end of the year in accordance with actuarial principles using the projected unit credit method.

Other provisions include various current and non-current obligations and had a total carrying amount of EUR 92.0 million at the end of the 2024 reporting period (Dec. 31, 2023: EUR 75.8 million). The increase was mainly associated with personnel-related obligations recognized under this item with a carrying amount of EUR 38.0 million (Dec. 31, 2023: EUR 26.1 million). They include partial retirement obligations and, to a lesser extent, provisions for long-service awards. In addition, provisions were made for non-settled bonus credits to customers, mainly from the Aftermarket segment, as well as a number of other items such as derivative risks, warranty obligations, provisions for contingent losses, outstanding supplier invoices, and customer credits.

The liabilities of ElringKlinger AG increased slightly by EUR 13.8 million to EUR 433.7 million compared to the previous year (Dec. 31, 2023: EUR 419.9 million). This item included liabilities to banks, which were scaled back by EUR 60.9 million to EUR 182.5 million (Dec. 31, 2023: EUR 243.5 million). It should be noted that the net loss for the year was associated mainly with non-recurring factors of a non-cash nature. ElringKlinger AG's trade payables increased to EUR 133.5 million at the end of the year (Dec. 31, 2023: EUR 94.3 million), while liabilities to affiliated companies rose to EUR 61.1 million (Dec. 31, 2023: EUR 26.3 million), partly as a result of advance input required for upcoming series production ramp-ups for E-Mobility applications. The increase in these items should also be seen in the context of optimized treasury management and, in the case of items

relating to affiliated companies, efforts to balance liquidity at Group level.

ROCE\*, as a profitability indicator, stood at 0.1% for ElringKlinger AG in the financial year under review (Dec. 31, 2023: -2.6%). Adjusted for non-recurring items in accordance with the established definition (cf. "Internal Control System"), such as impairment losses in connection with the sale of subsidiaries, adjusted ROCE relating to the parent company of the ElringKlinger Group would have been 6.1% (Dec. 31, 2023: 6.6%). This figure corresponds to the guidance expressed in the 2023 combined management report of "moderately below the Group level," which corresponded to an adjusted ROCE of 6.7% in 2024 (original Group ROCE guidance of around 6.0%). The profitability indicator ROCE expresses how high the return on capital employed is; it is determined from the relation of EBIT (earnings before interest and taxes) to average capital employed.

### Cash Flows of ElringKlinger AG

#### Net cash from operating activities at EUR 72 million

Regardless of the non-cash factors reflected in earnings, ElringKlinger AG again generated a substantial cash inflow from operating activities of EUR 72.5 million in the 2024 financial year (2023: EUR 86.4 million).

Alongside the favorable performance relating to operating activities – excluding non-cash influences – changes in current assets also had an impact on cash flow\*. This included the year-on-year increase in inventories and trade payables, which led to a corresponding cash outflow, while the change in receivables from affiliated companies resulted in a cash inflow. Overall, the changes

\* Cf. glossary



in these inventories relating to net working capital, including other assets and liabilities not attributable to investing or financing activities, resulted in a cash outflow of EUR 68.6 million, compared to EUR 1.9 million in the previous year.

As part of the indirect method of calculating operating cash flow from net income, non-cash expenses and income were eliminated. These include, among other things, changes in provisions that are recognized in profit or loss but not non-cash in nature, which had a positive effect of EUR 11.1 million in 2024 after a dilutive effect of EUR 17.8 million in the previous year. This was due to the higher net additions in the 2024 financial year. Net losses of EUR 12.3 million (2023: EUR 3.6 million) from disposals of fixed assets were added as part of the indirect cash flow calculation.

The net amount of income taxes paid and reimbursed led to a cash inflow of EUR 1.3 million, compared to an outflow of EUR 18.4 million in the previous year.

Distributions received by ElringKlinger AG as income from equity investments led to an increase in cash and cash equivalents of EUR 24.6 million in 2024 (2023: EUR 35.1 million).

#### **Investments reflect transformation**

Payments relating to tangible fixed assets amounted to EUR 28.0 million at ElringKlinger AG in the year under review (2023: EUR 34.4 million). A clear focus was placed on investments in the E-Mobility business unit, where production machinery was added in connection with upcoming ramp-ups relating

to the manufacture of battery components. Overall, however, investment spending was also directed at the long-standing business units, which are located both at the headquarters in Dettingen/Erms and at other German sites and continue to represent an important cornerstone of the company's transformation.

ElringKlinger AG spent EUR 0.5 million on intangible assets in 2024 (2023: EUR 0.7 million). Disposals of tangible fixed assets and intangible assets generated proceeds of EUR 0.8 million for ElringKlinger AG in 2024 (2023: EUR 5.6 million).

Payments for investments in financial assets amounted to EUR 12.4 million (EUR 9.4 million). ElringKlinger AG's total net cash used in investing activities amounted to EUR -40.0 million in the 2024 financial year (2023: EUR -38.4 million).

#### **Operating free cash flow on target at EUR 45 million**

ElringKlinger AG used cash flows from operating activities to finance its cash outflows for investing activities and to generate additional funds, resulting in operating free cash flow\* after investments (adjusted for cash flows from acquisition activities and changes in financial assets) of EUR 44.8 million (2023: EUR 57.0 million). This key performance indicator was in line with the guidance of operating free cash flow "in the low to mid double-digit million euro range" set out in the 2023 combined management report.

#### **Around EUR 24 million used for financing activities**

In the 2024 financial year, ElringKlinger AG scaled back its non-current loans and financial liabilities by a net amount of

EUR 37.9 million (2023: EUR -34.0 million). These were mainly drawings and repayments under the syndicated loan\* agreement. It was concluded in 2019, with an increase and extension in 2021, for a total volume of EUR 450 million and runs until 2026. After the end of the reporting period – on March 11, 2025 – a new syndicated loan agreement was concluded for EUR 450 million, at standard market terms and covering a period of five years, with an option to increase the volume by EUR 100 million. The agreement serves to repay the previous syndicated loan and bilateral credit lines and was arranged with three banks; four others are part of the syndicate. As a result of loans and time deposits taken out and repaid with regard to affiliated companies, ElringKlinger AG recorded a cash inflow of EUR 47.5 million (2023: EUR -0.5 million). Including the change in current liabilities to banks of EUR -23.7 million (2023: EUR -5.9 million) and payments to shareholders, which amounted to EUR 9.5 million (2023: EUR 9.5 million), ElringKlinger AG used funds of EUR 23.6 million for financing activities in 2024 (2023: EUR -49.9 million).

As of December 31, 2024, the undrawn lines of credit available to ElringKlinger AG totaled EUR 219.0 million (Dec. 31, 2023: EUR 277.3 million).

The individual cash flows continue to be calculated in accordance with the principles of DRS 21. Overall, the company is therefore able to meet its payment obligations.

\* Cf. glossary



# Report on Opportunities and Risks

**ElringKlinger's opportunity and risk management system aims to identify and assess risks systematically, continuously, and at an early stage and to manage them by means of risk-mitigating measures. For ElringKlinger, this forms an integral part of value-based corporate management. The Group applies a comprehensive range of instruments to prevent risks from occurring or, where they do occur, to minimize their impact on the company. Both external (e.g., political) and internal (e.g., financial) factors are taken into account. Opportunities are treated in the same way.**

## Opportunities and risk management system

The opportunities and risk management system is made up of various tools and control systems; it relates to the entire Group and its segments. It forms an integral part of the overall planning, steering, and reporting process in the legal entities, business units, and central functions. The structure is based on ISO\* Standard 31000 (Risk Management), which is a generally recognized framework concept in accordance with IDW PS 981. Among the key components are strategic Group planning and internal reporting. The effectiveness and suitability of the opportunities and risk management system itself are continually adapted and refined in accordance with new requirements as they arise.

In the context of Group strategic planning, continuous monitoring of markets, customers, and suppliers ensures that potential risks relating to material decisions are identified and taken into account, while opportunities arising within the market can be

exploited accordingly. With this in mind, the Management Board holds strategy meetings at regular intervals, at which it discusses market developments, customer requirements, and industry and technology trends. As an essential element of these meetings, the Management Board analyzes the Group's product portfolio and compares it with the framework requirements. All key areas within the Group are involved in this process. Information is retrieved, collated, and evaluated as part of a standardized process. Conclusions for action are derived from these procedures, which are then implemented in the short, medium, and long term. The Management Board bears overall responsibility.

The opportunity and risk positions of the ElringKlinger Group are collated by the Controlling department, a process that is supported by a detailed internal reporting system. In addition to ensuring that all available sources of information are taken into account, the process is aimed at monitoring and managing the course of business.

A key component of the risk management system is regular risk reporting by the management of the respective domestic and foreign Group companies, with the involvement of the business units, which is performed on a half-yearly basis. It covers risk-related developments in all fields relevant to the Group that may affect business activity and, in particular, the continuation of the ElringKlinger Group as a going concern against the background of the specific risk-bearing capacity. ElringKlinger AG's concept with regard to risk-bearing capacity takes into account elements of both a balance sheet and a liquidity-oriented perspective when it comes to determining risk coverage potential. The focus in particular is on changes to the economic or political situation, new regulatory requirements, technological developments, commodities markets, and internal risks. Within the scope of this reporting,

risks are identified and assessed. In addition, reports are compiled on risk-mitigating measures. The Chief Financial Officer is responsible for coordinating these activities in his capacity as Global Risk Manager. The risk structure of the Group and the AG does not differ significantly overall.

The Management Board assesses the aggregate risk and submits regular and comprehensive reports on its findings to the Audit Committee and the Supervisory Board. Another important aspect of the centralized risk and quality management system deployed at the ElringKlinger Group is that of tracking the implementation of defined measures. This occurs regularly as part of the committee meetings of the respective Group companies.

The Group considers risk management to be an all-embracing activity that encompasses not only the identification and assessment of risk, as outlined above, but also a system of preventive measures and contingency planning that has proven to be very effective.

Alongside regular reporting, internal audits are an important control mechanism and thus an essential element of the risk management system. Audits are carried out in the business and corporate units of the ElringKlinger Group as well as at the Group companies. They are conducted by the Audit department in cooperation with external accountancy firms commissioned by ElringKlinger. The rationale behind the use of internal and external specialists is to ensure that risks are identified, statutory requirements are met, internal processes are reviewed, and potential for improvement is recognized. Risk-based audit planning forms an integral part of audit projects. Audits can also be initiated on the basis of inquiries over the course of the year or events related to specific circumstances. The findings of such audits are

\* Cf. glossary



compiled in reports, which are directed in particular at the Management Board and the Chairperson of the Audit Committee within the Supervisory Board. The reports are evaluated, whereupon necessary measures are initiated. The execution of measures is monitored by the Management Board member whose remit covers this area; this Management Board member is also responsible for reviewing assessments conducted with regard to risk positions identified by the company. All relevant findings are discussed with the areas concerned in order to bring about improvements or rectify any weaknesses.

### Compliance management system

In accordance with the existing compliance management system, the Chief Compliance Officer reports directly to the Chief Executive Officer. Additional Compliance Officers have been appointed for individual regions in which ElringKlinger is active; they report to the Chief Compliance Officer. The ElringKlinger code of conduct forms an important part of the compliance management system. It sets out binding rules for all employees of the ElringKlinger Group. The code provides guidance and serves as a benchmark for responsible conduct. Among other aspects, it covers issues such as fair competition, corruption, discrimination, and the protection of confidential data. The code is distributed to all employees in the common language of the country in which they are based. Staff members, and particularly management personnel, receive training relating to these issues. Training courses are held on a regular basis in order to prevent compliance-related infringements.

ElringKlinger's Whistleblower System allows employees to report any irregularities they may come across. This gives them an anonymous line of communication in order to pass on information on misconduct, violations of statutory provisions, and policy infringements. The Management Board is committed to adapting and

refining the existing compliance management system to changing circumstances and the possibility of evolving risk exposure.

### Internal control system<sup>7</sup>

The internal control system (ICS) established within the ElringKlinger Group is of key importance to the successful management of risks associated with business processes. In particular, one of the aims of the ICS is to ensure that the attainment of corporate goals is not jeopardized by internal and external risks. Therefore, awareness of such risks is considered a prerequisite for an effective, fit-for-purpose ICS. In this context, the execution of risk management forms an essential basis of this control system.

The control system implemented at ElringKlinger at present encompasses defined controls and monitoring activities designed to ensure the dependability and efficiency of relevant business activities and the reliability of financial reporting, in addition to legal and regulatory compliance. It is subject to continuous refinement and optimization.

In its design, the ICS is aligned with the Group's current risk situation and therefore primarily takes into account the business risks associated with ElringKlinger's operations. This risk-based design also ensures that the ICS can be adjusted accordingly when the risk status changes.

ElringKlinger's ICS covers the main business processes within the Group. The overall responsibility lies with the Management Board. When it comes to designing and maintaining appropriate and effective processes for implementing, monitoring, and sustaining the ICS, the Management Board is supported by ElringKlinger AG's central Governance Assurance Services department, which brings together and integrates the established governance system processes (i. e., the risk management system,

the compliance management system, and the internal control system).

The principal elements or sub-areas associated with the governance systems implemented by the company are audited on a regular basis in order to continuously monitor and improve these systems.

Alongside audit-specific reporting, the ongoing refinement of the governance systems, including their level of maturity, forms an integral part of the agenda at Audit Committee meetings, for which the Management Board furnishes reports. Based on these activities, the Management Board determines the adequacy and effectiveness of these systems.

### Internal control and risk management system in relation to the accounting process

With regard to accounting or external financial reporting within the Group, the internal control and risk management system can be described in terms of the following principal features: the system is geared toward identifying, analyzing, assessing, and managing risks as well as monitoring these activities. The task of structuring the system in line with the specific requirements of the company is the responsibility of the Management Board and Supervisory Board.

In accordance with the distribution of responsibilities within the company, the Finance department, which is in charge of accounting, comes under the remit of the Chief Executive Officer. This area, which also includes the Financial Reporting and Controlling departments, coordinates accounting within the Group and ElringKlinger AG and compiles the information required for the preparation of the consolidated financial statements and the annual financial statements of ElringKlinger AG. In this context, the

<sup>7</sup> The disclosures in this section are disclosures that go beyond the legal requirements for the management report and are therefore excluded from the auditor's substantive audit of the management report (information extraneous to the management report).



Financial Reporting department sets the standards within the Group and describes the processes, while the Controlling department takes on planning, steering, and monitoring tasks. The Group companies are supported by the Regional Finance Managers responsible for the respective region. The Group companies report to the assigned Management Board member responsible for their activities.

The principal risks associated with the accounting process derive from the need to provide accurate and complete information within the specified time frame. This presupposes that the requirements have been clearly communicated and the departments responsible are placed in a position where they can meet those requirements. ElringKlinger has compiled an accounting manual on the basis of International Financial Reporting Standards. All Group companies are required to apply the standards outlined in this manual as a basis of the financial reporting process. All the principal valuation standards such as those covering inventories, tools, and receivables under IFRS\* are specified in mandatory form within the manual. Mandatory accounting standards are also in use across the Group as a way of ensuring uniform treatment of the same issues.

All Group companies are obliged to comply with a pre-defined schedule for preparation of the Group financial statements. All Group companies are responsible for drawing up their separate financial statements in accordance with local accounting rules and the reporting packages pursuant to IFRS and the ElringKlinger accounting manual. Financial reporting by all the Group companies is conducted by means of a Group reporting system. Internal Group clearing accounts are reconciled with the help of confirmation of balances and the Group reporting system. It contains not only financial data but also information that is of importance to the notes to the consolidated financial statements and the combined management report of the ElringKlinger Group and ElringKlinger AG. The data and information are checked by the Finance department prior to release and consolidation.

SAP is used by all the German and the majority of the foreign subsidiaries within the ElringKlinger Group. As for the other companies, various IT systems are currently in use. In the short-to medium-term, SAP is to be introduced at other key companies within the Group. All implemented systems feature hierarchical access systems; all clearances are documented in the system. For companies that use SAP, access rights are managed centrally according to established rules and role profiles. Local management makes decisions on access in those companies that use other systems.

Among the risks that may affect the accounting process are, for instance, those associated with delays or errors in the entry of transactions or failure to observe the accounting manual and account allocation rules. In order to avoid mistakes, the accounting process is based on the separation of responsibilities and competencies, the automation of procedures, and plausibility checks for reporting purposes. Calculations are subject to continuous monitoring. Comprehensive and detailed checklists have to be worked through before the established reporting deadline.

The accounting process is also incorporated into the ElringKlinger Group's risk management system as a way of identifying accounting-related risks at an early stage, allowing the company to take prompt action to anticipate and address potential risks. As is the case with the other areas and functions of the Group, accounting is also subject to the investigations conducted as part of internal auditing.

#### **Assessment of opportunities and risks**

The systematic approach to assessing opportunities and risks takes into account both the individual risks recorded by the operating units in accordance with the bottom-up principle and the Group risks assessed by the centrally managed units in accordance with the top-down principle. Risks are described with their probability of occurrence and the respective severity of harm for the applicable period of one year and are categorized uniformly

for aggregation. As part of aggregation, the Monte Carlo method is applied for the purpose of simulating a very wide range of possible scenarios relating to the company. They are brought together in the form of a probability distribution of the overall risk position. Thanks to the wide range of calculated scenarios, this statistical method delivers a profile of probable and less probable potential deviations from targets that can be described with key indicators and provide the basis for quantitative assessment.

The same applies to the systematic approach implemented for the purpose of recording opportunities according to the top-down principle. The description of such opportunities includes details of their possible frequencies in the period under review as well as their possible bandwidths, categorized and aggregated by means of the Monte Carlo method into a probability distribution of the potential positive target deviation in order to arrive at a quantitative assessment.

The following table presents an overview of the principal opportunities and risks that are currently of relevance to the ElringKlinger Group. These items are recorded according to the net approach, i.e., the measures have been taken into account within the opportunity and risk assessment on the basis of their respective status of implementation. The individual categories have been included for the purpose of aggregation and comprise a number of specific aspects that will be elaborated on in the subsequent sections. Based on the scenario analysis, the opportunities and risks are assessed by means of the value-at-risk approach, with potential negative deviations from the target shown in red and potential positive deviations from the target shown in blue. As a statistical indicator, value at risk determines the maximum possible profit or loss that will not be exceeded in the applicable period with a specified probability – in this case 95%. It is a measure based on a defined probability and does not describe the maximum possible profit or loss, as a scenario beyond this probability is still possible. The assessment of opportunities and risks is performed on a half-yearly basis. Reporting is always

\* Cf. glossary





based on a period of one year. The reference parameter with regard to all data is adjusted earnings before interest and taxes (EBIT\*). In the following table, the arrows indicate the year-on-year change with regard to the classification of the respective risk or opportunity in terms of the risk category.

The material opportunities and risks are described and categorized below. The categories are reviewed annually in accordance with the concept of risk-bearing capacity and adjusted if necessary. The Group defines categories as low whose value at risk (95%) in positive (opportunities) or negative (risks) terms amounts to more than EUR 2.1 million. In those cases in which the figure is no more than double the value, the opportunity or risk can be described as low. In the broader corridor of between EUR 4.2 million and EUR 6.3 million the opportunity and risk is moderate. As regards figures in excess of EUR 6.3 million and up to EUR 8.4 million, the Group considers the opportunity and risk to be high, while figures above this level relate to opportunities and risks that are deemed to be very high. ElringKlinger's approach with regard to risk-bearing capacity takes into account elements of both a balance-sheet-oriented and a liquidity-oriented perspective when it comes to determining risk coverage potential. The risk categories are recalculated annually on this basis.

**External opportunities and risks**

External opportunities and risks include decisions outside the company's area of influence that may result in a direct or indirect impact on the Group and its business activities.

**Economic and strategic opportunities and risks**

For ElringKlinger, as a Group with global operations, political decisions or developments have the potential to impact – which includes the possibility of a material impact – on future business performance. The same consequences may cause political instability. Additionally, political and economic factors can have a

|                    |  | vs. py | Risk |   |   |   | Opportunity |   |   |   | vs. py |
|--------------------|--|--------|------|---|---|---|-------------|---|---|---|--------|
| <b>External</b>    | Economically or strategically              | ↗      | ■    | ■ | ■ | ■ |             |   |   |   | →      |
|                    | Retail/trading                             | ↗      | ■    | ■ | ■ | ■ |             |   |   |   | →      |
| <b>Financial</b>   | Default                                    | ↘      |      |   |   |   |             |   |   |   | →      |
|                    | Exchange rate changes                      | →      |      |   | ■ | ■ | ■           | ■ |   |   | →      |
|                    | Financing                                  | →      |      |   |   |   |             |   |   |   | →      |
|                    | Liquidity                                  | →      |      |   |   |   | ■           | ■ | ■ | ■ | →      |
|                    | Collaborations and investments             | ↘      |      |   |   | ■ | ■           | ■ |   |   | ↗      |
|                    | Tax matters                                | →      |      |   |   | ■ |             |   |   |   | →      |
| <b>Legal</b>       | Violations of intellectual property rights | →      |      |   |   |   |             |   |   |   | →      |
|                    | Legal proceedings                          | →      |      |   |   | ■ | ■           | ■ |   |   | ↗      |
|                    | Changes to statutory provisions            | →      |      |   |   |   |             |   |   |   | →      |
|                    | Compliance                                 | ↗      |      |   |   | ■ |             |   |   |   | →      |
| <b>Operational</b> | Buildings and infrastructure               | →      |      |   |   | ■ |             |   |   |   | →      |
|                    | Personnel                                  | ↗      |      |   |   | ■ | ■           | ■ | ■ | ■ | ↗      |
|                    | IT   | ↘      |      |   |   | ■ | ■           | ■ |   |   | ↗      |
|                    | Production                                 | ↘      |      |   |   | ■ | ■           | ■ | ■ | ■ | ↗      |
|                    | Procurement                                | ↗      |      |   |   | ■ | ■           | ■ |   |   | →      |
|                    | Quality                                    | ↗      | ■    | ■ | ■ | ■ | ■           | ■ |   |   | ↗      |
|                    | Sales                                      | →      | ■    | ■ | ■ | ■ | ■           | ■ | ■ | ■ | →      |
|                    | Logistics                                  | →      |      |   |   | ■ | ■           | ■ |   |   | ↗      |

|   |   |   |   |   |           |   |
|---|---|---|---|---|-----------|---|
| ■ | ■ | ■ | ■ | ■ | Minimal   | VaR(95) = 0                                 |
| ■ | ■ | ■ | ■ | ■ | Very low  | 0 < VaR(95) ≤ EUR 2.1 million               |
| ■ | ■ | ■ | ■ | ■ | Low       | EUR 2.1 million < VaR(95) ≤ EUR 4.2 million |
| ■ | ■ | ■ | ■ | ■ | Moderate  | EUR 4.2 million < VaR(95) ≤ EUR 6.3 million |
| ■ | ■ | ■ | ■ | ■ | High      | EUR 6.3 million < VaR(95) ≤ EUR 8.4 million |
| ■ | ■ | ■ | ■ | ■ | Very high | VaR(95) > EUR 8.4 million                   |

direct or indirect impact on the macroeconomic environment, technology trends in the market, the Group's sales regions, and levels of demand in the industry.

Market conditions in the automotive industry continue to be defined by a high degree of uncertainty. Ongoing armed conflicts such as those in Ukraine or the Middle East are a prime example.

\* Cf. glossary





Despite peace efforts, it is impossible to rule out a further escalation of hostilities in both regions. This is compounded by geopolitical tensions concerning spheres of influence in some parts of the world, for example in the South China Sea, or armed conflicts such as those seen in Yemen, Sudan, and Somalia. These tensions are affecting shipping routes, e.g., to the Red Sea with the Suez Canal or through the Taiwan Strait in South-East Asia, and as a result are detrimental to global trade. The impact is particularly severe in the case of global industries such as the automotive sector. Access to important shipping routes also represents a key issue at the heart of recent political debate concerning Greenland and the Panama Canal.

Parts of these geopolitical trouble spots are among the sales regions that entail certain risks for ElringKlinger. In the Aftermarket segment, whose core regions include not only Europe but also North Africa and the Middle East, there is therefore a fundamental risk of a decline in revenue. As sales in these regions are billed in euros, customers' restricted access to foreign currency could result in delayed or reduced orders. As regards the Original Equipment segment, these regions are not considered core sales markets. However, restricted access to shipping routes of international importance could have a noticeable impact on availability levels and costs in supply chains, which would not only affect the entire automotive industry but also global trade and the global economic climate.

The direction taken by the industry and the ElringKlinger Group may be influenced not only by geopolitical but also by general economic factors. Although the global economy as a whole is generally expected to see solid growth, forecasts for 2025 have recently been revised downwards, particularly for the home region of Germany. The situation is categorized by some economists as stagflation, i.e., a stagnation in economic development accompanied by inflation. If this situation were to persist or economic performance were to fall short of expectations, this would also have a dampening effect on a cyclical sector such as the automotive industry.

A substantial downturn in the economy represents a risk to demand and, ultimately, to vehicle production. This, in turn, could possibly result in lower demand for ElringKlinger's products. In addition to being fueled by political and geopolitical developments, such trends may also be driven by a number of other factors. For example, elevated prices within the global markets – particularly for raw materials and energy – may prompt central banks to curb inflation with the help of higher interest rates, which in turn also poses the risk of a slowdown in economic growth. In this context and in conjunction with geopolitical tensions, there is a risk of recession in Germany in particular, but also in other Western countries. General risks such as a global pandemic can also have an impact on economic performance.

Essentially, ElringKlinger takes sufficient account of economic risks at the planning stage. As a rule, when budgets are drawn up, the respective macroeconomic scenario is interpreted cautiously.

Thanks to its global positioning – especially in the three core automotive markets of Europe, Asia-Pacific, and North America – and the breadth of its product portfolio, the Group also has the fundamental ability to cushion the impact of geopolitical risks. In order to enhance the Group's resilience to possible negative influencing factors, the business environment and associated developments are analyzed continuously and extensively. However, in view of the uncertain and volatile conditions and the variety of possible developments, it is impossible to predict the manifestation and extent of the potential effects with sufficient accuracy.

Overall, the external economic and strategic risks can be classified as high, while the opportunities are considered marginal.

#### Trading opportunities and risks

External risks may also take the form of trade policy measures such as embargoes, unilateral subsidies, or tariffs. The issue of tariffs has increasingly become the focus of discussion, particularly in the wake of the US presidential elections and following

the inauguration of the US president. Having taken office, the US administration imposed a first round of tariffs, while the countries affected announced that they would consider countermeasures. It remains to be seen what this will actually entail and how those targeted will react. In this scenario, spiraling tariffs at an international level are a distinct possibility.

ElringKlinger has established a global presence and generally takes a continental approach to production in close proximity to its customers. Fundamentally, supply chains are set up at a local level, provided they are available locally and competitive at the location in question. If additional costs are incurred in connection with tariffs, ElringKlinger always seeks to pass them on at both the supplier and customer end. At the same time, Purchasing is approving more suppliers and applying for customs exclusions to the extent permitted by regulations. In individual cases, there is the possibility of securing the services of new suppliers from unaffected regions or relocating production to unaffected regions.

Overall, trading risks are considered to be very high, while opportunities are marginal.

#### Financial opportunities and risks

With revenue of around EUR 1.8 billion and more than 40 locations worldwide, the size and global interconnectedness of the ElringKlinger Group have reached a level that has an impact on its risk profile and gives rise to various financial risks.



#### Default opportunities and risks

One potential risk is that ElringKlinger's business partners could default on their contractual payment obligations toward the Group.

Essentially, ElringKlinger counters customer default risks primarily by means of long-standing customer relationships, a broadly diversified customer base, and advance payments or payments linked to certain milestones as a payment condition, or with the help of trade credit insurance.

ElringKlinger's business relationships with many of its customers go back several years or even decades. Based on the sense of trust gained over the years, fixed rules have been established with regard to payment practices. ElringKlinger has also continually broadened its customer structure in recent years and, as a rule, is not dependent on individual customers. The largest single customer accounted for 7.1% (2023: 8.5%) of annual revenue in 2024.

With the industry undergoing transformation, the Group has also seen its customer structure change. Increasingly, established manufacturers are being challenged by innovative new competitors focusing exclusively on vehicle models with alternative drive systems and/or entirely new mobility concepts. Many of these new industry players are still operating as start-ups. The business performance of these companies is difficult to assess because, in contrast to established manufacturers, traditional sales risks are compounded by factors such as development capacity or successful further financing rounds. It is therefore entirely possible that some of these new manufacturers will not bring their development to market maturity, will not be able to obtain follow-up financing, or will not achieve customer acceptance for their product. In all such cases, ElringKlinger is faced with the risk that payments for existing development projects or orders

may not be made, as a result of which impairment losses will have to be recognized in respect of receivables.

ElringKlinger addresses increased counterparty risk with a risk-minimizing customer strategy. This involves, among other things, payment terms that correspond largely to project progression and therefore cover any investment and development amounts outstanding.

Overall, the default risks are categorized as minimal, as are the opportunities.

#### Exchange rate opportunities and risks

ElringKlinger operates globally across various currency borders and is therefore essentially exposed to exchange rate risks as well. These include local currency surpluses in individual Group companies, intra-Group loans, and the measurement of outstanding receivables and liabilities. In times of greater uncertainty in particular, changes in exchange rates occur more frequently or are more pronounced and are reflected in net finance costs.

Local currency surpluses are eliminated by natural hedging\* as far as possible. This means that sales revenues and costs are largely incurred in the same currency in almost all sales regions. Risks arising from internal financing are gradually scaled back with the Group shifting financing to the respective currency region. To mitigate currency risks, ElringKlinger also makes use of hedging instruments, depending on need and risk profile. For example, the Group had hedges relating to the US dollar and the Swiss franc at the end of the reporting period.

In addition, there are also translation risks arising from consolidation in the Group currency. Consequently, changes in average exchange rates can cause Group revenue and earnings to increase or decrease accordingly.

Changes in exchange rates can also give rise to opportunities if the currencies develop in favor of the company's activities. For example, a change in the EUR/USD exchange rate may have a positive impact; the Group will respond flexibly in such cases.

On the whole, risks and opportunities arising from changes in exchange rates can be classed as low.

#### Financing opportunities and risks

Risks pertaining to financing arise when the Group's ability to obtain refinancing is at risk.

ElringKlinger repaid the second tranche of the bonded loan issued in 2017 in the amount of EUR 99 million from credit lines still available under the syndicated loan\*, which runs until 2026, bilateral credit lines, and cash and cash equivalents available at the time of repayment. As of December 31, 2024, the Group had a total of more than EUR 200 million in undrawn credit lines. In addition, a new syndicated loan agreement for EUR 450 million with the option to increase the volume by EUR 100 million was concluded on March 11, 2025, the purpose of which is to repay the previous syndicated loan and bilateral lines of credit.

At the end of the reporting period, the loan agreements concluded by the ElringKlinger Group mainly contained contractual clauses that are typically used in banking to satisfy certain financial requirements (financial covenants\*). As of December 31, 2024, there were no circumstances that could have given rise to the exercise of unilateral termination rights by the banks. In the opinion of the Management Board, no such circumstances are expected in the 2025 financial year either. There are no immediate risks that may jeopardize the financing of planned major projects, which is also attributable to the Group's financial metrics. At 39.0% (2023: 45.3%), the equity ratio is close to the long-term target range of 40% to 50% of total assets. At 1.7 (2023:

\* Cf. glossary



1.6), the net debt-to-EBITDA\* ratio (net debt in relation to EBITDA) is above the previous year's level against the backdrop of persistently difficult conditions. At 1.2 in the case of EBITDA adjusted for non-recurring items, it is below the previous year's level and meets the medium-term target of below 2.0. From the Management Board's current perspective, financing risks that might jeopardize the company's existence as a going concern can be ruled out.

Overall, the financing risks are categorized as "minimal," as are the opportunities.

#### Liquidity opportunities and risks

If a company is solvent, it has sufficient cash available to fulfill its financial obligations, such as the repayment of financial liabilities or ongoing payment obligations arising from operating activities. In this respect, in terms of liquidity, there is a risk that the amount of cash available may not be sufficient. On the other hand, situations may arise where cash and cash equivalents are generated that were not taken into account in planning.

ElringKlinger finances itself both from the cash flow\* generated from operating activities and by means of borrowing arrangements. In the financial year just ended, the Group's operating free cash flow\* of EUR 58.4 million (2023: EUR 36.7 million) significantly exceeded the previous year's figure. The Group's financing situation also shows that yet more credit could be utilized if needed: at the end of 2024, the credit lines totaled EUR 534 million (2023: EUR 557 million), with EUR 297 million (2023: EUR 254 million) drawn down.

The liquidity risks can therefore be classed as minimal.

The Group is also implementing measures to actively manage its liquidity position. This includes agreements with suppliers as well as a liquidity-oriented financing policy, such as equipment leases. Thus, the Group may create additional liquidity and fur-

ther improve its liquidity metrics. The resulting opportunities are considered high.

#### Opportunities and risks with regard to collaborations and investments

This category includes, for example, risks relating to portfolio and restructuring measures and decisions regarding the appropriate portfolio strategy for the business or parts of it. External growth, acquisitions of business units or companies, joint ventures, and divestments are all aspects of this risk category.

The far-reaching transformation process in the automotive industry is accompanied by global integration. Many SMEs continue to be faced with the challenge of capital allocation, as they need to position themselves globally and at the same time invest in research and development in order to master the process of transformation within the mobility sector. The risk of insolvency in the sector is heightened by the resulting financing risks. Therefore, the industry is currently undergoing consolidation and is expected to continue to do so in the future. In this context, there is also the possibility that competitors will exit the market under such conditions.

ElringKlinger views this environment as an opportunity to selectively refine its technology portfolio. The Group conducts systematic market monitoring and analysis for the purpose of maintaining the best possible overview of the business arena and establishing a position in which it has options to take action. In this context, it cannot be ruled out in principle that ElringKlinger may seize growth opportunities through acquisitions, provided that this is considered appropriate in respect of corporate strategy and contributes to achieving the goals of driving forward the Group's transformation and enhancing its profitability, particularly in the Original Equipment segment.

In the context of its SHAPE30 transformation strategy, the Group is reviewing the future viability of its product groups from a mar-

ket perspective. The findings of these assessments form the basis for its global site strategy. As part of this process, the Group took the decision to divest itself of two entities with sites in Switzerland and Buford, GA, USA. The principle governing such divestments is that they help to hone the Group profile and enhance the Group's profitability, particularly in the Original Equipment segment. Against this backdrop, the Group is also subjecting the full range of its shareholdings to a fundamental review.

In addition to targeted acquisitions and divestments, there are also opportunities to step up business activities through collaborations in the form of investments or joint ventures. Examples of this are the collaborative ventures pursued by ElringKlinger in the field of fuel cell\* technology, drawing on its own track record spanning around two decades: in 2021, ElringKlinger and the French automotive supplier OPmobility formed a jointly operated entity by the name of EKPO Fuel Cell Technologies GmbH (EKPO), Dettingen/Erms, Germany, which is driving forward the development and marketing of fuel cell technology. As part of the European IPCEI\* program, the company is developing and industrializing a new generation of high-performance fuel cell stacks with the support of funds granted by the Federal Ministry for Digital and Transport and the Baden-Württemberg Ministry of the Environment. This high-performance stack was unveiled to the public for the first time in 2024.

ElringKlinger has also been in a strategic partnership with the aerospace corporation Airbus since 2020 with the aim of working together to develop and validate fuel cells suitable for use in aviation applications. It holds a non-controlling interest in the joint venture as a financial investment. Airbus has announced its decision to postpone the hydrogen aircraft fleet originally planned for 2035, but at the same time plans to press ahead with efforts to advance the development of fuel cell technology.

Although the hydrogen industry continues to be of particular importance given the role of hydrogen as a key energy source of the

\* Cf. glossary



future, the postponement of investments is delaying the expansion of the requisite infrastructure. This may in turn lead to a shift in the market.

Beyond this, additional collaborative efforts – both in respect of technologies and markets – are conceivable, provided they aid the Group in achieving its goal of enhancing overall profitability, e.g., by opening up new markets or gaining market share. This approach also includes cooperations aimed at realizing projects together with a partner.

Overall, this risk can be classed as very low. At the same time, the Group has opportunities that fall into the low category.

#### Opportunities and risks arising from tax matters

Various opportunities and risks arise from tax matters. For example, risks linked to a number of different statutory regulations and tax audits form part of this category. These include changes in legislation or the administration of justice, which can also contribute to risks retroactively. In addition, the differing legal interpretations of tax authorities, particularly in the case of cross-border transactions, can lead to considerable uncertainties, and therefore to risks.

There is also an accounting risk if the future taxable income is not available or too low. This is the risk that the tax benefit of loss carryforwards and tax-deductible temporary differences can no longer be recognized in full or not recognized at all, which can therefore have a negative impact on the Group's result. There is also a low risk in the medium to long term that the jurisdictions affected by the change in the transfer pricing system might make assessments that differ from one another.

Overall, this results in risks that can be classified as very low for the risk assessment period, while the opportunities are minimal.

#### Legal opportunities and risks

ElringKlinger is subject to a range of legal risks.

##### Opportunities and risks relating to violations of intellectual property rights

Legal risks comprise possible violations of intellectual property rights of ElringKlinger by third parties or ElringKlinger, where the rights of third parties are concerned.

To protect its technologies and products, ElringKlinger follows an intellectual property rights strategy adapted to its business model. An in-house patent and trademark department applies for industrial property rights for the company's own development outcomes and makes sure that the company's activities do not violate the property rights of third parties. It also checks whether third parties are violating the company's property rights. The same applies to the brands used by ElringKlinger, particularly in the aftermarket business, which are also protected and monitored in this respect.

Overall, this risk is to be considered minimal. The opportunities can also be classified as minimal.

##### Opportunities and risks arising from litigation

Legal risks may also arise from court proceedings and legal disputes, third-party claims, and official investigations and orders. Significant risks, such as warranty and product liability risks typical for the industry, are covered by taking out appropriate insurance policies. The nature and scope of insurance cover are reviewed at regular intervals and adjusted if necessary. Additionally, where possible, agreements on limitation of liability are concluded between ElringKlinger and the contracting party in question.

Furthermore, ElringKlinger addresses its exposure to legal risks by recognizing provisions in its separate and consolidated financial statements. Such precautionary measures have been additionally implemented for individual sets of circumstances in 2024.

Opportunities in this area include the enforcement of claims against contractual parties or third parties. The Group performs these duties through the Legal & Compliance corporate unit and external experts on a case-by-case basis.

Overall, the risk can be classified as very low, while the opportunities are considered low.

##### Opportunities and risks due to changes in statutory provisions

Legal risks can also arise where regulations that have an impact on the Group's business activities are changed. Risks to be expected because of a change to standards, such as ISO or DIN standards, come under this category. Particular attention must be paid to the risks arising from the rapid change of standards concerning sustainability, including energy- and climate-related regulations, laws on climate protection and the energy transition, and environmental protection standards.

Against the backdrop of climate change, there are demands for stricter legislation in the transport sector and calls for sustainable mobility. In recent years, many states have issued emission regulations for vehicles or placed time limits on the registration of new combustion engine vehicles, which is prompting manufacturers to transform their product portfolio towards electromobility. At the same time, many countries are promoting new drive technologies.

ElringKlinger was an early mover when it came to forward-looking technologies and considers itself to be strategically well



positioned to meet current emissions regulations or even more extensive requirements by drawing on its high-performance product portfolio for fuel cell and battery applications.

Fuel cells make it possible to convert energy during operation, thereby extending the range depending on usage. Thus, fuel cells are particularly suitable for applications where downtime, as necessitated by frequent battery charging, is costly, e.g., in the case of trucks or buses. ElringKlinger supplies various components as well as high-performance fuel cell stacks via its subsidiary EKPO Fuel Cell Technologies GmbH, Dettingen/Erms.

In the field of battery technology\*, ElringKlinger can build on a track record spanning more than a decade as a series supplier of cell contacting systems\*. The Group has secured further high-volume series production nominations for these components in recent years, e.g., for the BMW Group's New Class. In addition, ElringKlinger can draw on its system expertise and is gearing up for the series production of battery systems on the basis of nominations received.

Likewise, vehicle weight has an impact on environmentally friendly mobility. Lightweight solutions are of key importance to car manufacturers when it comes to reducing the fuel consumption of combustion engine vehicles or increasing the range of electric vehicles. The overall focus in this regard is always on minimizing CO<sub>2</sub> emissions. A lower weight also reduces tire wear and particulate pollution. Thus, lightweight construction is a key technology for the automotive industry. ElringKlinger has been mass-producing lightweight components for more than two decades.

Recently, there has been growing debate surrounding the postponement of the commencement of sales bans. The United Kingdom has already decided on such a postponement. Should such arguments gain traction and prompt a slowdown in the

transformation towards electromobility, ElringKlinger will be able to draw on the market position of its long-standing product portfolio and continue to utilize existing production capacity.

Overall, the risk – as well as the opportunities – from changes in statutory provisions can be classified as minimal.

#### Compliance opportunities and risks

Risks to which ElringKlinger is exposed may arise from breaches of statutory or other legal requirements by managers and employees. Possible consequences include sanctions such as penalties or fines and claims for damages, which may have a negative impact on cash flows and financial performance. Such consequences may be serious, particularly in the event of antitrust law violations. Both the parent company and the subsidiaries may be exposed to the compliance risks outlined above.

Essentially, a risk of corruption cannot be ruled out per se against the backdrop of global supply chains, complex corporate structures, and the international business activities of the ElringKlinger Group. Possible consequences of corruption include reputational damage, financial losses, and liability risks.

As a risk mitigation measure, the Group conducts regular training sessions on compliance topics. ElringKlinger has also established a compliance-management system, which is constantly modified to reflect changing circumstances or conditions. In view of the instruments relating to the compliance management system and the corporate culture practiced at ElringKlinger, the probability of material violations occurring can be classified as low but cannot be completely ruled out. Depending on the circumstances of the individual case, the effects on Group earnings may reach a scale that could be considered significant.

Based on the scenario analysis, the risk is considered to be low. The opportunities are considered minimal.

#### Operational opportunities and risks

ElringKlinger is a globally positioned manufacturing company. This creates operational risks relating to production and its influencing factors. They include manufacturing and IT infrastructure, employees, the production itself, and its goods.

#### Opportunities and risks relating to buildings and infrastructure

As a global Group with more than 40 sites, ElringKlinger always needs to be sure that business operations at all locations are running smoothly and without interruptions.

The first risks to mention in this regard are site risks linked to natural hazards. Climate change is causing increasingly severe individual incidents such as floods, violent storms, heat waves, and extended periods of drought. These could lead to severe damage to buildings and infrastructure. If electricity, water, gas, or similar utilities are limited or unavailable, business activities will also be affected. Similarly, risks that fire protection systems will not work properly or that safety problems will arise exist worldwide. Poor-quality buildings can result in rising maintenance costs.

ElringKlinger addresses these risks by responding proactively and with a long-term view. Although supply risks associated with electricity, gas, and water cannot be ruled out or protected against entirely, because the company depends on upstream networks and players, the Group reduces the probability of occurrence and – where risks do occur – the downtimes with its site selection and the installation of back-up systems for sensitive areas, such as server rooms or data centers. With regard to site selection, the decision-making criteria include points such as a

\* Cf. glossary



high level of media availability and good infrastructure as well as vulnerability to natural forces or extreme weather events.

Forward-looking maintenance and servicing, the timely replacement of old systems, and – in cooperation with the central Real Estate & Facility Management and Purchasing departments – the regular review of service providers are among ElringKlinger's fundamental principles. In addition to regular maintenance, test runs and inspection by external experts guarantee that the fire protection and safety systems are highly reliable. A standardized process specification for extinguisher maintenance ensures a minimum standard for the Group that is the same all over the world.

Construction processes may also be drawn up incorrectly, be performed in a non-compliant manner, or cause unexpected additional costs. The Real Estate & Facility Management corporate unit has experts in all main construction trades who inspect the services of external planning partners and compare them against Group-specific requirements. Employees of the corporate unit are also available as points of contact to all sites worldwide and thereby make a significant contribution to reducing errors. Before a construction project is approved, the costs are compared based on key figures from similar projects and subjected to a plausibility check, including with regard to the market price situation and construction price trend. After approval, the project is monitored using an extremely extensive project controlling system. This enables cost increases during the project's term to be identified early and offset through optimization and, where necessary, reductions.

Overall, these risks can be classified as very low and the opportunities as minimal. This is also underpinned by the potential offered in regard to the continuous improvement process.

#### Personnel opportunities and risks

ElringKlinger has grown significantly in the past two decades and developed into a global Group. This creates numerous needs and requirements, both to reflect global growth and to shape the process of transformation – in the present and in the future. Against this backdrop, the ability to attract and retain committed and qualified staff in the long term is particularly important, and staff satisfaction is a key factor in this context. The overall focus is on attractiveness as an employer. Well-trained professionals are in high demand; competition within the market for qualified staff is fierce, especially in the automotive region of Baden-Württemberg. This can pose certain challenges, such as high pay levels or limited availability of staff.

The Group also uses digital media for the purpose of recruiting skilled employees. To reach out to different target groups, ElringKlinger harnesses the full gamut of social media channels (including LinkedIn, Instagram, and Facebook), its own jobs page, and various other careers portals, as well as university partnerships. It also attends vocational training fairs. With the employee referral scheme "Bring a Talent," the company is aiming to recruit highly committed and qualified candidates from the personal spheres of employees.

In the context of Success Factor #5 Corporate Culture of the SHAPE30 transformation strategy, the Group is looking to establish a new, contemporary corporate culture within the Group based on a value system that is embraced worldwide throughout the entire Group. In addition, ElringKlinger is making a point of evolving its corporate culture to a greater extent towards innovation and performance. The overall aim is to make the working environment more flexible and performance-oriented – in the interests of both employees and the company.

To encourage employees to remain with the company, the Group offers an extensive training program. Continuous staff training provides employees with the opportunity to develop at both a professional and a personal level. Flexibility achieved through advanced training helps the Group to assign its employees in a more versatile manner and to respond to dynamic changes in the market on the basis of an innovative, collaborative, and performance-focused approach. At ElringKlinger, employees are given the opportunity to take part in training programs via a digital learning platform. Clearly defined career paths of equal standing enable employees to better pursue their professional goals and develop their skills in a focused manner. The introduction of a career path centered around experts in specific subject areas, alongside the existing career path focusing on managerial positions, is a strategic approach to employee retention that helps ElringKlinger to foster broad-based loyalty, promote innovation, and remain competitive.

Additionally, a works agreement gives employees the modern option of doing their job digitally. Thanks to mobile working, employees can combine their career and family life even when work is intense.

For the Group, it is important to remain competitive at its German sites as well as internationally. In this context, the HR department regularly examines which instruments and new approaches can be applied to achieve this objective and coordinates conceptual ideas with the Works Council. If these plans are drawn up, voted on, and implemented, they may also result in efficiency gains for the Group.

On the whole, the personnel-related risks can be classed as low. The opportunities relating to personnel, on the other hand, can be described as high.





### IT opportunities and risks

In the digital age, the IT system landscape is permanently exposed to potential threats such as cybercrime, hacker attacks, or data privacy incidents that may affect the availability, integrity, and confidentiality of information and IT-based resources. Any disruption to IT systems and application software can lead to tangible delays to individual processes – from the handling of purchase orders and ongoing production control through to activities in the supply chain. Such a scenario would have a negative effect on operations, which may also affect revenue and earnings. Successful attacks by Trojans, which cannot be ruled out in principle and always represent a potential threat, would have similar effects. In addition, inadequate data management can lead to difficulties in reporting and heighten the potential of misuse of sensitive data. This applies in particular to compliance with regulatory requirements, such as the EU General Data Protection Regulation. Fundamentally, it is impossible to rule out the threat emanating from such effects; they constitute a potential hazard.

Alongside these risks, risks associated with digital transformation must also be taken into account. These include possible cost hikes attributable to system-related adjustments, the need to implement new technologies, and employee training. The speed and quality of digital transformation are also of importance. If the Group fails to switch to digital solutions in a timely and effective manner, it may find itself at a competitive disadvantage, as other market players will be in a position to offer products that are more affordable, more suitable, or more comprehensive.

The ElringKlinger Group's IT department and information security team are tasked with optimizing resilience standards on a continual basis through regular business impact analyses. Emergency plans are supplemented and expanded in cooperation with the specialist departments and plants. In this context, new

requirements arising from product transformation and the associated digitalization in day-to-day business are also taken into account in order to ensure business continuity immediately in a scenario involving damage. In addition, data that are of importance to operational processes are stored twice or redundant, high-availability systems are deployed. As a result of the migration phase to SAP S/4 HANA in particular, the volume of data and the corresponding time required to restore data in the event of an incident has increased. Additional back-up systems and bridging solutions are also in place to deal with potential risks for specific projects and processes. Employees are sensitized to malware and Trojan attacks through simulation measures and receive training on new threat scenarios via e-learning and in-person seminars.

Staff access to confidential data is controlled by means of scalable access authorizations. State-of-the-art security software applications are used for the purpose of protecting the company against unauthorized access via external sources. In addition, cyber insurance cover was taken out to mitigate the financial impact of cyber attacks.

In addition, the Group is TISAX-certified at 18 locations, while the functional units at the Group's headquarters and their sites are ISO\* 27001:2022-certified. TISAX is a standard within the automotive industry that harmonizes the level of information security throughout the entire value and supply chain; many automotive manufacturers require compliance with this standard.

ElringKlinger also sees digitalization as an opportunity. As part of its SHAPE30 strategy, the Group has identified digital transformation as a success factor. Business processes are therefore undergoing an in-depth analysis and being examined for potential improvements. In a digitalized environment, supply chains can be optimized, investment decisions can be made on the basis of data, and, ultimately, new fields of business can be cultivated.

The objective of the digitalization process is to make existing processes more efficient while also opening up the possibilities of new processes through digital means. Efficient organization thanks to digitalization not only creates an opportunity to noticeably reduce the Group's cost structures but also to make a positive impact on other factors such as employee satisfaction or employer attractiveness with a better work-life balance. In this context, the capabilities of artificial intelligence are also of relevance.

Overall, this results in risks that are to be classified as low. The opportunities are also categorized as low.

### Production opportunities and risks

Production equipment may malfunction or fail if it is not regularly maintained or modernized or replaced in good time. This risk is greater still in the case of bottleneck machinery. At the same time, product launches and ramp-ups give rise to the risk that equipment may not be configured correctly and production operations will have to be paused or aborted completely. In addition, the automation and networking of production systems need to be taken into account, along with technical developments and innovation. With regard to production, there is also a risk that the available capacities at individual sites may not be sufficient to cover the maximum call-off orders placed by customers as part of their scheduling arrangements. In these circumstances, it may not be possible to absorb peaks in orders placed by customers as part of their scheduling arrangements. However, production bottlenecks can also arise in the event of force majeure.

Instances of force majeure may be difficult to deal with, but the other risks are mitigated or avoided by putting systematic measures in place. This includes paying particular attention to carrying out preventive or foreseeable maintenance and ensuring the availability of spare parts for machinery and equipment. The aim

\* Cf. glossary



is to make sure spare parts can be supplied to any location in the world within 48 hours. Maintenance is carried out within the Group at set intervals. Production and maintenance staff are given comprehensive training in advance on similar equipment, while remote support facilities are also set up. Replacement investments are made in line with business principles. Ramp-up activities are based on dedicated manuals and checklists, while assets/capacity levels are installed and made available in advance of customer requirements. In this context, particular attention is paid to training employees at an early stage, while at the same time complying with ElringKlinger's global standards for the procurement and installation of machinery. Cyber risks, which also occur in production amid more widespread digitalization, are addressed proactively by a dedicated global Operational Technology department that draws up and maintains cybersecurity standards.

The risk of a loss of production also arises when employees' occupational health and safety is not sufficiently ensured. To mitigate this risk and eliminate it as far as possible, the Group takes a proactive approach to avoid occupational accidents altogether. Clearly defined work instructions on the issue of safety, regular safety training, preventive measures in individual workplaces, a technical safety standard for systems and work equipment, and suitable protective equipment are intended to ensure that this is the case. Occupational health and safety is also covered in the Group's operating system and forms an integral part of this. To help raise employees' awareness of the potential risks, incidents involving near-misses are highlighted and communicated within the plants as a preventive measure. In addition, risk assessments are continuously prepared and updated, complemented by safety inspections. Compliance with the regulations is verified by means of regular internal audits. Any findings from these are set out in plans of action, and countermeasures are implemented as quickly as possible. Notifications of accidents are communicated

across the Group, and the lessons learned from these incidents are also shared universally to help develop the organization further and avoid future accidents.

What represents a risk on the one hand can also be considered an opportunity on the other: digital workflows and standardized processes may eliminate inefficiencies and unlock potential. The goal is for processes to be identical at all locations worldwide and to create additional scope for the employees involved. The reduction of carbon footprints also opens up opportunities in the context of product differentiation.

On the whole, the risks can be classed as very low. The opportunities, by contrast, are categorized as high.

#### Procurement opportunities and risks

Procurement opportunities and risks can have an impact on the availability and cost of materials (e.g., raw materials, consumables, and supplies as well as parts, semi-finished products, and finished products from third parties) and services.

Risks associated with the availability of materials may emanate, for example, from a shortage of raw materials on the global market due to a change in demand, geopolitical conflicts, or various environmental factors. The risks of rising material costs may take the form of a substantial increase in the prices of materials or components, or other input parameters such as energy. This category also includes risks that could arise from contractual requirements, especially in supplier or procurement contracts.

The prices of the raw materials primarily used by ElringKlinger remain elevated in relation to pre-pandemic levels, although the situation with regard to prices has eased recently. The risk of recurring or further price increases – including those caused by customs duties – would have a direct impact on the ElringKlinger

Group and, depending on the trajectory of prices, may affect it to a considerable extent. Such a risk is evident in the sales region of North America, for example, as a result of the imposition of US tariffs on imports. However, a flagging economy would mean that prices would be expected to fall due to lower demand, which would have less of an impact on the Group – although the effect of this would not be felt immediately while the terms of existing contracts were still ongoing.

ElringKlinger's global purchasing organization continuously monitors the situation on the procurement markets and takes measures accordingly to mitigate or avoid the risk and effects of price increases. For example, the Group's central purchasing department works continuously to identify and realize any potential for optimization. Internal processes are being improved and standardized across the Group, while the selection and classification of suppliers is being systematically refined. From a long-term perspective, ElringKlinger is optimizing product design and improving internal manufacturing processes as well as those relating to suppliers with a view to offsetting price spiral effects on commodity markets.

On the procurement side, ElringKlinger negotiates optimal contractual terms with its raw material suppliers based on its own market expectations. Long-term agreements are concluded if prices are expected to rise. In some cases, however, contracts are concluded with shorter terms in order to take advantage of opportunities and to be prepared for possible price reductions. Alloying elements, such as nickel, which are used in high-grade steel alloys, are invariably traded on the stock exchange. As a result, the overall prices of high-grade steel alloys cannot be fixed as part of framework agreements. In order to cushion volatility associated with nickel prices, hedging transactions are concluded in a targeted manner. Where hedging contracts are employed as a protective instrument against commodity price



volatility, they are always based on the actual quantity of physical materials required by the company.

In order to become less exposed to increases in the prices of materials over the medium to long term, price escalator clauses are introduced into customer contracts whenever possible. If this is not possible, further negotiations are arranged with a view to passing price rises that exceed cost estimates on to customers. In addition to addressing the issue of high commodity prices, these negotiations also cover the aspect of energy, transportation, and staff costs. The risk here is that the additional costs cannot be passed on to customers in full or only with some delay.

Although high material prices have an adverse impact on the Group's earnings, ElringKlinger benefits from the same high prices when it sells the metal and plastic residues produced during production processes. These are recycled as effectively as possible and subsequently sold by the scrap management department, taking into account economic and environmental aspects. Potential cost increases can be offset, at least in part, by the proceeds from scrap sold in this way. As long as no price escalator clauses have been agreed, any reductions in material prices work in the Group's favor.

In order to mitigate material availability risks relating to bottlenecks or non-deliveries as far as possible, ElringKlinger relies on close collaboration with its suppliers over the long term. The Group makes a point of planning its material requirements in good time and is committed to a multi-supplier strategy in order to minimize the risk of production-related disruption or downtime due to disruptions within the supply chain. This strategy is also designed to take effect if one of the suppliers runs into delivery difficulties for financial reasons. Suppliers with corresponding risk profiles were again closely monitored to facilitate a quick response in the event of potential defaults and minimize the risk for ElringKlinger. As far as possible, ElringKlinger develops alternatives for commodities and materials that are either in short supply or subject to severe fluctuations in price.

Alongside the materials needed for its long-standing product portfolio, ElringKlinger sometimes uses other types of commodities and materials in the business areas of battery and fuel cell technology. It is not possible for the Group to routinely estimate the future volumes, price movements, and supplier structures with regard to these materials based on the information currently available. Overall, ElringKlinger counters this uncertainty and therefore reduces its exposure to risk by minimizing its own inventories and by also requesting these input materials as required from the supplier's consignment warehouse, i.e., the supplier retains ownership of the goods until they are requested by ElringKlinger.

Overall, the opportunities and risks can be classified as low.

#### Opportunities and risks relating to quality

ElringKlinger is a production company that manufactures products characterized by a high level of technological sophistication. This may give rise to operational risks in the form of, for example, an increase in defects, a high rejection rate, processes that are not robust, or non-standardized organizational structures or procedures. Non-standardized procedures can, in particular, arise as a result of the development of entirely new products, such as products for applications outside the automotive industry or within the field of alternative drive technologies. This may give rise to operational risks in the form of, for example, an increase in the number of defects, a high rejection rate, processes that are not robust, or non-standardized organizational structures or procedures.

In recent years, ElringKlinger has made refinements to its Operating System and implemented it throughout the Group, which includes robust processes, excellence in product rollout, and continuous improvement. In an effort to scale back the increasing complexity and growing challenges associated with business activities, ElringKlinger is pursuing an initiative aimed at process excellence. The Group's emphasis on this aspect is also reflected in the fact that Process & Performance Excellence has been

identified as a success factor for further transformation in the context of the SHAPE30 strategy. The aim of this Success Factor #4 is to keep pace with future growth through processes, increase the degree of transparency and digitalization within the Group, and pool knowledge for future activities in a way that is not dependent on specific individuals. This is also underpinned by the potential offered in regard to the continuous improvement process.

The risk arising from insufficient product quality can have consequences in the context of warranty and product liability risks to which the industry is typically exposed. At ElringKlinger, material risks within this category are covered by appropriate insurance plans. The nature and scope of insurance cover are reviewed at regular intervals and adjusted if necessary. Additionally, where possible, agreements on limitation of liability are concluded between ElringKlinger and the contracting party in question.

In order to counter the risk arising from poor product quality from a fundamental perspective, ElringKlinger has implemented processes for continuous improvement at both the project and process levels. Cases of deficient quality are tackled, for example, by tightening up procurement specifications for input materials and by continuously upgrading production equipment and increasing the level of automation. Furthermore, logistical processes are optimized on an ongoing basis.

Overall, the risk resulting from this can be classed as high. The opportunities are within the category of low.

#### Sales opportunities and risks

In addition to external risks, ElringKlinger is also exposed to market and sales risks arising from customer-specific circumstances. These include, for example, price and volume effects or fluctuating demand due to the situation regarding competition. Sales risks can also result from bottlenecks in the value chain upstream of production.



As regards the situation relating to prices, the extent to which higher prices associated with energy, commodity, staff, and other costs can be passed on remains a decisive factor. ElringKlinger will continue to focus on negotiations with customers in this area as well as on material-related issues. Overall, this risk can be better managed using empirical data than at the beginning of the inflation cycle.

With regard to the market situation and the far-reaching process of transformation within the industry, sales dependency on combustion engine technology and the pace of transformation are considered to be influencing factors. This also includes the possibility of growth in the fuel cell market in general or market acceptance in individual regions falling short of original expectations.

If one or more customers are confronted with abrupt or significant declines in demand volumes on the end-customer market, this may also impact on ElringKlinger by reducing demand for products supplied by the Group. Similarly, manufacturers may – especially when undergoing a transformation process – revise their product strategies or consider the option of in-house production of certain components or systems that they had previously purchased. In the event of a possible dip in demand, the Group will have to take account of the duration of agreements at an early stage and adjust its capacity planning if necessary. Claims for compensation generally arise in the event of exceptional deviations from the demand volumes originally agreed.

ElringKlinger has continually broadened its customer structure in recent years and, as a rule, is not dependent on individual customers or specific developments. The largest single customer accounted for 7.1% (2023: 8.5%) of annual revenue in 2024. Moreover, there are further sales opportunities available through global battery manufacturers setting up production in Europe and looking for local suppliers. The nomination received in March 2021 for cell contacting systems, production of which has

ramped up noticeably in 2024, is a testament to the ability to progressively tap into a new customer group.

Nevertheless, revenue-related risks may exist with regard to individual orders and/or individual sites, particularly if orders that are about to expire are not followed up or existing projects fall short of expectations originally agreed. In situations like these, ElringKlinger devises mitigation strategies and usually negotiates directly with the customer. In the case of new manufacturers within the area of e-mobility, there tends to be some uncertainty as to how business will develop while production and marketing are still in the initial stages. This may lead to fluctuations in orders, which will have an impact on revenue.

The ElringKlinger Group's business model is based on a robust culture of innovation and on the principle of technological leadership. The company seeks to develop technologically sophisticated products and to manufacture them with a high degree of productivity. The product portfolio was oriented toward technological change at an early stage. Due to its focused positioning in new drive technologies, the Group considers itself well positioned to benefit from an accelerated pace of change within the automotive sector. ElringKlinger will continue to pursue and develop this strategy as it moves forward.

In its fields of the future in particular – i. e., battery technology\*, fuel cell technology, components for electric drive units, and lightweight structural components – ElringKlinger has attractive markets for sustainable revenue and earnings growth through further orders, including high-volume ones. Building on the nominations it has received in recent years, the Group sees tremendous potential here to significantly expand its revenue in the future. There are sales opportunities for both new drive technologies in the E-Mobility business unit and innovative solutions in the conventional business units.

A slower transformation process would mean comparatively greater demand for combustion engine components. The Group would therefore be able to exploit its current market position in this area and make the most of the earnings this could generate. New competitors are unlikely within these established markets, not only for strategic reasons but also in light of the considerable equipment investments they would need to make to enter ElringKlinger's market segments.

The aftermarket business has key sales markets in Europe and the Middle East. Further business potential is emerging in North America and Asia, which is why activities there are being systematically expanded.

The Engineered Plastics segment is also concentrating on North America and Asia when it comes to penetrating new markets in order to realize growth opportunities. Nevertheless, there is a market risk due to the short-term nature of the business. The risk of dependence on the combustion engine exists only to a proportionate extent in this segment, as no more than half of the revenue is generated within the automotive business and parts of this revenue are generated in respect of alternative drive technologies. The industry segments are already highly diversified. Furthermore, products such as the rotary shaft seal have been developed that offer opportunities in the electromobility market and cushion the proportionate risk. The trend towards miniaturization in the medical industry and the trend towards renewable forms of energy in the energy sector, such as hydrogen production or energy storage, also offer opportunities.

Given the general level of uncertainty, overall, the Group's sales risk for the twelve-month period under review can be regarded as very high in the context of the applicable classification. At the same time, there are opportunities for the Group to exploit, which can be classed as high.

\* Cf. glossary



### Logistical opportunities and risks

The smooth functioning of supply chains is of crucial importance when it comes to competitiveness and success. Supply chains can be significantly disrupted by natural disasters, political instability, or global pandemics. Delays to production or downtime may occur in those cases in which commodities or input materials are not available or do not arrive in good time at the intended destinations.

Possible disruptions to production and delivery processes can be countered immediately by the Group opting for special freight services, which often involve air transportation and thus tend to be expensive. ElringKlinger always invoices such additional costs in accordance with the originator principle.

In addition, the Group employs an extensive set of tools to avoid logistical risks in the first place. These include supplier diversification to prevent dependencies from arising. At the same time, relationships with existing suppliers are strengthened to forge close ties. In this regard, it has been shown that transparency in a long-term supplier relationship particularly serves to strengthen mutual trust.

Logistical risks also include the risk of creating inventories of raw materials, semi-finished products, and finished products with a low turnover rate. ElringKlinger counters this by continuing to conduct regular reviews of the inventories held within the Group with regard to their turnover rate. Stocks with a low turnover rate are evaluated to determine whether they should be used, sold, or scrapped. ElringKlinger applies stringent inventory management and monitoring. In those cases in which deviations are identified, specific measures are introduced to achieve the desired objective through optimized planning, management, and negotiations with suppliers, among other things.

Overall, these risks are expected to be very low. The opportunities are categorized as very low. This is also underpinned by

the potential offered in regard to the continuous improvement process.

### Overall assessment of opportunities and risks

As regards the overall assessment of the respective opportunities and risks, the Management Board concludes that the overall risk position has improved slightly compared to the previous year. Based on the value-at-risk concept, the aggregated net risk has decreased significantly, while the expected net impact has also fallen sharply.

Sales risks continue to play a significant role as regards the Group's overall risk profile. In this context, claims for compensation and transformation within the industry as well as sudden or unexpected changes in the market are considered to be key influencing factors. When examining aggregate risk, it also becomes evident that, in addition to the higher quality-related risks, the more pronounced general economic, strategic and trading risks are reflected in higher risk classifications. The geopolitical, trading, and economic climate is characterized by a high degree of uncertainty. Armed conflicts persist; the recent announcement of trade tariffs may prompt retaliatory policies. This has further compounded the situation within the economic arena, which on the whole remains subdued, particularly in Europe, and it also has repercussions for a cyclical sector such as the automotive industry. In addition, new manufacturers with new value chains are entering the market as industry transformation progresses. Despite the general dangers associated with advancing digitalization, IT-related risks in the context of the value-at-risk concept have declined significantly, while the anticipated impact has decreased slightly. However, digitalization also offers opportunities to reduce costs, which are reflected in a slightly higher opportunity classification. In general, financial exchange rate risks cannot be ruled out for a Group operating internationally, nor can compliance risks from a legal perspective. They have risen by one category. In addition, the more pronounced risk in the area of human resources must be taken into account in view of the

fierce – also at an international level – competition for skilled employees, although the opportunities have also increased due to the focus of the SHAPE30 strategy.

ElringKlinger's risk management system – in combination with a flexible cost structure – is designed to identify risks and take appropriate measures to counteract them in a timely manner. In the context of Group risk management, work is continuing on risk-mitigating measures and the method for identifying risks is being continuously refined. In financial terms, ElringKlinger continues to possess a robust foundation. The risks associated with cooperations and equity investments have fallen by one category, while the opportunities have risen by one category. Default risks have also been reduced by one category. Net debt\* has been scaled back significantly and is at its lowest level in thirteen years. The financial position in terms of the company's balance sheet remains extremely solid. Thus, the Group continues to be in a position of strength as regards its ability to raise new funds. ElringKlinger considers itself to be well positioned, in terms of flexibility, to embrace the next stages of transformation within the mobility sector. The same applies to its ability to respond to a potential recession.

ElringKlinger continues to see tremendous opportunities in the transformation of mobility, a process driven by climate change and emissions legislation. Drawing on its innovative technologies, ElringKlinger can contribute to the reduction of CO<sub>2</sub> emissions in the mobility sector. The Group was quick to focus on future-facing business units such as battery and fuel cell technology and has secured high-volume series production nominations, some of which are already ramping up or are in preparation for ramp-up. These orders are a testament to the market proximity and competitiveness of the Group's forward-looking business. As they ramp up, these projects look set to shape the Group's forthcoming growth cycle. If – as is currently being discussed at a political level – regulations are relaxed or bans on combustion engine vehicles are postponed, ElringKlinger would be able to build on

\* Cf. glossary





its strong market position with regard to the relevant components and utilize its existing production capacities for a more extensive period of time. Thus, ElringKlinger is also robustly positioned when it comes to withstanding a possible slowdown in market transformation. Other operational opportunities, such as in the areas of production, quality, and logistics, have also trended

slightly higher thanks to the potential offered by the continuous improvement process.

The Group has not identified risks at present that might jeopardize its future existence as a going concern, either in isolation or in conjunction with other factors. The Group has established a forward-looking and financially robust position, allowing it to

actively exploit the opportunities presented by market transformation and to apply its financial resources flexibly for the purpose of shaping change within the field of mobility. Thus, from the Management Board's perspective, ElringKlinger is well positioned to help shape next-generation mobility and tap into opportunities in other areas of application for new technologies, while maintaining a balanced opportunity and risk profile.

## Disclosures pursuant to Section 289a and Section 315a HGB,

particularly with regard to share capital and disclosure of potential takeover obstacles

**As of December 31, 2024, the nominal capital of ElringKlinger AG was EUR 63,359,990, divided into 63,359,990 registered shares, each furnished with one vote. The notional interest in the company's nominal capital is EUR 1.00 per registered share. The rights and obligations associated with the shares are set out in the German Stock Corporation Act. Profits are distributed in accordance with Section 60 of the German Stock Corporation Act (Aktien-gesetz – AktG) in conjunction with Article 23 no. 1 of the Articles of Association.**

| Date              | Disclosed by   | Shareholding                 |
|-------------------|--|------------------------------|
| May 17, 2018      | Lechler Stiftung, Stuttgart/Germany                            | 52.04% (attributed: 51.05%)  |
| May 17, 2018      | Stiftung Klaus Lechler, Basel/Switzerland                      | 51.05% (attributed: 51.05%)  |
| May 17, 2018      | Klaus Lechler Familienstiftung, Neuhausen a.d. Fildern/Germany | 51.05% (attributed: 51.05%)  |
| November 13, 2014 | Paul Lechler GmbH & Co. KG, Neuhausen a.d. Fildern/Germany     | 10.03%                       |
| June 13, 2014     | Eroca AG, Basel/Switzerland                                    | 29.01% (attributed: 19.80%)  |
| June 13, 2014     | Klaus Lechler Beteiligungs-GmbH, Ludwigsburg/Germany           | 29.01% (attributed: 28.43%)  |
| June 13, 2014     | KWL Beteiligungs-GmbH, Ludwigsburg/Germany                     | 29.01% (attributed: 28.43%)  |
| June 13, 2014     | Paul Lechler Stiftung gGmbH, Ludwigsburg/Germany               | 29.997% (attributed: 29.01%) |
| June 13, 2014     | Lechler Beteiligungs-GmbH, Stuttgart/Germany                   | 29.01% (attributed: 19.55%)  |
| June 13, 2014     | Inlovo GmbH, Ludwigsburg/Germany                               | 29.01% (attributed: 29.00%)  |
| June 13, 2014     | Elrena GmbH, Basel/Switzerland                                 | 29.01% (attributed: 19.26%)  |

The direct or indirect shareholdings in the capital of ElringKlinger AG with more than 10% of the voting rights based on the shareholding figures most recently communicated to ElringKlinger AG pursuant to Sections 33, 34 of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and Sections 21

et seqq. WPHG in the version applicable prior to January 3, 2018, are listed below:

No shareholder is equipped with special rights constituting controlling powers. The Management Board is not aware of any restrictions relating to voting rights or the transfer of shares.

ElringKlinger does not operate any employee profit-sharing schemes.

The number of Management Board members is determined by the Supervisory Board (Section 7 of the Articles of Association). The appointment and dismissal of Management Board members is performed in accordance with Sections 84 and 85 of the





German Stock Corporation Act (Aktengesetz – AktG) in conjunction with Section 31 (2–5) MitbestG. The Articles of Association contain no regulations that could be considered non-compliant with the provisions set out by law as regards the conditions applicable to the appointment or dismissal of Management Board members.

As stipulated by Section 179 of the Stock Corporation Act in conjunction with Article 20 of the Articles of Association, all amendments to the Articles of Association require a resolution of the Annual General Meeting with a majority of three-quarters.

The Management Board is authorized to buy back company shares up to a total amount of 10% of share capital existing at the date on which this resolution was passed (July 7, 2020). This authorization remains valid until July 7, 2025. No use has been made of this authorization to date.

Pursuant to the resolution of the Annual General Meeting on May 19, 2022, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in the period up to May 19, 2027, through the issue of new shares for cash/non-cash contributions, in one or more stages, by an aggregate of no more than EUR 31,679,995 (Authorized Capital 2022). Fundamentally, shareholders are to be furnished with a subscription right. The shares may also be taken up by one or several banks, with the proviso that said shares shall be offered to shareholders for subsequent subscription. However, the Management Board shall be authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders

- in order to eliminate fractional amounts;
- if and when the increase in share capital is executed for a non-cash contribution in particular for the purpose of acquiring

companies, parts of companies, or shareholdings in companies or other assets associated with acquisition plans or as part of business combinations and the shares issued with an exclusion of the subscription right represent no more than 10% of the share capital in total, this being the case neither at the date at which this authorization comes into effect nor at the date at which it is exercised;

- if and when the new shares are issued for a cash contribution and the issue price for each new share is not significantly below the market price of the existing exchange-listed shares and the shares issued with an exclusion of the subscription right pursuant to Section 186(3) sentence 4 AktG represent no more than 10% of the share capital in total, this being the case neither at the date at which this authorization comes into effect nor at the date at which it is exercised. Shares that are issued or sold during the validity of this authorization with the exclusion of subscription rights, in direct or analogous application of Section 186(3) sentence 4 AktG, shall be included in the maximum limit of 10% of share capital.

The conditions and details of share issuances from Authorized Capital 2022 shall be determined by the Management Board with the approval of the Supervisory Board. The Management Board has not yet made use of this authorization.

ElringKlinger has not entered into any agreements containing a change of control provision that would apply in the event of a takeover bid.

There are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

## Corporate Governance Statement

The combined Corporate Governance\* Statement pursuant to Section 315d in conjunction with Section 289f of the German Commercial Code (Handelsgesetzbuch – HGB\*) has been published on the ElringKlinger website at [www.elringklinger.de/en/company/corporate-governance/corporate-governance-statement](http://www.elringklinger.de/en/company/corporate-governance/corporate-governance-statement).

## Combined Non-Financial Report

ElringKlinger has prepared a separate combined non-financial report for the 2024 financial year in accordance with Sections 289b and 315b HGB\*, which is included in the 2024 annual report as a separate section entitled “Combined non-financial report.” The 2024 annual report is to be published on March 27, 2025, on ElringKlinger’s website at <https://elringklinger.de/en/investor-relations/reports-presentations/financial-reports-pulse-magazine>.

\* Cf. glossary



# Report on Expected Developments

**Forecasts by economists suggest that global economic growth will remain modest in 2025 at 3.3%<sup>8</sup>. Economic activity at an international level is likely to receive a tailwind from more favorable financing terms, whereas the prospects for global trade would appear to be bleaker in view of additional policies considered restrictive to trade. Against a challenging backdrop, ElingKlinger anticipates profitable growth and a sustained improvement in operating free cash flow on the basis of the nominations received.**

## Outlook – Market and Sector

### Global trade amid economic policy uncertainty

Economic analysts take the view that the global economy is likely to continue to grow in 2025. However, the chances of a noticeable global upturn remain slim against the backdrop of economic policy uncertainties and structural problems in some economies. The service sector will continue to represent a mainstay in this respect.

Among the essential driving forces are anticipated interest rate cuts by the world's key central banks in the United States and the eurozone on the back of ongoing deflationary trends. The decline in inflation is accompanied by a rise in real wages, which should boost private demand in the forecasting period. In contrast, the assumption is that protracted geopolitical conflicts such as the crisis in the Middle East and the war in Ukraine, as well as escalating trade conflicts, will act as a brake on global trade and pro-

### GDP growth projections

| Year-on-year change<br>(in %)     | 2024       | Projections<br>2025 |
|-----------------------------------|------------|---------------------|
| <b>World</b>                      | <b>3.2</b> | <b>3.3</b>          |
| Advanced economies                | 1.7        | 1.9                 |
| Emerging and developing countries | 4.2        | 4.2                 |
| Eurozone                          | 0.8        | 1.0                 |
| Germany                           | -0.2       | 0.3                 |
| USA                               | 2.8        | 2.7                 |
| Brazil                            | 3.7        | 2.2                 |
| China                             | 4.8        | 4.6                 |
| India                             | 6.5        | 6.5                 |
| Japan                             | -0.2       | 1.1                 |

Source: International Monetary Fund (Jan. 2025)

duction. In this context, for example, the stance taken by the new US administration is likely to prompt additional tariffs, which in turn could result in countermeasures that adversely affect trade and hamper the expansion of export-led economies such as China, in particular, but also the eurozone.

Against the backdrop of muted domestic demand, the US economy is expected to experience a slowdown in growth, whereas the eurozone is likely to see a gradual recovery. An upturn in private consumption and more favorable financing terms are expected to be the principal drivers. Having said that, fiscal policy is projected to be somewhat restrictive, while the manufacturing sector remains sluggish, in part due to structural factors, as in the case of Germany in particular. In combination, this may have a dampening effect on growth. China's economy is set to lose momentum despite the stimulus measures announced by the government in

an effort to boost consumption. Alongside persistently lackluster domestic demand, this is attributable to the unresolved real estate crisis, debt-related problems, and more challenging export business. Economic momentum in the other emerging markets is likely to remain intact on the whole.

### No growth impetus for global automotive production in 2025

The automotive industry faces major challenges in 2025, particularly when one considers the significance of business location factors and protectionist leanings in international trade policy. Trends in the field of manufacturing are being influenced by the balance between supply and demand within a highly competitive arena as well as by investments made in the context of technological transformation. Estimates for global automotive production of light vehicles (passenger cars and light commercial vehicles) for the current year 2025 indicate that the market is likely to trend sideways. Compared to the slight downturn of -1.1% in the previous year, this represents a modest improvement. Thus, the total volume would be comparable to the pre-crisis figure of just under 89 million light vehicles produced worldwide in 2019.

The expansion is expected to be driven by continued growth in China and South Asia, with India taking pole position in terms of production output. Europe, by contrast, is again not expected to see any growth in 2025. Projections for vehicle production in North America point to a slight decline for the second year in succession.

### Mixed pattern of international demand for cars and light vehicles

The individual sales regions are projected to develop along different lines in the current year and may diverge to some extent from the production trends in the regions. According to the

<sup>8</sup> Gross domestic product (GDP) growth, International Monetary Fund (IMF), Jan. 2025



## Light vehicle production

| Region               | Million units |                  | Year-on-year change |
|----------------------|---------------|------------------|---------------------|
|                      | 2024          | Projections 2025 |                     |
| Europe <sup>1</sup>  | 16.3          | 15.6             | -4.4%               |
| China                | 30.1          | 30.6             | 1.8%                |
| Japan/Korea          | 12.0          | 11.9             | -0.8%               |
| Middle East & Africa | 2.2           | 2.2              | -3.0%               |
| North America        | 15.4          | 15.1             | -2.1%               |
| South America        | 3.0           | 3.2              | 6.6%                |
| South Asia           | 9.6           | 9.9              | 3.5%                |
| <b>World</b>         | <b>89.5</b>   | <b>89.5</b>      | <b>0.0%</b>         |

<sup>1</sup> Without Russia  
Source: S&P Global Mobility (Feb. 2025)

German Association of the Automotive Industry (VDA), all of the main core markets are likely to see at least slight growth in terms of newly registered passenger cars and light vehicles. At 80.4 million new vehicles and an annual increase of around 2%, the global market is expected to rise above the pre-pandemic level of 2019 (77.7 million passenger cars/light vehicles).

In Europe (EU, EFTA\*, and UK), the market is expected to grow at a modest level by around 2% to 13.2 million newly registered cars. The ramp-up of electromobility in Europe as a result of the CO<sub>2</sub> fleet regulation enacted by the European Union could become of increasing relevance from 2025. For the United States, the VDA anticipates further modest growth of around 2% to 16.2 million newly registered light vehicles. At 23.2 million new cars, sales growth in China is expected to slow to around 1%. On the back of double-digit growth in the previous year, Brazil could see another sharp rise in sales of around 7% to 2.7 million light vehicles.

## Upturn in commercial vehicle production

After the sluggish performance in 2024, the forecasts for commercial vehicle production point to a more favorable scenario in 2025. According to estimates by industry data service provider S&P Global E-Mobility, global production of medium and heavy commercial vehicles is expected to increase by 4.0% to 3.1 million newly produced units, with growth of 4.7% to 2.3 million units being attributed to the heavy truck segment (Class 8, 16 tons and above). While moderate growth is expected for Europe, Germany, and China, production in North America is more likely to be flat.

## Outlook – Company

This section outlines management's forecast for the ElringKlinger Group in respect of both the current financial year 2025 and the medium term. The Group defines this as a period of 3 to 5 years.

### Politically and economically challenging market environment

Market conditions in the automotive industry continue to be defined by a high degree of uncertainty. Ongoing armed conflicts such as those in Ukraine or the Middle East are a prime example. Despite peace efforts, it is impossible to rule out a further escalation of hostilities in both regions. This is compounded by other geopolitical frictions, such as those experienced in the South China Sea or around the Red Sea, as well as debate surrounding shipping routes, e.g., in the Arctic region and through the Panama Canal. In addition, global trade may be impacted by tariffs and associated measures announced by a number of countries and economic regions, potentially leading to more pronounced inflationary pressure. The adverse effects would be particularly severe in the case of global industries such as the automotive sector. Alongside geopolitical and trade policy factors, other external effects such as extreme weather events or further waves of the pandemic may influence the direction or scale of projected economic developments at any time.

Global light vehicle production already contracted by 1.1% in the financial year just ended – with a disproportionately large reduction in North America and Europe in particular, while production output in Asia-Pacific rose slightly. Looking ahead, 2025 is not expected to see any global growth either. The markets in Europe and North America are likely to shrink again, while Asia-Pacific and China are expected to trend slightly higher. After a slowdown in e-mobility sales, particularly in the second half of 2024, initial figures at the beginning of 2025 suggest a return to more robust demand for electric vehicles.

Against this backdrop, it remains fundamentally difficult to paint a reliable picture as to how the global economic and political situation will evolve over the course of ElringKlinger's 2025 financial year. The same applies to business expectations in relation to the global automotive markets, measured in terms of projected light vehicle production.

### Orders in positive territory

The Group's order intake\* and order backlog must be distinguished from so-called nominations. Order backlog refers to the customer call-offs – systematically recorded – executed as part of their delivery scheduling arrangements, which extend over periods of several months up to 24 months from the date of data collection. Order intake encompasses the changes in these call-offs within a specific period.

Order intake developed favorably in the financial year just ended, reflecting the growth trajectory in the electromobility sector in particular. In 2024, the Group received orders worth EUR 1,793.1 million, which corresponds to an increase of EUR 102.6 million or 6.1% despite the noticeable headwind caused by exchange rate movements. Based on the assumption of stable exchange rates, growth would have stood at EUR 145.2 million or 8.6%.

Excluding the amount relating to the two divested companies in Switzerland and the United States, which were deconsolidated

\* Cf. glossary



with effect from December 31, 2024, order backlog totaled EUR 1,158.6 million at the end of the reporting period (Dec. 31, 2023: EUR 1,305.2 million). Adjusting the prior-year figure accordingly for the two entities (Dec. 31, 2023 adjusted: EUR 1,152.3 million), this represents a slight year-on-year improvement. In this case, order backlog increased marginally by EUR 6.3 million or 0.5%. Assuming stable exchange rates, year-on-year growth was slightly higher at EUR 22.7 million or 2.0%.

#### **Further revenue growth driven by ramp-up of high-volume orders**

Industry service providers such as S&P Global Mobility are not anticipating growth for the current financial year, with North America and Europe expected to see declines. The Group will not be able to detach itself from this trend. The continued ramp-up of high-volume production orders, particularly in the field of new technologies such as cell contacting systems\*, is expected to have a contrary effect. The revenue contributions from these orders are expected to increase in the coming years. The two entities in Switzerland and the United States, the sale of which was contractually agreed on October 7, 2024 (cf. "Important Events" section), generated revenue of EUR 158.9 million in 2024. After the closing on December 31, 2024, these entities are no longer to be included in projections for 2025. Overall, on this basis (reference figure of EUR 1,644.2 million as the difference between Group revenue in 2024 of EUR 1,803.1 million less EUR 158.9 million), the Group expects organic revenue, i.e., adjusted for currency and M&A\* effects, to be roughly on a par with the previous year. In the medium term, the Group expects moderate organic revenue growth against the backdrop of market performance and order ramp-ups.

Fundamentally, currency effects are difficult to predict. Acquisitions cannot be ruled out for the 2025 financial year either. In such a case, the focus is on enterprises that either strengthen the

existing product portfolio or provide improved market access. Any such transactions are unlikely to be much larger in volume terms than those carried out to date. Similarly, disposals of segments or parts of segments cannot be ruled out.

#### **Commodity, energy, and transportation costs remain high**

In recent years, commodity prices have risen sharply in some cases in the wake of the pandemic and geopolitical conflicts. This also applies to the prices of certain key raw materials used by ElringKlinger. Although the prices of the raw materials primarily used by ElringKlinger have eased recently, they still remain at a persistently high level. The same applies to energy and transportation costs. Fundamentally, ElringKlinger anticipates that prices will remain high, particularly in light of the ongoing geopolitical and trade policy frictions. Escalating tensions or unforeseeable events, such as natural disasters or logistical restrictions, could trigger a new price spiral.

#### **Adjusted EBIT highlights operating profitability**

ElringKlinger calculates "adjusted EBIT\*" and expresses it in relation to revenue, as the "adjusted EBIT margin\*," for the purpose of comparing operating profitability over several periods without the influence of non-recurring items. Adjusted EBIT is defined as reported EBIT without the amortization of intangible assets from purchase price allocation\* (PPA), changes in the scope of consolidation, and exceptional items.

#### **Earnings performance influenced by multiple factors**

Against the backdrop of challenging market conditions, the Group's earnings performance is influenced by numerous factors. Following the strategic measures in support of the next stages of transformation, the Management Board anticipates positive earnings potential for the coming years. At the same time, the years ahead will see the commencement of work on several large-scale series production orders, which are associated with corresponding ramp-up costs prior to the start of production. Furthermore, the costs attributable to inputs – i.e. raw materials, energy, transportation, and wages – are at a fundamentally high level, with tariffs and the prospect of further levies now adding to the costs. However, there are also signs of easing in individual commodity groups. Overall, ElringKlinger therefore anticipates an adjusted EBIT margin for 2025 of around 5% of Group revenue; in the medium term, the Group expects to be able to lift its adjusted EBIT margin to around 7 to 8%.

#### **Operating free cash flow at around 2 to 4% of Group revenue in the medium term**

Operating free cash flow\* is driven primarily by operating profitability, investments, and the development of net working capital\*. Based on the projections for these key performance indicators, the Group expects operating free cash flow to correspond to around 1 to 3% of Group revenue in 2025. In the medium term, this metric is expected to improve further; the Management Board is targeting a figure of around 2 to 4%.

#### **ROCE in double-digit range in the medium term**

The Group measures its overall profitability on the basis of return on capital employed (ROCE\*). As the Group is managed on the basis of adjusted EBIT, this key performance indicator will also be reflected in ROCE in future, i.e., the Group will henceforth use adjusted ROCE – with adjusted EBIT as the numerator – as a control criterion. In view of the challenging fundamentals and



the persistently high level of uncertainty, the Group is projecting a figure of around 6% for 2025. In the medium term, the Group anticipates a percentage figure of at least 11%.

#### **Slight rise in net debt-to-EBITDA ratio from low base**

At EUR 245.9 million, net financial liabilities are at their lowest level in thirteen years. The net debt-to-EBITDA\* ratio (net financial liabilities in relation to EBITDA) of 1.7 – or 1.2 if adjusted EBITDA is used as the operating metric – is well below the medium-term target of 2.0. This current position forms the basis for the next stage of ElringKlinger's transformation, which includes the ramp-up of series production relating to high-volume orders, preparations for the ramp-up of production for further orders, and the establishment of the Battery Hub Americas in Easley, SC, USA. As a result, the net debt-to-EBITDA ratio is expected to be around 2 in 2025. In the medium term, the Group is aiming for a range between 1.0 and 2.0.

With the equity ratio having dipped slightly below the short- and medium-term threshold of 40% of the balance sheet total as a result of strategic measures aimed at further transforming the ElringKlinger Group, the Group is targeting a figure of just under 40% for the current financial year. In the medium term, the Group anticipates that it will return to the range of around 40 to 50% of the balance sheet total.

#### **Around 4 to 6% of revenue to be directed at R&D in 2025**

ElringKlinger's corporate purpose of "Pioneering Innovative Technologies for a Sustainable Future" underscores its emphasis on technology. The Group is focused on developing innovative solutions for its customers and opening up new areas of business. The Group makes targeted use of its expertise to underpin the root-and-branch transformation of the industry in order to develop new products. Overall, the Group is committed to invest-

ing around 4 to 6% of its revenue (including capitalized costs) in research and development in 2025. The medium-term target is a range of around 3 to 5% of Group revenue.

#### **Focused and disciplined investment approach**

ElringKlinger will continue to pursue its capital expenditure policy in the current financial year, targeting investments in property, plant, and equipment primarily at its strategic fields of the future and at orders received within the area of new drive technologies. Investment activities in the Group's traditional fields of business will also continue to be actively managed. The Group always considers the need, timescale, and financial commitment required very carefully before embarking on any measures. Overall, the Group is anticipating an investment ratio (in property, plant, and equipment as a percentage of Group revenue) of around 4 to 6% in the current financial year and around 2 to 4% in the medium term.

#### **Net working capital ratio to remain below 25% in the short and medium term**

The Group is committed to optimizing its net working capital ratio, i. e., net working capital as a percentage of Group revenue. To this end, it is looking to reduce trade receivables, extend liabilities-side payment terms, and manage inventories prudently, especially in times of potential supply chain problems. Against this backdrop, the Group expects the figure for year-end 2025 and in the medium term to be below the level of 25% of Group revenue.

#### **Original Equipment segment**

The Original Equipment segment, the Group's largest segment with a revenue share of around 75%, represents the activities of the Lightweighting/Elastomer\* Technology, Metal Sealing Systems & Drivetrain Components, Metal Forming & Assembly Technology, and E-Mobility business units with the two sub-units

Battery and Fuel Cell\* Technology. The Group's large-scale series production orders were won in this segment and, as a result, the associated ramp-ups are a key determinant of both the Group's and the segment's performance in respect of revenue. Against this backdrop, it can be assumed that this segment will see marked organic revenue growth in the 2025 financial year. In terms of earnings, the adjusted EBIT margin is expected to be roughly on a par with the previous year.

#### **Engineered Plastics segment**

Given its broad, cross-industry positioning, the Engineered Plastics segment will continue to benefit from three key trends in the future: transformation within the automotive sector, the trend of miniaturization in the medical devices industry, and the shift towards renewable forms of energy in the energy sector, such as hydrogen production and energy storage. There is scope for additional market potential to be leveraged since the properties of the high-performance plastics used make them ideal for a wide range of applications. The Group anticipates that revenue growth in this segment will be around the Group average in the 2025 financial year. Despite persistently high material prices, the adjusted EBIT margin is expected to be well above the Group average in 2025.

#### **Aftermarket segment**

The growth strategy formulated for the Aftermarket segment has been implemented very successfully in recent years. This included efforts to tap into new markets such as the Americas and China and to expand revenue. The Group also anticipates slight revenue growth in this segment for the current 2025 financial year. Possible risks from geopolitical tensions in the sales markets of Eastern Europe and the Middle East may influence business performance, as may opportunities arising from the further successful implementation of the growth strategy in the Americas and Asia.

\* Cf. glossary





As regards earnings, the adjusted EBIT margin in this segment is expected to be well above the Group average in 2025.

#### Parent company ElringKlinger AG

ElringKlinger AG, the Group's parent company, accounts for around 40% of Group revenue and therefore plays a prominent role within the Group. With its broad product portfolio, it is primarily focused on mobility and is therefore anticipating an upturn in revenue, particularly in the strategic fields of the future on the back of the order ramp-ups described above. In view of the slowdown in market momentum and the general expectation of a decline in production in the European market on the one hand and the continued ramp-up of production for high-volume orders relating to cell contacting systems on the other, the Group anticipates slight year-on-year growth in revenue for the parent company in 2025.

The ramp-up of production for high-volume orders is also reflected in the parent company's order book. The order backlog at year-end 2024 amounted to EUR 553.5 million (Dec. 31, 2023: EUR 532.3 million). This figure corresponds to an increase of EUR 21.2 million or 4.0% compared to the previous year.

The parent company, as in the case of the Group, is exposed to numerous factors affecting earnings performance, such as the persistently high level of commodity, energy, and logistics prices, together with customs issues that may be detrimental to earnings. Overall, the adjusted EBIT margin is expected to be around 5% in the 2025 financial year. Reflecting higher capital spending, the figure for adjusted ROCE is set to come in slightly below

the level for the Group as a whole. The parent company is expected to generate operating free cash flow in the mid double-digit million euro range.

#### Outlook – ElringKlinger Group

The Group's main indicators for its 2025 outlook and in the medium term are presented in the following table.

|   | 2025  | Medium term (3 to 5 years)                        | Actual 2024 |
|---|---|---|-------------|
| <b>Key financial control criteria</b>                 |   |   |             |
| Revenue   | Organically at around the prior-year level (i. e., reference figure: EUR 1,644.2 million) | Moderate organic growth                           | -0.9%       |
| EBIT margin (adjusted)                                | Approx. 5% of Group revenue   | Approx. 7 to 8% of Group revenue                  | 4.9%        |
| Operating free cash flow                              | Approx. 1 to 3% of Group revenue  | Approx. 2 to 4% of Group revenue                  | 3.2%        |
| ROCE (adjusted)                                       | Approx. 6%  | At least 11%                                      | 6.7%        |
| <b>Other internal control criteria and indicators</b> |   |   |             |
| R&D costs (including capitalized costs)               | Approx. 4 to 6% of Group revenue  | Approx. 3 to 5% of Group revenue                  | 5.3%        |
| Investments in property, plant, and equipment         | Approx. 4 to 6% of Group revenue  | Approx. 2 to 4% of Group revenue                  | 6.0%        |
| Net working capital ratio                             | Under 25% of Group revenue  |   | 19.2%       |
| Equity ratio  | Slightly below 40% of total equity and liabilities  | Approx. 40 to 50% of total equity and liabilities | 39.0%       |
| Net debt-to-EBITDA ratio (net debt/EBITDA)            | Approx. 2   | 1.0 to 2.0  | 1.7         |

Dettingen/Erms, March 24, 2025

Management Board

Thomas Jessulat  
CEO

Reiner Drews

Dirk Willers





# 03

## Consolidated Financial Statements of ElringKlinger AG

### FOR THE FINANCIAL YEAR 2024

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As a specialist for high-performance plastics, ElringKlinger Kunststofftechnik represents the Engineered Plastics segment within the Group. With seals, tubing, structural elements, and much more besides, it provides solutions for complex applications in various industries and is a genuine shapeshifter.

► Take a look behind the scenes by exploring three products used in the field of medical technology, in the semiconductor industry, and in energy storage systems – prime examples of the Group's capabilities, presented in »[Shapeshifter](#)« in the 2025 issue of our »[pulse](#)« magazine.



## Group Income Statement

of ElringKlinger AG, January 1 to December 31, 2024

| EUR k   | Note | 2024             | 2023             |
|---|------|------------------|------------------|
| <b>Sales revenue</b>  | (1)  | <b>1,803,136</b> | <b>1,847,120</b> |
| Cost of sales   | (2)  | -1,404,010       | -1,444,314       |
| <b>Gross profit</b>   |      | <b>399,126</b>   | <b>402,806</b>   |
| Selling expenses  | (3)  | -155,860         | -152,362         |
| General and administrative expenses                               | (4)  | -103,879         | -90,314          |
| Research and development costs                                    | (5)  | -74,449          | -68,976          |
| Other operating income  | (6)  | 19,753           | 17,884           |
| Other operating expenses  | (7)  | -234,737         | -26,133          |
| <b>Earnings before interest and taxes (EBIT)</b>                  |      | <b>-150,046</b>  | <b>82,905</b>    |
| Finance income  |      | 66,515           | 26,919           |
| Finance costs   |      | -58,797          | -54,011          |
| Share of result of associates                                     | (8)  | -7,661           | -2,638           |
| <b>Net finance costs</b>  | (9)  | <b>57</b>        | <b>-29,730</b>   |
| <b>Earnings before taxes</b>                                      |      | <b>-149,989</b>  | <b>53,175</b>    |
| Income tax expense  | (10) | -13,916          | -19,695          |
| <b>Net income</b>   |      | <b>-163,905</b>  | <b>33,480</b>    |
| of which: attributable to non-controlling interests               | (21) | -26,056          | -5,833           |
| <b>of which: attributable to shareholders of ElringKlinger AG</b> | (21) | <b>-137,849</b>  | <b>39,313</b>    |
| <b>Basic and diluted earnings per share in EUR</b>                | (11) | <b>-2.18</b>     | <b>0.62</b>      |

## Group Statement of Comprehensive Income

of ElringKlinger AG, January 1 to December 31, 2024

| EUR k   | 2024            | 2023           |
|---|-----------------|----------------|
| <b>Net income</b>   | <b>-163,905</b> | <b>33,480</b>  |
| Currency translation difference   | -22,948         | -6,098         |
| Share of other comprehensive income of associates   | -217            | 58             |
| <b>Gains and losses that can be reclassified to the income statement in future periods</b>    | <b>-23,165</b>  | <b>-6,040</b>  |
| Remeasurement of defined benefit plans, net   | 1,096           | -5,365         |
| <b>Gains and losses that cannot be reclassified to the income statement in future periods</b> | <b>1,096</b>    | <b>-5,365</b>  |
| <b>Other comprehensive income after taxes</b>   | <b>-22,069</b>  | <b>-11,405</b> |
| <b>Total comprehensive income</b>   | <b>-185,974</b> | <b>22,075</b>  |
| of which: attributable to non-controlling interests   | -25,695         | -6,844         |
| <b>of which: attributable to shareholders of ElringKlinger AG</b>                             | <b>-160,279</b> | <b>28,919</b>  |



# Group Statement of Financial Position

of ElringKlinger AG, as at December 31, 2024

| EUR k                         | Note | Dec. 31, 2024    | Dec. 31, 2023    |
|-------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                 |      |                  |                  |
| Intangible assets             | (12) | 122,552          | 168,151          |
| Property, plant and equipment | (13) | 715,129          | 857,981          |
| Financial assets              | (14) | 11,774           | 11,646           |
| Shares in associates          | (8)  | 3,371            | 14,089           |
| Non-current income tax assets | (15) | 1,858            | 2,464            |
| Other non-current assets      | (15) | 2,426            | 1,732            |
| Deferred tax assets           | (10) | 33,090           | 24,889           |
| Contract performance costs    | (16) | 9,341            | 5,348            |
| Non-current contract assets   | (17) | 8,200            | 5,991            |
| <b>Non-current assets</b>     |      | <b>907,741</b>   | <b>1,092,291</b> |
| Inventories                   | (18) | 419,759          | 436,276          |
| Current contract assets       | (17) | 4,161            | 7,327            |
| Trade receivables             | (19) | 204,124          | 246,908          |
| Current income tax assets     | (19) | 14,468           | 20,243           |
| Other current assets          | (19) | 61,458           | 91,420           |
| Cash and cash equivalents     | (20) | 111,699          | 113,712          |
| <b>Current assets</b>         |      | <b>815,669</b>   | <b>915,886</b>   |
| Assets held for sale          | (22) | 35,893           | 0                |
|                               |      | <b>1,759,303</b> | <b>2,008,177</b> |

| EUR k  | Note        | Dec. 31, 2024    | Dec. 31, 2023    |
|--|-------------|------------------|------------------|
| <b>LIABILITIES AND EQUITY</b>                                      |             |                  |                  |
| Share capital  |             | 63,360           | 63,360           |
| Capital reserves   |             | 118,238          | 118,238          |
| Revenue reserves   |             | 524,116          | 671,249          |
| Other reserves   |             | -68,855          | -9,719           |
| <b>Equity attributable to the shareholders of ElringKlinger AG</b> | <b>(21)</b> | <b>636,859</b>   | <b>843,128</b>   |
| Non-controlling interest in equity                                 | (23)        | 48,473           | 67,552           |
| <b>Equity</b>  |             | <b>685,332</b>   | <b>910,680</b>   |
| Provisions for pensions  | (24)        | 95,893           | 103,968          |
| Non-current provisions   | (25)        | 29,549           | 23,713           |
| Non-current financial liabilities                                  | (26)        | 320,667          | 282,227          |
| Non-current contract liabilities                                   | (27)        | 1,458            | 1,562            |
| Deferred tax liabilities   | (10)        | 18,270           | 25,851           |
| Other non-current liabilities                                      | (28)        | 5,650            | 6,419            |
| <b>Non-current liabilities</b>                                     |             | <b>471,487</b>   | <b>443,740</b>   |
| Current provisions   | (25)        | 46,522           | 50,939           |
| Trade payables   | (28)        | 276,982          | 216,931          |
| Current financial liabilities                                      | (26)        | 44,687           | 167,711          |
| Current contract liabilities                                       | (27)        | 17,433           | 14,740           |
| Tax payable  | (10)        | 24,447           | 20,933           |
| Other current liabilities  | (28)        | 177,760          | 182,503          |
| <b>Current liabilities</b>   |             | <b>587,831</b>   | <b>653,757</b>   |
| Liabilities associated with assets held for sale                   | (22)        | 14,653           | 0                |
|  |             | <b>1,759,303</b> | <b>2,008,177</b> |



# Group Statement of Changes in Equity

of ElringKlinger AG, January 1 to December 31, 2024

| EUR k  | Share capital | Capital reserves | Revenue reserves | Other reserves                              |  |                                  | Equity attributable to the shareholders of ElringKlinger AG | Non-controlling interests in equity | Group equity    |
|--|---------------|------------------|------------------|---|--|----------------------------------|---|-------------------------------------|-----------------|
|  |               |                  |                  | Remeasurement of defined benefit plans, net | Equity impact of controlling interests | Currency translation differences |   |                                     |                 |
| <b>Balance as of Dec. 31, 2022</b>                             | <b>63,360</b> | <b>118,238</b>   | <b>641,440</b>   | <b>-18,760</b>                              | <b>48,317</b>                          | <b>-28,634</b>                   | <b>823,961</b>  | <b>72,872</b>                       | <b>896,833</b>  |
| Dividend distribution  |               |                  | -9,504           |   |  |                                  | -9,504  | -4,324                              | -13,828         |
| Transfer to capital reserves <sup>1</sup>                      |               |                  |                  |   |  |                                  | 0   | 6,000                               | 6,000           |
| Purchase of shares from non-controlling interests <sup>2</sup> |               |                  |                  |   | -248                                   |                                  | -248  | -152                                | -400            |
| <b>Total comprehensive income</b>                              |               |                  | <b>39,313</b>    | <b>-5,355</b>                               |  | <b>-5,039</b>                    | <b>28,919</b>   | <b>-6,844</b>                       | <b>22,075</b>   |
| Net income   |               |                  | 39,313           |   |  |                                  | 39,313  | -5,833                              | 33,480          |
| Other comprehensive income                                     |               |                  |                  | -5,355                                      |  | -5,039                           | -10,394   | -1,011                              | -11,405         |
| <b>Balance as of Dec. 31, 2023</b>                             | <b>63,360</b> | <b>118,238</b>   | <b>671,249</b>   | <b>-24,115</b>                              | <b>48,069</b>                          | <b>-33,673</b>                   | <b>843,128</b>  | <b>67,552</b>                       | <b>910,680</b>  |
| <b>Balance as of Jan. 1, 2024</b>                              | <b>63,360</b> | <b>118,238</b>   | <b>671,249</b>   | <b>-24,115</b>                              | <b>48,069</b>                          | <b>-33,673</b>                   | <b>843,128</b>  | <b>67,552</b>                       | <b>910,680</b>  |
| Dividend distribution  |               |                  | -9,504           |   |  |                                  | -9,504  | -1,384                              | -10,888         |
| Increase of capital reserves <sup>1</sup>                      |               |                  |                  |   |  |                                  | 0   | 8,000                               | 8,000           |
| Change in scope of consolidation <sup>3</sup>                  |               |                  | 220              | 2,147                                       |  | -38,853                          | -36,486   | 0                                   | -36,486         |
| <b>Total comprehensive income</b>                              |               |                  | <b>-137,849</b>  | <b>1,048</b>                                |  | <b>-23,478</b>                   | <b>-160,279</b>   | <b>-25,695</b>                      | <b>-185,974</b> |
| Net income   |               |                  | -137,849         |   |  |                                  | -137,849  | -26,056                             | -163,905        |
| Other comprehensive income                                     |               |                  |                  | 1,048                                       |  | -23,478                          | -22,430   | 361                                 | -22,069         |
| <b>Balance as of Dec. 31, 2024</b>                             | <b>63,360</b> | <b>118,238</b>   | <b>524,116</b>   | <b>-20,920</b>                              | <b>48,069</b>                          | <b>-96,004</b>                   | <b>636,859</b>  | <b>48,473</b>                       | <b>685,332</b>  |

<sup>1</sup> Transfer to capital reserves EKPO Fuel Cell Technologies GmbH

<sup>2</sup> Increase of shares in ElringKlinger Logistic Services GmbH from 96% to 100%

<sup>3</sup> Divestment of ElringKlinger Switzerland AG & ElringKlinger USA, LLC.



# Group Statement of Cash Flows

of ElringKlinger AG, January 1 to December 31, 2024

| EUR k   | Note      | 2024             | 2023            |
|---|-----------|------------------|-----------------|
| Earnings before taxes   |           | - 149,989        | 53,175          |
| Depreciation/amortization (less write-ups) of non-current assets  | (12)–(14) | 299,406          | 121,288         |
| Net interest  | (9)       | 25,948           | 26,281          |
| Change in provisions  |           | 2,278            | - 12,812        |
| Gains/losses on disposal of non-current assets  |           | - 5,179          | 4,806           |
| Share of result of associates   |           | 2,757            | 558             |
| Change in inventories, trade receivables and other assets not resulting from financing and investing activities |           | - 48,275         | - 9,673         |
| Change in trade payables and other liabilities not resulting from financing and investing activities            |           | 82,487           | 14,151          |
| Income taxes paid   | (10)      | - 15,217         | - 40,642        |
| Interest paid   |           | - 25,100         | - 24,856        |
| Interest received   |           | 3,401            | 2,251           |
| Other non-cash expenses and income  |           | - 4,495          | - 4,826         |
| <b>Net cash from operating activities</b>   |           | <b>168,022</b>   | <b>129,701</b>  |
| Proceeds from disposals of property, plant and equipment and intangible assets                                  |           | 20,312           | 6,004           |
| Proceeds from disposals of financial assets   |           | 42,059           | 17,136          |
| Cash inflow/outflow from the sale of consolidated companies   |           | - 4,909          | 0               |
| Payments for investments in intangible assets   | (12)      | - 21,580         | - 27,757        |
| Payments for investments in property, plant and equipment   | (13)      | - 108,317        | - 71,212        |
| Payments for investments in financial assets  | (14)      | - 37,179         | - 12,525        |
| Payments for the purchase of shares in associates   |           | 0                | - 1,800         |
| <b>Net cash from investing activities</b>   |           | <b>- 109,614</b> | <b>- 90,154</b> |

| EUR k   | Note        | 2024            | 2023            |
|---|-------------|-----------------|-----------------|
| Proceeds from non-controlling interests   |             | 28,000          | 26,000          |
| Payments to non-controlling interests for the purchase of shares                |             | 0               | - 400           |
| Dividends paid to shareholders and to non-controlling interests                 |             | - 10,888        | - 13,828        |
| Proceeds from the addition of long-term loans                                   | (26)        | 88,508          | 102,505         |
| Payments for the repayment of long-term loans                                   | (26)        | - 143,927       | - 150,253       |
| Change in current loans   |             | - 20,941        | - 3,758         |
| <b>Net cash from financing activities</b>                                       |             | <b>- 59,248</b> | <b>- 39,734</b> |
| Changes in cash   |             | - 840           | - 187           |
| Effects of currency exchange rates on cash                                      |             | - 610           | - 5,204         |
| Cash at beginning of period   | (20)        | 113,712         | 119,103         |
| Cash at end of period   |             | 112,262         | 113,712         |
| Less cash attributed to assets held for sale                                    |             | - 563           | 0               |
| <b>Cash at end of period according to group statement of financial position</b> | <b>(20)</b> | <b>111,699</b>  | <b>113,712</b>  |



# Notes

## Notes to the consolidated financial statements for the financial year 2024

### General information

As parent company of the Group, ElringKlinger AG is entered in the commercial register of the local court of Stuttgart/Germany (Amtsgericht) under the number HRB 361242. The Company's registered office is in Dettingen/Erms (Germany). The address is ElringKlinger AG, Max-Eyth-Str. 2, 72581 Dettingen/Erms/Germany. The Articles of Association are dated May 16, 2023. The registered company name is ElringKlinger AG.

The financial year is the calendar year.

The purpose of business of ElringKlinger AG and its subsidiaries ("ElringKlinger Group") is the development, manufacture and distribution of technical and chemical products, in particular of gaskets, sealing materials, plastic products and modules for the automotive sector and for the manufacturing industry in general. The Company also offers services relating to the technology used in its products. The purpose of business also encompasses the administration and commercial exploitation of landed property.

### Accounting principles

The consolidated financial statements of ElringKlinger AG as of December 31, 2024, have been prepared in accordance with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereafter referred to as "IFRS Accounting Standards"), as adopted by the European Union (EU), the interpretations of the International Financial Reporting Interpretations Committee (IFRS IC), the supplementary provisions of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and the provisions of German stock corporation law. ElringKlinger AG's Articles of Association contain regulations on profit appropriation. All IFRS Accounting Standards mandatory for the financial year 2024 have been observed.

On March 24, 2025, the Management Board of ElringKlinger AG submitted the consolidated financial statements for approval by the Supervisory Board, which convenes on March 25, 2024.

The consolidated financial statements have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euro (EUR k).

The group income statement was prepared in accordance with the cost of sales method. In order to enhance the clarity of presentation, various items in the group statement of financial position and in the group income statement have been combined.

**The following regulations and amendments to existing regulations were applied for the financial year 2024 for the first time:**

| IFRS pronouncement (published on)       | Title   | To be applied for financial years beginning on or after |
|---|---|---|
| Amendments to IAS 7 and IFRS 7          | Supplier Finance Arrangements   | January 1, 2024   |
| Amendments to IAS 1 (January/July 2020) | Classification of Liabilities as Current or Non-current<br>Non-current Liabilities with Covenants | January 1, 2024   |
| Amendments to IFRS 16                   | Lease Liability in a Sale and Leaseback   | January 1, 2024   |

The first-time application of the regulations listed in the table had no or no material effect on the presentation of assets, liabilities, financial position and financial performance of ElringKlinger Group.





The following regulations or amendments to existing regulations are not yet mandatory and have not been applied by ElringKlinger Group:

| IFRS pronouncement (published on)                      | Title   | To be applied for financial years beginning on or after |
|--|---|---|
| <b>Incorporated in European law</b>                    |   |   |
| Amendments to IAS 21                                   | Lack of Exchangeability   | January 1, 2025   |
| <b>Incorporation in European law still outstanding</b> |   |   |
|  |   | <b>Endorsement expected</b>                             |
| Amendments to IFRS 9 and IFRS 7                        | Amendments to the Classification and Measurement of Financial Instruments | January 1, 2026   |
| Annual Improvements to IFRS                            | Volume 11   | January 1, 2026   |
| IFRS 18  | Presentation and Disclosure in Financial Statements                       | January 1, 2027   |
| IFRS 19  | Subsidiaries without Public Accountability: Disclosures                   | January 1, 2027   |

ElringKlinger will adopt these standards and amendments as of the mandatory date for first-time application. For standards that are yet to be adopted by the EU, the initial date for first-time application is assumed to be the date approved by the IASB.

After performing a review, ElringKlinger has come to the conclusion that the first-time application of the reporting requirements mentioned in the table will have no or no material effect on the presentation of assets, liabilities, financial position and financial performance of ElringKlinger Group.

### Basis of consolidation

In addition to ElringKlinger AG, the consolidated financial statements of ElringKlinger AG as of December 31, 2024 include the annual financial statements of 6 (2023: 7) domestic and 34 (2023: 34) foreign subsidiaries in which ElringKlinger AG holds, either directly or indirectly, more than 50% of the shares or is able to control the entity's financial and business policy for other reasons. Inclusion begins at the time the control relationship comes into being and ends when control is deemed to no longer exist.

The 24.71% share in hofer AG, Nürtingen/Germany, was recorded as an associate in non-current group assets in the prior year, as ElringKlinger has a significant influence on the business and financial policy. A significant influence is assumed for associates with voting rights ranging from 20% to 50%. A reclassification to assets held for sale was made in the reporting year (please refer to chapters 8 and 22 for further details).

As of December 31, 2024, the following companies made use of the exemption provisions provided by Section 264 (3) HGB:

- ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen/Germany,
- ElringKlinger Logistic Service GmbH, Rottenburg/Neckar/Germany,
- Kochwerk Catering GmbH, Dettingen/Erms/Germany.

The basis of consolidation changed as follows when compared to the prior year:

### Additions

| Company  | Share of capital | With effect as of | Type of addition |
|--|------------------|-------------------|------------------|
| ElringKlinger Plastics Technology (Qingdao) Co., Ltd., Qingdao/China | 77.50            | March 4, 2024     | Formation        |
| ElringKlinger South Carolina, LLC., Easley/USA                       | 100.00           | June 27, 2024     | Formation        |
| EKAS USA, Inc., Wilmington/USA                                       | 100.00           | November 8, 2024  | Formation        |

### Deconsolidations/mergers

| Company  | With effect as of | Comment  |
|--|-------------------|--|
| Elring Klinger Motortechnik GmbH, Idstein/Germany                    | August 8, 2024    | Merger into ElringKlinger AG, Dettingen/Erms/Germany                             |
| ElringKlinger Engineered Plastics (Qingdao) Co., Ltd., Qingdao/China | August 31, 2024   | Merger into ElringKlinger Plastics Technology (Qingdao) Co., Ltd., Qingdao/China |
| ElringKlinger Switzerland AG, Sevelen/Switzerland                    | December 31, 2024 | Sale   |
| ElringKlinger USA, LLC., Buford/USA                                  | December 31, 2024 | Sale   |

With effect as of November 15, 2024, ElringKlinger USA, Inc., with registered office in Buford/USA, was renamed ElringKlinger USA, LLC., with registered office in Buford/USA.

On October 7, 2024, the Group signed an agreement with Certina Group, with registered office in Grünwald/Germany, on the sale of the two group companies ElringKlinger Switzerland AG, with registered office in Sevelen/Switzerland, and ElringKlinger USA, LLC., with registered office in Buford/USA. The transaction was closed on December 31, 2024. The selling price amounts to EUR 0.50 per unit. The net loss on disposal of EUR 43,678 k is included in other operating expenses.



ElringKlinger AG holds 60% of the share capital in EKPO Fuel Cell Technologies GmbH, with registered office in Dettingen/Erms/Germany, and the French automotive supplier OP-Mobility (formerly: Plastic Omnium), with registered office in Levallois/France, holds 40% of the share capital. The company is fully consolidated in ElringKlinger Group. The outstanding contribution of EUR 20,000 k (2023: EUR 20,000 k) still attributable to OP-Mobility was paid in the past financial year.

An overview of the 40 companies included in the consolidated financial statements of the parent company is provided below.

### Schedule of shareholdings and basis of consolidation

as of December 31, 2024

| Name of company   | Registered office            | Share of capital in % |
|---|------------------------------|-----------------------|
| <b>Parent company</b>   |                              |                       |
| ElringKlinger AG  | Dettingen/Erms/Germany       |                       |
| <b>Shares in affiliated companies (fully consolidated in the consolidated financial statements)</b> |                              |                       |
| <b>Domestic (Germany)</b>   |                              |                       |
| Gedächtnisstiftung KARL MÜLLER BELEGSCHAFTSHILFE GmbH   | Dettingen/Erms/Germany       | 100.00                |
| ElringKlinger Logistic Service GmbH   | Rottenburg/Neckar/Germany    | 100.00                |
| ElringKlinger Kunststofftechnik GmbH  | Bietigheim-Bissingen/Germany | 77.50                 |
| hofer powertrain products GmbH  | Dettingen/Erms/Germany       | 53.00                 |
| KOCHWERK Catering GmbH  | Dettingen/Erms/Germany       | 100.00                |
| EKPO Fuel Cell Technologies GmbH  | Dettingen/Erms/Germany       | 60.00                 |
| <b>Foreign</b>  |                              |                       |
| Elring Klinger (Great Britain) Ltd.   | Redcar/UK                    | 100.00                |
| hofer powertrain products UK Ltd.   | Warwick/UK                   | 53.00                 |
| ElringKlinger Italia Srl  | Settimo Torinese/Italy       | 100.00                |
| Elring Italia Srl   | Settimo Torinese/Italy       | 100.00                |
| ElringKlinger Hungary Kft.  | Kecskemét-Kádafalva/Hungary  | 100.00                |
| Elring Parts Ltd.   | Gateshead/UK                 | 100.00                |
| Elring Klinger, S.A.U.  | Reus/Spain                   | 100.00                |
| ElringKlinger TR Otomotiv Sanayi ve Ticaret A.Ş.  | Bursa/Turkey                 | 100.00                |
| ElringKlinger Meillor SAS   | Nantiat/France               | 100.00                |
| HURO Supermold S.R.L.   | Timisoara/Romania            | 100.00                |

| Name of company  | Registered office         | Share of capital in % |
|--|---------------------------|-----------------------|
| ElringKlinger Canada, Inc.   | Leamington/Canada         | 100.00                |
| ElringKlinger Holding USA, Inc.                                    | Wilmington/USA            | 100.00                |
| ElringKlinger Automotive Manufacturing, Inc. <sup>1</sup>          | Southfield/USA            | 100.00                |
| ElringKlinger Manufacturing Indiana, Inc. <sup>1</sup>             | Fort Wayne/USA            | 100.00                |
| ElringKlinger Silicon Valley, Inc. <sup>1</sup>                    | Fremont/USA               | 100.00                |
| ElringKlinger Texas, LLC <sup>1</sup>                              | San Antonio/USA           | 100.00                |
| ElringKlinger South Carolina, LLC. <sup>1</sup>                    | Easley/USA                | 100.00                |
| EKAS USA, Inc. <sup>1</sup>  | Wilmington/USA            | 100.00                |
| Elring Klinger México, S.A. de C.V. <sup>7</sup>                   | Toluca/Mexico             | 100.00                |
| Elring Klinger do Brasil Ltda.                                     | Piracicaba/Brazil         | 100.00                |
| ElringKlinger South Africa (Pty) Ltd.                              | Johannesburg/South Africa | 100.00                |
| ElringKlinger Automotive Components (India) Pvt. Ltd.              | Ranjangaon/India          | 100.00                |
| Changchun ElringKlinger Ltd.                                       | Changchun/China           | 88.00                 |
| ElringKlinger Korea Co., Ltd.                                      | Gumi-si/South Korea       | 100.00                |
| ElringKlinger China, Ltd.  | Suzhou/China              | 100.00                |
| ElringKlinger Chongqing Ltd.                                       | Chongqing/China           | 100.00                |
| ElringKlinger Engineered Plastics North America, Inc. <sup>2</sup> | Fort Wayne/USA            | 77.50                 |
| ElringKlinger Plastics Technology (Qingdao) Co., Ltd. <sup>2</sup> | Qingdao/China             | 77.50                 |
| ElringKlinger Marusan Corporation <sup>3</sup>                     | Tokyo/Japan               | 50.00                 |
| Marusan Kogyo Co., Ltd. <sup>4</sup>                               | Saitama/Japan             | 23.45                 |
| PT. ElringKlinger Indonesia <sup>5</sup>                           | Karawang/Indonesia        | 50.00                 |
| ElringKlinger (Thailand) Co., Ltd. <sup>8</sup>                    | Bangkok/Thailand          | 50.00                 |
| EKPO Fuel Cell Technologies US, Inc. <sup>6</sup>                  | Fort Wayne/USA            | 60.00                 |
| EKPO Fuel Cell (Suzhou) Co., Ltd. <sup>6</sup>                     | Suzhou/China              | 60.00                 |

#### Shares in associates<sup>9</sup>

| <b>Domestic (Germany)</b> |                   |       |
|---------------------------|-------------------|-------|
| hofer AG                  | Nürtingen/Germany | 24.71 |

<sup>1</sup> Wholly owned subsidiary of ElringKlinger Holding USA, Inc.

<sup>2</sup> Wholly owned subsidiary of ElringKlinger Kunststofftechnik GmbH.

<sup>3</sup> Consolidated due to contractual possibility of exercising control.

<sup>4</sup> 46.9% subsidiary of ElringKlinger Marusan Corporation, consolidated due to majority of voting rights.

<sup>5</sup> Wholly owned subsidiary of ElringKlinger Marusan Corporation.

<sup>6</sup> Wholly owned subsidiary of EKPO Fuel Cell Technologies GmbH.

<sup>7</sup> 99.997% subsidiary of ElringKlinger AG and 0.003% subsidiary of ElringKlinger Holding USA, Inc.

<sup>8</sup> 99.8% subsidiary of ElringKlinger Marusan Corporation and 0.1% subsidiary of ElringKlinger AG.

<sup>9</sup> Further associates not mentioned due to immateriality.



### Notes on non-controlling interests in subsidiaries

ElringKlinger AG holds controlling interests of 77.5% (unchanged) in ElringKlinger Kunststofftechnik GmbH, Bietigheim-Bissingen/Germany, with its two subsidiaries

- ElringKlinger Plastics Technology (Qingdao) Co., Ltd., Qingdao/China, and
- ElringKlinger Engineered Plastics North America, Inc., Buford/USA, (EKT subgroup). The non-controlling interests amount to 22.5%.

The share in the earnings of this subgroup attributable to non-controlling interests for the financial year 2024 is EUR 991 k (2023: EUR 1,989 k).

A dividend of EUR 450 k (2023: EUR 3,375 k) was distributed to the subgroup's non-controlling interests in the financial year 2024.

### Cash flow of the subgroup:

| EUR k   | 2024       | 2023        |
|---|------------|-------------|
| Operating activities                              | 12,204     | 9,221       |
| Investing activities                              | -6,859     | -6,028      |
| Financing activities                              | -4,956     | -2,811      |
| <b>Changes in cash</b>                            | <b>389</b> | <b>382</b>  |
| <b>Effects of currency exchange rates on cash</b> | <b>216</b> | <b>-271</b> |

ElringKlinger Kunststofftechnik GmbH is integrated in the monetary transactions of ElringKlinger Group. Cash and cash equivalents are continuously made available to or called from ElringKlinger AG. Changes in cash and cash equivalents are reported under cash flow from financing activities.

### Summarized key financial information of the subgroup:

| EUR k                             | 2024         | 2023         |
|-----------------------------------|--------------|--------------|
| Non-current assets                | 56,724       | 58,716       |
| Current assets                    | 76,656       | 66,656       |
| Non-current liabilities           | 14,553       | 13,795       |
| Current liabilities               | 24,040       | 19,695       |
| Sales revenue                     | 121,253      | 123,508      |
| Earnings before taxes (EBT)       | 6,455        | 12,187       |
| <b>Net income</b>                 | <b>4,406</b> | <b>8,839</b> |
| <b>Total comprehensive income</b> | <b>4,905</b> | <b>7,805</b> |

### Further detailed information:

| EUR k                                    | 2024         | 2023         |
|--|--------------|--------------|
| <b>Cash and cash equivalents</b>         | <b>5,693</b> | <b>5,088</b> |
| Cash in hand                             | 0            | 2            |
| Bank deposits                            | 5,693        | 5,086        |
| <b>Non-current financial liabilities</b> | <b>829</b>   | <b>953</b>   |
| <b>Current financial liabilities</b>     | <b>883</b>   | <b>384</b>   |
| <b>Interest income</b>                   | <b>278</b>   | <b>427</b>   |
| <b>Interest expenses</b>                 | <b>491</b>   | <b>435</b>   |
| <b>Depreciation and amortization</b>     | <b>6,752</b> | <b>6,203</b> |

Besides, ElringKlinger AG holds 60.0% (unchanged) of the controlling interests in EKPO Fuel Cell Technologies GmbH, Dettingen/Erms/Germany, with its two subsidiaries

- EKPO Fuel Cell (Suzhou) Co., Ltd., Suzhou/China, and
- EKPO Fuel Cell Technologies US, Inc. with registered office in Fort Wayne/USA, (EKPO subgroup). The non-controlling interests amount to 40.0%.

The share in the earnings of this subgroup attributable to non-controlling interests for the financial year 2024 is EUR -22,354 k (2023: EUR -7,690 k).



### Cash flow of the subgroup:

| EUR k   | 2024          | 2023          |
|---|---------------|---------------|
| Operating activities                              | -9,765        | -15,906       |
| Investing activities                              | -22,570       | -19,869       |
| Financing activities                              | 38,595        | 34,013        |
| <b>Changes in cash</b>                            | <b>-6,259</b> | <b>-1,762</b> |
| <b>Effects of currency exchange rates on cash</b> | <b>35</b>     | <b>-240</b>   |

### Summarized key financial information of the subgroup:

| EUR k                             | 2024           | 2023           |
|-----------------------------------|----------------|----------------|
| Non-current assets                | 51,606         | 80,344         |
| Current assets                    | 44,164         | 49,614         |
| Non-current liabilities           | 16,341         | 14,706         |
| Current liabilities               | 16,065         | 14,745         |
| Sales revenue                     | 21,011         | 15,031         |
| Earnings before taxes (EBT)       | -56,467        | -17,691        |
| Net income                        | -57,328        | -19,226        |
| <b>Total comprehensive income</b> | <b>-57,185</b> | <b>-19,154</b> |

### Further detailed information:

| EUR k                                    | 2024          | 2023          |
|--|---------------|---------------|
| <b>Cash and cash equivalents</b>         | <b>17,628</b> | <b>11,334</b> |
| Cash in hand                             | 0             | 0             |
| Bank deposits                            | 17,628        | 11,334        |
| <b>Non-current financial liabilities</b> | <b>6,714</b>  | <b>6,307</b>  |
| <b>Current financial liabilities</b>     | <b>1,144</b>  | <b>992</b>    |
| <b>Interest income</b>                   | <b>539</b>    | <b>398</b>    |
| <b>Interest expenses</b>                 | <b>1,017</b>  | <b>176</b>    |
| <b>Depreciation and amortization</b>     | <b>7,918</b>  | <b>5,814</b>  |

### Summary of the principal accounting and measurement methods

The consolidated financial statements were prepared on the basis of historical acquisition and manufacturing costs with the exception of assets and liabilities for which measurement at fair value is mandatory in accordance with IFRS.

The fundamental accounting and measurement methods applied in preparing the consolidated financial statements are described below:

#### Consolidation methods

Assets and liabilities of the domestic and foreign companies included in the consolidated financial statements are recognized and measured according to the accounting and measurement methods that apply uniformly across ElringKlinger Group.

Upon acquisition of a company, the assets and liabilities of the subsidiaries acquired are measured at their fair value at the time of acquisition. If the purchase price of the interest exceeds the identified assets and liabilities to be measured at fair value, the excess is capitalized as goodwill. If the difference is negative, the identifiable assets and liabilities are remeasured, as are the acquisition costs. Any remaining negative difference is recognized through profit or loss.

Any hidden reserves and liabilities that have been uncovered are rolled forward, amortized, or released together with the corresponding assets or liabilities. Capitalized goodwill is not amortized, but is subject to at least one impairment test annually.

If additional shares of an already fully consolidated subsidiary are acquired, the difference between the purchase price and carrying amount of non-controlling interests is recognized directly in equity.

The non-controlling interests in subsidiaries held by shareholders outside the Group must be shown as a separate line item under group equity.

Net income for the year for subsidiaries acquired or sold in the course of the year are included in the group income statement from the effective time of acquisition or until the effective time of divestment.

The financial year of all consolidated companies, except the Indian subsidiary (March 31), corresponds to the financial year of the parent company. If the financial years differ, interim financial statements are prepared as of the reporting date of the parent company.



All receivables, liabilities, sales revenue, other income and expenses within the scope of consolidation are eliminated. Accumulated intragroup gains and losses from intragroup supplies are eliminated from inventories or non-current assets.

### Investments in associates

Associates are measured at their share of equity using the equity method and initially recognized at their acquisition costs, including the transaction costs. The Group's share in the associate's net profit or loss for the period is recognized separately in the group income statement as a share of the financial result. The share in other comprehensive income is recognized directly in group equity. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment in the associate.

The financial statements of the associate are prepared for the same reporting date as those of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss on its shares in an associate. At each reporting date, the Group determines whether there is any objective evidence of impairment of the share in an associate. If so, the impairment loss is determined as the difference between the recoverable amount of the share in an associate and its carrying amount, and the loss is recognized through profit or loss as "Share of result of associates."

### Currency translation

The reporting currency of ElringKlinger Group is the euro.

Foreign currency transactions are translated in the annual financial statements of ElringKlinger AG and its consolidated companies at the rates current as of the transaction date. As of the reporting date, assets and liabilities in foreign currency are measured at the closing rate. Differences arising on translation are recognized through profit or loss. Currency translation differences from monetary items that form part of a net investment are reported in equity under other comprehensive income until the disposal of the net investment.

The financial statements of the foreign companies are translated into euros since this is the functional currency of the parent company. Since the subsidiaries operate their businesses independently in financial, economic and organizational respects, the functional currency is generally identical to the relevant national currency of the company. The expenses and income from financial statements of entities included in the consolidated financial statements which were originally prepared in foreign currencies are translated at the average rate for the year. The average rate for the year is calculated on the basis of daily rates. Assets and liabilities are translated at the closing rate. Currency differences are reported in other comprehensive income and as a separate item in equity.

In the event of a disposal of a consolidated entity, accumulated currency differences are recognized as part of the gain or loss on sale.

The rates used for currency translation are shown in the table below:

| Currency                      | Abbr. | Closing rate  |               | Average rate |              |
|-------------------------------|-------|---------------|---------------|--------------|--------------|
|                               |       | Dec. 31, 2024 | Dec. 31, 2023 | 2024         | 2023         |
| US dollar (USA)               | USD   | 1.03890       | 1.10500       | 1.08078      | 1.08285      |
| Pound sterling (UK)           | GBP   | 0.82918       | 0.86905       | 0.84500      | 0.86880      |
| Franco (Switzerland)          | CHF   | 0.94120       | 0.92600       | 0.95340      | 0.97166      |
| Canadian dollar (Canada)      | CAD   | 1.49480       | 1.46420       | 1.48353      | 1.46195      |
| Real (Brazil)                 | BRL   | 6.42530       | 5.36180       | 5.89065      | 5.39402      |
| Peso (Mexico)                 | MXN   | 21.55040      | 18.72310      | 20.01335     | 19.06578     |
| RMB (China)                   | CNY   | 7.58330       | 7.85090       | 7.77332      | 7.68393      |
| WON (South Korea)             | KRW   | 1,532.15000   | 1,433.66000   | 1,479.02917  | 1,420.12250  |
| Rand (South Africa)           | ZAR   | 19.61880      | 20.34770      | 19.83250     | 20.04102     |
| Yen (Japan)                   | JPY   | 163.06000     | 156.33000     | 164.05583    | 153.17583    |
| Forint (Hungary)              | HUF   | 411.35000     | 382.80000     | 397.06833    | 380.57417    |
| Turkish lira (Turkey)         | TRY   | 36.73720      | 32.65310      | 35.75844     | 26.25843     |
| Leu (Romania)                 | RON   | 4.97430       | 4.97560       | 4.97528      | 4.95140      |
| Indian rupee (India)          | INR   | 88.93350      | 91.90450      | 90.51761     | 89.43426     |
| Indonesian rupiah (Indonesia) | IDR   | 16,820.88000  | 17,079.71000  | 17,191.18833 | 16,482.53083 |
| Baht (Thailand)               | THB   | 35.67600      | 37.97300      | 38.05683     | 37.71792     |
| Swedish krona (Sweden)        | SEK   | 11.45900      | 11.09600      | 11.44979     | 11.48422     |



### Hyperinflation Turkey

Since June 2022, Turkey has been classified as a hyperinflationary economy within the meaning of IAS 29 “Financial Reporting in Hyperinflationary Economies”. To reflect the change in the purchasing power, the annual financial statements prepared on the basis of historical cost of the Turkish subsidiary, whose functional currency is the Turkish lira, were adjusted for the effects of inflation. The consumer price index applied amounted to 2,684.55 as of December 31, 2024 (December 31, 2023: 1,859.38) and is published by the Turkish Statistical Institute (Tüik). The resulting change in the index value for the financial year amounted to 1.4438. The gain from the net monetary position is reported under other finance income.

In accordance with IAS 21.42, all items of the statement of financial position as well as income and expenses were translated into the reporting currency (euro) as of the reporting date December 31, 2024.

### Accounting and measurement methods

#### Goodwill

Goodwill is attributable to cash-generating units (segments) as follows:

| EUR k               | 2024          | 2023          |
|---------------------|---------------|---------------|
| Original Equipment  | 75,060        | 72,770        |
| Engineered Plastics | 3,059         | 6,313         |
| Aftermarket         | 1,658         | 1,658         |
| <b>Total</b>        | <b>79,777</b> | <b>80,741</b> |

#### Testing for impairment

Goodwill is tested for impairment at least once a year as of December 31 and also during the year if there is an indication of impairment. An impairment is recognized in the group income statement through profit or loss if the recoverable amount, which is the higher of fair value less costs of disposal and value in use, is lower than the carrying amount of the cash-generating units. Impairment of goodwill is not reversed, even if the impairment has ceased to exist.

The recoverable amount for impairment tests is determined using the respective value in use as present value of future net cash inflows. For this purpose, the value in use of the cash-generating units is determined by discounting future cash flows. A detailed plan of the cash flows for the cash-generating units taking into account the associated risks is established over the forecast period of five years. Subsequent periods are accounted for by perpetual

annuity determined on the basis of the last detailed planning year and an expected terminal growth rate of 1% (2023: 1%).

Planning is based on expectations and assumptions of the Management Board regarding future market developments, taking into consideration the business development to date. Significant assumptions relate to the future development of sales revenue and earnings after taxes. Sales revenue and cost planning at ElringKlinger Group is performed at individual component level.

Both historical data as well as the expected market performance are taken into account for determining the value in use of the cash-generating units. With regard to short-term sales revenue planning, the current order backlog, information of the respective manufacturer and information from independent sources, such as advisory firms or automobile associations, is used. In its sales revenue planning for the medium term, ElringKlinger assumes that it will be able to outpace global growth of automotive production. The figures allocated to the key assumptions are generally in line with external sources of information, e.g., expected production and sales for the respective regional sales markets and customer-specific budgets.

Cost planning takes into account both efficiency gains as well as cost increases.

The cost of capital of the cash-generating units is calculated as the weighted average cost of equity and debt capital (WACC). The discount factor applied as of December 31, 2024 was the WACC before taxes of 10.34% (2023: 10.41%). Capital structure, equity and debt capital are based on comparable companies from the same industry (peer group) and are derived from the capital market information available. The cost of equity applied is determined on the basis of the risk-free base interest rate according to the method of the Institute of Public Auditors in Germany (IDW) and the market risk premium. In addition, a country-specific risk premium and the expected long-term inflation of the respective currency area are taken into account for each cash-generating unit. A beta factor, which is derived from the peer group, is also used to calculate the cost of equity. The beta factor represents the individual risk of a share as compared to a market index. The cost of debt capital is based on the risk-free base interest rate and was complemented by country-specific risks and a credit spread derived from the peer group.





The following significant assumptions have been applied for the planning of individual segments:

### Original Equipment

In the “Original Equipment” segment, budget planning provides for a continuous increase in sales revenue despite the sale of the two companies at the sites in Sevelen/Switzerland and Buford, GA/USA. In particular, the ramp-up of the large-scale orders for series production in the area of new technologies notably contributes to the planned growth. The sale and the continuous growth in sales revenue contribute significantly to a positive margin development being expected as part of budget planning.

The weak market dynamics of light vehicles (passenger cars and light commercial vehicles) with changed call-off volumes and the development of procurement prices for several key raw materials and exchange rates are weighing on the development of sales revenue in the “Original Equipment” segment in the financial year 2024, so that the expected budgeted figures could not be met.

In addition to the historical development of the unit, the impairment test included the development of the peer group as well as the general market outlook. The transformation will be pushed forward further through the strategic realignment with a focus on the profitable components business for electric drive units. This strategic package of measures adopted by the Management Board and the high-volume series production in the e-mobility sector, which has already been secured, contribute to a continuous increase in sales revenue expectations with continuous margin improvements, which exceed the peer group and market expectation.

The impairment test of goodwill of the Original Equipment segment performed as of December 31, 2024 did not result in any need to recognize impairment.

The value in use, determined on the basis of the aforementioned assumptions, exceeds the carrying amount as of December 31, 2024 by about EUR 169.7 million for the Original Equipment segment. Changes in cost of capital or profit margin can meanwhile lead to a situation where the carrying amount exceeds the recoverable amount. In the case of an isolated increase in cost of capital by around 1.10 percentage points, the recoverable amount would correspond to the related carrying amount. An isolated reduction of the profit margin in the terminal value by around 1.12 percentage points would have the same effect.

### Engineered Plastics

Amid weaker economic dynamics, the sales revenue figures in the “Engineered Plastics” segment proved robust in the financial year 2024, also owing to the broad mix of sectors. By opening up new markets and on account of further internationalization, budget planning

continues to provide for a sales revenue increase in the “Engineered Plastics” segment as well as a continuous positive margin development.

The impairment test of goodwill for the Engineered Plastics segment performed as of December 31, 2024 did not result in any need to recognize an impairment.

The value in use, determined on the basis of the aforementioned assumptions, exceeds the carrying amount as of December 31, 2024 by about EUR 130.9 million for the Engineered Plastics segment. Changes in cost of capital or profit margin can meanwhile lead to a situation where the carrying amount exceeds the recoverable amount. In the case of an isolated increase in cost of capital by around 7.20 percentage points, the recoverable amount would correspond to the related carrying amount. An isolated reduction of the profit margin in the terminal value by around 8.27 percentage points would have the same effect.

### Aftermarket

Supported by the year-on-year increase in sales revenue in the financial year 2024, budget planning in the “Aftermarket” segment also provides for a sustained increase in sales revenue and a related continuous positive margin development. Further internationalization, especially in North America, will allow for the planned growth to be realized by expanding business relationships with existing customers.

The impairment test of goodwill for the Aftermarket segment did not result in any need to recognize an impairment.

### Intangible assets

Purchased intangible assets, mainly patents, licenses and software, are recognized at cost.

Internally generated intangible assets, with the exception of goodwill, are capitalized if it is sufficiently probable that use of the asset is associated with a future economic benefit, that the costs of the asset can be determined reliably, and that the technical and economic feasibility along with the ability and intent to market it are ensured.

The manufacturing costs of internally generated intangible assets are determined on the basis of directly attributable individual costs as well as their proportion of attributable overheads. The revaluation method, which is also permitted, is not applied.

All intangible assets in the Group – with the exception of goodwill – have determinable useful lives and are amortized over these useful lives using the straight-line method. Patents, licenses and software generally have useful lives of ten years. Capitalized development costs and basic standard software have useful lives of five years. If the actual useful life is materially longer or shorter than ten or five years, this actual useful life is recognized.



For developments subsidized by the EU as part of an IPCEI (Important Project of Common European Interest), the capitalization is reduced by the subsidies received (net method).

### Property, plant and equipment

Tangible assets that are used in business operations for a period longer than one year are measured as property, plant and equipment at acquisition or manufacturing cost less straight-line depreciation in accordance with their useful life as well as any necessary impairment. The manufacturing cost of self-constructed property, plant and equipment is determined on the basis of directly attributable individual costs and their proportion of attributable overheads. The revaluation method, which is also permitted, is not applied.

Depreciation is calculated throughout the Group based on the following useful lives:

| Class of property, plant and equipment | Years    |
|--|----------|
| Buildings                              | 15 to 40 |
| Plant and machinery                    | 10 to 15 |
| Special tooling                        | 3        |
| Operating and office equipment         | 3 to 15  |

The useful lives and the depreciation methods and residual carrying amounts are reviewed regularly in order to ensure that the depreciation method and period are consistent with the expected consumption of the economic benefit.

### Impairment of property, plant and equipment and intangible assets other than goodwill

Pursuant to IAS 36, property, plant and equipment and intangible assets are subjected to impairment testing at each reporting date if there are indications of impairment. Intangible assets that are not yet available for use are tested for impairment at least once a year. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized to the recoverable amount. The recoverable amount is the higher of the following two amounts: the net realizable value less anticipated costs of disposal or the value in use. If the recoverable amount for an individual asset cannot be determined, an estimate of the recoverable amount is made at the next higher-level cash-generating unit.

Impairment losses are generally allocated in proportion to the carrying amount to the non-current assets of the cash-generating unit.

In the event that the recoverable amount exceeds the carrying amount in subsequent periods, reversals of impairment losses are recognized up to, at most, amortized cost.

Impairment losses and reversals of impairment losses are recognized in the income statement under cost of sales.

### Non-current assets held for sale and disposal groups

Non-current assets held for sale or disposal groups are classified as “held for sale” and recognized separately in the statement of financial position if the corresponding carrying amount is mostly realized by the sale transaction and not by its continued use. In this case, the sale must be concluded and its completion should be highly probable within one year. Non-current assets held for sale or disposal groups are recognized at the lower of the carrying amount and fair value less costs to sell. Depreciation ceases when an asset is classified as held for sale or as a disposal group.

A disposal group also includes liabilities allocable to the disposal group.

If an associate is classified as held for sale, the use of the equity method of accounting is ceased from the time of reclassification.

### Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

Financial assets include cash and cash equivalents, trade receivables, financial investments, long-term securities, other loans granted and receivables as well as derivative financial assets held for trading.



Upon initial recognition, financial assets are classified for subsequent measurement either as measured at amortized cost, as measured at fair value through other comprehensive income or as measured at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Groups' business model for managing them. With the exception of trade receivables that do not contain a significant financing component, which are measured at the transaction price, the Group measures a financial asset at its fair value. Transaction costs directly attributable to the acquisition of financial assets that are not measured at fair value through profit or loss are added to the fair value of the financial assets on recognition. Transaction costs directly attributable to the acquisition of financial assets that are measured at fair value through profit or loss are recognized immediately in the consolidated income statement.

In order for a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at individual financial instrument level.

The Group's business model for managing financial assets reflects how a company manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Derivatives are recognized on the trade date, all other purchases and sales at arm's length of financial assets are recognized in the statement of financial position on the settlement date.

The fair values recognized in the statement of financial position generally correspond to the market prices of the financial assets. If market prices are not available, the fair values are calculated using recognized measurement models and with recourse to current market parameters. The measurement methods include using the most recent transactions between knowledgeable, willing and independent business partners, comparison with a current fair value of another, substantially identical, financial instrument and the analysis of discounted cash flows.

A financial asset is primarily derecognized in cases where the contractual rights to receive cash flows from this financial asset have expired or have been transferred. A financial asset has been transferred when essentially all risks and rewards connected with ownership of the financial asset have been transferred or when essentially all risks and rewards connected with ownership of the financial asset have neither been transferred nor retained but the control over the asset has been transferred. In case the control has been retained, the entity continues to recognize the transferred asset to the extent to which it has a continuing involvement in the asset.

For the purposes of subsequent measurement, financial assets are classified into three categories:

Financial assets resulting from money transfer, the rendering of services or the procurement of merchandise or services involving third parties are classified as **financial assets measured at amortized cost**. Current assets classified in this category are measured at amortized cost, the non-current financial assets are measured at amortized cost in accordance with the effective interest method.

Financial assets acquired for the purpose of sale in the near future (financial instruments held for trading) are recognized **at fair value through profit or loss**. Equity instruments not held for trading are also measured at fair value through profit or loss, provided the option to recognize at fair value through other comprehensive income is not exercised at the time of first-time recognition. Debt instruments, which do not pass the business model assessment or do not have the characteristics of cash flows, are also measured at fair value through profit or loss.

Debt instruments are measured **at fair value through other comprehensive income** if the financial asset is held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon initial recognition of equity instruments, the irrevocable option to classify them as at fair value through other comprehensive income may be exercised if they fulfill the definition of equity according to IAS 32 and are not held for trading.

Cash and cash equivalents include cash in hand, bank deposits and short-term deposits with an original term of less than three months, and are measured at amortized cost.



Applying the expected credit loss model (ECL), the expected credit loss is material for impairment losses in accordance with IFRS 9. Valuation allowances will be recognized for all financial assets measured at amortized cost as well as for debt instruments measured at fair value through other comprehensive income. For the measurement, external measurement sources are consulted for the counterparties. IFRS 9 generally outlines a three-step model. A risk provision will either be recognized on the basis of the 12-month expected credit loss (step I) or on the basis of the lifetime expected credit loss, if the credit risk has significantly increased since the first-time recognition (step II) or if there is a deterioration in the credit rating (step III). The changes in measurement between the individual steps are determined according to external ratings and based on the model of established rating agencies: investment grade (step I), speculative grade (step II) and risk/default grade (step III).

The simplified procedure is applied to trade receivables. According to this, expected credit losses are calculated over the entire lifetime of receivables.

Impairments for expected credit losses involve to a considerable extent estimates and judgments of the individual receivables based on the creditworthiness of the customer concerned. Should this not be possible or appropriate under certain circumstances, an average rating (which is based on the average of all the ratings obtained in the reporting period) is applied. ElringKlinger considers this estimate regarding ratings as appropriate.

If there is objective evidence of impairment of loans and receivables (e.g., major financial difficulties on the part of the debtor or negative changes in the market environment of the debtor), these are recognized through profit or loss. The expected credit loss methodology applied in accordance with IFRS 9 uses forward-looking indicators. These not only consider the micro and macroeconomic aspects, but also the expected development of the individual borrower. To determine risk provisions, ElringKlinger uses the assessment of recognized rating agencies (S&P, Moody's, Fitch, etc.). Impairments of trade receivables are initially recognized in an adjustments account. The impaired receivable is derecognized when it is considered unrecoverable. Receivables are deemed to be unrecoverable in the case of a "D" rating (according to S&P), or insolvency of the debtor has become known or specific payment defaults have already occurred.

### Financial liabilities

Financial liabilities comprise, in particular, trade payables, liabilities to banks, derivative financial liabilities held for trading and other liabilities.

Upon initial recognition, financial liabilities are measured at fair value.

Financial liabilities are derecognized when the obligation on which the liability is based is settled, terminated or has expired.

For the purposes of subsequent measurement, financial liabilities are classified into two categories:

At ElringKlinger, **financial liabilities measured at amortized cost** include trade payables, liabilities to banks and other financial liabilities. They are measured at amortized cost using the effective interest method. Gains or losses are recognized through profit or loss when the liabilities are derecognized or repaid, and additionally as part of amortizations by means of the effective interest method.

**Financial liabilities measured at fair value through profit or loss** comprise the financial liabilities held for trading, in this case, derivatives, including any embedded derivatives that have been separated from the host contract, if applicable, since these do not qualify for hedge accounting as a hedging instrument. Gains or losses are recognized through profit or loss.

### Other current liabilities

ElringKlinger agreed on a call and put option with the non-controlling shareholders for their share as part of the agreements with minority interests of ElringKlinger Marusan Corporation, with registered office in Tokyo/Japan. The obligation that results from this agreement is recognized at the fair value of the shares under other current liabilities and rolled forward through profit or loss. ElringKlinger Marusan Corporation is therefore fully consolidated in ElringKlinger Group; non-controlling interests have not been disclosed.

### Derivative financial instruments and hedge accounting

In accordance with IFRS 9, all derivative financial instruments such as currency, price and interest swaps as well as forward exchange transactions, must be recognized at market values, independently of the purpose or the intent of the agreement under which they were concluded. Since hedge accounting is not applied at ElringKlinger Group, the changes in the fair value of the derivative financial instruments are always recognized through profit or loss for the period.



The derivative financial instruments used at ElringKlinger Group are price hedges. The purpose of derivative financial instruments is to reduce the negative effects of currency and price risks on the Group's assets, liabilities, financial position and financial performance. As of the reporting date, there were forward contracts for currency derivatives at ElringKlinger AG, with registered office in Dettingen/Erms/Germany, as well as for the commodities electricity and gas at ElringKlinger AG and at ElringKlinger Kunststofftechnik GmbH, with registered office in Bietigheim-Bissingen/Germany.

#### **Costs to fulfill a contract**

According to IFRS 15, costs that are not within the scope of another standard can be recognized as an asset, if the costs relate directly to a contract and generate or enhance resources that will be used in satisfying future performance obligations of a contract, and they are expected to be recovered as part of a contract.

Costs to fulfill a contract are determined on the basis of directly attributable individual costs and their proportion of attributable overheads.

The capitalized contract costs are amortized on a systematic basis that is consistent with the entity's transfer of control of the related goods or services to the customer. This amortization is recognized in cost of sales.

Furthermore, costs to fulfill a contract are amortized through profit or loss if the carrying amount of the assets recognized exceeds the amount of consideration the entity expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services.

#### **Contract assets and contract liabilities**

A contract asset is the conditional right to consideration in exchange for goods or services already transferred to the customer. Contract assets are reported as receivables when they have been billed. In individual cases, contract assets result from costs for the initiation of a contract regarding project business with customers over time. They relate to the conditional right against the customer to consideration for supplies and services not yet invoiced as of the reporting date.

Contract liabilities are recognized for prepayments received from customers before performing the contractually agreed service. On satisfying the performance obligations, these contract liabilities are recognized as revenue.

#### **Inventories**

Inventories are recognized at cost or the lower net realizable value. Raw materials, consumables and supplies as well as merchandise are measured at their moving weighted average acquisition cost. Manufacturing costs of work in progress and finished goods are determined on the basis of directly attributable individual costs and their proportion of production overheads. The proportion of overhead cost attributable to these products is determined on the basis of normal staffing levels. Manufacturing costs do not include selling expenses and finance cost. Administrative expenses are included in manufacturing costs if related to production. Net realizable value represents the estimated sales price less all estimated costs up to completion as well as the cost of marketing, sales and distribution. Markdowns are recorded for detectable impairment due to lack of marketability and quality defects, and to account for declining sales prices.

In the majority of cases, the customers acquire beneficial ownership of tools. The tools are recognized under inventories until the transfer of beneficial ownership.

#### **Cash and cash equivalents**

Cash and cash equivalents primarily include cash in hand, checks, bank deposits as well as short-term deposits with a residual term of less than three months starting from the original date of acquisition. They are recognized at amortized cost.

#### **Provisions for pensions**

Provisions for pensions are calculated on the basis of the projected unit credit method in accordance with IAS 19. The calculation considers not only the pensions and vested claims known at the reporting date but also future anticipated increases in pensions and salaries, with appropriate estimates of the relevant factors, as well as biometric assumptions.

Actuarial gains and losses resulting from the difference between the expected and actual accounting changes in headcount, as well as differences arising from changes to accounting assumptions, are recognized in full in the period in which they occur. They are recognized outside of the income statement under other comprehensive income.

In determining the discount interest rates, the Company is guided by the interest rates observed in capital markets for corporate bonds with first-class credit ratings (AA rating or better) which are denominated in the same currency and have similar terms.



## Provisions

Provisions are recorded when a past event gives rise to a present legal or constructive obligation to a third party, utilization of the obligation is probable, and the anticipated amount of the obligation can be estimated reliably.

Provisions are recognized for risks arising from litigation if an entity of ElringKlinger Group is the defendant and the weight of evidence supports a negative outcome. The provision is recognized in the amount that the entity will probably lose in the case of a negative outcome. This amount includes any payments to be made by the entity, particularly compensation and severance payments as well as the expected costs of the lawsuit. In litigation in which the entity itself is the plaintiff, provisions are merely set up for the cost of the lawsuit. Provisions for restructuring are recognized in connection with measures that significantly change the scope or nature of performance of the business activity of a business unit. Provisions for restructuring (particularly for benefits relating to the termination of employment relationships) are recognized when the implementation of a detailed and formal plan commences or when it has already been communicated.

The measurement of these provisions is made at the present best estimate of the expenses necessary to fulfill the obligation.

If appropriate, the amount of the provision corresponds to the present value of the expenditures expected to be necessary to meet the obligations.

Refund claims are capitalized separately, if applicable. If the Group expects at least a partial refund for a provision, the refund is recognized under other assets if the return of the refund is virtually certain.

## Leases

IFRS 16 requires a uniform accounting model for lessees, according to which the lessee is required to recognize a right-of-use asset for all leases as well as a lease liability for the outstanding lease payments. The lease liability is recognized at the present value of the future lease payments, discounted with the term-based incremental borrowing rate because the underlying interest rate of the lease is not readily determinable, and reported under financial liabilities. Reference interest rates for a period of up to 15 years from the return on government bonds in the countries concerned is used to determine the incremental borrowing rate. The reference interest rates are extended by a lease risk premium on the basis of the Euler Hermes assessment of ElringKlinger Group.

The rights of use reported under property, plant and equipment are recognized at cost less accumulated amortization and any accumulated impairment losses if applicable. The acquisition cost of the right-of-use asset is determined as the present value of all future lease payments plus the lease payments that are made at or before the beginning of the lease as well as the costs to conclude the contracts and the estimated costs for dismantling or restoring the lease asset. All lease incentives received are deducted.

Practical expedients provided by IFRS 16 are applied for low-value lease assets and short-term leases (with a term of up to 12 months). The lease payments associated with these leases are generally recognized as an expense on a straight-line basis over the lease term. In the statement of cash flows, the payments are reported under cash flow from operating activities.

For sale and leaseback transactions with transfer of control to the buyer (lessor), the leaseback assets are recognized at the pro rata carrying amount which is derived from the leased-back pro rata right of use. Accordingly, any gain or loss is only recognized to the extent that it relates to the rights transferred to the lessor.

## Recognition of income and expense

Sales revenue is measured at the fair value of the transaction price received or to be received and represents the amounts that are to be received for goods and services in the normal course of business. Sales revenue is shown net of sales deductions, discounts and value added taxes.

Sales revenue is recorded when the deliveries and services due have been rendered and the control has passed to the buyer and receipt of the payment can be reliably expected.

A portion of income from development services is recognized over time because the customer simultaneously receives and consumes the benefits provided by ElringKlinger Group. The progress of development services is determined using the input method because there is a direct relationship between the effort of ElringKlinger Group and the transfer of service to the customer. The Group recognizes sales revenue on the basis of the costs incurred relative to the total expected costs to complete the development service.

Revenue from licenses with which ElringKlinger grants customers the right to use its intellectual property (at the time of issuing the license) is recognized on the date the licenses are granted. Considerations that are dependent on certain milestones being reached are only recognized in the income statement when it is highly likely that the milestones will be reached.





Interest income is recognized on an accrual basis using the effective interest method.

Dividend income from financial investments is recorded at the time the payment claim arises.

Other income is recognized on an accrual basis in accordance with the substance of the underlying contract.

Operating expenses are recorded in the group income statement at the time of performance or at the time of origination.

### Research and development costs

Research costs are expensed at the time they are incurred. The costs for development activities are capitalized provided all of the following criteria are fulfilled:

- The development costs can be determined reliably.
- The product or the process can be realized technically and commercially.
- Future commercial benefits are likely.
- There is the intent and sufficient resources to complete the development and to use or sell the asset.

Capitalized costs are included in intangible assets. Other development costs are recognized as an expense when incurred. Capitalized costs are amortized over five years.

### Government grants

In accordance with IAS 20, government grants are recognized at fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and that the grant will be received.

Grants that relate to the acquisition or manufacturing cost of assets are generally recognized as deferred income and systematically released to income over the expected useful life of the related asset and reported as other operating income. The item is disclosed in other current and non-current liabilities.

Grants received as part of the European IPCEI initiative are deducted from the carrying amount of capitalized development costs (net method).

Public grants received for expenses incurred (primarily for development projects) are recognized through profit or loss as other operating income in the period in which the expenses to be compensated are incurred.

Government grants in connection with the utilization of short-time work allowances and the associated reimbursement of social security contributions are reported in the corresponding personnel expenses of the relevant functional area.

### Borrowing costs

Borrowing costs directly associated with the acquisition, construction, or production of qualifying assets are added to the manufacturing costs of these assets until the period in which the assets are largely available for their intended use or for their sale. Interest not capitalized pursuant to IAS 23 is recognized on an accrual basis as an expense using the effective interest method. The actual borrowing costs are capitalized if a financing loan can be definitively assigned to a specific investment. Unless a direct relationship can be established, the Group's average interest rate for borrowed capital for the current period is used. The Group's average interest rate for borrowed capital for the financial year 2024 was 5.70% (2023: 5.22%). Borrowing costs of EUR 29 k were capitalized in the financial year (2023: EUR 335 k).

### Income taxes and deferred taxes

The income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax expense is determined on the basis of the taxable income for the relevant year. Taxable income differs from earnings before taxes as shown in the income statement, since it excludes expenses and income which will be tax deductible in earlier or later years or those which will never become taxable or tax deductible. The liability of the Group for current tax expense is calculated on the basis of applicable tax rates or fixed tax rates established by law as of the reporting date.

Deferred taxes are the expected tax charges and benefits from the differences in the carrying amounts of assets and liabilities in the tax base of the individual companies compared with the valuations in the consolidated financial statements under IFRS. The balance sheet liability method is applied. Such assets and liabilities are not recognized if the temporary difference is the result of (i) the first-time recognition of goodwill or (ii) the first-time recognition of other assets and liabilities resulting from occurrences (not including business combinations) that do not affect taxable income or earnings before taxes according to the income statement. Deferred taxes are recorded on all deductible temporary differences when it is probable that taxable profits will be available against which the deductible temporary differences can be offset. Otherwise, deferred tax assets are recognized on tax loss carryforwards to the extent that their future use may be anticipated.



Deferred tax assets and liabilities are offset if there is an enforceable right to offset current tax refund claims against current tax liabilities and if these relate to income taxes levied by the same tax authority and the Group intends to pay its current tax assets and tax liabilities net.

The carrying amount of deferred tax assets is reviewed every reporting date.

Deferred taxes are measured at the future tax rates, i. e., those that are expected to apply at the time of realization.

Changes in deferred tax assets are recognized in the income statement as tax income or expense unless they relate to items recognized in other comprehensive income or items recognized directly in equity; in these cases, changes in deferred taxes are also reported under other comprehensive income or directly in equity.

In 2024, ElringKlinger Group introduced a so-called residual transactional net margin method in the OE segment. Aforesaid method was introduced on account of the changed function and risk profile of the production plants in Germany and abroad. Overall, the residual transactional net margin method gears the production plants in Germany and abroad toward a routine margin by means of license rates that vary depending on the region.

The impact of the residual transactional net margin method on the earnings of ElringKlinger AG as entrepreneur of the OE segment mirrors the earnings situation of the production plants.

The new transfer pricing model is not applicable to selected companies due to local particularities.

On Dec. 28, 2023 (published in the German Federal Gazette on Dec. 27, 2023, entered into force on Dec. 28, 2023), the Federal Government of Germany, where the Parent has its registered office, transposed the Pillar 2 provisions into national tax law with effect from January 1, 2024. Under the transposed law, the Parent is required to pay an additional tax in Germany on profits of its subsidiaries, which are taxed at an effective tax rate of less than 15%.

A primary top-up tax is only levied if the so-called country-by-country-reporting safe harbors are not fulfilled and no recognized national top-up tax (NTT) has been introduced in the respective country.

The Group's current tax expense (income) in connection with the income taxes of the Pillar 2 provisions amounts to EUR 0 k.

The Parent applied the temporary exemption from the accounting provisions for deferred taxes laid down in IAS 12, which was published by the IASB in May 2023. In accordance with said exemption, no deferred taxes related to income taxes under the Pillar 2 provisions and no related information are disclosed.

#### **Contingent liabilities and contingent receivables**

Contingent liabilities are not recognized. They are disclosed in the notes unless the possibility of an outflow of resources with economic benefit is highly unlikely. Contingent receivables are not recognized in the financial statements. If the inflow of economic benefits is probable, they are disclosed in the notes.

#### **Use of estimates**

Financial statements are prepared in accordance with the pronouncements of the IASB using estimates which influence valuations of items in the statement of financial position, the nature and the scope of contingent liabilities and contingent receivables as of the reporting date and the amounts of income and expenses in the reporting period. At ElringKlinger, the assumptions and estimates relate mainly to the recognition and measurement of provisions, the measurement of financial liabilities from put options, the measurement of goodwill and the realization of future tax benefits. Actual results may deviate from these estimates. Changes are recognized through profit or loss at the time better insights are available.

Estimates are subject to an increased uncertainty on account of external effects, such as the further unforeseeable consequences of the impact caused by the conflict between Russia and Ukraine as well as the conflict in the Middle East, the tense situation on the raw materials markets, the general macroeconomic development as well as the development in the automotive sector. While updating the estimates and judgments, the available information was taken into account in terms of the expected economic development as well as country-specific measures.

This information was considered when testing the identified cash-generating units and segments for impairment. The value in use determined includes estimates specifically with regard to the forecast of future cash flows. They in turn rely on expectations regarding the future demand volume and selling prices as well as on cost forecasts.



Warranty obligations may arise by force of law, by contract or as a gesture of goodwill. Provisions are recognized for the expected claims arising from warranty obligations. A claim may be expected especially if the warranty period has not yet expired, if warranty expenses have been incurred in the past, or if there is concrete evidence of warranty incidents being imminent. The warranty risk is determined on the basis of the circumstances from individual estimates or from past experience, and appropriate provisions are recognized.

The measurement of provisions for restructuring is subject to estimates and assumptions, particularly in connection with the amount of future severance payments. The estimates are based on historical figures and those customary in the industry.

The estimates regarding the realization of future tax benefits are based on calculations by external consultants.

In the financial year 2023, ElringKlinger Group analyzed the fundamental economic parameters for two foreign companies for the years 2021 to 2023, and subsequently changed its transfer pricing system. The changes were agreed under civil law and the subsequent settlement transactions have already been completed.

As a general rule, there is a possibility that the relevant jurisdictions may make a different assessment. In that case, there would be the possibility of submitting a different assessment to a bilateral mutual agreement procedure. ElringKlinger AG assumes that a drawdown is not very unlikely.

The risk assessment of the matter increased in 2024 due to heightened uncertainties, in particular in terms of possibilities for eliminating double taxation.

Therefore, a provision of EUR 10,130 k was set up for this matter as of year-end 2024; a drawdown would be expected in 2028 at the earliest.

The use of estimates for other items in the group statement of financial position and the group income statement are described in the accounting principles for the respective items. This pertains in particular to the matters: impairments of goodwill and the amounts recognized for pension provisions.

### Risks and uncertainties

The past financial year 2024 was also characterized by a high degree of uncertainty and volatility. Military conflicts such as those in Ukraine or the Middle East are continuing. A further escalation of the situation cannot be ruled out in any of the two regions despite moves toward peace. In addition, there are geopolitical tensions over spheres of influence in some parts of the world, for example in the South China Sea, or armed conflicts, such as in Yemen, Sudan or Somalia. These tensions affect shipping routes, such as to the Red Sea and the Suez Canal or through the Taiwan Strait in Southeast Asia, and, as a result, have an adverse effect on global trade. Global industries, such as the automotive industry, are

particularly affected by this. Access to important shipping routes also plays an important role in the recurring political debate about Greenland and the Panama Canal.

Some of these geopolitical hotspots are among ElringKlinger's sales regions which are exposed to certain risks. By contrast, the Aftermarket segment, whose core regions include North Africa and the Middle East in addition to Europe, is exposed to the general risk of loss of sales revenue. As the currency used for invoicing there is the euro, customers' limited access to foreign currency can lead to a delay or decrease in orders. These regions are not the core regions of the Original Equipment segment. However, limited access to internationally relevant shipping routes could have noticeable effects on the availability and costs of supply chains, which would affect not only the entire automotive industry but also global trade and the global economic situation.

Not only geopolitical but also macroeconomic factors can influence the development of the sector and of ElringKlinger Group. While the global macroeconomic development is generally forecast to record solid growth, expectations for 2025 have recently been revised downwards, especially for Germany, the home region. Some economists consider the situation to be a stagnation, i. e., a stagnation of economic development accompanied by inflation. If this situation were to perpetuate or the economic development were to fall short of expectations, this would also have a slowing effect for a sector dependent on the economic situation, such as the automotive industry.

If economic development cools down considerably, this represents a risk for demand and ultimately for vehicle production. This could possibly result in lower demand for ElringKlinger products. Apart from political and geopolitical developments, there may be different factors influencing such a course. For example, high prices on the global markets – particularly for raw materials and energy – could bring about higher interest rate levels by central banks that are meant to contain inflation; however, this would also dampen economic growth. In this context, and in combination with geopolitical tensions, there is a danger of recession, particularly in Germany, but also in other Western countries. General risks, such as a global pandemic, can also have an impact on economic development.

ElringKlinger generally makes adequate provision for economic risks at the planning stage. A policy of using a cautious macroeconomic scenario for budgeting purposes is applied.



In addition, the Group's global positioning – especially in the three core automotive markets Europe, Asia-Pacific and North America – and the breadth of its product portfolio enable it to cushion geopolitical risks. In order to strengthen the Group's resilience to potential negative factors, the environment and its developments are continuously and comprehensively analyzed. However, in view of the uncertain and volatile framework conditions and the variety of possible developments, it is not possible to predict the nature and extent of the potential effects with sufficient accuracy.

Overall, the external economic and strategic risks are to be classified as high.

In addition to general sales risks there are customer and contract-specific risks. The Group addresses the risks of customer default notably through long-standing customer relationships, a broadly diversified clientele and through prepayments or milestone-related payments as payment terms or also through trade credit insurance. In the past years, ElringKlinger has also steadily expanded its customer structure and is generally not dependent on individual customers.

The transformation of the industry means that the customer structure is changing. In addition to traditional suppliers, new, innovative manufacturers are increasingly entering the market, which exclusively rely on vehicle models with alternative drive systems and/or pursue entirely new mobility concepts. Often times, these new manufacturers are still operating as start-ups. The business development of these companies is difficult to assess because, in contrast to established manufacturers, traditional sales risks are compounded by factors such as development capacity or successful further financing rounds. It is therefore entirely possible that some of these new manufacturers will not bring their development to market maturity, will not be able to obtain follow-up financing, or will not achieve customer acceptance for their product. In all such cases, ElringKlinger is faced with the risk that payments for existing development projects or orders may not be made, so impairment losses will have to be recognized on receivables.

ElringKlinger counters increased counterparty risk with a risk-minimizing customer strategy. This involves, among other things, payment terms that correspond largely to the respective project progression and therefore cover any investment or development amounts outstanding. Overall, the default risk is to be classified as "minimal".

Climate change has led to demands for stricter legislation in the transport sector and sustainable mobility. Many countries have enacted emissions regulations for vehicles, or time limits for new registrations of vehicles with combustion engines in recent years, which leads to manufacturers transforming their product portfolio toward electromobility. At the same time, numerous countries are promoting new drive technologies.

ElringKlinger has been working on future technologies at an early stage and sees itself strategically well positioned for the existing set of emission regulations or their expansion with the highly performant product portfolio for fuel cell or battery applications.

Fuel cells make it possible to convert energy during operation, thereby extending the range depending on usage. Thus, fuel cells are particularly suitable for applications where downtime, as necessitated by the frequent charging of batteries, is costly, e.g., in the case of trucks or buses. Through its subsidiary EKPO Fuel Cell Technologies GmbH, Dettingen/Erms/Germany, ElringKlinger also offers high-performance fuel cell stacks in addition to various components.

As regards battery technology, ElringKlinger has been a series supplier of cell contacting systems for more than ten years. In recent years, the Group has received further high-volume series production nominations for these components, such as for the so-called "Neue Klasse" ("New Class") of BMW Group. Moreover, ElringKlinger has system expertise and prepares the series production of battery systems on the basis of received nominations.

Likewise, vehicle weight has an impact on environmentally friendly mobility. Less weight is of key importance to car manufacturers in order to reduce fuel consumption in the case of vehicles with combustion engines or to increase range in the case of electric vehicles. All in all, the focus in this regard is always on minimizing mobility-related CO<sub>2</sub> emissions. In addition, lower weight reduces tire abrasion and particulate pollution. Thus, lightweight construction is a key technology for the automotive industry. ElringKlinger has been mass-producing lightweight components for over two decades.

When preparing the consolidated financial statements, the possible effects of climate change and future regulatory requirements, especially those associated with the transformation to e-mobility, were taken into account. The estimate of future net cash inflows for the determination of the recoverable amount as part of impairment testing of goodwill based on the planning reflects a corresponding increase in sales revenue and capital expenditures in the strategic business fields.

The focus of group capital expenditures is on the Company's strategic fields of future. Investments in the conventional business areas are managed actively and the Group very carefully reviews the necessity, the timeline of implementation and the financial requirements taking into account the group-wide useful lives of production plants of 10 to 15 years. This did not have any effects on the consolidated financial statements.



In 2023, EKPO Fuel Cell Technologies GmbH received the approval of grants of EUR 177,000 k as part of the IPCEI (“Important Project of Common European Interest”) initiative for the “IPCEI hydrogen” program. The grants are used for the development and industrialization of a new generation of PEM fuel cell stack modules for heavy duty applications. In the financial year 2024, EKPO Fuel Cell Technologies GmbH received grants of EUR 11,476 k (2023: EUR 8,818 k) as part of this initiative.

With the approval received in 2021 of grants of up to EUR 33,769 k as part of the IPCEI initiative, ElringKlinger AG is driving forward the development of battery products. This support presents an opportunity for the Group to develop new technologies and thus tap into new markets. In the financial year 2024, ElringKlinger AG received grants of EUR 2,203 k (2023: EUR 1,997 k) as part of this initiative.

For both IPCEI projects, EKPO Fuel Cell Technologies GmbH and ElringKlinger AG have to fulfill certain conditions for the utilization of these funds (e.g., requirements for ensuring the earmarking, for sustainability and environmental protection or for fulfilling milestones). In case of non-compliance with the conditions, there is a risk that parts will have to be repaid. A monitoring process is installed to track and manage this risk. This process helps in immediately identifying variances and initiating countermeasures.

## Individual disclosures on the group income statement

### 1. Sales revenue

| EUR k   | 2024             | 2023             |
|---|------------------|------------------|
| Lightweighting/Elastomer Technology           | 499,859          | 579,979          |
| Metal Sealing Systems & Drivetrain Components | 466,427          | 497,752          |
| Metal Forming & Assembly Technology           | 266,381          | 284,579          |
| E-Mobility                                    | 102,466          | 48,334           |
| Exhaust Gas Purification                      | 26               | 1,119            |
| Others  | 83               | 115              |
| <b>Segment Original Equipment</b>             | <b>1,335,242</b> | <b>1,411,878</b> |
| Segment Original Equipment                    | 1,335,242        | 1,411,878        |
| Segment Aftermarket                           | 336,322          | 300,101          |
| Segment Engineered Plastics                   | 130,003          | 132,266          |
| <b>Sale of goods and licensing</b>            | <b>1,801,567</b> | <b>1,844,245</b> |
| Sale of goods                                 | 1,801,567        | 1,844,245        |
| Revenue from the rendering of services        | 1,569            | 2,875            |
| <b>Revenue from contracts with customers</b>  | <b>1,803,136</b> | <b>1,847,120</b> |
| Revenue from contracts with customers         | 1,803,136        | 1,847,120        |
| Income from rental and leasehold              | 0                | 0                |
| <b>Total</b>                                  | <b>1,803,136</b> | <b>1,847,120</b> |



## Breakdown by geographical markets:

| EUR k                                 | 2024             | 2023             |
|---------------------------------------|------------------|------------------|
| Revenue from contracts with customers | 410,052          | 366,282          |
| Income from rental and leasehold      | 0                | 0                |
| <b>Total Germany</b>                  | <b>410,052</b>   | <b>366,282</b>   |
| Revenue from contracts with customers | 1,393,084        | 1,480,838        |
| Income from rental and leasehold      | 0                | 0                |
| <b>Total other countries</b>          | <b>1,393,084</b> | <b>1,480,838</b> |
| <b>Total</b>                          | <b>1,803,136</b> | <b>1,847,120</b> |

The location of the customer is used to determine allocation of sales revenue. The division of group sales revenue by segment and region is provided under note (34) Segment reporting.

## Contract balances

| EUR k                | Dec. 31, 2024 | Dec. 31, 2023 |
|----------------------|---------------|---------------|
| Trade receivables    | 204,124       | 246,908       |
| Contract assets      | 12,361        | 13,318        |
| Contract liabilities | 18,891        | 16,302        |

A contract asset is the conditional right to consideration in exchange for goods or services already transferred to the customer. This mainly takes place through sales revenue that is to be recognized over time. Contract assets are reported as receivables when billed. This is generally performed on a short-term basis within a month.

Contract liabilities include long-term prepayments for customer-specific provisions of additional production capacity and short-term prepayments for customer-specific tools.

## Reconciliation of contract balances

The changes in contract assets and contract liabilities in the reporting period result from the following matters:

| EUR k  | Contract assets | Contract liabilities |
|--|-----------------|----------------------|
| <b>As of Jan. 1, 2023</b>  | <b>8,912</b>    | <b>14,938</b>        |
| Revenue that was included in the contract liability balance at the beginning of the reporting period       |                 | 13,238               |
| Reclassification of contract assets reported at the beginning of the reporting period to trade receivables | 8,299           |                      |
| Additions from payments received less amounts reported as sales revenue in the reporting period            |                 | 14,602               |
| Additions from performance completed not yet billed in the reporting period                                | 12,705          |                      |
| <b>As of Dec. 31, 2023</b>   | <b>13,318</b>   | <b>16,302</b>        |
| Revenue that was included in the contract liability balance at the beginning of the reporting period       |                 | 14,740               |
| Reclassification of contract assets reported at the beginning of the reporting period to trade receivables | 7,327           |                      |
| Additions from payments received less amounts reported as sales revenue in the reporting period            |                 | 17,329               |
| Additions from performance completed not yet billed in the reporting period                                | 6,370           |                      |
| <b>As of Dec. 31, 2024</b>   | <b>12,361</b>   | <b>18,891</b>        |

## Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of December 31, 2024 are as follows:

| EUR k                 | Dec. 31, 2024 | Dec. 31, 2023 |
|-----------------------|---------------|---------------|
| Within one year       | 10,168        | 2,594         |
| In more than one year | 5,115         | 10,168        |

Limited variable considerations are not taken into account in the disclosed amounts. Furthermore, no disclosures are included for performance obligations from contracts with an expected original term of a maximum of one year. Similarly, no disclosures on performance obligations are included that are satisfied over a certain period of time and for which the entitlement of a consideration is equivalent to the amount that corresponds directly to the value of the performance already completed and for which revenue can be realized to that amount that can be billed.





## 2. Cost of sales

The cost of sales shows the costs incurred to obtain sales revenue. Personnel expenses also include expenses for the discontinuation of production activities at one location in Germany and one location in the US.

Cost of sales includes:

| EUR k                                       | 2024             | 2023             |
|---|------------------|------------------|
| Cost of materials                           | 756,912          | 826,020          |
| Personnel expenses                          | 385,233          | 384,044          |
| Depreciation and amortization               | 107,720          | 96,405           |
| Amortization of costs to fulfill a contract | 2,139            | 2,433            |
| Other expenses                              | 152,006          | 135,412          |
| <b>Total</b>                                | <b>1,404,010</b> | <b>1,444,314</b> |

## 3. Selling expenses

Compared to 2023, selling expenses increased by EUR 3,498 k to EUR 155,860 k. Selling expenses mainly include personnel expenses, material and marketing costs, as well as depreciation and amortization related to sales activities.

## 4. General and administrative expenses

General and administrative expenses primarily include personnel expenses and material costs as well as the depreciation and amortization related to the administrative area. Compared to 2023, general and administrative expenses increased by EUR 13,565 k to EUR 103,879 k.

## 5. Research and development costs

Research and development costs include personnel expenses, amortization and depreciation and the cost of test materials and tools attributable to these activities, unless these are development costs that are required to be capitalized under the conditions set forth in IAS 38.57. Compared to 2023, research and development costs increased by EUR 5,473 k to EUR 74,449 k. Development costs of EUR 20,804 k (2023: EUR 27,069 k) were capitalized in the financial year 2024.

## 6. Other operating income

| EUR k  | 2024          | 2023          |
|--|---------------|---------------|
| Income from the disposal of non-current assets | 7,361         | 1,809         |
| Government grants                              | 4,684         | 5,488         |
| Reimbursements from third parties              | 1,745         | 2,062         |
| Reversal of impairments on trade receivables   | 378           | 380           |
| Insurance reimbursements/claims reimbursements | 359           | 361           |
| Other taxes (excl. income tax)                 | 60            | 697           |
| Other  | 5,166         | 7,087         |
| <b>Total</b>                                   | <b>19,753</b> | <b>17,884</b> |

## 7. Other operating expenses

| EUR k  | 2024           | 2023          |
|--|----------------|---------------|
| Impairments on intangible assets and property, plant and equipment | 170,689        | 5,680         |
| Expense from deconsolidation                                       | 43,678         | 0             |
| Other taxes (excl. income tax)                                     | 6,537          | 5,831         |
| Other fees   | 6,008          | 4,396         |
| Losses from the disposal of non-current assets                     | 2,311          | 6,642         |
| Defaults on receivables  | 590            | 522           |
| Recognition of provisions/deferred liabilities                     | 335            | 124           |
| Expenses for claims  | 302            | 1,201         |
| Expenses from impairment of current assets                         | 177            | 365           |
| Selling costs for machinery  | 23             | 21            |
| Other  | 4,087          | 1,351         |
| <b>Total</b>   | <b>234,737</b> | <b>26,133</b> |

The impairments included in impairments on intangible assets and property, plant and equipment are explained in chapters (12) and (13). They relate to the write-down of EUR 11,439 k of the carrying amount to the fair value less selling costs before assets held for sale or disposal groups.

The expense from deconsolidation includes expenses incurred as part of the deconsolidation on account of the sale of the two group companies ElringKlinger Switzerland AG, with registered office in Sevelen/Switzerland, and ElringKlinger USA, LLC., with registered office in Buford/USA.



The item Other fees comprises expenses includes expenses incurred in connection with factoring, which increased due to the extension of the factoring program to the NAFTA region.

## 8. Associates

ElringKlinger holds a share of 24.71% in hofer AG, Nürtingen/Germany. hofer Group is a systems developer for drive train systems in the automotive sector. In the prior year, ElringKlinger used the equity method to account for its share in hofer AG in the consolidated financial statements. A reclassification to assets held for sale was made in the reporting year and the use of the equity method of accounting was ceased. The summarized financial information for the prior year on the Group's equity investment in hofer AG is shown in the table below.

| EUR k  | 2023          |
|--|---------------|
| Non-current assets                                 | 54,946        |
| Current assets                                     | 40,204        |
| Non-current liabilities                            | 36,211        |
| Current liabilities                                | 23,342        |
| <b>Net assets</b>                                  | <b>35,597</b> |
| Group share 24.71%                                 | 9,044         |
| Goodwill   | 13,432        |
| Accumulated impairment previous years              | -9,810        |
| Impairment current year                            | -2,080        |
| <b>Carrying amount of the Group's share</b>        | <b>10,586</b> |
| Sales revenue                                      | 86,873        |
| <b>Comprehensive income for the financial year</b> | <b>2,119</b>  |
| thereof other comprehensive income                 | -115          |
| <b>Group share in profit/loss</b>                  | <b>524</b>    |
| <b>Dividends received</b>                          | <b>0</b>      |

As of December 31, 2023, the associate had contingent liabilities of EUR 232 k and liabilities to banks of EUR 8,527 k.

Other associates are not disclosed on account of immateriality.

## 9. Net finance costs

| EUR k                                | 2024           | 2023           |
|--------------------------------------|----------------|----------------|
| <b>Finance income</b>                |                |                |
| Income from currency differences     | 53,517         | 22,030         |
| Interest income                      | 4,376          | 3,301          |
| Other                                | 8,622          | 1,588          |
| <b>Total finance income</b>          | <b>66,515</b>  | <b>26,919</b>  |
| <b>Finance costs</b>                 |                |                |
| Expenses from currency difference    | -27,995        | -20,483        |
| Interest expenses                    | -30,325        | -29,582        |
| Other                                | -477           | -3,946         |
| <b>Total finance costs</b>           | <b>-58,797</b> | <b>-54,011</b> |
| Expenses from associates             | -7,661         | -2,638         |
| Income from associates               | 0              | 0              |
| <b>Share of result of associates</b> | <b>-7,661</b>  | <b>-2,638</b>  |
| <b>Net finance costs</b>             | <b>57</b>      | <b>-29,730</b> |

Of the interest expenses, an amount of EUR 3,923 k (2023: EUR 4,384 k) relates to interest portions of pension plans while the remainder relates to bank interest and interest expense from the unwinding of discounts on non-current provisions. Interest expenses of EUR 2,960 k (2023: EUR 1,969 k) resulted from the roll-forward of lease liabilities. Borrowing costs for qualifying assets in the amount of EUR 29 k were capitalized in the reporting year (2023: EUR 335 k); this represents a corresponding improvement in the result.

Expenses from associates comprise the amortization of the associates' carrying amount through profit or loss as well as the write-down to the lower fair value less selling costs at the time of reclassification to assets held for sale in the amount of EUR -7,529 k.

Other finance income contains income of EUR 7,573 k (2023: other finance costs of EUR 1,332 k) due to the subsequent measurement of a liability contained in other current liabilities resulting from the written put option with non-controlling interests of ElringKlinger Marusan Corporation, with registered office in Tokyo/Japan, on their shares.



Furthermore, other finance income includes the gain from the net monetary position from the hyperinflation in Turkey of EUR 1,026 k (2023: EUR 1,537 k).

## 10. Income taxes

Income taxes break down as follows:

| EUR k                       | 2024          | 2023          |
|-----------------------------|---------------|---------------|
| Current tax expense         | 29,554        | 20,204        |
| Deferred taxes              | -15,638       | -509          |
| <b>Tax expense reported</b> | <b>13,916</b> | <b>19,695</b> |

Income taxes consist of corporate income and municipal trade taxes including the solidarity surcharge of domestic group companies as well as comparable income taxes of foreign group companies.

The income tax rate calculated for the German companies is 28.9% (2023: 29.1%). Foreign taxation is calculated at the rates applicable in the countries concerned and ranges between 9.0% and 34.7% (2023: between 9.0% and 34.7%). The average foreign tax rate is 25.0% (2023: 24.6%).

Deferred taxes are calculated by applying the applicable tax rates or tax ratios established by law in the different countries at the time of realization.

The table below presents a reconciliation between the income tax expense that might theoretically be expected to arise for the Group when applying the average nominal income tax rate of 25.6% (2023: 25.4%) and the income tax expense actually reported.

| EUR k   | 2024           | 2023*         |
|---|----------------|---------------|
| Earnings before taxes   | -149,989       | 53,175        |
| <b>Expected tax rate</b>  | <b>25.57%</b>  | <b>25.37%</b> |
| <b>Expected tax expenses</b>  | <b>-38,352</b> | <b>13,490</b> |
| Change in the expected tax expense due to:  |                |               |
| Non-deductible operating expenses   | 4,313          | 1,502         |
| Tax-free income   | 0              | -51           |
| Effects from the sale of group companies  | 11,168         | 0             |
| Other permanent differences   | 356            | 405           |
| Difference in basis of assessment of local taxes                                      | 551            | -110          |
| Use of non-capitalized or forfeiture of capitalized tax loss carryforwards            | -5,119         | -9,424        |
| Write-up/write-down of capitalized tax loss carryforwards (relating to other periods) | 3,189          | -3,069        |
| Addition to uncanceled tax loss carryforwards   | 21,449         | 14,985        |
| Write-downs and write-ups of temporary differences                                    | 3,318          | 6             |
| Taxes relating to other periods   | 12,052         | -3,016        |
| Deferred taxes relating to other periods  | -5,261         | 3,336         |
| Deviations due to changes in tax rate   | 1,981          | -2,028        |
| Deviations on account of withholding taxes  | 3,862          | 3,153         |
| Other effects   | 409            | 516           |
| <b>Tax expense reported</b>   | <b>13,916</b>  | <b>19,695</b> |
| <b>Actual tax rate</b>  | <b>-9.3%</b>   | <b>37.0%</b>  |

\*The prior-year figures were broken down even more precisely.

Retained earnings of EUR 35,146 k (2023: EUR 52,453 k) at domestic and foreign subsidiaries will be distributed to ElringKlinger AG in the coming years. The tax expense incurred on distributions in Germany amounts to EUR 961 k (2023: EUR 2,639 k) and has been recorded as a deferred tax liability. Further retained earnings of domestic and foreign subsidiaries of EUR 0 k (2023: EUR 84,276 k) are intended to be permanently invested in those operations on the basis of current planning. Temporary differences related to shares in associates are immaterial.



Deferred tax assets of EUR 11,787 k (2023: EUR 18,020 k) have been recognized on tax loss carryforwards. Deferred tax assets on tax loss carryforwards and deductible temporary differences are recognized to the extent that deferred tax liabilities exist or to the extent that the tax planning calculation projects sufficient profits in subsequent years. As of the reporting date, deferred tax assets of EUR 9,589 k (2023: EUR 308 k) were recognized at those group companies that incurred losses in the reporting or prior period and the realization of which depends on future taxable profits that are higher than the impact on earnings from the reversal of existing taxable temporary differences. The forecast for the realization of the deferred tax claim was made based on a tax planning calculation. No deferred tax assets were recognized in respect of tax loss carryforwards amounting to EUR 343,348 k (2023: EUR 331,728 k) and on temporary differences of EUR 23,120 k (2023: EUR 19 k), since it was not expected that the tax claims would be realized in the foreseeable future.

Unused income tax loss carryforwards primarily relate to foreign subsidiaries. The loss carryforwards not recognized for tax purposes will be forfeited as follows:

| EUR k  | Dec. 31, 2024  | Dec. 31, 2023  |
|--|----------------|----------------|
| <b>Loss carryforwards are forfeited within</b> |                |                |
| One year                                       | 1,963          | 787            |
| Two years                                      | 2,063          | 8,457          |
| Three years                                    | 7,060          | 5,577          |
| Four years                                     | 6,240          | 7,750          |
| Five years                                     | 1,618          | 6,650          |
| More than five years                           | 6,193          | 35,470         |
| Non-forfeitable                                | 318,211        | 267,037        |
| <b>Total</b>                                   | <b>343,348</b> | <b>331,728</b> |

Tax deferrals relate to the following matters. In this respect, deferred tax assets and liabilities are offset if there is an enforceable right to offset current tax refund claims against current tax liabilities and if these relate to income taxes levied by the same tax authority and the Group intends to pay its current tax assets and tax liabilities net.

| EUR k   | Deferred tax assets |               | Deferred tax liabilities |               |
|---|---------------------|---------------|--------------------------|---------------|
|   | Dec. 31, 2024       | Dec. 31, 2023 | Dec. 31, 2024            | Dec. 31, 2023 |
| Intangible assets   | 542                 | 605           | 13,572                   | 26,422        |
| Property, plant and equipment                                   | 15,348              | 13,486        | 38,660                   | 52,894        |
| Financial assets  | 70                  | 109           | 0                        | 0             |
| Other non-current assets  | 1,602               | 4,194         | 164                      | 306           |
| Inventories   | 6,401               | 4,883         | 173                      | 37            |
| Current contract assets   | 0                   | 0             | 849                      | 810           |
| Trade receivables   | 810                 | 733           | 918                      | 799           |
| Other current assets  | 2,604               | 1,426         | 1,383                    | 837           |
| Cash and cash equivalents                                       | 0                   | 0             | 0                        | 0             |
| Provisions for pensions   | 12,958              | 14,648        | 32                       | 49            |
| Non-current provisions  | 3,688               | 1,727         | 1                        | 0             |
| Non-current financial liabilities                               | 7,415               | 7,234         | 0                        | 0             |
| Other non-current liabilities                                   | 411                 | 1,189         | 6,780                    | 6,786         |
| Current provisions  | 7,244               | 9,470         | 15                       | 30            |
| Trade payables  | 2,576               | 3,896         | 630                      | 1,388         |
| Current contract liabilities                                    | 10                  | 80            | 0                        | 0             |
| Current financial liabilities                                   | 5,405               | 5,471         | 0                        | 24            |
| Other current liabilities                                       | 4,919               | 5,131         | 491                      | 624           |
| Deferred taxes associated with shares in subsidiaries           | 0                   | 0             | 3,553                    | 2,639         |
| Tax loss carryforwards  | 11,787              | 18,020        | 0                        | 0             |
| Tax credits   | 0                   | 381           | 0                        | 0             |
| Reclassification "asset held for sale"                          | -2,135              | 0             | -384                     | 0             |
| <b>Total</b>  | <b>81,657</b>       | <b>92,683</b> | <b>66,837</b>            | <b>93,645</b> |
| Offsetting deferred tax assets against deferred tax liabilities | -48,567             | -67,794       | -48,567                  | -67,794       |
| <b>Recognized in the statement of financial position</b>        | <b>33,091</b>       | <b>24,889</b> | <b>18,271</b>            | <b>25,851</b> |

Deferred taxes totaling EUR -1,199 k (2023: EUR 1,720 k) were recognized in other comprehensive income. Of this amount, EUR -873 k (2023: EUR 1,687 k) relates to pension provisions and EUR -326 k (2023: EUR 33 k) to exchange rate differences.



## 11. Basic and diluted earnings per share

To obtain the basic earnings per share, the period profit attributable to the shareholders of the parent company is divided by the number of individual shares.

Diluted earnings per share correspond to basic earnings per share and are calculated as follows:

|  | 2024         | 2023        |
|--|--------------|-------------|
| Profit/loss attributable to the shareholders of ElringKlinger AG (EUR k) | -137,849     | 39,313      |
| Average number of shares   | 63,359,990   | 63,359,990  |
| <b>Earnings per share in EUR</b>   | <b>-2.18</b> | <b>0.62</b> |

## Disclosures on the group statement of financial position

### 12. Intangible assets

| EUR k  | Development costs<br>(internally generated) | Goodwill<br>(purchased) | Patents, licenses,<br>software and similar<br>rights (purchased) | Intangible assets under<br>construction (internally<br>generated) | Total          |
|--|---|-------------------------|--|---|----------------|
| <b>Acquisition/Manufacturing cost<br/>as of Jan. 1, 2024</b> | <b>115,446</b>                              | <b>180,463</b>          | <b>53,974</b>  | <b>111</b>  | <b>349,994</b> |
| Currency changes   | -523  | -1,437                  | 73   | 0   | -1,887         |
| Additions  | 20,804                                      | 0                       | 591  | 186   | 21,581         |
| Reclassifications  | 0   | 0                       | 41   | 0   | 41             |
| Disposals  | 18,172                                      | 0                       | 698  | 0   | 18,870         |
| Changes in the basis of consolidation                        | 15,543                                      | 0                       | -934   | 0   | 16,477         |
| Held for sale  | 0   | 0                       | 156  | 0   | 156            |
| <b>As of Dec. 31, 2024</b>                                   | <b>102,012</b>                              | <b>179,026</b>          | <b>52,891</b>  | <b>297</b>  | <b>334,226</b> |
| <b>Amortization and impairment<br/>as of Jan. 1, 2024</b>    | <b>33,740</b>                               | <b>99,722</b>           | <b>48,381</b>  | <b>0</b>  | <b>181,843</b> |
| Currency changes   | -522  | -473                    | 68   | 0   | -927           |
| Additions  | 6,397                                       | 0                       | 1,466  | 0   | 7,863          |
| Impairment   | 58,218                                      | 0                       | 174  | 0   | 58,392         |
| Disposals  | 18,172                                      | 0                       | 698  | 0   | 18,870         |
| Changes in the basis of consolidation                        | -15,543                                     | 0                       | -928   | 0   | -16,471        |
| Held for sale  | 0   | 0                       | 156  | 0   | 156            |
| <b>As of Dec. 31, 2024</b>                                   | <b>64,118</b>                               | <b>99,249</b>           | <b>48,307</b>  | <b>0</b>  | <b>211,674</b> |
| <b>Net carrying amount<br/>as of Dec. 31, 2024</b>           | <b>37,894</b>                               | <b>79,777</b>           | <b>4,584</b>   | <b>297</b>  | <b>122,552</b> |



| EUR k  | Development costs<br>(internally generated) | Goodwill<br>(purchased) | Patents, licenses,<br>software and similar<br>rights (purchased) | Intangible assets under<br>construction (internally<br>generated) | Total          |
|--|---|-------------------------|--|---|----------------|
| <b>Acquisition/Manufacturing cost<br/>as of Jan. 1, 2023</b> | <b>88,180</b>                               | <b>180,590</b>          | <b>54,169</b>  | <b>108</b>  | <b>323,047</b> |
| Currency changes   | 1,058                                       | -127                    | -107   | 0   | 824            |
| Additions  | 27,069                                      | 0                       | 681  | 7   | 27,757         |
| Reclassifications  | 0   | 0                       | 33   | -4  | 29             |
| Disposals  | 861   | 0                       | 802  | 0   | 1,663          |
| <b>As of Dec. 31, 2023</b>                                   | <b>115,446</b>                              | <b>180,463</b>          | <b>53,974</b>  | <b>111</b>  | <b>349,994</b> |
| <b>Amortization and impairment<br/>as of Jan. 1, 2023</b>    | <b>28,778</b>                               | <b>99,830</b>           | <b>47,621</b>  | <b>0</b>  | <b>176,229</b> |
| Currency changes   | 1,058                                       | -108                    | -90  | 0   | 860            |
| Additions  | 3,824                                       | 0                       | 1,617  | 0   | 5,441          |
| Impairment   | 941   | 0                       | 0  | 0   | 941            |
| Reclassifications  | 0   | 0                       | 0  | 0   | 0              |
| Disposals  | 861   | 0                       | 767  | 0   | 1,628          |
| <b>As of Dec. 31, 2023</b>                                   | <b>33,740</b>                               | <b>99,722</b>           | <b>48,381</b>  | <b>0</b>  | <b>181,843</b> |
| <b>Net carrying amount<br/>as of Dec. 31, 2023</b>           | <b>81,706</b>                               | <b>80,741</b>           | <b>5,593</b>   | <b>111</b>  | <b>168,151</b> |

In the 2024 financial year, as part of the IPCEI initiative, grants of EUR 6,731 k (2023: EUR 7,297 k) were deducted from the carrying amount of development costs (net method).

The impairment testing of intangible assets indicated a need for an impairment of EUR 58,392 k (2023: EUR 941 k) in the Original Equipment segment, which was recognized through profit or loss in other operating expenses in the reporting year. This need for an impairment, in turn, is essentially divided into two areas: on the one hand, changes in demand expectations in connection with the transformation process in the automotive industry led to lower cash flow forecasts for a cash-generating unit in the Fuel Cell Technology business unit and thus to impairment losses totaling EUR 43,628 k. The expected cash flows are derived from the business planning and comprise the detailed planning period until 2029. A growth rate of 1.02% was assumed for the determination of the terminal value. The discount factor applied was the WACC before taxes of 7.47%. The write-down to the recoverable amount was made on the basis of a value in use of EUR 0 k, which thus corresponds to the carrying amount as of year-end.

On the other hand, as part of its SHAPE30 transformation strategy, the Management Board adopted a package of measures focusing on profitable business and ending loss-making activities in the Original Equipment segment. As a result, the Group will discontinue the

systems business for electric drive units. Impairment losses of EUR 7,392 k were recognized on development projects capitalized in this context.

In addition, impairment losses were recognized on further development projects in the Original Equipment segment, which are not being pursued further.

Purchase commitments to acquire intangible assets amounted to EUR 0 k as of December 31, 2024 (December 31, 2023: EUR 201 k).

All amortization of intangible assets is contained in the following line items in the income statement:

| EUR k                               | 2024         | 2023         |
|-------------------------------------|--------------|--------------|
| Cost of sales                       | 287          | 4,209        |
| Selling expenses                    | 71           | 81           |
| General and administrative expenses | 940          | 1,016        |
| Research and development costs      | 6,566        | 135          |
| <b>Total</b>                        | <b>7,864</b> | <b>5,441</b> |





### 13. Property, plant and equipment

| EUR k  | Land and buildings | Plant and machinery | Other equipment,<br>furniture and fixtures | Property, plant and<br>equipment under<br>construction | Total            |
|--|--------------------|---------------------|--|--|------------------|
| <b>Acquisition/Manufacturing cost as of Jan. 1, 2024</b> | <b>607,856</b>     | <b>1,320,698</b>    | <b>248,479</b>                             | <b>63,885</b>  | <b>2,240,918</b> |
| Currency changes   | 461                | -5,962              | 1,115                                      | -375   | -4,761           |
| Additions  | 19,567             | 27,562              | 14,847                                     | 93,454   | 155,430          |
| Reclassifications  | 4,211              | 19,912              | 4,028                                      | -28,191  | -40              |
| Disposals  | 15,668             | 33,002              | 10,416                                     | 1,347  | 60,433           |
| Changes in the basis of consolidation                    | -93,230            | -198,967            | -14,447                                    | -5,495   | -312,139         |
| Held for sale  | 30,711             | 16,176              | 3,913                                      | 169  | 50,969           |
| <b>As of Dec. 31, 2024</b>                               | <b>492,486</b>     | <b>1,114,065</b>    | <b>239,693</b>                             | <b>121,726</b>   | <b>1,968,006</b> |
| <b>Depreciation and impairment as of Jan. 1, 2024</b>    | <b>215,712</b>     | <b>973,580</b>      | <b>180,316</b>                             | <b>13,329</b>  | <b>1,382,937</b> |
| Currency changes   | 834                | -4,535              | 521  | -3   | -3,183           |
| Additions  | 22,574             | 60,670              | 18,456                                     | 0  | 101,700          |
| Impairment   | 31,051             | 72,370              | 9,934                                      | 12,773   | 126,128          |
| Reclassifications  | 0                  | 15                  | -15  | 0  | 0                |
| Disposals  | 3,586              | 31,906              | 9,111                                      | 5  | 44,608           |
| Changes in the basis of consolidation                    | -54,511            | -197,091            | -14,656                                    | -2,238   | -268,496         |
| Held for sale  | 21,520             | 16,055              | 3,870                                      | 156  | 41,601           |
| <b>As of Dec. 31, 2024</b>                               | <b>190,554</b>     | <b>857,048</b>      | <b>181,575</b>                             | <b>23,700</b>  | <b>1,252,877</b> |
| <b>Net carrying amount as of Dec. 31, 2024</b>           | <b>301,932</b>     | <b>257,017</b>      | <b>58,118</b>                              | <b>98,026</b>  | <b>715,129</b>   |
| <b>Acquisition/Manufacturing cost as of Jan. 1, 2023</b> | <b>614,101</b>     | <b>1,307,835</b>    | <b>241,104</b>                             | <b>69,966</b>  | <b>2,233,006</b> |
| Currency changes   | 2,780              | 1,806               | 324  | -559   | 4,351            |
| Additions  | 4,109              | 26,375              | 15,952                                     | 31,744   | 78,180           |
| Reclassifications  | 5,998              | 23,127              | 3,512                                      | -32,667  | -30              |
| Disposals  | 19,132             | 38,445              | 12,413                                     | 4,599  | 74,589           |
| <b>As of Dec. 31, 2023</b>                               | <b>607,856</b>     | <b>1,320,698</b>    | <b>248,479</b>                             | <b>63,885</b>  | <b>2,240,918</b> |
| <b>Depreciation and impairment as of Jan. 1, 2023</b>    | <b>203,196</b>     | <b>936,460</b>      | <b>174,244</b>                             | <b>13,329</b>  | <b>1,327,229</b> |
| Currency changes   | 433                | 1,748               | -258                                       | 0  | 1,923            |
| Additions  | 22,675             | 64,877              | 17,770                                     | 0  | 105,322          |
| Impairment   | 64                 | 5,573               | 43   | 0  | 5,680            |
| Write-ups  | -701               | 0                   | 0  | 0  | -701             |
| Disposals  | 9,955              | 35,078              | 11,483                                     | 0  | 56,516           |
| <b>As of Dec. 31, 2023</b>                               | <b>215,712</b>     | <b>973,580</b>      | <b>180,316</b>                             | <b>13,329</b>  | <b>1,382,937</b> |
| <b>Net carrying amount as of Dec. 31, 2023</b>           | <b>392,144</b>     | <b>347,118</b>      | <b>68,163</b>                              | <b>50,556</b>  | <b>857,981</b>   |



In the reporting year, the impairment testing of property, plant and equipment indicated a need for impairment totaling EUR 126,128 k (2023: EUR 5,680 k) in the Original Equipment segment, which was recognized through profit or loss in other operating expenses. These are mainly derived from the package of measures adopted by the Management Board as part of its SHAPE30 transformation strategy, which focuses on profitable business and on ending loss-making activities in the Original Equipment segment, and relate to the following key matters:

- The Group's strategic decision to sell the two wholly owned subsidiaries ElringKlinger Switzerland AG, with registered office in Sevelen/Switzerland, and ElringKlinger USA, Inc., with registered office in Buford/USA, resulted in a classification as a disposal group held for sale as of September 30, 2024. As a result of the classification, an impairment loss of EUR 57,981 k was recognized.
- For property, plant and equipment (including the right-of-use lease assets under property, plant and equipment), changes in demand expectations in connection with the transformation process in the automotive industry led to lower cash flow forecasts for individual cash-generating units in the USA, Hungary, Mexico, the United Kingdom, South Africa and Korea in the Metal Forming & Assembly Technology business unit, resulting in impairment losses totaling EUR 35,539 k. The expected cash flows of these cash-generating units are derived from the business planning and comprise the detailed planning period until 2029. For determining the terminal value, a growth rate of 0% was assumed and a country-specific WACC ranging between 7.67% and 11.83% was used. The Group has also determined the fair value less selling costs based on market developments. Since this value exceeded the value in use, a write-down of EUR 35,539 k was made on this value, which thus corresponds to the carrying amount as of year-end.
- To the extent that the adopted activities meet the criteria of IFRS 5 and are expected to be sold within twelve months, they are reported as non-current assets held for sale or disposal groups. A write-down of the carrying amount to the fair value less selling costs is made prior to the classification of the aforementioned activities as assets held for sale or disposal groups. Of this amount, EUR 7,519 k relate to impairment losses recognized on property, plant and equipment.
- To the extent these measures concern the discontinuation of the systems business for electric drive units, impairment losses of EUR 3,056 k were recognized.

- The measures relating to the decrease in the number of sites concern the plants of ElringKlinger Silicon Valley, Inc., with registered office in Fremont/USA, and the Thale/Germany plant of ElringKlinger AG, with registered office in Dettingen/Erms/Germany. In this context, impairment losses totaling EUR 14,940 k were recognized.

Purchase commitments to acquire property, plant and equipment amounted to EUR 14,868 k as of December 31, 2024 (December 31, 2023: EUR 30,632 k).

As regards property, ElringKlinger Group primarily rents production halls, office space as well as parking spaces. The rented technical equipment primarily comprises machines, which are deployed in production. The operating and office equipment comprises leased vehicles and forklifts. Lease contracts can include extension and termination options. All lease contracts are negotiated individually and contain a number of different conditions.



Right-of-use lease assets disclosed under property, plant and equipment break down as follows:

| EUR k  | Land and buildings | Plant and machinery | Other equipment, furniture and fixtures | Total         |
|--|--------------------|---------------------|---|---------------|
| <b>Acquisition/Manufacturing cost as of Jan. 1, 2024</b> | <b>69,014</b>      | <b>224</b>          | <b>19,179</b>                           | <b>88,417</b> |
| Currency changes   | 189                | 4                   | 25                                      | 218           |
| Additions  | 15,356             | 44                  | 5,662                                   | 21,062        |
| Disposals  | 1,419              | 94                  | 4,655                                   | 6,168         |
| Changes in the basis of consolidation                    | -6,523             | 0                   | -5,241                                  | -11,764       |
| Held for sale  | 6,456              | 0                   | 405                                     | 6,861         |
| <b>As of Dec. 31, 2024</b>                               | <b>70,161</b>      | <b>178</b>          | <b>14,565</b>                           | <b>84,904</b> |
| <b>Depreciation and impairment as of Jan. 1, 2024</b>    | <b>35,793</b>      | <b>142</b>          | <b>10,365</b>                           | <b>46,300</b> |
| Currency changes   | 749                | 4                   | 18                                      | 771           |
| Additions  | 9,403              | 50                  | 4,908                                   | 14,361        |
| Impairment   | 14,767             | 0                   | 2,383                                   | 17,150        |
| Disposals  | 1,179              | 94                  | 4,205                                   | 5,478         |
| Changes in the basis of consolidation                    | -6,168             | 0                   | -5,168                                  | -11,336       |
| Held for sale  | 6,456              | 0                   | 405                                     | 6,861         |
| <b>As of Dec. 31, 2024</b>                               | <b>46,909</b>      | <b>102</b>          | <b>7,896</b>                            | <b>54,907</b> |
| <b>Net carrying amount as of Dec. 31, 2024</b>           | <b>23,252</b>      | <b>76</b>           | <b>6,669</b>                            | <b>29,997</b> |
| <b>Acquisition/Manufacturing cost as of Jan. 1, 2023</b> | <b>79,332</b>      | <b>182</b>          | <b>17,768</b>                           | <b>97,282</b> |
| Currency changes   | -54                | -4                  | 97                                      | 39            |
| Additions  | 1,580              | 46                  | 5,342                                   | 6,968         |
| Disposals  | 11,843             | 0                   | 4,029                                   | 15,872        |
| <b>As of Dec. 31, 2023</b>                               | <b>69,014</b>      | <b>224</b>          | <b>19,179</b>                           | <b>88,417</b> |
| <b>Depreciation and impairment as of Jan. 1, 2023</b>    | <b>34,434</b>      | <b>90</b>           | <b>8,828</b>                            | <b>43,352</b> |
| Currency changes   | -438               | -3                  | 70                                      | -371          |
| Additions  | 9,293              | 55                  | 4,898                                   | 14,246        |
| Write-ups  | 701                | 0                   | 0                                       | 701           |
| Disposals  | 6,795              | 0                   | 3,431                                   | 10,226        |
| <b>As of Dec. 31, 2023</b>                               | <b>35,793</b>      | <b>142</b>          | <b>10,365</b>                           | <b>46,300</b> |
| <b>Net carrying amount as of Dec. 31, 2023</b>           | <b>33,221</b>      | <b>82</b>           | <b>8,814</b>                            | <b>42,117</b> |

For further comments on leases, please refer to notes (29), (30) and (31) in the notes to the consolidated financial statements.



#### 14. Financial assets

| EUR k  | Non-current securities | Other financial investments | Total         |
|--|------------------------|-----------------------------|---------------|
| <b>Acquisition cost as of Jan. 1, 2024</b>     | <b>1,726</b>           | <b>12,646</b>               | <b>14,372</b> |
| Currency changes                               | -15                    | 0                           | -15           |
| Additions                                      | 6                      | 358                         | 364           |
| Changes in value                               | -81                    | 338                         | 257           |
| Disposals                                      | 0                      | 0                           | 0             |
| Held for sale                                  | 109                    | 0                           | 109           |
| <b>As of Dec. 31, 2024</b>                     | <b>1,527</b>           | <b>13,342</b>               | <b>14,869</b> |
| <b>Impairment as of Jan. 1, 2024</b>           | <b>151</b>             | <b>2,575</b>                | <b>2,726</b>  |
| Currency changes                               | -3                     | 0                           | -3            |
| Additions                                      | 0                      | 442                         | 442           |
| Write-ups                                      | -23                    | 0                           | -23           |
| Held for sale                                  | 47                     | 0                           | 47            |
| <b>As of Dec. 31, 2024</b>                     | <b>78</b>              | <b>3,017</b>                | <b>3,095</b>  |
| <b>Net carrying amount as of Dec. 31, 2024</b> | <b>1,449</b>           | <b>10,325</b>               | <b>11,774</b> |
| Fair value Dec. 31, 2024                       | 1,449                  | 10,325                      |               |
| <b>Acquisition cost as of Jan. 1, 2023</b>     | <b>1,732</b>           | <b>12,006</b>               | <b>13,738</b> |
| Currency changes                               | -19                    | 0                           | -19           |
| Additions                                      | 14                     | 640                         | 654           |
| Changes in value                               | -1                     | 0                           | -1            |
| Disposals                                      | 0                      | 0                           | 0             |
| <b>As of Dec. 31, 2023</b>                     | <b>1,726</b>           | <b>12,646</b>               | <b>14,372</b> |
| <b>Impairment as of Jan. 1, 2023</b>           | <b>205</b>             | <b>0</b>                    | <b>205</b>    |
| Currency changes                               | -3                     | 0                           | -3            |
| Additions                                      | 0                      | 2,575                       | 2,575         |
| Write-ups                                      | -51                    | 0                           | -51           |
| <b>As of Dec. 31, 2023</b>                     | <b>151</b>             | <b>2,575</b>                | <b>2,726</b>  |
| <b>Net carrying amount as of Dec. 31, 2023</b> | <b>1,575</b>           | <b>10,071</b>               | <b>11,646</b> |
| Fair value Dec. 31, 2023                       | 1,575                  | 10,071                      |               |

Of the non-current securities, EUR 881 k (2023: EUR 947 k) is pledged to secure pension claims. These are not plan assets which can be offset against pension provisions, as they are not exclusively earmarked for purposes.

Other financial investments contain an investment in a minority interest of EUR 4,961 k (2023: EUR 4,069 k) in Aerostack GmbH, with registered office in Dettingen/Erms/Germany. This is an expression of a long-term partnership between ElringKlinger AG, with registered office in Dettingen/Erms/Germany, and Airbus Operations GmbH, with registered office in Hamburg/Germany, in the field of fuel cell technology with the aim of jointly developing and validating fuel cell stacks suitable for aviation. The investment constitutes an equity instrument in which ElringKlinger has invested in for strategic reasons. It has been allocated to the FVtPL (Fair Value through Profit or Loss) measurement category. The equity investment is measured at fair value through profit or loss, gains and losses from the fair value measurement are reported in the net income.

Furthermore, sundry financial assets contain a bullet, interest-free, non-tradable or non-transferable promissory note to this company. If any capital increases take place, these are allocated proportionally to the respective company's equity. A contribution of EUR 1,333 k (2023: EUR 1,333 k) was made in the financial year 2024. The promissory note represents a portion of the compensation that ElringKlinger receives for licensing. The fair value amounts to EUR 2,830 k (2023: EUR 3,825 k) as of the reporting date and is allocated to the FVtPL measurement category.

As part of a sale and leaseback transaction, one property was sold and leased back in 2020. The lessor was granted a lessee loan that accrues over the lease term and amounts to EUR 2,518 k as of the reporting date (2023: EUR 2,161 k). As the repayment is directly dependent on the residual value of the property, the lessee loan is to be considered as the residual value guarantee within the meaning of IFRS 16 and is included in the lease liability in the amount of the expected utilization. At present, ElringKlinger does not expect it to be utilized. The repayment claim is recognized at fair value through profit or loss and is reported as sundry financial investment under non-current financial assets.

#### 15. Non-current income tax refund claims and other non-current assets

Non-current income tax refund claims include an investment income tax credit carried by ElringKlinger Automotive Components (India) Pvt. Ltd., with registered office in Ranjangaon/India, of EUR 1,091 k (2023: EUR 1,051 k) and refund claims from indirect taxes of ElringKlinger do Brasil Ltda., with registered office in Piracicaba/Brazil, of EUR 767 k (2023: EUR 1,413 k).



## 16. Costs to fulfill a contract

In accordance with IFRS 15, costs associated with fulfilling contracts with customers are capitalized if certain requirements are satisfied. As of December 31, 2024, the carrying amount of costs to fulfill a contract increased to EUR 9,341 k (December 31, 2023: EUR 5,348 k).

## 17. Non-current and current contract assets

As of December 31, 2024, the carrying amount of the contract assets declined to EUR 12,361 k (December 31, 2023: EUR 13,318 k) on account of new customer-related matters. No significant events for impairment were identified.

## 18. Inventories

| EUR k                                   | Dec. 31, 2024  | Dec. 31, 2023  |
|---|----------------|----------------|
| Raw materials, consumables and supplies | 128,678        | 145,252        |
| Work in progress                        | 81,183         | 79,867         |
| Finished goods and merchandise          | 203,605        | 202,998        |
| Prepayments                             | 6,293          | 8,159          |
| <b>Total</b>                            | <b>419,759</b> | <b>436,276</b> |
| Held for sale                           | 6,928          | 0              |
| <b>Total</b>                            | <b>426,687</b> | <b>436,276</b> |

Total impairment losses on inventories due to market risks and obsolescence amount to EUR 20,439 k (2023: EUR 17,252 k). The change was recognized through profit or loss in cost of sales.

## 19. Trade receivables, current income tax refund claims and other current assets

For trade receivables, valuation allowances of EUR 1,388 k (2023: EUR 1,746 k) were recognized for future credit risks.

The carrying amount of the trade receivables and other current assets corresponds to their fair values.

Trade receivables do not bear interest and are generally due in 30 to 120 days.

Movements in the bad debt allowance for trade receivables and other current assets are presented in the table below:

| EUR k   | 2024         | 2023         |
|---|--------------|--------------|
| As of Jan. 1  | 1,746        | 1,815        |
| Additions   | 192          | 509          |
| Reversal/utilization including change of risk parameters (IFRS 9) | -604         | -665         |
| <i>thereof change of risk parameters (IFRS 9)</i>                 | -294         | -631         |
| Exchange rate effects   | 54           | 87           |
| <b>As of Dec. 31</b>  | <b>1,388</b> | <b>1,746</b> |

The reversal of the impairment loss is largely attributable to the change in the risk parameter of EUR -294 k (2023: EUR -631 k). In the past financial year, a risk provision of EUR 177 k was recognized for customers facing insolvency (2023: EUR 365 k).

As of December 31, 2024, trade receivables with a carrying amount of EUR 65,008 k (2023: EUR 72,008 k) were sold as part of an ABCP program (Asset Backed Commercial Papers). In addition, as part of a new factoring program applied in the NAFTA countries, trade receivables with a carrying amount of EUR 28,728 k (2023: EUR 0 k) were sold as of December 31, 2024. More information can be found in note (29) Hedging policy and financial instruments.

In the reporting period, receivables which are currently being enforced with a carrying amount of EUR 177 k (2023: EUR 365 k) were written off.

The impairment model takes into account the expected credit losses (expected credit loss model (ECL)), where mainly forward-looking information is used. ElringKlinger applies the simplified impairment model of IFRS 9 and considers the lifetime expected losses from trade receivables.

The ratings from Standard & Poor's (S&P) or other well-known rating agencies are used as the basis for the impairment model. Future impairments are determined using these ratings and with the help of probability of default, also published by S&P.



The external risk categories used for the model are also used as internal risk categories:

| Internal credit rating            | External rating by S&P | Probability of default | Basis of recognition of the risk provision | Gross carrying amount in EUR k |
|-----------------------------------|------------------------|------------------------|--|--------------------------------|
| High creditworthiness             | AAA–A                  | 0.00%–0.02%            | Lifetime expected credit loss              | 48,183                         |
| Medium creditworthiness           | BBB–B                  | 0.03%–0.91%            | Lifetime expected credit loss              | 164,712                        |
| Low creditworthiness              | CCC–C                  | 0.92%–50.00%           | Lifetime expected credit loss              | 0                              |
| Default                           | D                      | 50.01%–100.00%         | Write-down of asset                        | 580                            |
| Risk provision pursuant to IFRS 9 |                        |                        |  | 1,388                          |
| <b>Total</b>                      |                        |                        |  | <b>212,087</b>                 |

Current income tax refund claims mainly contain the income tax refund claims of ElringKlinger AG, with registered office in Dettingen/Erms/Germany, of EUR 6,893 k (2023: EUR 14,473 k) and of ElringKlinger México, S.A. de C.V., with registered office in Toluca/Mexico, of EUR 1,639 (2023: EUR 3,086 k).

Other current assets contain tax receivables from VAT and other taxes of EUR 17,776 k (2023: EUR 16,784 k), time deposits and securities of EUR 7,713 k (2023: EUR 12,983 k) and other receivables from third parties including claims from the sale of receivables of EUR 35,766 k (2023: EUR 61,653 k). Other receivables from third parties contain other financial assets of EUR 4,987 k (2023: EUR 4,881 k) that mainly comprise creditors with debit balances. In addition, this item includes other assets from factoring of EUR 2,275 k (2023: EUR 2,526 k), prepaid expenses of EUR 9,506 k (2023: EUR 10,097 k) and prepayments of EUR 6,519 k (2023: EUR 2,923 k).

## 20. Cash and cash equivalents

The item cash and cash equivalents comprises cash and deposits held by the Group in current accounts. Cash equivalents comprise time deposits with a remaining term of not more than three months, which serve as liquid funds to meet short-term payment obligations. No significant events for impairment pursuant to IFRS 9 were identified.

The carrying amount of these assets corresponds to their fair value.

## 21. Equity

The changes in individual items of equity in the Group are shown separately in the “Statement of changes in equity”.

The share capital of ElringKlinger AG amounted to EUR 63,359,990 as of December 31, 2024 and is divided into 63,359,990 registered shares, each entitled to a single vote. The share capital is paid in full. Each registered share represents a notional interest of EUR 1.00 of the share capital. Profit is distributed in accordance with Section 23 no. 1 of the Articles of Association, i. e., the profit that results after amortization, depreciation and write-downs, impairments, provisions and reserves – including the appropriation to the legal reserve – will be distributed to the shareholders in accordance with Section 60 German Stock Corporation Act (AktG).

By resolution of the Annual General Meeting held on May 19, 2022, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the Company’s share capital by issuing new shares for cash and/or in-kind contributions on one or more occasions, however by no more than EUR 31,679,995, by May 19, 2027 (Authorized Capital 2022). As a rule, the shareholders are entitled to subscription rights. The shares may also be acquired by one or more banks subject to the provision that they offer them to the shareholders for subscription. However, the Management Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholders’ subscription rights

- in order to eliminate fractional amounts;
- if the capital increase against in-kind contributions is implemented specifically for the purpose of acquiring companies, parts of companies, equity investments or other assets in connection with an intended acquisition or within the framework of business combinations and the shares issued excluding the subscription rights do not exceed 10% of the share capital, either on the date on which this authorization takes effect or on the date on which it is exercised;
- if the new shares are issued against cash contributions and if the issue price per new share does not fall significantly below the quoted price of shares already listed, and the shares issued without subscription rights pursuant to Section 186 (3) sentence 4 AktG, do not represent more than 10% of the share capital, either on the date on which this authorization takes effect or on the date on which it is exercised. The upper limit of 10%





of share capital includes any shares issued or sold during the term of this authorization excluding shareholders' subscription rights in direct or indirect application of Section 186 (3) sentence 4 AktG.

The terms and conditions of the implementation of capital increases from the Authorized Capital 2022 are stipulated by the Management Board with the approval of the Supervisory Board.

The Management Board has not exercised the authorization to date.

The capital reserves were essentially created from the premium from the 2010 capital increase.

The revenue reserves contain the earnings generated by the group companies which have not yet been distributed. There is also an amount of EUR 26,181 k arising from the first-time application of IFRS in 2005.

Sundry reserves contain remeasurements of defined benefit plans, equity impact of controlling interests and currency translation differences.

Under the AktG, the distributable dividend is measured by the net retained profits as shown in the annual financial statements of ElringKlinger AG that have been prepared according to the provisions of the HGB. In the financial year 2024, ElringKlinger AG distributed to its shareholders a dividend of EUR 9,504 k (EUR 0.15 per share carrying dividend rights) from the net retained profits reported in 2023.

Net retained profits of EUR 9,504 k are disclosed for the financial year 2024 due to the withdrawal from revenue reserves of EUR 164,471 k.

In consultation with the Supervisory Board, the Management Board will propose to the Annual General Meeting on the 2024 annual financial statements on May 16, 2025, to distribute a dividend of EUR 9,504 k (EUR 0.15 per share carrying dividend rights) from the net retained profits disclosed in the annual financial statements.

## 22. Non-current assets held for sale and disposal groups

As part of its SHAPE30 transformation strategy, the Management Board adopted a package of measures focusing on profitable business and ending loss-making activities in the Original Equipment segment. To the extent that these activities meet the criteria of IFRS 5 and are expected to be sold within twelve months, they are reported as non-current assets held for sale or disposal groups. A write-down of the carrying amount to the fair value less selling costs of EUR 11,439 k, which was recognized in other operating expenses, was made prior to the classification of the aforementioned activities as assets held for sale or disposal groups.

| EUR k   | Dec. 31, 2024 |
|---|---------------|
| Property, plant and equipment                 | 9,368         |
| Financial assets                              | 62            |
| Shares in associates                          | 2,840         |
| Other non-current assets                      | 83            |
| Deferred tax assets                           | 2,135         |
| <b>Non-current assets</b>                     | <b>14,488</b> |
| Inventories                                   | 6,928         |
| Current contract assets                       | 9             |
| Trade receivables                             | 8,388         |
| Other current assets                          | 5,516         |
| Cash and cash equivalents                     | 564           |
| <b>Current assets</b>                         | <b>21,405</b> |
| <b>Assets held for sale</b>                   | <b>35,893</b> |
| Provisions for pensions                       | -99           |
| Non-current provisions                        | 46            |
| Non-current financial liabilities             | 3,697         |
| Deferred tax liabilities                      | 384           |
| <b>Non-current provisions and liabilities</b> | <b>4,028</b>  |
| Current provisions                            | 98            |
| Trade payables                                | 3,256         |
| Current financial liabilities                 | 4,486         |
| Current contract liabilities                  | 217           |
| Tax payable                                   | 281           |
| Other current liabilities                     | 2,287         |
| <b>Current provisions and liabilities</b>     | <b>10,625</b> |
| <b>Liabilities held for sale</b>              | <b>14,653</b> |



### 23. Non-controlling interests in equity and net income

ElringKlinger AG holds less than 100% of the shares in some of the companies that have been included in the consolidated financial statements. In accordance with IFRS 10, the relevant non-controlling interests are reported under equity in the group statement of financial position, separately from the equity attributable to the shareholders of the parent company. Similarly, non-controlling interests in the net income and in total comprehensive income are reported separately in the group income statement and in the group statement of comprehensive income.

### 24. Provisions for pensions

The pension obligations of most of the Group's foreign companies mainly take the form of defined contribution plans while in the case of domestic companies, pension obligations take the form of defined benefit and defined contribution plans.

Under the **defined contribution plans** the Company pays contributions to state or private pension schemes on the basis of statutory or contractual obligations or on a voluntary basis. Once the contributions are paid, the Company has no further obligations, such as follow-up contribution payments. Current contribution payments to the defined contribution plans are reported under personnel expenses in the respective year; the Group's contribution payments totaled EUR 33,834 k (2023: EUR 31,747 k) and were allocated to the relevant function costs.

The Group accounts for **defined benefit plans** by creating provisions for pensions that are calculated using the projected unit credit method pursuant to IAS 19. Under the defined benefit plans, the employees receive life-long pension payments once they have reached a certain age or suffered disability. In addition, surviving dependents also receive benefits. The amount of the benefit is determined by the number of years with the Company and the final salary. For employees subject to collective bargaining, the eligible service period is limited to 30 years. For executive employees, the benefit is limited to 35% or 45% of the final salary, whereby in certain cases the benefits from prior commitments do not count toward this limit.

In the financial year 2011, ElringKlinger AG's pension system was partially modified. In order to secure pension payments going forward, the obligations to certain executive employees were transferred to Allianz Pensionsfonds AG, Stuttgart/Germany, and a provident fund covered by plan assets, the Allianz Pensions-Management e.V., Stuttgart/Germany. This does not affect the amount of benefits. The assets held by the pension fund constitute plan assets within the meaning of IAS 19.8 and are thus netted with the obligation to the beneficiaries.

The obligations from the benefits granted are subject to certain risks. The main risks are interest rate risks, where falling market interest rates lead to a higher present value of the obligation in the future; inflation risks, which may lead to higher pension benefits; and longevity risks, where benefits are paid over a period longer than the one assumed in the mortality tables.

The following assumptions were used as a basis for measuring the Group's obligations.

| Measurement as of              | Dec. 31, 2024 | Dec. 31, 2023 |
|--------------------------------|---------------|---------------|
| Discount rate (vesting period) | 3.10%         | 2.84%         |
| Discount rate (pension period) | 3.10%         | 2.76%         |
| Turnover rate                  | 4.18%         | 4.00%         |
| Expected salary increases      | 2.99%         | 2.94%         |
| Future pension increases       | 1.90%         | 1.66%         |

The changes in the present value of the defined benefit obligation are as follows:

| EUR k  | 2024           | 2023           |
|--|----------------|----------------|
| <b>Present value of pension benefits as of Jan. 1</b>  | <b>139,482</b> | <b>130,512</b> |
| Current service cost                                   | 2,765          | 2,527          |
| Plan participant contributions                         | 1,766          | 1,272          |
| Interest expense                                       | 3,923          | 4,384          |
| Disbursements/utilization                              | -10,034        | -6,968         |
| Actuarial gains/losses                                 | -2,167         | 6,634          |
| Past service cost                                      | 0              | -102           |
| Currency differences                                   | -557           | 1,132          |
| Other changes  | 71             | 91             |
| Change in the basis of consolidation                   | -25,523        | 0              |
| <b>Present value of pension benefits as of Dec. 31</b> | <b>109,726</b> | <b>139,482</b> |
| of which (partially) covered by plan assets            | 13,957         | 35,514         |
| of which not covered                                   | 95,769         | 103,968        |

The average weighted term of the defined benefit obligation is 14 years (2023: 14 years).



Actuarial gains and losses arise from the following effects:

| EUR k   | 2024           | 2023         |
|---|----------------|--------------|
| Effects from changes in financial assumptions   | - 785          | 8,383        |
| Effects from changes in demographic assumptions | - 39           | - 99         |
| Effects from other experience-based adjustments | - 1,343        | - 1,650      |
| <b>Actuarial gains/losses</b>                   | <b>- 2,167</b> | <b>6,634</b> |

The table below shows the changes to the plan assets over the course of the financial year:

| EUR k                                | 2024          | 2023          |
|--------------------------------------|---------------|---------------|
| <b>Fair value as of Jan. 1</b>       | <b>35,514</b> | <b>33,156</b> |
| Interest income                      | 991           | 952           |
| Employer contributions               | 1,711         | 1,668         |
| Plan participant contributions       | 1,766         | 1,272         |
| Benefit payments                     | - 5,511       | - 2,372       |
| Actuarial gains/losses               | - 123         | - 432         |
| Currency effects                     | - 406         | 1,270         |
| Change in the basis of consolidation | - 19,985      | 0             |
| <b>Fair value as of Dec. 31</b>      | <b>13,957</b> | <b>35,514</b> |

Plan assets comprise insurance claims. The plan assets and present values of defined benefit obligations are allocated to key countries as follows:

| EUR k  | 2024           | 2023           |
|--|----------------|----------------|
| <b>Present value of pension benefits as of Dec. 31</b> |                |                |
| Germany  | 104,425        | 106,648        |
| Other (2023 incl. Switzerland)                         | 5,301          | 32,834         |
| <b>Present value of pension benefits as of Dec. 31</b> | <b>109,726</b> | <b>139,482</b> |
| <b>Fair value of plan assets as of Dec. 31</b>         |                |                |
| Germany  | 12,792         | 12,256         |
| Other (2023 incl. Switzerland)                         | 1,165          | 23,258         |
| <b>Fair value of plan assets as of Dec. 31</b>         | <b>13,957</b>  | <b>35,514</b>  |

The actual return on plan assets amounts to EUR 869 k (2023: EUR 520 k).

In 2024, liquidity is likely to be reduced due to contributions to plan assets and by direct group benefit payments, which are expected to amount to EUR 4,875 k (2023: EUR 5,577 k). The future payments from pension obligations are as follows:

| EUR k                      | 2024    | 2023    |
|----------------------------|---------|---------|
| For the next 12 months     | 4,875   | 5,577   |
| Between one and five years | 16,581  | 18,636  |
| More than five years       | 183,609 | 232,644 |



The following amounts are reported in the income statement for defined benefit plans:

| EUR k                               | 2024         | 2023         |
|-------------------------------------|--------------|--------------|
| Current service cost                | 2,765        | 2,527        |
| Net interest expenses               | 2,932        | 3,432        |
| Past service cost                   | 0            | -102         |
| Administrative expenses plan assets | 14           | 12           |
| <b>Total expense</b>                | <b>5,711</b> | <b>5,869</b> |

Net interest expenses comprise interest expenses of EUR 3,923 k (2023: EUR 4,384 k) as well as interest income from plan assets of EUR 991 k (2023: EUR 952 k).

The current service cost and past service cost are reported as part of the personnel expenses of the functional areas.

The full amount of actuarial gains and losses during the current year is reported under other comprehensive income. Changes are shown in the table below:

| EUR k  | 2024  | 2023   |
|--|-------|--------|
| Actuarial gains (-) and losses (+) recognized in other comprehensive income                      | 2,044 | -7,065 |
| Deferred taxes on actuarial gains (-) and losses (+) recognized under other comprehensive income | -873  | 1,687  |

The amount of the Group's obligation as reported in the statement of financial position is derived as follows:

| EUR k                                   | 2024          | 2023           |
|---|---------------|----------------|
| Present value of the pension obligation | 109,726       | 139,482        |
| Fair value of plan assets               | 13,957        | 35,514         |
| <b>Reported pension provision</b>       | <b>95,769</b> | <b>103,968</b> |

With regard to sensitivities, the key actuarial assumptions determined were the discount rate, salary increases and future pension developments. The sensitivity analyses are based on a change in an assumption in each case, keeping all other assumptions regarding the original calculation constant. Possible correlation effects between individual assumptions are not considered.

A 0.5% increase/decrease in the discount rate would lead to a decrease/increase in the defined benefit obligations (DBO) of EUR 7,695 k (2023: EUR 9,108 k)/EUR 7,299 k (2023: EUR 10,170 k).

A 0.5% increase/decrease in future salary increases would lead to an increase/decrease in the DBO of EUR 1,543 (2023: EUR 2,615 k)/EUR 1,888 k (2023: EUR 2,473 k).

A change in future pension developments of +0.25%/-0.25% would lead to an increase/decrease in the DBO of EUR 4,704 k (2023: EUR 6,638 k)/EUR 4,754 k (2023: EUR 6,114 k).

## 25. Other provisions

Other provisions can be broken down as follows:

| EUR k                  | Dec. 31, 2024 | Dec. 31, 2023 |
|------------------------|---------------|---------------|
| Current provisions     | 46,522        | 50,939        |
| Non-current provisions | 29,549        | 23,713        |
| <b>Total</b>           | <b>76,071</b> | <b>74,652</b> |



### Current provisions:

| EUR k                                 | Personnel obligations | Warranty obligations | Contingent losses from onerous contracts | Litigation costs | Sundry risks | Total         |
|---------------------------------------|-----------------------|----------------------|--|------------------|--------------|---------------|
| <b>As of Dec. 31, 2023</b>            | <b>8,483</b>          | <b>18,937</b>        | <b>13,215</b>                            | <b>1,160</b>     | <b>9,144</b> | <b>50,939</b> |
| Currency changes                      | -88                   | 189                  | 99                                       | 62               | 333          | 595           |
| Utilization                           | 5,138                 | 979                  | 7,942                                    | 22               | 71           | 14,152        |
| Reversal                              | 303                   | 10,027               | 4,426                                    | 914              | 8,257        | 23,927        |
| Unwinding of the discount/discounting | 145                   | 0                    | 0  | 0                | 0            | 145           |
| Additions                             | 10,793                | 12,521               | 11,036                                   | 244              | 3,421        | 38,015        |
| Reclassifications                     | -531                  | -235                 | -3,401                                   | -190             | -638         | -4,995        |
| Held for sale                         | 0                     | -98                  | 0  | 0                | 0            | -98           |
| <b>As of Dec. 31, 2024</b>            | <b>13,361</b>         | <b>20,308</b>        | <b>8,581</b>                             | <b>340</b>       | <b>3,932</b> | <b>46,522</b> |

Current warranty obligations are counterbalanced by insurance reimbursement claims of EUR 77 k (2023: EUR 16 k). They are reported under other current assets. Of the decrease in provisions for contingent losses from onerous contracts, an amount of EUR 3,757 k relates to the disposal from the basis of consolidation of ElringKlinger Switzerland AG, with registered office in Sevelen/Switzerland, and of ElringKlinger USA, Inc., with registered office in Buford/USA.

In the prior year, provisions for sundry risks still covered the risk of a customs duty audit in the US of EUR 6,947 k; this provision is no longer needed according to a new legal assessment.

### Non-current provisions:

| EUR k                                 | Personnel obligations | Warranty obligations | Sundry risks | Total         |
|---------------------------------------|-----------------------|----------------------|--------------|---------------|
| <b>As of Dec. 31, 2023</b>            | <b>13,586</b>         | <b>8,097</b>         | <b>2,030</b> | <b>23,713</b> |
| Currency changes                      | -80                   | -99                  | -184         | -363          |
| Utilization                           | -3,443                | 614                  | 21           | -2,808        |
| Reversal                              | 88                    | 6,218                | 945          | 7,251         |
| Unwinding of the discount/discounting | 573                   | -115                 | 4            | 462           |
| Additions                             | 3,899                 | 6,490                | 55           | 10,444        |
| Reclassifications                     | 0                     | -218                 | 0            | -218          |
| Held for sale                         | 0                     | -46                  | 0            | -46           |
| <b>As of Dec. 31, 2024</b>            | <b>21,333</b>         | <b>7,277</b>         | <b>939</b>   | <b>29,549</b> |

Personnel provisions are recognized, among others, for partial retirement, long-term service benefits and similar obligations.

Sundry risks relate to a variety of identifiable individual risks and uncertain obligations, which have been accounted for in the amount of their likely occurrence.



## 26. Non-current and current financial liabilities

| EUR k   | Domestic<br>(Germany) | Foreign        | Total<br>Dec. 31, 2024 | Domestic<br>(Germany) | Foreign        | Total<br>Dec. 31, 2023 |
|---|-----------------------|----------------|------------------------|-----------------------|----------------|------------------------|
| Overdrafts  | 17,400                | 45             | 17,445                 | 39,836                | 2,631          | 42,467                 |
| Lease liabilities with a residual term of up to one year                              | 5,405                 | 11,902         | 17,307                 | 5,655                 | 9,809          | 15,464                 |
| Financial liabilities with a residual term of up to one year                          | 4,940                 | 4,995          | 9,935                  | 103,489               | 6,291          | 109,780                |
| <b>Current financial liabilities</b>  | <b>27,745</b>         | <b>16,942</b>  | <b>44,687</b>          | <b>148,980</b>        | <b>18,731</b>  | <b>167,711</b>         |
| Lease liabilities with a residual term of more than one year and up to five years     | 2,871                 | 8,933          | 11,803                 | 5,368                 | 11,480         | 16,848                 |
| Financial liabilities with a residual term of more than one year and up to five years | 160,314               | 136,705        | 297,019                | 99,776                | 150,535        | 250,311                |
| Lease liabilities with a residual term of more than five years                        | 6,385                 | 5,459          | 11,845                 | 6,274                 | 8,794          | 15,068                 |
| Financial liabilities with a residual term of more than five years                    | 0                     | 0              | 0                      | 0                     | 0              | 0                      |
| <b>Non-current financial liabilities</b>  | <b>169,570</b>        | <b>151,097</b> | <b>320,667</b>         | <b>111,418</b>        | <b>170,809</b> | <b>282,227</b>         |
| <b>Total</b>  | <b>197,315</b>        | <b>168,039</b> | <b>365,354</b>         | <b>260,399</b>        | <b>189,540</b> | <b>449,938</b>         |

Lease liabilities from IFRS 16 are described in more detail in note (29) Hedging policy and financial instruments.

The average interest rates were:

| in %  | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---------------|---------------|
| <b>Overdrafts</b>                                 |               |               |
| Domestic  | 2.62          | 5.29          |
| Foreign   | 279.8         | 3.23          |
| <b>Financial liabilities</b>                      |               |               |
| Domestic: up to one year                          | 1.83          | 2.82          |
| Domestic: more than one year and up to five years | 4.66          | 2.75          |
| Domestic: more than five years                    | –             | –             |
| Foreign: up to one year                           | 0.46          | 4.92          |
| Foreign: more than one year and up to five years  | 4.15          | 2.38          |
| Foreign: more than five years                     | –             | –             |

Fixed interest rates have been agreed for financial liabilities amounting to EUR 100,581 k (2023: EUR 189,831 k).

No land charges on company land are recognized as collateral (2023: EUR 50,643 k). In the prior year, the secured liabilities amounted to EUR 21,598 k as of December 31, 2023.

As of December 31, 2024, the Group had unused committed lines of credit amounting to EUR 236,900 k (2023: EUR 303,400 k).

On February 15, 2019, ElringKlinger AG concluded a syndicated loan with a banking syndicate of six national and international banks, which was joined by one more bank during 2019. The syndicate comprises Commerzbank, Landesbank Baden-Württemberg and Deutsche Bank, who have arranged the financing jointly. In addition, DZ Bank, HSBC, TARGOBANK CIB and Credit Suisse (Schweiz) AG are also involved. The agreement comprises a group-wide volume totaling EUR 450,000 k and has a term until February 15, 2026.

An amount of EUR 221,900 k had been drawn as of December 31, 2024 (2023: EUR 157,800 k).

A new syndicated loan agreement was signed on March 11, 2025. Further assertions can be found in the section “Events after the end of the reporting period”.





## 27. Current and non-current contract liabilities

Contract liabilities include long-term prepayments for customer-specific provisions of additional production capacity and short-term prepayments for customer-specific tools. As of December 31, 2024, the carrying amount of contract liabilities came to EUR 18,891 k (December 31, 2023: EUR 16,302 k). The increase in current contract liabilities in the financial year 2024 was mainly due to the rise in prepayments received on account of orders of EUR 2,961 k. Non-current contract liabilities decreased by EUR 105 k.

## 28. Trade payables and other current and non-current liabilities

Trade payables and other non-current and current liabilities include open obligations from the exchange of goods and services.

The carrying amounts of trade payables approximate their fair value.

Trade payables and other current and non-current liabilities are not secured except for the retentions of title for trade payables, which are customary in trading relationships.

A reverse factoring program is used to a limited extent. In doing so, suppliers can assign their receivables from ElringKlinger Group's entities to the offering financing banks for a discount to receive the discounted invoice amount at an early stage. ElringKlinger Group's entities settle the invoice amount at the originally agreed due date with the financing bank.

There are no civil law effects because a reclassification of trade payables to another type of liabilities in the statement of financial position is not required. Due to the relationship with the operating activities, the payments to the financing bank continue to be reported under cash flow from operating activities.

As of December 31, 2024, there were trade payables of EUR 276,982 k (2023: EUR 216,931 k). Of these, EUR 4,606 k (2023: EUR 4,772 k) were covered by reverse factoring agreements of ElringKlinger Group. EUR 3,290 k (2023: EUR 3,400 k) of this was actually utilized. The payment term of suppliers using the reverse factoring program has increased in individual cases. The range of payment terms of these suppliers has remained unchanged since the introduction of reverse factoring, with payment terms ranging from 30 to 90 days. The amount paid to suppliers on the reporting date Dec. 31, 2024 roughly corresponds to the amount of trade payables used.

Other current liabilities to third parties contain financial liabilities of EUR 69,385 k (2023: EUR 79,077 k).

As of December 31, 2024, government grants of EUR 4,899 k (2023: EUR 5,239 k) were recognized as deferred income. This includes an investment allowance and a repayment allowance for a loan. These grants were provided for property, plant and equipment, particularly buildings and machinery, at the locations in Dettingen/Erms/Germany, and Kecskemét-Kádafalva/Hungary. In the reporting period, a total of EUR 4,800 k (2023: EUR 341 k) of the deferred item was released through profit or loss. The release takes place in cost of sales.

## 29. Hedging policy and financial instruments

### Risks and hedging policy

As a consequence of the international nature of the activities of ElringKlinger Group, changes in exchange rates, interest rates and prices of raw materials impact the Group's assets, liabilities, financial position and financial performance. The risks arise from currency and interest rate fluctuations in connection with business operations and financing. Further risks result from fluctuations in the market prices of raw materials. Additionally, there are liquidity risks which relate to credit and market risks or accompany a deterioration of business operations and financial market turmoil.

By concluding hedges, the Management Board of ElringKlinger AG aims to manage the risk factors that may adversely affect the assets, liabilities, financial position and financial performance and thus to minimize these influences. Within ElringKlinger Group, derivative financial instruments may only be entered into with the consent of the Management Board. Hedge accounting within the meaning of IFRS 9 was not applied.

### Currency risk

Due to the international nature of its business, ElringKlinger Group is exposed to currency risks in the normal course of business.

Exchange rate risk arises for the Group in relation to its operating business principally when sales revenue is generated in a currency other than that in which the related costs are incurred. Sales revenue is generally generated in the functional currency (which is the relevant local currency) of the Group entity concerned. In order to reduce currency risks from operating business, the purchases of goods, raw materials and services as well as investing and financing activities are generally accounted for in the respective functional currency of the group entity. The group also endeavors to minimize its foreign currency risk by manufacturing its products in the relevant local sales markets.



Furthermore, to reduce the exchange rate risk, the central treasury department uses hedging instruments depending on the requirement and the risk profile. Subsidiaries are not permitted to take out financing in foreign currency or to invest it for speculative reasons. Intragroup financing and investment is usually denominated in the relevant functional currency.

Several ElringKlinger AG subsidiaries have their registered office outside the euro area. Since the euro is the reporting currency of ElringKlinger Group, the income and expenses of these subsidiaries are translated into euros upon consolidation. Changes in the closing rates and changes in the closing rates compared to the average rates and historical rates can give rise to currency translation effects that are reflected in group equity under other comprehensive income.

Due to the inclusion of subsidiaries, the Group also recognizes assets and liabilities relating to these subsidiaries outside of the euro area that are denominated in national currencies. When these assets are translated into euros, exchange rate fluctuations can lead to changes in value. The changes in these net assets are reflected in group equity under other comprehensive income.

A sensitivity analysis has been conducted in order to quantify the potential effects of exchange rate changes on consolidated net income. This analysis illustrates the change in consolidated net income as well as the change in equity in the same amount in the event that the relevant functional currency of the group companies appreciates or depreciates by 10% as compared to the foreign currency:

#### Dec. 31, 2024

EUR k

| Local currency                                    | EUR     | USD    | MXN    | GBP  | CNY  | Other | Total  |
|---|---------|--------|--------|------|------|-------|--------|
| <b>Local currency + 10%</b>                       |         |        |        |      |      |       |        |
| Consolidated net income/<br>net loss for the year | -11,043 | 7,885  | 3,961  | 770  | 534  | 355   | 2,462  |
| <b>Local currency - 10%</b>                       |         |        |        |      |      |       |        |
| Consolidated net income/<br>net loss for the year | 9,371   | -7,885 | -3,961 | -770 | -534 | -355  | -4,134 |

#### Dec. 31, 2023

EUR k

| Local currency                                    | EUR     | USD     | MXN    | HUF    | CHF  | Other  | Total |
|---|---------|---------|--------|--------|------|--------|-------|
| <b>Local currency + 10%</b>                       |         |         |        |        |      |        |       |
| Consolidated net income/<br>net loss for the year | -17,092 | 10,416  | 2,827  | 2,496  | 697  | 1,028  | 372   |
| <b>Local currency - 10%</b>                       |         |         |        |        |      |        |       |
| Consolidated net income/<br>net loss for the year | 22,175  | -10,416 | -2,827 | -2,496 | -697 | -1,028 | 4,711 |

#### Interest rate risk

Interest rate risk arises primarily from financial liabilities that are subject to a floating rate of interest. The Group manages interest rate risk with the objective of optimizing its interest income and expense.

Variable and fixed interest rates have been agreed for the financing liabilities of ElringKlinger Group.

Had market interest rates been 100 basis points higher as of December 31, 2024 (2023: 100 basis points), earnings for the period/equity would have been EUR 2,321 k (2023: EUR 2,022 k) lower. Had market interest rates been 100 basis points lower, earnings for the period/equity would have been EUR 385 k (2023: EUR 522 k) higher.



### Risk arising from prices for raw materials

ElringKlinger is exposed to risks from changes in the prices for the raw materials used in production. Where necessary, it is possible to hedge reasonable purchase prices by means of derivative hedging transactions.

ElringKlinger processes a significant volume of high-grade stainless steels. This includes alloy surcharges, in particular for nickel, which is a listed metal subject to market price fluctuations. ElringKlinger uses derivative financial instruments to hedge portions of alloy surcharges assessed in component cost calculations. A price corridor surrounding the average calculation cost is hedged. If the quoted exchange price of nickel exceeds the upper range of the corridor, ElringKlinger receives a compensatory payment. If the quoted exchange price of nickel falls below the lower range of the corridor, ElringKlinger has to pay a surcharge. There were no nickel hedging transactions as of the reporting date December 31, 2024. As of the prior-year reporting date December 31, 2023, there had been nine nickel hedging transactions for 10 metric tons nickel per nickel hedging transaction. Each of these hedging transactions respectively ended at the end of a month until September 30, 2024.

### Credit risk

Credit risk defines the risk of economic loss arising from a counterparty's failure to satisfy contractual payment obligations.

Credit risk involves both the direct risk of default and the risk of a deterioration in credit-worthiness as well as risks of a concentration of individual risks. The maximum risk exposures of financial assets generally subject to credit risk correspond to their carrying amounts and can be described as follows:

#### Liquid funds

Liquid funds comprise primarily bank deposits available on demand. ElringKlinger Group is exposed to losses from credit risks in connection with the investment of liquid funds if financial institutions fail to meet their obligations (counterparty risk). In order to minimize this risk, care is taken in selecting the financial institutions at which deposits are made. The maximum risk exposure corresponds to the carrying amount of the liquid funds as of the reporting date.

#### Trade receivables

Trade receivables relate primarily to the global sales of gaskets, sealing materials, plastic products and modules for the automotive sector and for the manufacturing industry in general. Credit risk resides in the possibility of ElringKlinger's business partners not being able to meet their contractual payment obligations toward the Group. In the past years, ElringKlinger has steadily expanded its customer structure and is generally not dependent on individual customers.

In domestic business, most receivables are secured by retention of title. In order to limit credit risk, credit checks in the form of inquiries with credit information services are performed for selected counterparties. Moreover, internal processes are in place to continually monitor receivables where partial or complete default may be anticipated.

As part of an ABCP program, ElringKlinger Group sells a part of trade receivables to a structured entity. The receivables are sold on a revolving basis at the nominal value of the receivables less variable reserves. The financing volume committed under the ABCP program is EUR 100,000 k. The structured entity is not controlled and therefore not consolidated.

Furthermore, ElringKlinger Group has been selling a part of trade receivables to a bank since the financial year 2024 as part of a new factoring program for NAFTA countries. In doing so, essentially all risks and rewards are transferred ("true sale"). The receivables are sold on a revolving basis at the nominal value of the receivables without deducting a variable reserve.

As of December 31, 2024, trade receivables with a carrying amount of EUR 93,736 k (2023: EUR 72,008 k) were sold. They were derecognized with the exception of the continuing involvement of EUR 1,300 k (2023: EUR 1,440 k) for the default risk and of EUR 467 k (2023: EUR 731 k) for the late payment risk. A corresponding liability was recognized in the same amount. In connection with the provisional withholding of variable reserves, other current assets of EUR 2,275 k (2023: EUR 2,526 k) are reported as of December 31, 2024. In addition, customer payments received for receivables sold, which have not yet been passed on to the purchaser of the receivables, of EUR 34,731 k (2023: EUR 26,026 k) are reported under other current liabilities.

In its export business, ElringKlinger also assesses the credit standing of its counterparties by submitting inquiries to credit information services and on the basis of the specific country risk. In addition, credit insurance policies are taken out or letters of credit are required in certain cases. Trade receivables of EUR 31,299 k (2023: EUR 25,708 k) are secured by credit insurance policies.

Allowances are also recognized in respect of identifiable individual risks in order to take into account the default risk. The maximum risk exposure from trade receivables corresponds to the carrying amount of these receivables as of the reporting date. The carrying amounts of the respective trade receivables, together with disclosures on valuation allowances, can be found under note (19).

**Liquidity risk**

The solvency and liquidity of ElringKlinger Group is constantly monitored by liquidity planning. Furthermore, a cash liquidity reserve and guaranteed credit lines ensure solvency and liquidity. Reference is also made to the financing risks presented in the risk report as part of the group management report of ElringKlinger Group (Opportunity and risk report – Financial risks – Liquidity and financing risks).

**Expected cash outflows**

The following table shows all contractually fixed payments for redemptions, repayments and interest from financial liabilities recognized in the statement of financial position, including derivative financial instruments that have a negative market value.

| EUR k                                   | Trade payables | Financial liabilities | Liabilities from IFRS 16 | Derivatives | Other current liabilities | Total          |
|---|----------------|-----------------------|--------------------------|-------------|---------------------------|----------------|
| <b>As of Dec. 31, 2024</b>              |                |                       |                          |             |                           |                |
| <b>Carrying amount</b>                  | <b>276,982</b> | <b>324,398</b>        | <b>40,955</b>            | <b>0</b>    | <b>69,385</b>             | <b>711,720</b> |
| <b>Expected cash outflows:</b>          | <b>276,982</b> | <b>342,885</b>        | <b>78,912</b>            | <b>154</b>  | <b>69,385</b>             | <b>763,318</b> |
| up to one month                         | 163,085        | 18,052                | 1,508                    | 154         | 0                         | 182,799        |
| between one and three months            | 109,055        | 2,471                 | 3,016                    | 0           | 17,448                    | 131,990        |
| between three months and up to one year | 4,480          | 19,961                | 13,573                   | 0           | 51,937                    | 89,951         |
| between one and up to five years        | 337            | 302,401               | 30,875                   | 0           | 0                         | 333,613        |
| more than five years                    | 25             | 0                     | 29,940                   | 0           | 0                         | 29,965         |

| EUR k                                   | Trade payables | Financial liabilities | Liabilities from IFRS 16 | Derivatives | Other current liabilities | Total          |
|---|----------------|-----------------------|--------------------------|-------------|---------------------------|----------------|
| <b>As of Dec. 31, 2023</b>              |                |                       |                          |             |                           |                |
| <b>Carrying amount</b>                  | <b>216,931</b> | <b>402,558</b>        | <b>47,380</b>            | <b>0</b>    | <b>79,077</b>             | <b>745,696</b> |
| <b>Expected cash outflows:</b>          | <b>216,931</b> | <b>402,558</b>        | <b>61,272</b>            | <b>653</b>  | <b>79,077</b>             | <b>760,491</b> |
| up to one month                         | 126,792        | 42,467                | 1,181                    | 0           | 0                         | 170,440        |
| between one and three months            | 80,830         | 1,967                 | 2,362                    | 653         | 25,466                    | 111,278        |
| between three months and up to one year | 3,858          | 107,813               | 10,631                   | 0           | 53,611                    | 175,913        |
| between one and up to five years        | 5,450          | 250,311               | 24,787                   | 0           | 0                         | 280,548        |
| more than five years                    | 1              | 0                     | 22,311                   | 0           | 0                         | 22,312         |

Further disclosures on financial liabilities are provided in note (26).



### 30. Additional information on financial instruments

This section provides a comprehensive overview of the significance of financial instruments and offers additional information on line items of the statement of financial position containing financial instruments. No recognized financial instruments were offset.

The following table shows the carrying amounts (CA) and fair values (FV) of financial assets:

|  | Cash and cash equivalents | Trade receivables | Other current assets | Derivatives | Non-current securities |              | Other financial investments |               | Total          |
|--|---------------------------|-------------------|----------------------|-------------|------------------------|--------------|-----------------------------|---------------|----------------|
|  | CA                        | CA                | CA                   | CA          | CA                     | FV           | CA                          | FV            | CA             |
| EUR k  |                           |                   |                      |             |                        |              |                             |               |                |
| <b>As of Dec. 31, 2024</b>   |                           |                   |                      |             |                        |              |                             |               |                |
| Financial assets measured at amortized cost                                | 111,699                   | 204,124           | 12,700               | 0           | 1,385                  | 1,385        | 8                           | 8             | 329,916        |
| Financial assets measured at fair value through profit or loss             | 0                         | 0                 | 0                    | 0           | 0                      | 0            | 10,309                      | 10,309        | 10,309         |
| Financial assets measured at fair value through other comprehensive income | 0                         | 0                 | 0                    | 0           | 64                     | 64           | 8                           | 8             | 72             |
|  | 564                       | 8,388             | 0                    | 0           | 62                     | 62           | 0                           | 0             | 9,014          |
| <b>Total</b>   | <b>112,263</b>            | <b>212,512</b>    | <b>12,700</b>        | <b>0</b>    | <b>1,511</b>           | <b>1,511</b> | <b>10,325</b>               | <b>10,325</b> | <b>349,311</b> |
| <b>As of Dec. 31, 2023</b>   |                           |                   |                      |             |                        |              |                             |               |                |
| Financial assets measured at amortized cost                                | 113,712                   | 246,908           | 17,864               | 0           | 1,362                  | 1,362        | 8                           | 8             | 379,854        |
| Financial assets measured at fair value through profit or loss             | 0                         | 0                 | 19,912               | 516         | 0                      | 0            | 10,055                      | 10,055        | 30,483         |
| Financial assets measured at fair value through other comprehensive income | 0                         | 0                 | 0                    | 0           | 213                    | 213          | 8                           | 8             | 221            |
| <b>Total</b>   | <b>113,712</b>            | <b>246,908</b>    | <b>37,776</b>        | <b>516</b>  | <b>1,575</b>           | <b>1,575</b> | <b>10,071</b>               | <b>10,071</b> | <b>410,558</b> |



The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

|   | Other current liabilities | Current financial liabilities | Current lease liabilities IFRS 16* | Trade payables | Derivatives |        | Non-current financial liabilities |         | Non-current lease liabilities IFRS 16* | Total   |
|---|---------------------------|-------------------------------|------------------------------------|----------------|-------------|--------|-----------------------------------|---------|--|---------|
|   | CA                        | CA                            | CA                                 | CA             | CA          | FV     | CA                                | FV      | CA                                     | CA      |
| EUR k   |                           |                               |                                    |                |             |        |                                   |         |  |         |
| <b>As of Dec. 31, 2024</b>  |                           |                               |                                    |                |             |        |                                   |         |  |         |
| Financial liabilities measured at amortized cost                    | 69,385                    | 27,380                        | 17,307                             | 276,982        | 0           | 0      | 297,019                           | 270,876 | 23,648                                 | 711,721 |
| Financial liabilities measured at fair value through profit or loss | 0                         | 0                             | n/a                                | 0              | 11,014      | 11,014 | 0                                 | 0       | n/a                                    | 11,014  |
| Held for sale   | 0                         | 3,858                         | 628                                | 3,256          | 0           | 0      | 0                                 | 0       | 3,697                                  | 11,439  |
| <b>As of Dec. 31, 2023</b>  |                           |                               |                                    |                |             |        |                                   |         |  |         |
| Financial liabilities measured at amortized cost                    | 79,077                    | 152,247                       | 15,464                             | 216,931        | 0           | 0      | 250,311                           | 214,324 | 31,916                                 | 745,946 |
| Financial liabilities measured at fair value through profit or loss | 0                         | 0                             | n/a                                | 0              | 9,719       | 9,719  | 0                                 | 0       | n/a                                    | 9,719   |

\*In accordance with IFRS 7.29 (d), the fair value is not disclosed. The subsequent measurement of the lease liabilities is made in accordance with IFRS 16.

Management determined that the carrying amounts of cash, trade receivables, other current assets, trade payables, other current financial liabilities and other current liabilities are virtually the same as their fair value, primarily as a result of the short-term nature of these instruments.

Other current assets also contain time deposits and securities of EUR 7,713 k (December 31, 2023: EUR 12,983 k). The outstanding contribution in other current assets of OP-Mobility (formerly: Plastic Omnium) was paid in full through the last partial payment in September 2024 in the amount of EUR 20,000 k (December 31, 2023: EUR 19,912 k).

ElringKlinger determines the market value of non-current fixed-interest liabilities to banks and derivatives by discounting expected future cash flows with the current prevailing interest rates for similar financial liabilities with comparable residual terms and the company-specific risk rate.

Other current liabilities contain a liability of EUR 31,861 k (December 31, 2023: EUR 39,434 k) resulting from the written put option on non-controlling interests of ElringKlinger Marusan Corporation, with registered office in Tokyo/Japan. The obligation that results from this agreement is measured at fair value and rolled forward through profit or loss. The fair value is calculated using internal estimates made when forecasting business development as well as when selecting the country-specific interest rate used regarding the

liability recognized. The WACC applied for the valuation is 8.00% (2023: 8.37%). A 10% change in the business value causes the put option to increase/decrease by approximately EUR 3,186 k (December 31, 2023: EUR 3,943 k).

Equity instruments of the measurement category recognized at fair value through other comprehensive income:

| EUR k                        | Fair value Dec. 31, 2024 | Fair value Dec. 31, 2023 |
|------------------------------|--------------------------|--------------------------|
| Non-current securities       | 64                       | 213                      |
| Sundry financial investments | 8                        | 8                        |
| <b>Total</b>                 | <b>72</b>                | <b>221</b>               |





Financial assets and liabilities measured at fair value are classified into the following 3-level fair value hierarchy as of the valuation date December 31, 2024:

| EUR k                        | Level 1    | Level 2       | Level 3       |
|------------------------------|------------|---------------|---------------|
| <b>Dec. 31, 2024</b>         |            |               |               |
| <b>Financial assets</b>      |            |               |               |
| Non-current securities       | 64         | 0             | 0             |
| Sundry financial investments | 8          | 0             | 10,309        |
| Derivatives*                 | 0          | 0             | 0             |
| <b>Total</b>                 | <b>72</b>  | <b>0</b>      | <b>10,309</b> |
| <b>Financial liabilities</b> |            |               |               |
| Derivatives*                 | 0          | 11,014        | 0             |
| <b>Total</b>                 | <b>0</b>   | <b>11,014</b> | <b>0</b>      |
| <b>Dec. 31, 2023</b>         |            |               |               |
| <b>Financial assets</b>      |            |               |               |
| Non-current securities       | 213        | 0             | 0             |
| Sundry financial investments | 8          | 0             | 10,055        |
| Derivatives*                 | 0          | 516           | 0             |
| <b>Total</b>                 | <b>221</b> | <b>516</b>    | <b>10,055</b> |
| <b>Financial liabilities</b> |            |               |               |
| Derivatives*                 | 0          | 9,719         | 0             |
| <b>Total</b>                 | <b>0</b>   | <b>9,719</b>  | <b>0</b>      |

\* These are derivatives which do not meet the prerequisites for hedge accounting.

The following table presents the allocation of financial assets and liabilities not measured at fair value, but for which fair value is disclosed, to the 3-level fair value hierarchy as of the valuation date December 31, 2024:

| EUR k  | Level 1      | Level 2        | Level 3       |
|--|--------------|----------------|---------------|
| <b>Dec. 31, 2024</b>                             |              |                |               |
| <b>Financial assets</b>                          |              |                |               |
| Non-current securities                           | 1,385        | 0              | 0             |
| Sundry financial investments                     | 0            | 0              | 8             |
| <b>Total</b>                                     | <b>1,385</b> | <b>0</b>       | <b>8</b>      |
| <b>Financial liabilities</b>                     |              |                |               |
| Non-current financial liabilities                | 0            | 270,876        | 0             |
| Purchase price liability from written put option | 0            | 0              | 31,861        |
| <b>Total</b>                                     | <b>0</b>     | <b>270,876</b> | <b>31,861</b> |
| <b>Dec. 31, 2023</b>                             |              |                |               |
| <b>Financial assets</b>                          |              |                |               |
| Non-current securities                           | 1,362        | 0              | 0             |
| Sundry financial investments                     | 0            | 0              | 8             |
| <b>Total</b>                                     | <b>1,362</b> | <b>0</b>       | <b>8</b>      |
| <b>Financial liabilities</b>                     |              |                |               |
| Non-current financial liabilities                | 0            | 214,324        | 0             |
| Purchase price liability from written put option | 0            | 0              | 39,434        |
| <b>Total</b>                                     | <b>0</b>     | <b>214,324</b> | <b>39,434</b> |

The levels of the fair value hierarchy are defined as follows:

Level 1: Measurement based on market prices.

Level 2: Measurement based on market prices for similar instruments or on the basis of measurement models based on input parameters that are observable on the market.

Level 3: Measurement based on information for assets and liabilities not representing observable market data.

The fair value (equity value), which is allocated to level 3 of the fair value hierarchy, of the minority interest in Aerostack GmbH, Dettingen/Erms/Germany of EUR 4,961 k (2023: EUR 4,069 k) is determined using a discounted cash flow model taking account of probability-weighted scenarios. The WACC applied for the valuation is 10.80% (2023: 10.83%). Assuming a successful implementation of the business planning, the terminal value is determined by applying a terminal growth rate (TGR) of 2.0% (2023: 2.0%). The WACC and TGR sensitivities calculated for the parameters are presented in the following table:



|              |        | +0.5% points | -0.5% points |
|--------------|--------|--------------|--------------|
| WACC         | 10.80% | 11.30%       | 10.30%       |
| Equity value | 4,961  | 4,212        | 5,837        |
|              |        |              |              |
|              |        | +0.5% points | -0.5% points |
| TGR          | 2.00%  | 2.50%        | 1.50%        |
| Equity value | 4,961  | 5,168        | 4,777        |

The fair value of the bullet, interest-free, non-fungible or non-transferable promissory note to this company with a nominal amount of EUR 3,022 k (2023: EUR 4,356 k), which is allocated to level 3 of the fair value hierarchy, is measured taking into account an expected successive contribution to the equity of the company in the course of capital increases in the financial years 2022 to 2026 and a risk-equivalent and maturity-specific cost of debt of 4.31% (2023: 7.18%). The fair value amounts to EUR 2,830 k (2023: EUR 3,825 k). An increase or decrease in cost of debt of 0.5% results, all other things being equal, in a fair value of EUR 2,809 k or EUR 2,851 k, respectively.

An assessment is made at the end of every reporting period as to whether the assets and liabilities accounted for at fair value have been transferred between the levels of the fair value hierarchy.

| EUR k                | 2024   | 2023   |
|----------------------|--------|--------|
| As of Jan. 1         | 39,434 | 38,102 |
| Change in fair value | -7,573 | 1,332  |
| As of Dec. 31        | 31,861 | 39,434 |

#### Net gains/losses on financial instruments:

| EUR k  | 2024   | 2023   |
|--|--------|--------|
| Recognized at fair value through profit or loss* | -2,000 | 2,703  |
| Financial assets measured at amortized cost      | 10,835 | -3,245 |
| Financial liabilities measured at amortized cost | 97     | 7,673  |

\* These are derivatives which do not meet the prerequisites for hedge accounting.

Net gains and losses from derivatives include the effects from changes in market values, which were recorded in full in profit or loss for the period.

Net gains and losses from financial assets measured at amortized cost primarily consist of currency effects.

Net gains from financial liabilities measured at amortized cost primarily include currency effects.

Total interest income and expenses for financial assets and financial liabilities not measured at fair value through profit or loss are as follows:

| EUR k                  | 2024    | 2023    |
|------------------------|---------|---------|
| Total interest income  | 3,401   | 2,251   |
| Total interest expense | -25,100 | -24,856 |



### 31. Leases

The following amounts are reported in the income statement for leases:

| EUR k  | 2024   | 2023   |
|--|--------|--------|
| <b>Cost of sales</b>                         |        |        |
| Expenses relating to short-term leases       | 1,556  | 1,825  |
| Expenses from small ticket leases            | 720    | 305    |
| Other expenses from leases (ancillary costs) | 82     | 110    |
|  |        |        |
| <b>Depreciation</b>                          |        |        |
| Depreciation of right-of-use assets          | 14,362 | 13,545 |
| Impairment of right-of-use assets            | 28,587 | 0      |
|  |        |        |
| <b>Net finance costs</b>                     |        |        |
| Interest expenses from lease liabilities     | 2,994  | 1,969  |

Information on expected cash outflows is contained in note (29) Hedging policy and financial instruments.

### 32. Capital management

The Management Board believes that the Group's sound financial base is a prerequisite for further growth. The Group's solid capital resources make it possible to invest in future organic growth, as well as in external growth.

The Supervisory Board and the Management Board of the parent company have set a target equity ratio of 40% to 50% within the Group. ElringKlinger AG's Articles of Association do not define any capital requirements.

The Management Board is authorized to buy back company shares up to a total amount of 10% of share capital existing at the date on which this resolution was passed (July 7, 2020). The authorization is valid until July 7, 2025. There are no share option programs that impact the capital structure.

The following table presents changes in equity, liabilities and total capital as of December 31, 2024 as compared to December 31, 2023.

| EUR million             | 2024           | 2023           |
|-------------------------|----------------|----------------|
| <b>Equity</b>           | <b>685.3</b>   | <b>910.7</b>   |
| as % of total capital   | 38.95%         | 45.35%         |
| Non-current liabilities | 471.5          | 443.7          |
| Current liabilities     | 587.8          | 653.8          |
| Held for sale           | 14.7           | 0              |
| <b>Liabilities</b>      | <b>1,074.0</b> | <b>1,097.5</b> |
| as % of total capital   | 61.05%         | 54.65%         |
| <b>Total capital</b>    | <b>1,759.3</b> | <b>2,008.2</b> |

The change in equity from December 31, 2023 to December 31, 2024 was due primarily to the net loss for the period. Debt increased year on year by 6.40%.

At 38.95%, the group equity ratio fell slightly short of the 40% target equity ratio set by the Supervisory Board and Management Board.

Financial covenants have been agreed upon for one loan of the Parent. These affect the equity ratio and gearing factor. If these covenants are breached, the terms of the loan change and the loan becomes immediately callable.

As in the previous year, as of December 31, 2024 there were no issues prevailing that would have justified banks exercising their unilateral right of termination. The Management Board expects that the financial covenants agreed will be achieved in the financial year 2024.

### 33. Notes to the statement of cash flows

The group statement of cash flows shows how the liquidity of ElringKlinger Group has changed as a result of cash inflows and outflows in the course of the financial year. In accordance with IAS 7, cash flows are categorized as cash flows from operating activities, investing activities or financing activities.

The cash reported in the statement of cash flows comprises the liquid funds reported in the statement of financial position.

Cash flows from investing and financing activities are determined by reference to payments. By contrast, cash flows from operating activities are derived indirectly from earnings before income taxes. For the indirect computation, effects from currency translation and changes to the basis of consolidation are eliminated from the changes to the items of the statement of financial position taken into account arising from operating activities. For this reason, it is not possible to reconcile the changes in the relevant items of the statement of financial



position with the corresponding figures in the published group statement of financial position. The cash flow from investing activities includes the cash outflow from the sale of consolidated companies in the amount of EUR 4,909 k.

Change in liabilities from financing activities:

| EUR k  | Non-current<br>financial liabilities | Current<br>financial liabilities |
|--|--------------------------------------|----------------------------------|
| <b>Dec. 31, 2023</b>   | <b>282,227</b>                       | <b>167,711</b>                   |
| Changes in cash  | 60,410                               | -136,770                         |
| Company sales  | -26,263                              | -2,136                           |
| Reclassifications to liabilities related to assets held for sale | -3,697                               | -4,486                           |
| Exchange rate differences  | 7,990                                | -750                             |
| Changes in fair value  | 0                                    | 0                                |
| Other changes  | 0                                    | 21,118                           |
| <b>Dec. 31, 2024</b>   | <b>320,667</b>                       | <b>44,687</b>                    |
| <b>Dec. 31, 2022</b>   | <b>429,233</b>                       | <b>73,423</b>                    |
| Changes in cash  | -143,908                             | 92,403                           |
| Exchange rate differences  | -3,098                               | -393                             |
| Non-cash changes*  | 0                                    | 2,278                            |
| <b>Dec. 31, 2023</b>   | <b>282,227</b>                       | <b>167,711</b>                   |

\* This primarily includes reclassifications between non-current and current financial liabilities and lease-related matters.

Cash outflows from leases are contained in the statement of cash flows as follows:

| EUR k   | 2024          | 2023          |
|---|---------------|---------------|
| Repayment for lease liabilities (cash flow from financing activities)   | 31,511        | 13,546        |
| Interest paid (cash flow from operating activities)                     | 2,994         | 1,969         |
| Short-term or small ticket leases (cash flow from operating activities) | 2,275         | 2,129         |
| <b>Total</b>  | <b>36,781</b> | <b>17,644</b> |

### 34. Segment reporting

The organizational structure and internal reporting of ElringKlinger Group is centered around its four business fields. Accordingly, the segments are defined as “Original Equipment”, “Aftermarket”, “Engineered Plastics” and “Other”.

The activities in the Original Equipment and Aftermarket reporting segments relate to the manufacturing and distribution of parts and components for the engine, transmission and exhaust system and lightweight plastic components in motor vehicles (powertrain), as well as battery and fuel cell components and tools machining.

The Engineered Plastics segment manufactures and distributes technical products made of high-performance PTFE plastics for the vehicle and general industrial sectors.

The “Consolidation” column in the “Segment reporting” table below provides an overview of consolidation entries between the segments. Internal control and reporting are based on IFRS. With the exception of the Original Equipment segment’s provision of supplies to the Aftermarket segment, the extent of trade between the individual segments is insignificant. The exchange of goods and/or services between the segments takes place at arm’s-length prices.

The Original Equipment segment contains an impairment loss of EUR 184,520 k (2023: EUR 6,621 k).

Since the financial year 2023, ElringKlinger has reported adjusted EBIT in order to be able to compare the operating performance across different periods without the impact of exceptional factors. Therefore, certain exceptional factors are deducted. These adjustments include impairment on goodwill as well as non-current assets, restructuring and restructuring-related charges and other non-operating effects.



## Segment reporting

| Segment                                    | Original Equipment |                  | Aftermarket    |                | Engineered Plastics |                |
|--|--------------------|------------------|----------------|----------------|---------------------|----------------|
|  | 2024               | 2023             | 2024           | 2023           | 2024                | 2023           |
| EUR k                                      |                    |                  |                |                |                     |                |
| <b>External revenue</b>                    | <b>1,335,242</b>   | <b>1,411,878</b> | <b>336,322</b> | <b>300,101</b> | <b>130,003</b>      | <b>132,266</b> |
| Intersegment revenue                       | 38,569             | 34,221           | 0              | 0              | 232                 | 121            |
| <b>Segment revenue</b>                     | <b>1,373,811</b>   | <b>1,446,099</b> | <b>336,322</b> | <b>300,101</b> | <b>130,235</b>      | <b>132,387</b> |
| <b>EBIT<sup>1</sup></b>                    | <b>-238,388</b>    | <b>378</b>       | <b>76,662</b>  | <b>71,374</b>  | <b>10,745</b>       | <b>16,119</b>  |
| Adjustments                                | 236,943            | 9,285            | 264            | 591            | 0                   | 470            |
| <b>Adjusted EBIT<sup>2</sup></b>           | <b>-1,445</b>      | <b>9,663</b>     | <b>76,926</b>  | <b>71,965</b>  | <b>10,745</b>       | <b>16,589</b>  |
| Adjusted EBIT margin                       | -0.1%              | 0.7%             | 22.9%          | 23.9%          | 8.3%                | 12.5%          |
| Depreciation and amortization <sup>3</sup> | 99,871             | 103,150          | 6,678          | 3,392          | 7,241               | 6,772          |
| Capital expenditures <sup>4</sup>          | 166,283            | 94,134           | 5,593          | 4,053          | 4,634               | 6,312          |
| Segment assets                             | 1,440,085          | 1,712,569        | 180,612        | 165,729        | 145,001             | 136,058        |

| Segment                                    | Other        |               | Consolidation |          | Group            |                  |
|--|--------------|---------------|---------------|----------|------------------|------------------|
|  | 2024         | 2023          | 2024          | 2023     | 2024             | 2023             |
| EUR k                                      |              |               |               |          |                  |                  |
| <b>External revenue</b>                    | <b>1,569</b> | <b>2,875</b>  | <b>0</b>      | <b>0</b> | <b>1,803,136</b> | <b>1,847,120</b> |
| Intersegment revenue                       | 15,473       | 14,459        | -54,274       | -48,801  | 0                | 0                |
| <b>Segment revenue</b>                     | <b>0</b>     | <b>0</b>      | <b>0</b>      | <b>0</b> | <b>0</b>         | <b>0</b>         |
| <b>EBIT<sup>1</sup></b>                    | <b>935</b>   | <b>-4,966</b> | <b>0</b>      | <b>0</b> | <b>-150,046</b>  | <b>82,905</b>    |
| Adjustments                                | 390          | 6,884         | 0             | 0        | 237,597          | 17,230           |
| <b>Adjusted EBIT<sup>2</sup></b>           | <b>1,325</b> | <b>1,918</b>  | <b>0</b>      | <b>0</b> | <b>87,551</b>    | <b>100,135</b>   |
| Adjusted EBIT margin                       | 84.4%        | 66.7%         | 0.0%          | 0.0%     | 4.9%             | 5.4%             |
| Depreciation and amortization <sup>3</sup> | 1,119        | 2,105         | 0             | 0        | 114,909          | 115,419          |
| Capital expenditures <sup>4</sup>          | 501          | 1,439         | 0             | 0        | 177,011          | 105,938          |
| Segment assets                             | 11,720       | 17,322        | -18,116       | -23,501  | 1,759,303        | 2,008,177        |

<sup>1</sup> Earnings before interest and income taxes

<sup>2</sup> Adjusted for impairment on goodwill, impairment on non-current assets, restructurings and restructuring-related charges as well as other non-operating effects

<sup>3</sup> Depreciation and amortization

<sup>4</sup> Capital expenditures in intangible assets and property, plant and equipment



## Segment reporting by region

| Region                          |             | Sales revenues <sup>1</sup> | Non-current assets           | Investments    |
|---------------------------------|-------------|-----------------------------|------------------------------|----------------|
| Germany                         | 2024        | 410,052                     | 466,538                      | 67,677         |
|                                 | 2023        | 366,282                     | 445,568                      | 70,701         |
| Rest of Europe                  | 2024        | 558,822                     | 72,486                       | 9,424          |
|                                 | 2023        | 580,851                     | 230,112                      | 10,659         |
| North America                   | 2024        | 455,855                     | 160,833                      | 67,551         |
|                                 | 2023        | 481,983                     | 208,720                      | 15,302         |
| Asia-Pacific                    | 2024        | 275,088                     | 148,214                      | 30,782         |
|                                 | 2023        | 320,954                     | 154,686                      | 6,674          |
| South America and rest of world | 2024        | 103,319                     | 14,096                       | 1,577          |
|                                 | 2023        | 97,050                      | 18,129                       | 2,602          |
| <b>Group</b>                    | <b>2024</b> | <b>1,803,136</b>            | <b>862.167<sup>2</sup></b>   | <b>177,011</b> |
|                                 | <b>2023</b> | <b>1,847,120</b>            | <b>1,057.215<sup>2</sup></b> | <b>105,938</b> |

<sup>1</sup> The location of the customer is used to determine allocation of sales revenue to the regions.

<sup>2</sup> This includes financial assets of EUR 11,774 k (2022: EUR 11,646 k).

### 35. Most important financial control criteria

The most important control criteria of ElringKlinger Group are revenue, adjusted EBIT margin (adjusted earnings before interest and income taxes in relation to revenue), the operating free cash flow as well as return on capital employed (ROCE) as financial metrics. The determination is presented in the tables below:

#### Adjusted EBIT

| EUR k                          | 2024            | 2023           |
|--------------------------------|-----------------|----------------|
| <b>EBIT</b>                    | <b>-150,046</b> | <b>82,905</b>  |
| Impairment                     | 184,520         | 4,008          |
| thereof impairment on goodwill | 0               | 0              |
| Restructuring                  | 3,500           | 2,764          |
| Other non-operating effects    | 49,577          | 10,458         |
| <b>Adjusted EBIT</b>           | <b>87,551</b>   | <b>100,135</b> |
| <i>Adjusted EBIT margin</i>    | <i>4.9%</i>     | <i>5.4%</i>    |

## ROCE for the Group

| EUR k                           | 2024             | 2023             |
|---------------------------------|------------------|------------------|
| <b>EBIT</b>                     | <b>-150,046</b>  | <b>82,905</b>    |
| Equity                          | 685,332          | 910,680          |
| Financial liabilities           | 365,354          | 449,938          |
| Pension provision               | 95,893           | 103,968          |
| <b>Total</b>                    | <b>1,146,579</b> | <b>1,464,586</b> |
| <b>Average capital employed</b> | <b>1,305,583</b> | <b>1,480,716</b> |
| <b>ROCE*</b>                    | <b>-11.5%</b>    | <b>5.6%</b>      |

\* EBIT/average capital employed

## Operating free cash flow

| EUR k  | 2024           | 2023           | Change in absolute terms |
|--|----------------|----------------|--------------------------|
| <b>Cash flow from operating activities</b>                                     | <b>168,022</b> | <b>129,701</b> | <b>38,321</b>            |
| Proceeds from disposals of property, plant and equipment and intangible assets | 20,312         | 6,004          | 14,308                   |
| Payments to acquire intangible assets  | -21,580        | -27,757        | 6,177                    |
| Payments to acquire property, plant and equipment                              | -108,317       | -71,212        | -37,105                  |
| <b>Operating free cash flow</b>  | <b>58,437</b>  | <b>36,736</b>  | <b>21,701</b>            |

## Other disclosures

### Contingent liabilities

As in the previous year, ElringKlinger Group does not have any contingent liabilities stemming from guarantees, performance bonds or bills of exchange issued.





### Other financial commitments

#### Energy purchase commitments

| EUR k                                   | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---------------|---------------|
| Up to one year                          | 10,860        | 13,196        |
| More than one year and up to five years | 8,500         | 6,791         |
| More than five years                    | 0             | 0             |
| <b>Total</b>                            | <b>19,360</b> | <b>19,987</b> |

### Proceeds from lease agreements

ElringKlinger acts as lessor in a number of business relationships. They are operating leases, for which the significant risks and opportunities associated with ownership remain with ElringKlinger. They primarily include leasing out unused factory buildings and space. The lease income of EUR 1,750 k (2023: EUR 1,652 k) is included in other operating income. The future lease payments due to ElringKlinger from lease contracts from letting break down as follows:

| EUR k                                   | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---------------|---------------|
| Up to one year                          | 762           | 752           |
| More than one year and up to five years | 1,195         | 1,915         |
| More than five years                    | 0             | 8             |
| <b>Total</b>                            | <b>1,957</b>  | <b>2,675</b>  |

### Contingent assets and liabilities

As of the reporting date, there were no contingent assets and liabilities.

### Number of employees

The average number of employees during the year at ElringKlinger Group was 9,596 (2023: 9,600) (excluding Management Board members).

### Personnel expenses

Personnel expenses in the reporting year amounted to EUR 603,004 k (2023: EUR 587,772 k) and break down as follows:

| EUR k                         | 2024           | 2023           |
|-------------------------------|----------------|----------------|
| Wages and salaries            | 505,233        | 501,508        |
| Social security contributions | 90,867         | 79,959         |
| Post-employment benefit       | 6,904          | 6,305          |
| <b>Total</b>                  | <b>603,004</b> | <b>587,772</b> |

### Related-party disclosures

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of ElringKlinger Group, directly or indirectly. The members of ElringKlinger AG's Management Board and Supervisory Board are key management personnel and, including close members of their families, are related parties of ElringKlinger AG.

Transactions between the parent company, ElringKlinger AG, and its subsidiaries are eliminated in the course of consolidation and are therefore not discussed in this note. Other than these, the following business relationships exist between companies of ElringKlinger Group and related parties and companies controlled by related parties:

Cooperation agreement between ElringKlinger AG and Lechler GmbH, Metzingen/Germany, concerning traineeships. ElringKlinger AG earned EUR 67 k during the reporting year (2023: EUR 48 k). There were no outstanding receivables as of the reporting date (2023: EUR 20 k).

Supply agreement between Lechler GmbH and KOCHWERK Catering GmbH, (EKKW), Dettingen/Erms/Germany, a wholly owned subsidiary of ElringKlinger AG. EKKW supplies Lechler GmbH with canteen food. EKKW's revenue amounted to EUR 158 k in the reporting year (2023: EUR 143 k). As of the reporting date, outstanding receivables came to EUR 13 k (2023: EUR 12 k).

Agreement between ElringKlinger Logistic Service GmbH, Rottenburg-Ergenzingen/Germany, (EKLS), and Lechler GmbH, Metzingen/Germany, regarding assembly activities and the storage of components. This agreement gave rise to EUR 614 k in sales revenue during the reporting year (2023: EUR 711 k). As of December 31, 2024, there were outstanding receivables of EUR 57 k (2023: EUR 43 k).



Business relations between the ElringKlinger subsidiary, Changchun ElringKlinger Ltd., Changchun/China, (CEK), and Changchun Hongyu Automobile Parts Co., Ltd. (CHYAP), with registered office in Changchun/China, controlled by Ms. Liu, a close relative of Mr. Huang, who is a joint partner in CEK. CEK procured EUR 69 k worth of services in these business relationships in 2024 (2023: EUR 47 k). As of December 31, 2024, there are liabilities of EUR 25 k (2023: EUR 21 k).

Relationships in the course of ordinary activities exist between hofer AG, Nürtingen/Germany, various subsidiaries of hofer AG, Nürtingen/Germany, and the ElringKlinger subsidiary hofer powertrain products GmbH, Dettingen/Erms/Germany, hofer powertrain products UK Ltd., Warwick/UK, as well as ElringKlinger AG, Dettingen/Erms/Germany. The business relationships pertain to services received and other expenses of EUR 2,869 k (2023: EUR 11,823 k). Outstanding liabilities came to EUR 574 k as of December 31, 2024 (2023: EUR 1,349 k). At EUR 2,869 k (2023: EUR 11,823 k), the services received mainly relate to services for sales, project management, product development and other services. The goods and services received and other expenses are counterbalanced by income from development services rendered or from the delivery of machines and tools of EUR 13,137 k (2023: EUR 23,582 k). Outstanding receivables come to EUR 7,530 k (2023: EUR 3,575 k) as of December 31, 2024.

The salaries of the employee representatives to the Supervisory Board are in line with market conditions.



## Corporate Bodies

### Supervisory Board

|   | Practiced profession  | Member since<br>Appointed until     | Committee work  | Membership of supervisory bodies  |
|---|---|-------------------------------------|---|---|
| <b>Helmut P. Merch</b><br>Meerbusch/Germany,<br>Chairman since May 16, 2024 | Former member of the Management Board of<br>Rheinmetall AG, Düsseldorf/Germany  | July 7, 2020<br>May 16, 2025        | Mediation Committee<br>Personnel Committee<br>Nomination Committee (Chairman in each case)<br>Audit Committee | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Klaus Eberhardt</b><br>Lindau/Germany,<br>former Chairman                | Independent consultant, Lindau/Germany<br>Former CEO of Rheinmetall AG, Düsseldorf/Germany                                  | May 16, 2013<br>May 16, 2024        |   | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Markus Siegers*</b><br>Nürtingen/Germany,<br>Deputy Chairman             | Chairman of the Works Council of ElringKlinger AG,<br>Dettingen/Erms/Germany  | June 8, 2005<br>May 16, 2025        | Mediation Committee<br>Personnel Committee  | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Ingeborg Guggolz</b><br>Dachsberg/Germany                                | Managing Director of Lechler- und<br>Klaus-Lechler Beteiligungsgesellschaften,<br>Neuhausen a. d. Fildern/Germany           | May 19, 2022<br>May 16, 2025        |   | Governance roles:<br>a) n/a<br>b) Eroca AG, Basel/Switzerland   |
| <b>Ludger Heuberg</b><br>Offenbach/Germany                                  | Independent consultant, Offenbach/Germany<br>Former member of the Management Board of<br>ARVOS Group, Luxembourg/Luxembourg | May 16, 2024<br>May 16, 2025        | Audit Committee (Chairman)  | Governance roles:<br>a) n/a<br>b) Aramak GmbH, Frankfurt/Germany<br>Zschimmer & Schwarz Chemie GmbH,<br>Lahnstein/Germany<br>Arvos HoldCo S.á r.l., Luxembourg/Luxembourg |
| <b>Andreas Wilhelm Kraut</b><br>Balingen/Germany                            | Chairman and CEO of Bizerba SE & Co. KG,<br>Balingen/Germany  | May 16, 2017<br>May 16, 2025        |   | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Gerald Müller*</b><br>Reutlingen/Germany                                 | Trade union secretary of IG Metall Albstadt/Germany   | August 3, 2017<br>December 31, 2024 |   | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Paula Maria de Castro Monteiro-Munz*</b><br>Grabenstetten/Germany        | Deputy Chairwoman of the Works Council of<br>ElringKlinger AG, Dettingen/Erms/Germany                                       | May 21, 2010<br>May 16, 2025        | Mediation Committee   | Governance roles:<br>a) n/a<br>b) n/a   |
| <b>Barbara Resch*</b><br>Stuttgart/Germany                                  | District Manager of IG Metall Baden-Württemberg,<br>Stuttgart/Germany   | July 7, 2020<br>December 31, 2024   |   | Governance roles:<br>a) Schaeffler AG, Herzogenaurach/Germany<br>Rheinmetall AG, Düsseldorf/Germany<br>b) n/a   |
| <b>Gabriele Sons</b><br>Berlin/Germany                                      | Lawyer, Berlin/Germany<br>Former member of the Management Board of<br>thyssenkrupp Elevator AG, Essen/Germany               | May 16, 2014<br>May 16, 2025        | Mediation Committee<br>Personnel Committee  | Governance roles:<br>a) Grammer AG, Ursensollen/Germany<br>b) Accelleron Industries AG, Baden/Switzerland   |

Tables continued overleaf



|  | Practiced profession   | Member since<br>Appointed until | Committee work                          | Membership of supervisory bodies   |
|--|--|---------------------------------|---|--|
| <b>Manfred Strauß</b><br>Stuttgart/Germany     | Managing Partner of M&S Messebau & Service GmbH,<br>Neuhausen a. d. Fildern/Germany                            | July 20, 2000<br>May 16, 2025   | Audit Committee<br>Nomination Committee | Governance roles:<br>a) n/a<br>b) Lechler GmbH, Metzingen/Germany<br>Eroca AG, Basel/Switzerland |
| <b>Bernd Weckenmann*</b><br>Reutlingen/Germany | Senior Vice President Procurement & Supply Chain<br>Management of ElringKlinger AG, Dettingen/Erms/<br>Germany | April 12, 2021<br>May 16, 2025  |   | Governance roles:<br>a) n/a<br>b) n/a  |
| <b>Olcay Zeybek*</b><br>Bad Urach/Germany      | Director EMEA Process Owner P2P of<br>ElringKlinger AG, Dettingen/Erms/Germany                                 | July 7, 2020<br>May 16, 2025    |   | Governance roles:<br>a) n/a<br>b) n/a  |

\* Employee representative

a) Membership in statutory supervisory boards within the meaning of Section 125 AktG

b) Membership in comparable domestic and foreign control bodies within the meaning of Section 125 AktG

### Remuneration of the Supervisory Board

In the reporting period, total compensation for the Supervisory Board of ElringKlinger AG was EUR 879 k (2023: EUR 894 k). Additionally, travel expenses totaling EUR 8 k (2023: EUR 4 k) were reimbursed. The remuneration of the employee representatives on the Supervisory Board amounted to EUR 942 k in the financial year 2024 (2023: EUR 785 k) for their activities as employees.

### Management Board

Thomas Jessulat, Stuttgart/Germany

Chairman

responsible for the business units Battery and Fuel Cell Technology as well as the corporate units Finance, Corporate Sustainability, Global Strategy & Digital Transformation, Information Technology, M&A and Innovations, Human Resources, Legal & Compliance, Strategic Communications, and group entities (shared responsibility in the Management Board)

Reiner Drews, Reutlingen/Germany

responsible for the business units Lightweight/Elastomer Technology, Metal Forming & Assembly Technology, Metal Sealing Systems as well as the corporate units Procurement & Supply Chain Management, Production and Tooling, Quality, Real Estate & Facility Management as well as the German sites of ElringKlinger AG and the group entities (shared responsibility in the Management Board)

Dirk Willers, Ditzingen/Germany

responsible for the business units Aftermarket and Engineered Plastics as well as the corporate units Sales and Marketing, as well as for the group entities (shared responsibility in the Management Board)

### Governance roles in supervisory boards and other supervisory bodies

Thomas Jessulat, Stuttgart/Germany,

Chairman

until January 15, 2025

Chairman of the Supervisory Board of hofer AG, Nürtingen/Germany

### Remuneration of the Management Board

The remuneration of the Management Board amounted to:

| EUR k   | 2024         | 2023         |
|---|--------------|--------------|
| Short-term fixed remuneration                                 | 2,054        | 2,124        |
| Short-term variable performance-based remuneration            | 1,000        | 1,321        |
| Long-term variable performance-based remuneration             | 1,787        | 0            |
| Severance payments for former members of the Management Board | 0            | 4,424        |
| <b>Total</b>  | <b>4,841</b> | <b>7,869</b> |

In the financial year, total Management Board remuneration pursuant to Section 314 (1) no. 6a Sentence 1 to 4 and 6b Sentence 1 to 2 HGB came to EUR 4,841 k (2023: EUR 7,869 k). Severance payments to former members of the Management Board had also been included in the prior year. The present value (DBO) of the pension provision attributable to the Management Board amounted to EUR 655 k (2023: EUR 654 k).

Since the 2021 financial year, the members of the Management Board are entitled to an annual long-term incentive. The individual grant value for each member is granted in annual rolling tranches, each at the beginning of a financial year (“grant date”). To determine the amount to be paid out, the grant value is multiplied by the overall target achievement for the short-term incentive of each financial year with the previous financial year. The pay-out amount, after deducting accrued taxes and other dues, must be invested completely in the Company’s shares. These shares must be held over a period of four years. The accounting takes place in accordance with the requirements of IFRS 2 as equity-settled share-based payment. The long-term variable performance-based remuneration came to EUR 1,787 k (2023: EUR 0 k) in the reporting year. Accordingly, after deducting taxes, a total of 143,222 shares (2023: 0 shares) at a price of EUR 6.64 with an overall value of EUR 951 k were acquired on behalf of and for the account of the members of the Management Board.

#### Pension provisions and remuneration for former members of the Management Board

Provisions of EUR 21,859 k (2023: EUR 22,171 k) were recognized for pension obligations to former members of the Management Board, the management of merged companies, and their surviving dependents. The total remuneration of former members of the Management Board – including remuneration of former members of corporate bodies of merged companies – came to EUR 1,326 k (2023: EUR 1,370 k) in the financial year 2023.

#### The auditor fees amounted to:

| EUR k                                    | 2024         | 2023       |
|--|--------------|------------|
| Audit of the annual financial statements | 936          | 761        |
| Other assurance services                 | 208          | 98         |
| Tax services                             | 0            | 0          |
| Other services                           | 0            | 0          |
| <b>Total</b>                             | <b>1,144</b> | <b>859</b> |

The audit services consist of the fees for auditing the statutory annual and consolidated financial statements as well as the formal audit of the remuneration report pursuant to

Section 162 AktG. The other assurance services mainly comprise fees for review work in connection with the non-financial reporting, reviews of grants, and assurance services related to the syndicated loan and factoring.

#### Declaration of conformity with the German Corporate Governance Code

The Management Board and Supervisory Board issued a declaration of conformity pursuant to Section 161 AktG on the German Corporate Governance Code in the version dated April 28, 2022 and published it on the ElringKlinger AG website on December 5, 2024. This declaration of conformity will be made permanently available to shareholders on the ElringKlinger AG website [www.elringklinger.de/en](http://www.elringklinger.de/en) under the headings Company/Corporate Governance/Declaration of Conformity.

#### Events after the end of the reporting period

On March 11, 2025, ElringKlinger AG entered into a new syndicated loan agreement, which serves for general corporate financing and for refinancing the original syndicated loan as well as existing bilateral credit lines. Commerzbank, Landesbank Baden-Württemberg and DZ Bank jointly arranged the financing; in addition, Deutsche Bank, HSBC, Targo Bank and ING Group are also part of the syndicate. The agreement comprises a total volume of EUR 450 million over a period of five years from March 11, 2025 onwards, was concluded at arm’s length and includes an increase option of a further EUR 100 million. At the same time, the existing syndicated loan agreement was prematurely terminated.

Dettingen/Erms/Germany, March 24, 2025

The Management Board



Thomas Jessulat  
CEO



Reiner Drews



Dirk Willers



# Audit Opinion

Independent auditor's report

To ElringKlinger AG, Dettingen an der Erms/Germany

## Report on the audit of the consolidated financial statements and of the combined management report

### Audit Opinions

We have audited the consolidated financial statements of ElringKlinger AG, Dettingen an der Erms/Germany, and its subsidiaries (the Group) which comprise the group statement of financial position as of December 31, 2024, the group income statement, the group statement of comprehensive income, the group statement of changes in equity and the group statement of cash flows for the financial year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of ElringKlinger AG, Dettingen an der Erms/Germany, for the financial year from January 1 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB) referenced in the combined management report and the content of the separate combined non-financial report pursuant to Sections 289b and 315b HGB referenced in the combined management report. Furthermore, we have not audited the content of the section "Internal control system", which is extraneous to management reports and marked as unaudited, contained in the report on opportunities and risks in the combined management report.

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<sup>®</sup> Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report

is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the contents of the combined corporate governance statement referred to above, the contents of the combined non-financial report referred to above as well as the contents of the section extraneous to management reports and marked as unaudited referred to above.

Pursuant to Section 322 (3) 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 combined management report.

### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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 combined management report.

### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.





In the following we present the key audit matters we have determined in the course of our audit:

1. Impairment testing of goodwill
2. Revenue recognition

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

### 1. Impairment testing of goodwill

a) As of December 31, 2024, goodwill of EUR 79.8 million was disclosed in the group statement of financial position under the item "Intangible assets" of the consolidated financial statements of ElringKlinger AG, Dettingen an der Erms/Germany, which corresponds to 4.5% of the consolidated total assets.

The executive directors of ElringKlinger AG test the capitalized goodwill for impairment (impairment tests) at least once every year or on an event-driven basis. This involves comparing the recoverable amount of the cash-generating unit with its carrying amount. The Group has defined the reportable segments Original Equipment, Engineered Plastics and Aftermarket as cash-generating units. The recoverable amount is determined on the basis of the value in use by applying a discounted cash flow model. This is based on the present values of the expected future cash flows, which are based on the medium-term planning prepared by the executive directors, which is, in turn, extrapolated with assumptions about long-term growth rates. Discounting is carried out at discount interest rates, which are determined on the basis of the weighted average cost of capital (WACC) of the respective cash-generating unit.

The result of this measurement chiefly depends on the executive directors' estimates of the future cash flows of the respective cash-generating unit as well as the discount interest rate used and the long-term growth rates used for the medium-term planning, and is therefore subject to uncertainties. Against this backdrop, and due to the complexity of the applied valuation model, this matter was of particular importance within the context of our audit.

The executive directors' disclosures on the impairment testing of goodwill are contained in the section "Summary of the principal accounting and measurement methods" under the header "Goodwill" and in the section "Notes to the group statement of financial position" under the header "12. Intangible assets" in the notes to the consolidated financial statements.

b) As part of our audit, by calling in our internal valuation experts, we obtained an understanding of the executive directors' process for performing the impairment tests, including the planning process, and discussed the determination of the weighted cost of capital. Based on the understanding of the process obtained by us, we evaluated the internal controls identified that were relevant to our audit in terms of their design and verified whether their implementation was carried out in an appropriate manner. To the extent we planned to rely on the effectiveness of identified controls, we additionally tested the operating effectiveness of these controls. Based on this, we audited the entire valuation model and in particular the correctness of its methodology and calculation. We notably evaluated whether the applied valuation model correctly presents the conceptual requirements of the relevant valuation standards.

We convinced ourselves, among others, as part of the consideration and critical evaluation of the planning process conducted by us, that the future cash flows used in the valuation process were reasonable. To assess the quality and plausibility of the medium-term planning, we compared selected planning of prior financial years with the actual results achieved in the respective financial years and analyzed material deviations in individual cases (adherence to planning).

We audited whether the planning used for impairment testing coincided with the medium-term planning prepared by the executive directors and whether the data included therein was correctly transferred to the valuation model used. Besides, we performed inquiries of the executive directors or the persons appointed by them on the material assumptions underlying the medium-term planning and examined these for plausibility, taking into account general and industry-specific market expectations. In addition, we examined whether the planning was consistent with the information on strategy and medium-term planning as well as the reporting on expected developments in the combined management report.

Since a considerable proportion of the respective value in use results from forecast cash flows for periods beyond the period covered by the medium-term planning, we notably performed a critical evaluation of the terminal growth rate used based on general and industry-specific market expectations. Besides, we validated the parameters used in determining the WACC rate used for discounting, examined the appropriateness of the peer group and squared the market data used with external evidence.

Furthermore, we performed a sensitivity analysis for material cash-generating units in order to assess and consider a potential impairment risk on account of the impact of changes in the parameters used as a basis for the valuation model.



In the case of estimates made by the executive directors in connection with the determination of values, we evaluated the methods used, the assumptions made and the data used in terms of their reasonableness.

In addition, we audited the completeness and correctness of the disclosures in the notes to the consolidated financial statements required to be made under IAS 36.

## 2. Revenue recognition

a) As of December 31, 2024, sales revenue of EUR 1,803.1 million was disclosed in the group income statement of the consolidated financial statements of ElringKlinger AG, Dettingen an der Erms/Germany.

ElringKlinger AG's portfolio comprises the development, industrial production and distribution of components, modules and systems for the automotive industry as well as increasingly the area of battery and fuel cell technology due to the transformation process of the automotive industry. In doing so, ElringKlinger AG basically covers the entire value chain from development to series production.

The performance obligations in the areas of series production, tools and contract-based development services and co-operations are based on various and extensive contractual agreements and customer-specific general terms and conditions as well as delivery terms and provisions for acceptance by the customer. In the area of contract-based development services and co-operations, the performance obligations are based on individual and, in some cases, complex contractual agreements with the customers.

In accordance with IFRS 15, revenue is recognized when the individual performance obligations are satisfied. For each performance obligation, it is to be determined when the customer obtains control over the promised service or when the technical requirements for achieving contractually agreed milestones are met. A distinction must be made as to whether the performance is satisfied at a point in time or over time. In addition, the accounting treatment of costs incurred to fulfill a contract as well as the related impact on the consolidated financial statements have to be evaluated. Revenue recognition is subject to an elevated risk of errors regarding the cut-off of revenue owing to complex contractual agreements with customers and related necessary judgments by the executive directors. Against this backdrop, we considered this matter to be of particular importance within the context of our audit.

The executive directors' disclosures on sales revenue are contained in the section "Summary of the principal accounting and measurement methods" under the header "Recognition of income and expense" and in the section "Notes to the group income statement" under the header "1. Sales revenue" in the notes to the consolidated financial statements.

b) In auditing sales revenue, we differentiated sales revenue in terms of its type (series production, tools and contract-based development services and co-operations) and its related internal processes. As part of our audit, we first obtained an understanding of the design of the respective internal processes and controls for revenue recognition. To this end, we obtained an understanding of the respective process and performed analytical audit procedures. Based on the understanding of the process obtained by us, we evaluated the internal controls identified that were relevant to our audit in terms of their design and verified whether their implementation was carried out in an appropriate manner. To the extent we planned to rely on the effectiveness of identified controls as part of our audit, we additionally tested the operating effectiveness of these controls. Furthermore, we evaluated the methods applied, the assumptions made and data used with regard to their reasonableness.

We audited the customer contracts on a sample basis as to whether the requirements set out in IFRS 15 for revenue recognition at a point in time or over time were met. As regards the requirements for revenue recognition over time for series production in particular, we evaluated the extent to which series parts do not have an alternative use and there is an enforceable right to payment. For revenue recognition at a point in time, we analyzed the contractual agreements concluded with the customers, in particular the delivery terms and provisions for acceptance by the customer, and examined, on a sample basis, the correct presentation of sales revenue on an accrual basis.

As regards the contract-based developments services and co-operations, we examined, on a sample basis and using the contractual agreements, whether they satisfy the criteria for revenue recognition over time or for capitalization of costs incurred to fulfill a contract for revenue recognition at a point in time. In discussions with the engineers responsible for the projects and based on the technical project documentation, we obtained an overview of the current project status or the achievement of contractually agreed milestones, respectively, and analyzed deviations between planned and actual costs as well as the estimated costs to complete the projects.

Eventually, we audited the completeness and appropriateness of the disclosures in the notes to the consolidated financial statements required to be made under IFRS 15.



### Other Information

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises

- the report of the Supervisory Board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the combined corporate governance statement referenced in the combined management report,
- the separate combined non-financial report referenced in the combined management report,
- the section "Internal control system", which is extraneous to management reports and marked as unaudited, contained in the report on opportunities and risks in the combined management report, and
- the executive directors' confirmations regarding the consolidated financial statements and the combined management report pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB, and
- all other parts of the annual report which will be published after the issuance of this auditor's report,
- but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The executive directors and the Supervisory Board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the combined corporate governance statement, and for the remuneration report. Otherwise the executive directors are responsible for the other information.

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

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

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

### Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined 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 Section 315e (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. In addition, 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. In addition, 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 combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined 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 combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 combined 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 combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation 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 combined 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 combined 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined 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 internal control or these arrangements and measures of the Group.

- 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 combined 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 with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined 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 combined 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.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

#### Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA 256 value ce494825208ba6443b584f3b46db0438e191e7d403cff76ff5f61ee0be4acc3a, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

#### Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

#### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Parent are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.



### Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i. e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

### Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on May 16, 2024. We were engaged by the Supervisory Board on June 5, 2024. We have been the group auditor of ElringKlinger AG, Dettingen an der Erms/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

### German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Michael Sturm.

Stuttgart/Germany, March 24, 2025

#### Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

|                         |                         |
|-------------------------|-------------------------|
| Signed:                 | Signed:                 |
| Michael Sturm           | Florian Sauter          |
| Wirtschaftsprüfer       | Wirtschaftsprüfer       |
| (German Public Auditor) | (German Public Auditor) |

Translation  
– German version prevails –



## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report of ElringKlinger AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Dettingen/Erms, March 24, 2025

Management Board



Thomas Jessulat  
CEO



Reiner Drews



Dirk Willers



# Glossary

## Financials

### C Cash flow

Financial indicator for calculating the financial strength of a company. It measures the extent to which inflows from operating activities exceed cash outflows, thus indicating the amount of cash generated by the company in a period. When determining cash flow, net income is adjusted for those items not associated with cash flow, such as depreciation, amortization and write-downs or the change in provisions. Net cash from operating activities represents the surplus of cash and cash equivalents generated by the operating business.

### Corporate Governance

Includes the entirety of rules, regulations, and values for corporate management and supervision that should be as responsible as possible and focused on sustainability and value generation over the long term.

### E Earnings per share

Earnings per share (EPS) are calculated by dividing the profit attributable to shareholders of a stock corporation by the number of shares outstanding. It is used for the purpose of analyzing profitability and – at a cross-sector level – for company valuation.

### EBIT

Abbreviation for “Earnings Before Interest and Taxes.” EBIT corresponds to profit/loss before factoring in the net finance result and income taxes. This financial indicator in particular is used at an international level for the purpose of comparing companies’ operating profitability.

### EBIT adjusted

ElringKlinger reports adjusted EBIT for the purpose of comparing operating profitability across different periods, which is why certain non-recurring items are eliminated. “EBIT adjusted” is defined as “EBIT reported”, adjusted for amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and exceptional items. Exceptional items refer in particular to gains and losses from non-recurring events. These include, for example, impairments (incl. impairment of goodwill), reversal of impairments, restructuring costs (incl. severance payments), and disposal gains and losses from MGA activities.

### EBIT margin

EBIT expressed as a percentage of total Group sales revenue. The EBIT margin shows the profitability of a company’s operating business over a specific period of time. Similarly, the adjusted EBIT margin is calculated as the ratio of adjusted EBIT to Group revenue.

### EBITDA

Abbreviation for earnings before interest, taxes, depreciation, and amortization. EBITDA is a financial indicator used for the purpose of measuring the profitability of a company at the operating level, as the indicator does not include any elements influencing profit, for example, in terms of the capital structure, country-specific taxation, or reporting standards applicable to the entity.

### EFTA

Abbreviation for European Free Trade Association. It consists of Iceland, Liechtenstein, Norway, and Switzerland, i.e., countries that are not members of the European Union (EU). EFTA pursues economic policy objectives that are less far-reaching than those in the EU. Together with the EU member states, the EFTA member states Iceland, Liechtenstein, and Norway form the European Economic Area (EEA).

### EKOS

Abbreviation for ElringKlinger Operating System. EKOS is the name of the standardized Group-wide production system that ElringKlinger AG launched in 2018.

### ESG

Abbreviation for the term “environmental, social, and governance”, three areas of a company’s responsibility in relation to sustainability.

### EU taxonomy

A set of EU regulations that entered into force in 2022, the EU taxonomy is designed to make it easier to compare companies’ sustainability activities by introducing a fixed classification system.

### F Financial covenants

Refer to contractual clauses in loan agreements. Under these terms, companies obligate themselves to meet specific financial requirements.

### H HGB

Abbreviation for Handelsgesetzbuch (German Commercial Code). The financial statements of the parent company, ElringKlinger AG, are prepared in accordance with HGB.

### I IATF

Abbreviation for International Automotive Task Force. An “ad hoc” working group made up of representatives of mainly North American and European automotive manufacturers and industry associations. It works toward harmonizing standards to improve product quality for automotive customers.



## IFRS

Abbreviation for International Financial Reporting Standards. They contain accounting provisions for exchange-listed entities. The application of IFRS has been mandatory in the EU since January 2005. ElringKlinger has been reporting in accordance with IFRS since 2004.

## IPCEI

Abbreviation for Important Project of Common European Interest, a transnational undertaking that makes an important contribution to growth, employment, and competitiveness in Europe's industry and the European economy via government funding.

## ISO

Abbreviation for the International Organization for Standardization. As an international association of standardization organizations, it formulates standards in virtually all sectors and industries.

## M M&A

Abbreviation for "Mergers & Acquisitions." The term generally refers to a legal consolidation or amalgamation of two entities into one entity (merger), whereas an acquisition occurs when one entity takes ownership of another entity's stock, equity interests, or assets (acquisition). M&A encompasses all processes related to the transfer and encumbrance of ownership rights in companies, including the formation of corporate groups, the restructuring of corporate groups, mergers and transformations in the legal sense, squeeze-outs, the financing of corporate acquisitions, the establishment of joint ventures, the takeover of companies and, in the broader sense, the divestment of a business unit or a subsidiary.

## N Natural hedging

For the purpose of reducing transaction costs and risk, transactions leading to income and expenses of a foreign subsidiary can be made in the same currency, usually the local currency, as a form of natural hedge.

## Net debt

Net debt, also referred to as net financial liabilities, indicates the level of a company's debt if cash and cash equivalents were used to repay liabilities. Net debt is calculated from interest-bearing liabilities (mainly bank borrowings) less cash and cash equivalents (cash and cash equivalents and short-term securities).

## Net finance income/cost

Profit or loss arising from financial transactions, e.g., interest income and expenses, income and expenses attributable to investments, or income and expenses attributable to exchange rate differences. Net finance income or cost is a component of pre-tax earnings presented in the income statement.

## Net Working Capital

Net Working Capital (NWC) is a key performance indicator for measuring changes in liquidity. It is calculated based on inventories and trade receivables less trade payables.

## O Operating free cash flow

Operating free cash flow refers to the free funds available to a company for distribution. It is calculated by deducting cash flow for investments in property, plant, and equipment and intangible assets from net cash from operating activities. Cash flows relating to M&A activities and investments in financial assets are not included in operating free cash flow.

## Order intake

Order intake is the total of all customer orders and volumes requested as part of customer scheduling arrangements, i.e., call-offs, that have been received and recorded but have not yet resulted in revenue. To determine its key performance indicators in respect of orders (order intake and order backlog), the ElringKlinger Group uses the order book, in which customers' short-term orders are systematically recorded as part of their delivery schedules. These call-off orders refer to the period imme-

diately thereafter, but not to the nomination volume yet to be executed, some of which is long-term, over the respective (remaining) periods.

## P Purchase price allocation

Purchase price allocation (PPA) refers to the allocation of the price paid in the purchase of a company or an interest in a company to the individual identifiable assets and liabilities acquired as part of this transaction. As part of the formal procedure of consolidation within the Group, for example, it is possible to capitalize assets of an acquired entity, such as the customer base and order backlog, which would not otherwise qualify for capitalization in normal business. This leads to write-downs that have a dilutive effect on operating profit at Group level.

## R ROCE

Abbreviation for return on capital employed. ROCE measures a company's profitability and the efficiency with which its capital is employed. In this context, EBIT is divided by average capital employed. At ElringKlinger, capital employed includes shareholders' equity, financial liabilities, and provisions for pensions. The average value is calculated as the aggregate of the carrying amounts at the end of the reporting period of the previous year and the current year, divided by two. Similarly to ROCE, ROCE adjusted is calculated by dividing adjusted EBIT by average capital employed.

## S Scope 1–3 in accordance with the GHG Protocol

The concept of dividing emissions into Scope 1, 2, and 3 emissions comes from the Greenhouse Gas (GHG) Protocol. Scope 1 covers the direct release of greenhouse gases from within one's own company; Scope 2 relates to the indirect release of greenhouse gases by energy suppliers; and Scope 3 refers to the indirect release of greenhouse gases in the company's up- and downstream supply chain. The GHG Protocol is being coordinated by



the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

### Statement of cash flows

The statement of cash flows shows the calculations for the flow of funds generated by a company from operating, investing, and financing activities during the reporting period. The statement of cash flows helps determine the company's ability to generate cash and cash equivalents.

### Syndicated loan

A syndicated loan, also known as a syndicated bank facility, is financing offered by at least two lenders – referred to as a syndicate – who work together to provide funds for a single borrower. The focus of syndicated loans tends to be on large-scale financing. At the same time, syndicating the loan allows lenders to spread risk.

## Technology

### B Battery cells

Three different designs of cell are used in larger batteries: round cells, prismatic cells, and flat cells. Round cells (also known as cylindrical cells) and prismatic cells have a (robust) housing made from sheet metal or aluminum, while the housing of flat cells (also called coffee bag cells, film cells, or pouch cells) is made of film. The various cell types also look different: A round cell is shaped like a cylinder with a round base, while a prismatic cell has a square base.

### Bipolar plates

The key mechanical components in fuel cell stacks. Their function is to create an electrical interconnection between two cells. In other words, they transmit the electricity generated, supply the cells with hydrogen and oxygen, and distribute the coolant. The subsidiary EKPO Fuel Cell Technologies GmbH develops and manufactures metal bipolar plates. Among the technical requirements for these components are high-precision metal-forming

within the contact area (in the micrometer range), accurate, low-distortion laser welding of the cathode and anode plates, and suitable conductive and anti-corrosion coatings.

### C Cell contacting system

The cell contacting systems developed by ElringKlinger for lithium-ion batteries consist of cell connectors and a cell carrier in which the connectors are integrated as a robust laser-welded construction. Via the cell connectors, the individual battery cells are connected both in a row and parallel to one another. They act as conductors, absorb cell energy and contain sensors. The system consists of a control interface with thermal and electric monitoring.

### Cockpit cross-car beam

Structural component located behind the interior panel of the vehicle's cockpit; it supports elements such as the dashboard, steering column, heating modules, glove compartment, etc. Applying HFH technology (hydroformed hybrids), ElringKlinger manufactures cockpit cross-car beams as lightweight components. This involves producing so-called hybrid parts from polymer and metal materials by means of the hydroforming method and plastic injection molding in a single step. Similar structural components include front-end carriers, to which the headlights or other vehicle parts are fitted.

### E EDU

EDU stands for "electric drive unit," which is made up of three main modules: the power electronics, the transmission, and the electric motor. Among other things, all three modules are integrated into a drive system inside a single housing and need to work together perfectly in order to get a vehicle moving effectively. EDUs ensure dynamic handling and an enjoyable and comfortable driving experience while also delivering efficiency and cost savings in the overall system.

### Elastomer

Plastics/polymers can be divided into three main categories depending on their processing properties: thermoplasts, duroplasts, and elastomers. The distinctive feature of elastomers is that their shape can be changed temporarily through the application of pressure or stretching before they return to their original form (rubber). The final material varies depending on the raw materials, manufacturing process, and additives used. In the field of sealing technology, ElringKlinger utilizes its own elastomers that have been specially developed and optimized to meet individual customer requirements.

### Electromagnetic compatibility (EMC)

The ability of electrical equipment to operate in an electromagnetic environment without causing interference with the environment or other equipment.

### F Front-end carrier

See "Cockpit cross-car beam".

### Fuel cell

Converts chemical fuel energy into electrical energy to a highly effective degree. In order to perform this reaction, the cell requires oxygen and hydrogen. The hydrogen can also be obtained from a hydrocarbon-based fuel. This involves a so-called reformer providing the cell with hydrogen gas derived from diesel or natural gas, for example. Unlike batteries, fuel cells do not store energy, but rather convert it. The subsidiary EKPO Fuel Cell Technologies GmbH focuses on the development and production of components for PEM low-temperature fuel cells (see "PEM fuel cell"), which are of relevance to mobile applications.

### Fuel cell stack

In a fuel cell context, the term "stack" refers to a complete stack of individual fuel cells, including bipolar plates and retaining and connecting devices. To boost performance, the individual fuel cells are connected in series.



## H Hybrid drive

In the automotive industry, the term refers to the use of two different energy sources to drive a vehicle. This usually involves combining a combustion engine with an electric motor. Vehicles can be categorized according to the level of hybridization:

- Micro hybrids feature an automatic start-stop system and, additionally, a brake energy regeneration system to charge the starter battery.
- Mild hybrids have an electric drive that supports the combustion engine for more performance.
- Full hybrids deliver an output of 20 kW/t, which makes them capable of being propelled solely by an electric engine.
- Plug-in hybrids are comparable to full hybrids.
- An electric vehicle with an extended range (EREV) features an additional unit (a so-called range extender) that increases the range of the EREV.

## L Lithium-ion battery

Lithium-based batteries are rechargeable, durable, high-energy batteries with high energy density. They are primarily used in electric and hybrid vehicles. ElringKlinger develops and produces, among other products, modular cell contacting systems for such batteries.

## N New Energy Vehicle

In China, the term “New Energy Vehicle” (NEV) is used for vehicles powered partly or completely by an electric drive. The NEV category includes battery electric vehicles (BEVs), plug-in hybrids (PHEVs), and fuel cell electric vehicles (FCEVs).

## P PEM fuel cell

PEM stands for “Proton Exchange Membrane.” PEM fuel cells work at low temperatures of around 90° C and have a polymer membrane as their central element. In the synthetic reaction known as cold combustion, oxygen and hydrogen react with one another, aided by a catalyst, releasing electricity and causing water to form. The subsidiary EKPO Fuel Cell Technologies GmbH

develops and produces metallic bipolar plates for PEM fuel cells that are used in mobile applications such as passenger cars, trucks, ships, and off-road applications as well as in stationary solutions. Several hundred such plates are incorporated inside a cell stack.

## Polyamide

Polyamides are polymers (plastics) and usually refer to synthetic thermoplastics. ElringKlinger uses polyamides (e. g., PA6.6) in the production of lightweight plastic housing modules, for example.

## PTFE

Abbreviation for “polytetrafluoroethylene”. PTFE is a thermoplastic high-performance plastic – commonly known by the trade name Teflon – that has a very low coefficient of friction and is particularly resistant to most aggressive chemicals and external influences such as moisture and UV radiation. PTFE is resistant to temperatures as low as 200°C and only melts at over 320°C. With its modified material Moldflon®, which is registered as a trademark, ElringKlinger Engineered Plastics has an injection-moldable PTFE high-performance material with a wide range of potential applications, for instance in the field of medical technology.

## R Range Extender

A range extender is the name given to an auxiliary power unit inside an electric vehicle that increases the vehicle’s range. The most common types are combustion engines, which drive a generator that in turn powers the vehicle’s accumulator and electric motor.

## Rotor and Stator

In the electric motor, the rotor and stator ensure efficient operation thanks to their high packing density.

## T Thermal Propagation

Thermal propagation refers to a chain reaction following a thermal runaway of a single cell, causing neighboring cells to also under-

go a thermal runaway. The aim is to delay this process to a considerable extent or, ideally, to prevent it.

## Tier 1/Tier 2

Automotive companies that supply vehicle manufacturers (original equipment manufacturers, OEMs) directly are known as Tier 1 suppliers. These generally source some of their products from their own suppliers, which are then referred to as Tier 2 suppliers, Tier 3, and so on, reflecting their position in the supply chain. Most of ElringKlinger’s products go directly to vehicle manufacturers, making it a Tier 1 supplier.



# Imprint

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## Picture Credits

ElringKlinger, Midjourney/3st, Matthias Schmiedel

## Disclaimer – Forward-looking Statements and Forecasts

This report contains forward-looking statements. These statements are based on expectations, market evaluations and forecasts by the Management Board and on information currently available to them. In particular, the forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialize. Whilst the Management Board is confident that the statements as well as the opinions and expectations on which they are based are realistic, the aforementioned statements rely on assumptions that may conceivably prove to be incorrect. Future results and circumstances depend on a multitude of factors, risks and imponderables that can alter the expectations and judgments that have been expressed. These factors include, for example, changes to the general economic and business situation, variations of exchange rates and interest rates, poor acceptance of new products and services, and changes to business strategy.

ElringKlinger AG assumes no responsibility for data and statistics originating from third-party publications.

For reasons of sustainability, ElringKlinger no more publishes a print edition of its annual report. This Annual Report 2024 of the ElringKlinger Group is published as an online report and as a PDF file. Any printed copy is an offprint.

An online version as well as a pdf document of this annual report is available at:

<https://elringklinger.de/en/investor-relations/reportspresentations/financial-reports-pulse-magazine>



## Supplementary Notes

Due to rounding, some of the numbers and percentage figures specified in this document may differ from the actual values, particularly in the case of summation and percentage calculations. For the purpose of readability, we have not used gender specific forms of grammar when referring to general designations of people. Specific terms relate to all people irrespective of gender.

This report was published on March 27, 2025, and is available in German and English. Only the German version shall be legally binding.





# Key Figures

## ElringKlinger Group at a glance

|                        |  |             | 2024              | 2023              | 2022    | 2021    | 2020    | 2019    | 2018    |
|------------------------|--|-------------|-------------------|-------------------|---------|---------|---------|---------|---------|
| <b>Order Situation</b> | Order intake   | EUR million | 1,793.1           | 1,690.5           | 1,874.1 | 1,977.5 | 1,483.1 | 1,737.2 | 1,735.3 |
|                        | Order backlog  | EUR million | 1,158.6           | 1,305.2           | 1,461.9 | 1,386.2 | 1,033.1 | 1,030.3 | 1,020.1 |
| <b>Sales/Earnings</b>  | Sales revenue  | EUR million | 1,803.1           | 1,847.1           | 1,798.4 | 1,624.4 | 1,480.4 | 1,727.0 | 1,699.0 |
|                        | Cost of sales  | EUR million | 1,404.0           | 1,444.3           | 1,459.9 | 1,273.4 | 1,195.5 | 1,401.7 | 1,328.9 |
|                        | Gross profit margin  |             | 22.1%             | 21.8%             | 18.8%   | 21.6%   | 19.2%   | 18.8%   | 21.8%   |
|                        | EBITDA   | EUR million | 144.0             | 200.3             | 174.2   | 216.1   | 181.5   | 181.0   | 196.6   |
|                        | EBIT adjusted <sup>1</sup> (adjusted earnings before interest and taxes) | EUR million | 87.6              | 100.1             | 68.4    | 102.0   | 27.7    | 61.2    | 96.2    |
|                        | EBIT margin (adjusted) <sup>1</sup>                                      |             | 4.9%              | 5.4%              | 3.8%    | 6.3%    | 1.9%    | 3.5%    | 5.7%    |
|                        | Earnings before taxes  | EUR million | -150.0            | 53.2              | -56.1   | 100.8   | -13.6   | 41.7    | 81.4    |
|                        | Net income   | EUR million | -163.9            | 33.5              | -90.7   | 54.6    | -40.0   | 5       | 47.9    |
|                        | Net income attributable to shareholders of ElringKlinger AG              | EUR million | -137.8            | 39.3              | -89.1   | 55.7    | -40.8   | 4.1     | 43.8    |
|                        | Earnings per share   | EUR         | -2.18             | 0.62              | -1.41   | 0.88    | -0.64   | 0.06    | 0.69    |
| <b>Cash Flow</b>       | Net cash from operating activities                                       | EUR million | 168.0             | 129.7             | 101.3   | 156.1   | 217.8   | 277.6   | 91.6    |
|                        | Net cash from investing activities                                       | EUR million | -109.6            | -90.2             | -95.5   | -73.0   | -60.6   | -84.5   | -120.7  |
|                        | Net cash from financing activities                                       | EUR million | -59.2             | -39.7             | 5       | -106.8  | -155.8  | -103.8  | 30.0    |
|                        | Operating free cash flow <sup>2</sup>                                    | EUR million | 58.4              | 36.7              | 14.8    | 72.0    | 164.7   | 175.8   | -86.2   |
| <b>Balance Sheet</b>   | Balance sheet total  | EUR million | 1,759.3           | 2,008.2           | 2,046.6 | 2,090.0 | 1,963.1 | 2,146.5 | 2,079.7 |
|                        | Equity   | EUR million | 685.3             | 910.7             | 896.8   | 982.3   | 812.8   | 891.2   | 890.1   |
|                        | Equity ratio   |             | 39.0%             | 45.3%             | 43.8%   | 47.0%   | 41.4%   | 41.5%   | 42.8%   |
|                        | Net financial debt <sup>3</sup>  | EUR million | 245.9             | 323.2             | 364.2   | 369.2   | 458.8   | 595.3   | 723.5   |
|                        | Net debt-to-EBITDA ratio <sup>4</sup>                                    |             | 1.7               | 1.6               | 2.1     | 1.7     | 2.5     | 3.3     | 3.7     |
| <b>Key Figures</b>     | R&D ratio <sup>6</sup>   |             | 5.3%              | 5.2%              | 5.1%    | 5.1%    | 5.1%    | 4.7%    | 5.1%    |
|                        | ROCE (Return on Capital Employed)  |             | 6.7% <sup>5</sup> | 6.8% <sup>5</sup> | -2.7%   | 6.4%    | 1.7%    | 3.4%    | 5.5%    |
|                        | Return on equity after taxes   |             | -20.5%            | 3.7%              | -9.7%   | 6.1%    | -4.7%   | 0.6%    | 5.4%    |
|                        | Return on total assets after taxes                                       |             | -7.3%             | 2.9%              | -3.7%   | 3.1%    | -1.2%   | 1.2%    | 3.1%    |
| <b>Human Resources</b> | Employees (as at Dec. 31)  |             | 9,078             | 9,576             | 9,540   | 9,462   | 9,724   | 10,393  | 10,429  |

<sup>1</sup> Adjusted EBIT and adjusted EBIT margin shown since 2022; fiscal years 2018 to 2021 shown without adjustment items

<sup>2</sup> Net cash from operating activities and net cash from investing activities (adjusted by cash flows from acquisitions/divestments and from financial assets)

<sup>3</sup> Current and non-current financial liabilities less cash and less securities

<sup>4</sup> Net financial debt/EBITDA

<sup>5</sup> ROCE adjusted (calculated on the basis of adjusted EBIT; unadjusted ROCE at -11.5% in 2024 and 5.6% in 2023)

<sup>6</sup> Research and development cost (incl. capitalized development cost) in relation to group sales



## Financial Calendar 2025

March

27

Annual Results 2024,  
Annual Press Conference,  
Analysts' Meeting

May

08

Financial Results  
on the 1<sup>st</sup> Quarter of 2025

May

16

120<sup>th</sup> Annual General  
Shareholders' Meeting,  
Virtual event

August

06

Interim Report  
on the 2<sup>nd</sup> Quarter and  
1<sup>st</sup> Half of 2025

November

12

Financial Results  
on the 3<sup>rd</sup> Quarter and  
1<sup>st</sup> Nine Months of 2025

Changes to the above dates cannot be ruled out.

We therefore recommend visiting our website to check specific financial dates at [www.elringklinger.de/en/investor-relations/financial-calendar](https://www.elringklinger.de/en/investor-relations/financial-calendar).

For trade fairs please visit our websites:

<https://elringklinger.de/en/newsroom/trade-fair-dates-events>

<https://www.elringklinger-engineered-plastics.com/media/trade-fair-dates>

<https://www.elring.com/dates-events>

# ElringKlinger worldwide

Operating at 45 sites, the ElringKlinger Group has established a corporate presence in 19 countries. The company supplies almost all of the world's vehicle and engine manufacturers from around 37 production sites located around the globe.

Europe  
(excluding Germany)

**31.0%**

SHARE OF SALES

Germany

**22.7%**

SHARE OF SALES

North America

**25.3%**

SHARE OF SALES

Asia-Pacific

**15.3%**

SHARE OF SALES

South America  
and rest of world

**5.7%**

SHARE OF SALES



## EUROPE (excluding Germany)

- Gateshead (UK)
- Redcar (UK)
- Solihull (UK)
- Chamborêt (France)
- Nantiat (France)
- Poissy (France)
- Reus (Spain)
- Settimo Torinese (Italy)
- Kecskemét (Hungary)
- Timisoara (Romania)
- Bursa (Turkey)

## GERMANY

- Dettingen/Erms
- Bietigheim-Bissingen
- Geretsried-Gelting
- Heidenheim
- Langenzenn
- Lenningen
- Mönchengladbach
- Neuffen
- Rottenburg/Neckar
- Runkel
- Thale

## ASIA-PACIFIC

- Changchun (China)
- Chongqing (China)
- Qingdao (China)
- Suzhou (China)
- Tianjin (China)
- Saitama (Japan)
- Takasaki/Gunma (Japan)
- Tokio (Japan)
- Gumi (South Korea)
- Ranjangaon (India)
- Bangkok (Thailand)
- Karawang (Indonesia)

## NORTH AMERICA

- Leamington (Canada)
- Easley (South Carolina, USA)
- Fort Wayne (Indiana, USA)
- Fremont (California, USA)
- Plymouth (Michigan, USA)
- San Antonio (Texas, USA)
- Southfield (Michigan, USA)
- Wilmington (Delaware, USA)
- Toluca (Mexico)

## SOUTH AMERICA AND REST OF WORLD

- Piracicaba (Brazil)
- Alberton (South Africa)

As at December 31, 2024



**ElringKlinger AG**  
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(Germany)