Notes to the Consolidated Financial Statements

for the Financial Year 2023

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 19, 2022. 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 prupose 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, 2023, have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB) 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 IAS, IFRS and IFRIC mandatory for the financial year 2023 have been observed.

On March 26, 2024, the Management Board of ElringKlinger AG submitted the consolidated financial statements for approval by the Supervisory Board, which also convenes on March 26, 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 2023 for the first time:

IFRS pronouncement (published on)	Title	To be applied for financial years beginning on or after
IFRS 17 Insurance Contracts and amendments to IFRS 17 (May 2017/June 2020)	Insurance Contracts and amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 (February 2021)	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8 (February 2021)	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 (May 2021)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	January 1, 2023

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
Incorporated in European law		
Amendments to IFRS 16	Lease Liability in a Sale	January 1, 2024
Amendments to IAS 1 (January/July 2020)	Classification of Liabilities as Current or Non-current	January 1, 2024
Incorporation in European law still outstanding		**Endorsement expected**
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

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.

ElringKlinger, after performing a review, 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

The consolidated financial statements of ElringKlinger AG as of December 31, 2023, include the annual financial statements of 7 (2022: 7) domestic and 34 (2022: 33) 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, is recorded as an associate in non-current group assets, 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%. As of December 31, 2023, 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,
- Elring Klinger Motortechnik GmbH, Idstein/Germany.

The shares in ElringKlinger Logistic Service GmbH, with registered office in Rottenburg/Neckar/Germany, increased from 96.00% to 100% due to the acquisition of non-controlling interests.

By resolution of the shareholders' meeting held on March 1, 2021, EK Fuel Cell Technologies GmbH, with registered office in Dettingen/Erms/Germany, was renamed into EKPO Fuel Cell Technologies GmbH, with registered office in Dettingen/Erms/Germany. In addition, the French automotive supplier Plastic Omnium, with registered office in Levallois/France, acquired 40% of the share capital as of March 1, 2021, reducing the shares held by ElringKlinger AG in the company from 100% to 60%. ElringKlinger also contributed its fuel cell technology portfolio to the company as part of a non-cash contribution. Plastic Omnium, in turn, agreed to contribute EUR 100,000 k to the company, EUR 30,000 k of which was paid at the closing of the transaction. In the past financial year 2023, another EUR 20,000 k (2022: EUR 30,000 k) were paid, the unpaid contribution is recognized at present value in other assets.

With the exception of the new formation of EKPO Fuel Cell Technologies US, Inc., with registered office in Fort Wayne/USA, there were no other changes in the basis of consolidation compared to the consolidated financial statements as of December 31, 2022.

An overview of the 41 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, 2023

Name of company	Registered office	Share of capital in %
Parent company		
ElringKlinger AG	Dettingen/Erms/Germany	
Shares in affiliated companies (fully consolidated in the consolidated financial statements)		
Domestic (Germany)		
Gedächtnisstiftung KARL MÜLLER BELEGSCHAFTSHILFE GmbH	Dettingen/Erms/Germany	100.00
Elring Klinger Motortechnik GmbH	Idstein/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

Name of company	Registered office	Share of capital in %
Shares in affiliated companies (fully consolidated in the consolidated financial statements)		
Foreign		
ElringKlinger Switzerland AG	Sevelen/Switzerland	100.00
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
ElringKlinger Canada, Inc.	Leamington/Canada	100.00
ElringKlinger Holding USA, Inc.	Buford/USA	100.00
ElringKlinger USA, Inc.[1]	Buford/USA	100.00
ElringKlinger Automotive Manufacturing, Inc.[1]	Southfield/USA	100.00
ElringKlinger Manufacturing Indiana, Inc.[1]	Fort Wayne/USA	100.00
ElringKlinger Silicon Valley, Inc.[1]	Fremont/USA	100.00
ElringKlinger Texas, LLC[1]	San Antonio/USA	100.00
Elring Klinger México, S.A. de C.V.	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.[2]	Buford/USA	77.50
ElringKlinger Engineered Plastics (Qingdao) Co., Ltd.[2]	Qingdao/China	77.50
ElringKlinger Marusan Corporation[3]	Tokyo/Japan	50.00
Marusan Kogyo Co., Ltd.[4]	Tokyo/Japan	23.45
PT. ElringKlinger Indonesia[5]	Karawang/Indonesia	50.00
ElringKlinger (Thailand) Co., Ltd.[5]	Bangkok/Thailand	50.00
EKPO Fuel Cell Technologies US, Inc.[6]	Fort Wayne/USA	60.00
EKPO Fuell Cell (Suzhou) Co., Ltd.[6]	Suzhou/China	60.00

Shares in associates (accounted for using the equity method in the consolidated financial statements)		
Domestic (Germany)		
hofer AG	Nürtingen/Germany	24.71

[1] Wholly owned subsidiary of ElringKliner Holding USA, Inc.
[2] Wholly owned subsidiary of ElringKlinger Kunststofftechnik GmbH.
[3] Consolidated due to contractual possibility of exercising control.
[4] 46.9% subsidiary of ElringKlinger Marusan Corporation, consolidated due to majority of voting rights.
[5] Wholly owned subsidiary of ElringKlinger Marusan Corporation.
[6] Wholly owned subsidiary of EKPO Fuel Cell Technologies GmbH.

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 Engineered Plastics (Qingdao) Commercial 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 2023 is EUR 1,989 k (2022: EUR 2,657 k).

A dividend of EUR 3,375 k (2022: EUR 3,037 k) was distributed to the subgroup's non-controlling interests in the financial year 2023.

Cash flow of the subgroup

EUR k	2023	2022
Operating activities	9,221	14,001
Investing activities	-6,028	-4,443
Financing activities	-2,811	-8,035
Changes in cash	**382**	**1,523**
Effects of currency exchange rates on cash	**-271**	**-62**

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	2023	2022
Non-current assets	58,716	58,824
Current assets	66,656	73,691
Non-current liabilities	13,795	13,531
Current liabilities	19,695	19,907
Sales revenue	123,508	125,289
Earnings before taxes (EBT)	12,187	16,572
Net income	**8,839**	**11,809**
Total comprehensive income	**7,805**	**14,264**

Further detailed information

EUR k	2023	2022
Cash and cash equivalents	**5,088**	**4,978**
Cash in hand	2	6
Bank deposits	5,086	4,972
Non-current financial liabilities	**953**	**1,206**
Current financial liabilities	**384**	**382**
Interest income	**427**	**484**
Interest expenses	**435**	**183**
Depreciation and amortization	**6,203**	**6,698**

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 2022 is EUR -7,690 k (2022: EUR -5,500 k).

Cash flow of the subgroup
EUR k

	2023	2022
Operating activities	-15,906	-9,235
Investing activities	-19,869	-19,594
Financing activities	34,013	29,076
Changes in cash	**-1,762**	**247**
Effects of currency exchange rates on cash	**-240**	**-3**

Summarized key financial information of the subgroup
EUR k

	2023	2022
Non-current assets	80,344	86,085
Current assets	49,614	46,565
Non-current liabilities	14,706	14,578
Current liabilities	14,745	13,409
Sales revenue	15,031	11,327
Earnings before taxes (EBT)	-17,691	-12,777
Net income	**-19,226**	**-13,750**
Total comprehensive income	**-19,154**	**-13,120**

Further detailed information
EUR k

	2023	2022
Cash and cash equivalents	**11,334**	**13,335**
Cash in hand	0	0
Bank deposits	11,334	13,335
Non-current financial liabilities	**6,307**	**7,217**
Current financial liabilities	**992**	**932**
Interest income	**398**	**345**
Interest expenses	**176**	**91**
Depreciation and amortization	**5,814**	**4,047**

Newly formed companies 2023

EKPO Fuel Cell Technologies US, Inc., with registered office in Fort Wayne/USA, a wholly owned subsidiary of EKPO Fuel Cell Technologies GmbH, with registered office in Dettingen/Erms/Germany, was formed with effect as of June 15, 2023. ElringKlinger AG holds 60% of the controlling interests in EKPO Fuel Cell Technologies GmbH, Dettingen/Erms/Germany, with its subsidiaries EKPO Fuel Cell (Suzhou) Co., Ltd. and EKPO Fuel Cell Technologies US, Inc. (EKPO subgroup). The non-controlling interests amount to 40%.

Divestitures 2023

No divestitures were made.

Name changes 2022

With effect from June 22, 2022, ElringKlinger Abschirmtechnik (Schweiz) AG, with registered office in Sevelen/Switzerland, was renamed ElringKlinger Switzerland AG, with registered office in Sevelen/Switzerland.

Newly formed companies 2022

EKPO Fuel Cell (Suzhou) Co., Ltd., with registered office in Suzhou/China, a wholly owned subsidiary of EKPO Fuel Cell Technologies GmbH, with registered office in Dettingen/Erms/Germany, was formed with effect from June 29, 2022. ElringKlinger AG holds 60% of the controlling interests in EKPO Fuel Cell Technologies GmbH, Dettingen/Erms/Germany, with its subsidiary EKPO Fuel Cell (Suzhou) Co., Ltd. (EKPO subgroup). The non-controlling interests amount to 40%.

Divestitures 2022

No divestitures were made.

Spin-offs 2022

As of July 1, 2022, assets and liabilities of ElringKlinger Italia Srl, with registered office in Settimo Torinese/Italy, were partially spun-off to Elring Italia Srl, with registered office in Settimo Torinese/Italy, as part of universal succession.

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, depreciated, 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 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 period 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:

		Closing rate		Average rate	
Currency	Abbr.	Dec. 31, 2023	Dec. 31, 2022	2023	2022
US dollar (USA)	USD	1.10500	1.06660	1.08285	1.04998
Pound sterling (UK)	GBP	0.86905	0.88693	0.86880	0.85482
Franc (Switzerland)	CHF	0.92600	0.98470	0.97166	1.00170
Canadian dollar (Canada)	CAD	1.46420	1.44400	1.46195	1.37036
Real (Brazil)	BRL	5.36180	5.63860	5.39402	5.40514
Peso (Mexico)	MXN	18.72310	20.85600	19.06578	21.05364
RMB (China)	CNY	7.85090	7.35820	7.68393	7.07435
WON (South Korea)	KRW	1,433.66000	1,344.09000	1,420.12250	1,354.16083
Rand (South Africa)	ZAR	20.34770	18.09860	20.04102	17.21273
Yen (Japan)	JPY	156.33000	140.66000	153.17583	138.13917
Forint (Hungary)	HUF	382.80000	400.87000	380.57417	393.11083
Turkish lira (Turkey)	TRY	32.65310	19.96490	26.25843	17.45661
Leu (Romania)	RON	4.97560	4.94950	4.95140	4.93403
Indian rupee (India)	INR	91.90450	88.17100	89.43426	82.71542
Indonesian rupiah (Indonesia)	IDR	17,079.71000	16,519.82000	16,482.53083	15,639.00667
Bath (Thailand)	THB	37.97300	36.83500	37.71792	36.80008
Swedish krona (Sweden)	SEK	11.09600	11.12180	11.48422	10.65713

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 1,859.38 as of December 31, 2023 (December 31, 2022: 1,128.45) and is published by the Turkish Statistical Institute (Tüik). The resulting change in the index value for the financial year amounted to 1.648. 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, 2023.

Accounting and measurement methods

Goodwill

Goodwill is attributable to cash-generating units (segments) as follows:

EUR k	2023	2022
Original Equipment	72,770	72,789
Engineered Plastics	6,313	6,313
Aftermarket	1,658	1,658
Total	**80,741**	**80,760**

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% (2022: 0%).

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, 2023 was the WACC before taxes of 10.41% (2022: 10.40%). 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, an increase in sales revenue and a related continuously positive margin development are expected. The ramp-up of the large-scale orders won for series production in the area of new technologies contributes to the planned growth.

In the financial year 2023, the Original Equipment segment was in particular directly affected by persistently high raw material, energy and transport costs, and the comparatively high level of inflation as well as further exceptional factors. The budget target was therefore not reached despite increases in sales revenue compared to the previous year.

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 strategy of the Management Board is still to capture further market share, to increase sales revenue and to implement margin improvements. Therefore, in the planning period it was assumed that margin improvements can also be realized with rising sales and the margins will again be higher than the margins of the peer group. Furthermore, ElringKlinger is expecting changes in demand arising from the transformation of the automotive industry, which may prove beneficial. The impairment test of goodwill of the Original Equipment segment performed as of December 31, 2023 did not result in any need to recognize impairment.

In the prior year, the significant increase in the interest level in the second quarter of 2022 was a triggering event for an impairment test as of June 30, 2022. This impairment test resulted in a need to recognize an impairment loss on goodwill of EUR 86,078 k in the Original Equipment segment, which was recognized under other operating expenses. The recoverable amount determined corresponds to the value in use of EUR 1,087.6 million. This was chiefly influenced by the increase in the weighted average cost of capital (WACC) before taxes applied for discounting to 10.44% as of June 30, 2022 (2021: 9.81%). Furthermore, the tense situation on the energy and commodities market, which had been taken into account in the updated planning, affected the calculation of impairment.

The value in use, determined on the basis of the aforementioned assumptions, exceeds the carrying amount as of December 31, 2023 by about EUR 206.6 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 1.13 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 1.20 percentage points would have the same effect.

Engineered Plastics

The Engineered Plastics segment in its planning still assumes an increase in sales revenue and a constant positive margin development, among other things, due to the very positive market response, the successful development in the past financial years as well as the new market potential resulting from trends in connection with the transformation of the automotive industry and miniaturization, robotics and sensor systems.

The impairment test of goodwill for the Engineered Plastics segment did not result in any need to recognize an impairment.

Aftermarket

The planning of the Aftermarket segment also assumes an increase in sales revenue and the related constant positive margin development. The planned growth is to be realized through further expansion of business relationships with existing and new 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 10 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.

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, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs.

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 the latter case, the entity continues to recognize the 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 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 uncollectible 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 liability on which the obligation 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 nickel and currency derivatives at ElringKlinger AG, with registered office in Dettingen/Erms/Germany, as well as for the commodities electricity and gas at ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH, with registered office in Bietigheim-Bissingen/Germany, and at ElringKlinger Hungary Kft., with registered office in Kecskemét-Kádafalva/Hungary.

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 the average amortized 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 liquid funds, cash in hand, checks, bank deposits as well as short-term deposits with an original term of less than three months. 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 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 development 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 in the period they are received and are reported as other operating income.

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 2023 was 5.22% (2022: 2.76%). Borrowing costs of EUR 335 k were capitalized in the financial year (2022: EUR 431 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.

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%.

Hungary and Switzerland are among the most important jurisdictions in which this tax can be levied. On the basis of an analysis as at Dec. 31, 2023, less than 1% of the Group’s taxable profits should be subject to this tax, which are currently taxed at the average effective tax rate of 9% and 14.5% applicable to these profits. These disclosures are based on the profits and tax expenses determined as part of the preparation of the consolidated financial statements, taking into account only certain adjustments that would have been required in applying the legal requirements, in particular regarding deferred taxes on loss carryforwards not qualified for capitalization. The analysis was based on the most recent figures of the issued country-by-country reporting. Since not all adjustments that would have been required under the legislation were made, the actual effect that the legislation would have had on the consolidated result had it already been in force for the financial year ending December 31, 2023 may differ materially.

The Parent continues to examine the impact of the legislation on the Pillar 2 provisions on the Group’s future performance.

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. Provisions for potential additional payments and penalties from US import duties stem from the assessment of lawyers and the Management Board on the basis of scenario analyses.

The estimates regarding the realization of future tax benefits are based on calculations by external consultants.

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 2023 was also characterized by a high degree of uncertainty and volatility. The war in Ukraine continues and the conflict in the Middle East has flared up again. An escalation of the situation can neither be excluded in the Middle East nor in Eastern Europe. In addition, there are further tensions and armed conflicts worldwide, such as in parts of North and West Africa or at the southern entry to the Red Sea. New conflicts can also arise in the South China Sea. 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, 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.

In addition to geopolitical risks, there are risks related to economic development, as the global vehicle markets will as a rule develop along the same lines. 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 – can make the central banks respond by raising the interest rates to contain inflation; however, this would also dampen economic growth. Therefore, there is a risk of recession in many regions around the world. Irrespective of this, it cannot be ruled out that a pandemic similar to the COVID-19 pandemic will repeat itself.

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 can be described as very low.

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.

However, as part of the profound transformation process, the customer structure is also 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 currently pursues business relationships with customers that fall into the above category. It 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. All in all, the risk of default can be deemed very low.

Climate change is leading to demands for stricter legislation in the transport sector and sustainable mobility. In addition to time limits for new registrations of vehicles with combustion engines, many countries have enacted emissions regulations or the registration of such vehicles in recent years. Manufacturers therefore need to transform their product portfolio toward electromobility. At the same time, countries are promoting new drive technologies.

With regard to future technologies, ElringKlinger operates in the areas of both battery and fuel cell technology. 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.

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_2 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, EKPO Fuel Cell Technologies GmbH received grants of 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 a new opportunity for the Group to develop new technologies and thus tap into new markets. In the financial year 2023, ElringKlinger AG received grants of EUR 1,997 k (2022: EUR 3,292 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. 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	2023	2022
Lightweighting/Elastomer Technology	579,979	575,200
Metal Sealing Systems & Drivetrain Components	497,752	496,573
Metal Forming & Assembly Technology*	284,579	293,213
E-Mobility	48,334	42,372
Exhaust Gas Purification	1,119	4,023
Others	115	44
Segment Original Equipment	**1,411,878**	**1,411,425**
Segment Original Equipment	1,411,878	1,411,425
Segment Aftermarket	300,101	250,870
Segment Engineered Plastics	132,266	132,620
Sale of goods and licensing	**1,844,245**	**1,794,915**
Sale of goods	1,844,245	1,794,915
Revenue from the rendering of services	2,875	3,496
Revenue from contracts with customers	**1,847,120**	**1,798,411**
Revenue from contracts with customers	1,847,120	1,798,411
Income from rental and leasehold	0	19
Total	**1,847,120**	**1,798,430**

* Name change as of January 1, 2023; includes former Shielding Technology business unit

Breakdown by geographical markets:

EUR k	2023	2022
Revenue from contracts with customers	366,282	365,907
Income from rental and leasehold	0	19
Total Germany	**366,282**	**365,926**
Revenue from contracts with customers	1,480,838	1,432,504
Income from rental and leasehold	0	0
Total other countries	**1,480,838**	**1,432,504**
Total	**1,847,120**	**1,798,430**

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 (33) Segment reporting.

Contract balances

EUR k	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	246,908	264,854
Contract assets	13,318	8,912
Contract liabilities	16,302	14,938

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
As of Jan. 1, 2022	**9,396**	**16,736**
Revenue that was included in the contract liability balance at the beginning of the reporting period		16,024
Reclassification of contract assets reported at the beginning of the reporting period to trade receivables	8,591	
Additions from payments received less amounts reported as sales revenue in the reporting period		14,226
Additions from performance completed not yet billed in the reporting period	8,107	
As of Dec. 31, 2022	**8,912**	**14,938**
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	
As of Dec. 31, 2023	**13,318**	**16,302**

Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of December 31, 2023 are as follows:

EUR k	Dec. 31, 2023	Dec. 31, 2022
Within one year	2,594	840
In more than one year	10,168	0

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 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 a location in Germany.

Cost of sales includes:

EUR k	2023	2022
Cost of materials	826,020	825,692
Personnel expenses	384,044	378,721
Depreciation and amortization	96,405	116,128
Amortization of costs to fulfill a contract	2,433	2,381
Other expenses	135,412	137,011
Total	**1,444,314**	**1,459,933**

3. Selling expenses

Compared to 2022, selling expenses increased by EUR 12,342 k to EUR 152,362 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 2022, general and administrative expenses increased by EUR 137 k to EUR 90,314 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 2022, research and development costs declined by EUR 755 k to EUR 68,976 k. Development costs of EUR 27,069 k (2022: EUR 22,034 k) were capitalized in the financial year 2023.

6. Other operating income

EUR k	2023	2022
Government grants	5,488	4,011
Reimbursements from third parties	2,062	2,193
Income from the disposal of non-current assets	1,809	1,360
Other taxes (excl. income tax)	697	273
Reversal of impairments on trade receivables	380	2,697
Insurance reimbursements/claims reimbursements	361	2,488
Other	7,087	5,195
Total	**17,884**	**18,217**

The item Other also includes rental income and a reimbursement claim from a customer agreement.

7. Other operating expenses

EUR k	2023	2022
Losses from the disposal of non-current assets	6,642	1,000
Other taxes (excl. income tax)	5,831	5,783
Other fees	4,396	1,991
Impairments on intangible assets and property, plant and equipment	5,680	86,078
Expenditures for claims	1,201	1,327
Defaults on receivables	522	395
Impairments on trade receivables	365	-3
Recognition of provisions/deferred liabilities	124	19
Selling costs for machinery	21	167
Other	1,351	2,262
Total	**26,133**	**99,019**

The item Losses from the disposal of non-current assets includes the loss from the sale of a part of a land of ElringKlinger AG of EUR 2,685 k.

The item Other fees includes expenses incurred in connection with receivables sold.

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. ElringKlinger continues to use the equity method to account for its share in hofer AG in the consolidated financial statements. The following table provides summarized financial information of the Group's investment in hofer AG.

EUR k	2023	2022
Non-current assets	54,946	51,881
Current assets	40,204	53,398
Non-current liabilities	36,211	43,414
Current liabilities	23,342	27,387
Net assets	**35,597**	**34,478**
Group share 24.71%	9,044	8,520
Goodwill	13,432	13,432
Accumulated impairment previous years	-9,810	-9,810
Impairment current year	-2,080	0
Carrying amount of the Group's share	**10,586**	**12,142**
Sales revenue	86,873	103,304
Comprehensive income for the financial year	**2,119**	**-7,414**
thereof other comprehensive income	-115	1,084
Group share in profit/loss	**524**	**-1,832**
Dividends received	**0**	**0**

As of December 31, 2023, the associate had contingent liabilities of EUR 232 k (2022: EUR 508 k) and liabilities to banks of EUR 8,527 k (2022: EUR 11,342 k).

9. Net finance costs

EUR k	2023	2022
Finance income		
Income from currency differences	22,030	30,522
Interest income	3,301	1,481
Other	1,588	2,485
Total finance income	**26,919**	**34,488**
Finance costs		
Expenses from currency difference	-20,483	-31,225
Interest expenses	-29,582	-16,041
Other	-3,946	-171
Total finance costs	**-54,011**	**-47,437**
Expenses from associates	-2,638	-884
Income from associates	0	0
Share of result of associates	**-2,638**	**-884**
Net finance costs	**-29,730**	**-13,833**

Of the interest expenses, an amount of EUR 4,384 k (2022: EUR 1,592 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 1,969 k (2022: EUR 1,077 k) resulted from the roll-forward of lease liabilities. Borrowing costs for qualifying assets in the amount of EUR 335 k were capitalized in the reporting year (2022: EUR 431 k); this represents a corresponding improvement in the result.

The expenses from associates contain the roll-forward of the carrying amount through profit or loss of EUR -2,638 k (2022: EUR -884 k).

Other finance costs contain expenses of EUR 1,332 k (2022: other finance income of EUR 363 k) due to the subsequent measurement of a liability contained in other current liabilities resulting from the written put option on non-controlling interests of ElringKlinger Marusan Corporation, with registered office in Tokyo/ Japan.

Furthermore, other finance income includes the gain from the net monetary position from the hyperinflation in Turkey of EUR 1,537 k (2022: EUR 2,119 k).

10. Income taxes

Income taxes break down as follows:

EUR k	2023	2022
Current tax expense	20,204	34,566
Deferred taxes	-509	80
Tax expense reported	**19,695**	**34,646**

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 29.1% (2022: 29.1%). Foreign taxation is calculated at the rates applicable in the countries concerned and ranges between 9.0% and 34.7% (2022: between 9.0% and 34.7%). The average foreign tax rate is 24.6% (2022: 24.3%).

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 based on the accounting policies above.

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 25.4% (2022: 25.2%) and the income tax expense actually reported.

EUR k	2023	2022
Earnings before taxes	53,175	-56,064
Expected tax rate	**25.37%**	**25.16%**
Expected tax expenses	**13,490**	**-14,106**
Change in the expected tax expense due to:		
Non-deductible operating expenses	5,918	10,499
Tax-free income	-5,777	-1,041
Other permanent differences	415	13,126
Difference in basis of assessment of local taxes	-110	-54
Use of non-capitalized or forfeiture of capitalized tax loss carryforwards	-9,424	2,754
Write-up/write-down of capitalized tax loss carryforwards (relating to other periods)	-3,069	-2,926
Addition to uncapitalized tax loss carryforwards	14,985	9,229
Write-downs and write-ups of temporary differences	6	7,645
Taxes relating to other periods	-3,016	1,268
Deferred taxes relating to other periods	3,336	-207
Deviations due to changes in tax rate	-728	5,549
Deviations on account of withholding taxes	3,153	3,010
Other effects	516	-100
Tax expense reported	**19,695**	**34,646**
Actual tax rate	**37.0%**	**-61.8%**

Retained earnings of EUR 52,453 k (2022: EUR 53,277 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 2,639 k (2022: EUR 2,513 k) and has been recorded as a deferred tax liability. Further retained earnings of domestic and foreign subsidiaries of EUR 84,276 k (2022: EUR 42,302 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 18,020 k (2022: EUR 10,307 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 business planning projects sufficient profits in subsequent years. As of the reporting date, deferred tax assets of EUR 308 k (2022: EUR 43 k) were recognized at those group companies that incurred losses in the reporting or prior period. No deferred tax assets were recognized in respect of tax loss carryforwards amounting to EUR 331,728 k (2022: EUR 329,259 k) and on temporary differences of EUR 19 k (2022: EUR 19,751 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, 2023	Dec. 31, 2022
Loss carryforwards are forfeited within		
One year	787	0
Two years	8,457	8,951
Three years	5,577	11,436
Four years	7,750	15,462
Five years	6,650	23,347
More than five years	35,470	71,005
Non-forfeitable	267,037	199,058
Total	**331,728**	**329,259**

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.

	Deferred tax assets		Deferred tax liabilities	
EUR k	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Intangible assets	605	677	26,422	20,095
Property, plant and equipment	13,486	10,299	52,894	56,066
Financial assets	109	278	0	0
Other non-current assets	4,194	5,635	306	515
Inventories	4,883	5,241	37	0
Current contract assets	0	0	810	1,731
Trade receivables	733	744	799	1,095
Other current assets	1,426	347	837	3,011
Cash and cash equivalents	0	0	0	0
Provisions for pensions	14,648	13,093	49	19
Non-current provisions	1,727	2,459	0	0
Non-current financial liabilities	7,234	11,031	0	27
Other non-current liabilities	1,189	1,348	6,786	6,593
Current provisions	9,470	8,837	30	3
Trade payables	3,896	2,933	1,388	132
Current contract liabilities	80	0	0	0
Current financial liabilities	5,471	7,804	24	24
Other current liabilities	5,131	6,777	624	457
Deferred taxes associated with shares in subsidiaries	0	0	2,639	2,513
Deferred tax assets	18,020	10,307	0	0
Deferred tax liabilities	381	212	0	0
Total	**92,683**	**88,022**	**93,645**	**92,281**
Offsetting deferred tax assets against deferred tax liabilities	-67,794	-68,499	-67,794	-68,499
Recognized in the statement of financial position	**24,889**	**19,523**	**25,851**	**23,782**

Deferred taxes totaling EUR 1,720 k (2022: EUR -12,021 k) were recognized in other comprehensive income. Of this amount, EUR 1,687 k (2022: EUR -11,853 k) relates to pension provisions and EUR 33 k (2022: EUR -168 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:

	2023	2022
Profit/loss attributable to the shareholders of ElringKlinger AG (EUR k)	39,313	-89,110
Average number of shares	63,359,990	63,359,990
Earnings per share in EUR	**0.62**	**-1.41**

Disclosures on the group statement of financial position

12. Intangible assets

EUR k	Development costs (internally generated)	Goodwill (purchased)	Patents, licenses, software and similar rights (purchased)	Intangible assets under construction (internally generated)	Total
Acquisition/Manufacturing cost as of Jan. 1, 2023	**88,180**	**180,590**	**54,169**	**108**	**323,047**
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
As of Dec. 31, 2023	**115,446**	**180,463**	**53,974**	**111**	**349,994**
Acquisition/Manufacturing cost as of Jan. 1, 2023	**28,778**	**99,830**	**47,621**	**0**	**176,229**
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
As of Dec. 31, 2023	**33,740**	**99,722**	**48,381**	**0**	**181,843**
Net carrying amount as of Dec. 31, 2023	**81,706**	**80,741**	**5,593**	**111**	**168,151**

EUR k	Development costs (internally generated)	Goodwill (purchased)	Patents, licenses, software and similar rights (purchased)	Intangible assets under construction (internally generated)	Total
Acquisition/Manufacturing cost as of Jan. 1, 2022	**69,139**	**178,737**	**54,187**	**327**	**302,390**
Adjustments from hyperinflationary economies (IAS 29)	0	0	1	0	1
Acquisition/Manufacturing cost as of Jan. 1, 2022	**69,139**	**178,737**	**54,188**	**327**	**302,391**
Currency changes	959	1,853	74	0	2,886
Additions	22,034	0	515	-116	22,433
Reclassifications	0	0	110	-103	7
Disposals	3,952	0	718	0	4,670
As of Dec. 31, 2022	**88,180**	**180,590**	**54,169**	**108**	**323,047**
Acquisition/Manufacturing cost as of Jan. 1, 2022	**26,993**	**13,580**	**46,233**	**0**	**86,806**
Adjustments from hyperinflationary economies (IAS 29)	0	0	1	0	1
Acquisition/Manufacturing cost as of Jan. 1, 2022	**26,993**	**13,580**	**46,234**	**0**	**86,807**
Currency changes	960	172	68	0	1,200
Additions	3,507	0	1,904	0	5,411
Impairment	1,270	86,078	0	0	87,348
Reclassifications	0	0	0	0	0
Disposals	3,952	0	585	0	4,537
As of Dec. 31, 2022	**28,778**	**99,830**	**47,621**	**0**	**176,229**
Net carrying amount as of Dec. 31, 2022	**59,402**	**80,760**	**6,548**	**108**	**146,818**

In the 2023 financial year, as part of the IPCEI initiative, grants of EUR 7,297 k (2022: EUR 1,858 k) were deducted from the carrying amount of development costs (net method).

The impairment testing of intangible assets indicated a need to for impairment losses of EUR 941 k (2022: EUR 87,348 k), which was recognized in the reporting year. Impairment losses of EUR 941 k (2022: EUR 1,270 k) were recognized on discontinued development projects in the Original Equipment segment.

Purchase commitments to acquire intangible assets amounted to EUR 201 k as of December 31, 2023 (December 31, 2022: EUR 280 k). All amortization of intangible assets is contained in the following line items in the income statement:

EUR k	2023	2022
Cost of sales	4,209	3,896
Selling expenses	81	100
General and administrative expenses	1,016	1,149
Research and development costs	135	266
Total	**5,441**	**5,411**

13. Property, plant and equipment

EUR k	Land and buildings	Plant and machinery	Other equipment, furniture and fixtures	Property, plant and equipment under construction	Total
Acquisition/Manufacturing cost as of Jan. 1, 2023	**614,101**	**1,307,835**	**241,104**	**69,966**	**2,233,006**
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
As of Dec. 31, 2023	**607,856**	**1,320,698**	**248,479**	**63,885**	**2,240,918**
Depreciation as of Jan. 1, 2023	**203,196**	**936,460**	**174,244**	**13,329**	**1,327,229**
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
As of Dec. 31, 2023	**215,712**	**973,580**	**180,316**	**13,329**	**1,382,937**
Net carrying amount as of Dec. 31, 2023	**392,144**	**347,118**	**68,163**	**50,556**	**857,981**
Acquisition/Manufacturing cost as of Jan. 1, 2022	**595,194**	**1,272,587**	**232,560**	**65,935**	**2,166,276**
Adjustments from hyperinflationary economies (IAS 29)	2,589	1,756	409	0	4,754
Acquisition/Manufacturing cost as of Jan. 1, 2022	**597,783**	**1,274,343**	**232,969**	**65,935**	**2,171,030**
Currency changes	6,034	16,832	444	172	23,482
Additions	9,741	22,336	15,491	34,639	82,207
Reclassifications	7,261	18,927	4,544	-30,738	-6
Disposals	6,718	24,603	12,344	42	43,707
As of Dec. 31, 2022	**614,101**	**1,307,835**	**241,104**	**69,966**	**2,233,006**
Depreciation as of Jan. 1, 2022	**181,720**	**879,383**	**166,592**	**0**	**1,227,695**
Adjustments from hyperinflationary economies (IAS 29)	440	946	230	0	1,616
Depreciation as of Jan. 1, 2022	**182,160**	**880,329**	**166,822**	**0**	**1,229,311**
Currency changes	1,723	8,899	186	0	10,808
Additions	23,470	66,970	17,292	0	107,732
Impairment	91	2,328	163	13,329	15,911
Reclassifications	0	0	0	0	0
Write-ups	0	0	0	0	0
Disposals	4,248	22,066	10,219	0	36,533
As of Dec. 31, 2022	**203,196**	**936,460**	**174,244**	**13,329**	**1,327,229**
Net carrying amount as of Dec. 31, 2022	**410,905**	**371,375**	**66,860**	**56,637**	**905,777**

The impairment testing of property, plant and equipment indicated a need to recognize impairment losses for individual items in an amount of EUR 5,680 k (2022: EUR 15,911 k), which was recognized in the reporting year. Of this amount, impairment losses of EUR 1,621 k (2022: EUR 15,911 k) relate to discontinued customer projects in the Original Equipment segment. In addition, changes in demand expectations in connection with the transformation process in the automotive industry led to lower cash flow forecasts at a foreign plant defined as a cash-generating unit in the Original Equipment segment and thus to impairment losses of EUR 4,059 k. The expected cash flows of the cash-generating unit are derived from the business planning and comprise the detailed planning period until 2028. A growth rate of 1% was assumed for the determination of the terminal value. The value in use amounts to EUR 69,246 k and the capital cost rate is 8.17%.

In December 2023, the Group generated a purchase price of EUR 3,425 k (2022: EUR 2,330 k) from the sale of a part of a land of ElringKlinger AG. The loss from the disposal of non-current assets amounts to EUR 2,685 k (2022: gain from the disposal of non-current assets of EUR 899 k).

Purchase commitments to acquire property, plant and equipment amounted to EUR 30,632 k as of December 31, 2023 (December 31, 2022: EUR 17,168 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
Acquisition/Manufacturing cost as of Jan. 1, 2023	**79,332**	**182**	**17,768**	**97,282**
Currency changes	-54	-4	97	39
Additions	1,580	46	5,342	6,968
Disposals	11,843	0	4,029	15,872
As of Dec. 31, 2023	**69,014**	**224**	**19,179**	**88,417**
Depreciation as of Jan. 1, 2023	**34,434**	**90**	**8,828**	**43,352**
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
As of Dec. 31, 2023	**35,793**	**142**	**10,365**	**46,300**
Net carrying amount as of Dec. 31, 2023	**33,221**	**82**	**8,814**	**42,117**

EUR k	Land and buildings	Plant and machinery	Other equipment, furniture and fixtures	Total
Acquisition/Manufacturing cost as of Jan. 1, 2022	**74,563**	**1,509**	**16,653**	**92,725**
Adjustments from hyperinflationary economies (IAS 29)	0	0	14	14
Acquisition/Manufacturing cost as of Jan. 1, 2022	**74,563**	**1,509**	**16,667**	**92,739**
Currency changes	1,958	1	210	2,169
Additions	6,240	14	6,698	12,952
Disposals	3,429	1,342	5,807	10,578
As of Dec. 31, 2022	**79,332**	**182**	**17,768**	**97,282**
Depreciation as of Jan. 1, 2022	**25,967**	**858**	**8,535**	**35,360**
Adjustments from hyperinflationary economies (IAS 29)	0	0	7	7
Depreciation as of Jan. 1, 2022	**25,967**	**858**	**8,542**	**35,367**
Currency changes	531	0	86	617
Additions	10,419	536	4,518	15,473
Disposals	2,483	1,304	4,318	8,105
As of Dec. 31, 2022	**34,434**	**90**	**8,828**	**43,352**
Net carrying amount as of Dec. 31, 2022	**44,898**	**92**	**8,940**	**53,930**

For further comments on leases, please refer to notes (28), (29) and (30) in the notes to the consolidated financial statements.

14. Financial assets

EUR k	Non-current securities	Other financial investments	Total
Acquisition cost as of Jan. 1, 2023	**1,732**	**12,006**	**13,738**
Currency changes	-19	0	-19
Additions	14	640	654
Changes in value	-1	0	-1
Disposals	0	0	0
As of Dec. 31, 2023	**1,726**	**12,646**	**14,372**
Amortization, depreciation and impairment as of Jan. 1, 2023	**205**	**0**	**205**
Currency changes	-3	0	-3
Additions	0	2,575	2,575
Write-ups	-51	0	-51
As of Dec. 31, 2023	**151**	**2,575**	**2,726**
Net carrying amount as of Dec. 31, 2023	**1,575**	**10,071**	**11,646**
Fair value Dec. 31, 2023	1,575	10,071	
Acquisition cost as of Jan. 1, 2022	**1,603**	**14,008**	**15,611**
Currency changes	-4	0	-4
Additions	248	358	606
Changes in value	-111	-360	-471
Disposals	4	2,000	2,004
As of Dec. 31, 2022	**1,732**	**12,006**	**13,738**
Amortization, depreciation and impairment as of Jan. 1, 2022	**79**	**0**	**79**
Additions	0	0	0
Impairment	129	0	129
Write-ups	-3	0	-3
As of Dec. 31, 2022	**205**	**0**	**205**
Net carrying amount as of Dec. 31, 2022	**1,527**	**12,006**	**13,533**
Fair value Dec. 31, 2022	1,529	12,006	

Of the non-current securities, EUR 947 k (2022: EUR 1,070 k) is pledged in full to secure pension claims.

Other financial investments contain an investment in a minority interest of EUR 4,069 k (2022: EUR 5,311 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 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, other 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 (2022: EUR 1,111 k) was made in the financial year 2023. The promissory note represents a portion of the compensation that ElringKlinger receives for licensing. The fair value amounts to EUR 3,825 k (2022: EUR 4,877 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 2,161 k as of the reporting date (2022: EUR 1,803 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 other 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 1,051 k (2022: EUR 431 k) and refund claims from indirect taxes of ElringKlinger do Brasil Ltda., with registered office in Piracicaba/Brazil, of EUR 1,413 k (2022: EUR 932 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, 2023, the carrying amount of costs to fulfill a contract decreased to EUR 5,348 k (December 31, 2022: EUR 6,137 k).

17. Non-current and current contract assets

As of December 31, 2023, the carrying amount of the contract assets rose to EUR 13,318 k (December 31, 2022: EUR 8,912 k) on account of new customer-related matters. No significant events for impairment were identified.

18. Inventories

EUR k	Dec. 31, 2023	Dec. 31, 2022
Raw materials, consumables and supplies	145,252	147,435
Work in progress	79,867	75,283
Finished goods and merchandise	202,998	186,144
Prepayments	8,159	5,090
Total	**436,276**	**413,952**

Impairments of EUR 17,252 k were recognized on inventories due to market risks and obsolescence (2022: EUR 21,412 k). Impairments of inventories are recognized in cost of sales.

19. Trade receivables, current income tax refund claims and other current assets

For trade receivables, valuation allowances of EUR 1,746 k (2022: EUR 1,815 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 current assets are presented in the table below:

EUR k	2023	2022
As of Jan. 1	1,815	4,799
Additions	509	398
Reversal/utilization including change of risk parameters (IFRS 9)	-665	-3,494
thereof change of risk parameters (IFRS 9)	*-631*	*-2,883*
Exchange rate effects	87	112
As of Dec. 31	**1,746**	**1,815**

The reversal of the impairment loss is largely attributable to the change in the risk parameter of EUR - 631 k (2022: EUR -2,883 k). In the past financial year, a risk provision of EUR 365 k was recognized for customers facing insolvency (2022: EUR 398 k).

As of December 31, 2023, trade receivables with a carrying amount of EUR 72,008 k (2022: EUR 72,918 k) were sold as part of an ABCP program (Asset Backed Commercial Papers). More information can be found in note (28) Hedging policy and financial instruments.

In the reporting period, receivables which are currently being enforced with a carrying amount of EUR 365 k (2022: EUR 398 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% – 0.15%	Lifetime expected credit loss	52,727
Medium creditworthiness	BBB – B	0.16% – 5.97%	Lifetime expected credit loss	194,980
Low creditworthiness	CCC – C	5.98% – 50.00%	Lifetime expected credit loss	0
Default	D	50.01% – 100.00%	Write-down of asset	947
Risk provision pursuant to IFRS 9				1,746
Total				**246,908**

Current income tax refund claims mainly contain the income tax refund claims of ElringKlinger AG, with registered office in Dettingen/Erms/Germany, of EUR 14,473 k (2022: EUR 273 k) and of ElringKlinger México, S.A. de C.V., with registered office in Toluca/Mexico, of EUR 3,086 (2022: EUR 2,507 k).

Other current assets contain tax receivables from VAT and other taxes of EUR 16,784 k (2022: EUR 13,741 k), time deposits and securities of EUR 12,983 k (2022: EUR 19,310 k) and other receivables from third parties including claims from the sale of receivables of EUR 61,653 k (2022: EUR 72,013 k). Other receivables from third parties contain the short-term portion of the outstanding contribution measured at present value from Plastic Omnium of EUR 19,912 k (2022: EUR 19,943 k), financial assets of EUR 4,881 k (2022: EUR 4,228 k), other assets from factoring of EUR 2,526 k (2022: EUR 15,944 k), prepaid expenses of EUR 10,097 k (2022: EUR 8,393 k) and prepayments of EUR 2,923 k (2022: EUR 9,853 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, 2023 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 shareholder 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.

Other 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 2023, 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 2022.

Net retained profits of EUR 10,600 k are disclosed for the financial year 2023. The Management Board and the Supervisory Board will propose to the Annual General Meeting on the 2023 annual financial statements on May 16, 2024, 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-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.

23. 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 and the group company in Switzerland, 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 31,747 k (2022: EUR 28,928 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 towards 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 pension plans of the Swiss group company insure employees against the economic consequences of old age, disability and death. The pension benefits not covered by plan assets are covered by employer's pension liability insurance. No shortfall can arise from an agreement on an insured pension fund.

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, 2023	Dec. 31, 2022
Discount rate (vesting period)	2.84%	3.31%
Discount rate (pension period)	2.76%	3.30%
Expected salary increases	2.94%	3.03%
Future pension increases	1.66%	1.67%

The changes in the present value of the defined benefit obligation are as follows:

EUR k	2023	2022
Present value of pension benefits as of Jan. 1	**130,512**	**173,620**
Current service cost	2,527	3,679
Plan participant contributions	1,272	1,927
Interest expense	4,384	1,592
Disbursements/utilization	-6,968	-9,027
Actuarial gains/losses	6,634	-42,682
Past service cost	-102	0
Currency differences	1,132	1,167
Other changes	91	236
Present value of pension benefits as of Dec. 31	**139,482**	**130,512**
of which (partially) covered by plan assets	35,514	33,156
of which not covered	103,968	97,356

The average weighted term of the defined benefit obligation is 14 years (2022: 14 years). Actuarial gains and losses arise from the following effects:

EUR k	2023	2022
Effects from changes in financial assumptions	8,383	-49,649
Effects from changes in demographic assumptions	-99	-5
Effects from other experience-based adjustments	-1,650	6,972
Actuarial gains/losses	**6,634**	**-42,682**

The table below shows the changes to the plan assets over the course of the financial year:

EUR k	2023	2022
Fair value as of Jan. 1	**33,156**	**32,924**
Interest income	952	220
Employer contributions	1,668	1,908
Plan participant contributions	1,272	1,927
Benefit payments	-2,372	-5,049
Actuarial gains/losses	-432	188
Currency effects	1,270	1,038
Fair value as of Dec. 31	**35,514**	**33,156**

Plan assets comprise insurance claims. The plan assets and present values of defined benefit obligations are allocated to key countries as follows:

EUR k	2023	2022
Present value of pension benefits as of Dec. 31		
Germany	106,648	101,026
Switzerland	27,502	23,981
Other	5,332	5,505
Present value of pension benefits as of Dec. 31	**139,482**	**130,512**
Fair value of plan assets as of Dec. 31		
Germany	12,256	11,801
Switzerland	22,138	20,117
Other	1,120	1,238
Fair value of plan assets as of Dec. 31	**35,514**	**33,156**

The actual return on plan assets amounts to EUR 520 k (2022: EUR 408 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 5,577 k (2022: EUR 4,724 k). The future payments from pension obligations are as follows:

EUR k	2023	2022
For the next twelve months	5,577	4,724
Between one and five years	18,636	17,807
More than five years	232,644	243,599

The following amounts are reported in the income statement for defined benefit plans:

EUR k	2023	2022
Current service cost	2,527	3,679
Net interest expenses	3,432	1,372
Past service cost	-102	0
Administrative expenses plan assets	12	14
Total pension expense	**5,869**	**5,065**

Net interest expenses comprise interest expenses of EUR 4,384 k (2022: EUR 1,592 k) as well as interest income from plan assets of EUR 952 k (2022: EUR 220 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	2023	2022
Actuarial gains (–) and losses (+) recognized in other comprehensive income	-7,065	-42,870
Deferred taxes on actuarial gains (–) and losses (+) recognized under other comprehensive income	1,687	11,853

The amount of the Group’s obligation as reported on the statement of financial position is derived as follows:

EUR k	2023	2022
Present value of the pension obligation	139,482	130,512
Fair value of plan assets	35,514	33,156
Reported pension provision	103,968	97,356

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 DBO of EUR 9,108 k (2022: EUR 8,239 k)/EUR 10,170 k (2022: EUR 9,189 k).

A 0.5% increase/decrease in future salary increases would lead to an increase/decrease in the DBO of EUR 2,615 (2022: EUR 1,698 k)/EUR 2,473 (2022: EUR 1,740 k).

A change in future pension developments of +0.25%/-0.25% would lead to an increase/decrease in the DBO of EUR 6,638 k (2022: EUR 3,415 k)/EUR 6,114 k (2022: EUR 3,271 k).

24. Other provisions

Other provisions can be broken down as follows:

EUR k	Dec. 31, 2023	Dec. 31, 2022
Current provisions	50,939	66,072
Non-current provisions	23,713	17,758
Total	**74,652**	**83,830**

Current provisions:

EUR k	Personnel obligations	Warranty obligations	Contingent losses from onerous contracts	Litigation costs	Other risks	Total
As of Dec. 31, 2022	**18,597**	**19,949**	**15,829**	**2,735**	**8,962**	**66,072**
Currency changes	144	-246	143	-42	-150	-151
Utilization	15,895	2,888	8,583	724	495	28,585
Reversal	2,690	15,713	6,610	809	786	26,608
Unwinding of the discount/ discounting	122	0	0	0	0	122
Additions	7,712	17,894	12,436	0	1,584	39,626
Reclassifications	493	-59	0	0	29	463
As of Dec. 31, 2023	**8,483**	**18,937**	**13,215**	**1,160**	**9,144**	**50,939**

Current warranty obligations are counterbalanced by insurance reimbursement claims of EUR 16 k (2022: EUR 362 k). They are reported under other current assets. The reversals of provisions for warranty obligations mainly relate to companies in Germany, Mexico and China. The reversals of provisions for contingent losses from onerous contracts primarily results from American companies.

Provisions for other risks cover, among other things, the risk of a customs duty audit in the US of EUR 6,947 k (2022: EUR 7,197 k).

Non-current provisions:

EUR k	Personnel obligations	Warranty obligations	Other risks	Total
As of Dec. 31, 2022	**16,074**	**4**	**1,680**	**17,758**
Currency changes	46	0	28	74
Utilization	1,391	0	46	1,437
Reversal	2,269	0	98	2,367
Unwinding of the discount/discounting	365	-182	-17	166
Additions	1,254	8,220	512	9,986
Reclassifications	-493	55	-29	-467
As of Dec. 31, 2023	**13,586**	**8,097**	**2,030**	**23,713**

Personnel provisions are recognized, among others, for partial retirement, long-term service benefits and similar obligations.

Other risks relate to a variety of identifiable individual risks and uncertain obligations, which have been accounted for in the amount of their likely occurrence.

25. Non-current and current financial liabilities

EUR k	Domestic (Germany)	Foreign	Total Dec. 31, 2023	Domestic (Germany)	Foreign	Total Dec. 31, 2022
Overdrafts	39,836	2,631	42,467	44,901	1,412	46,313
Lease liabilities with a residual term of up to one year	5,655	9,809	15,464	5,690	11,215	16,905
Financial liabilities with a residual term of up to one year	103,489	6,291	109,780	3,230	6,975	10,205
Current financial liabilities	**148,980**	**18,731**	**167,711**	**53,821**	**19,602**	**73,423**
Lease liabilities with a residual term of more than one year and up to five years	5,368	11,480	16,848	7,588	14,177	21,765
Financial liabilities with a residual term of more than one year and up to five years	99,776	150,535	250,311	233,514	152,726	386,240
Lease liabilities with a residual term of more than five years	6,274	8,794	15,068	9,334	11,894	21,228
Financial liabilities with a residual term of more than five years	0	0	0	0	0	0
Non-current financial liabilities	**111,418**	**170,809**	**282,227**	**250,436**	**178,797**	**429,233**
Total	**260,399**	**189,540**	**449,938**	**304,257**	**198,399**	**502,656**

Lease liabilities from IFRS 16 are described in more detail in note (28) Hedging policy and financial instruments.

The average interest rates were:

in %	Dec. 31, 2023	Dec. 31, 2022
Overdrafts:		
Domestic	5.29	5.42
Foreign	3.23	3.30
Financial liabilities:		
Domestic: up to one year	2.82	4.21
Domestic: more than one year and up to five years	2.75	1.39
Domestic: more than five years	–	0.65
Foreign: up to one year	4.92	5.04
Foreign: more than one year and up to five years	2.38	3.97
Foreign: more than five years	–	–

Fixed interest rates have been agreed for financial liabilities amounting to EUR 189,831 k (2022: EUR 181,264 k).

Land charges on company land with a carrying amount of EUR 50,643 k (2022: EUR 126,528 k) are recognized as collateral. The secured liabilities amounted to EUR 21,598 k (2022: EUR 25,761 k) as of December 31, 2023.

As of December 31, 2023, the Group had unused committed lines of credit amounting to EUR 303,400 k (2022: EUR 232,644 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 157,800 k had been drawn as of December 31, 2023 (2022: EUR 244,300 k).

26. 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, 2023, the carrying amount of contract liabilities came to EUR 16,302 k (December 31, 2022: EUR 14,938 k). The increase in current contract liabilities in the financial year 2023 was mainly due to the rise in prepayments received on account of orders of EUR 1,511 k. Non-current contract liabilities decreased by EUR 138 k.

27. 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, 2023, there were trade payables of EUR 216,931 k (2022: EUR 224,102 k). This included EUR 4,772 k (2022: EUR 1,891 k) for which ElringKlinger Group has concluded reverse factoring agreements. EUR 3,400 k (2022: EUR 1,800 k) of this was actually utilized.

Other current liabilities to third parties contain financial liabilities of EUR 79,077 k (2022: EUR 71,750 k).

As of December 31, 2023, government grants of EUR 5,239 k (2022: EUR 5,427 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 341 k (2022: EUR 188 k) of the deferred item was released through profit or loss. The release takes place in cost of sales.

28. 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 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, 2023 EUR k Local currency	EUR	USD	MXN	HUF	CHF	Other	Total
Local currency +10%							
Consolidated net income/net loss for the year	-17,092	10,416	2,827	2,496	697	1,028	372
Local currency -10%							
Consolidated net income/net loss for the year	22,175	-10,416	-2,827	-2,496	-697	-1,028	4,711

Dec. 31, 2022 EUR k Local currency	EUR	USD	CHF	GBP	MXN	Other	Total
Local currency +10%							
Consolidated net income/net loss for the year	-32,638	6,226	5,249	1,969	1,402	2,288	-15,504
Local currency -10%							
Consolidated net income/net loss for the year	34,613	-6,226	-5,249	-1,969	-1,402	-2,288	17,479

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, 2023 (2022: 100 basis points), earnings for the period/equity would have been EUR 2,022 k (2022: EUR 2,758 k) lower. Had market interest rates been 100 basis points lower, earnings for the period/equity would have been EUR 522 k (2022: EUR 396 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. In order to mitigate fluctuations in the purchase prices of raw materials, ElringKlinger has concluded hedging transactions for nickel. 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. As of the reporting date, there were nine nickel hedging transactions for 10 metric tons nickel per nickel hedging transaction. Each of these hedging transactions respectively ends at the end of a month until September 30, 2024.

Had the market value of nickel been 10% higher as of December 31, 2023, earnings for the period/equity would have been EUR 245 k (2022: EUR 0 k) lower. Had the market value been 10% lower, earnings/equity would have been EUR 512 k (2022: EUR 0 k) higher.

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 creditworthiness 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.

As of December 31, 2023, trade receivables with a carrying amount of EUR 72,008 k (2022: EUR 72,918 k) were sold. They were derecognized with the exception of the continuing involvement of EUR 2,172 k (2022: EUR 2,039 k). A corresponding liability was recognized in the same amount. In connection with the provisional withholding of variable reserves, other current assets of EUR 2,526 k (2022: EUR 15,944 k) are reported as of December 31, 2023. The year-on-year decrease is attributable to the recollateralization of the variable reserves. In addition, customer payments received for receivables sold, which have not yet been passed on to the purchaser of the receivables, of EUR 26,026 k (2022: EUR 22,902 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 25,708 k (2022: EUR 24,748 k) are secured by credit insurance policies.

Allowances are also recognized in respect of identifiable individual risks. The maximum risk exposure from trade receivables corresponds to the carrying amount of these receivables asof 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 liabilities	Financial liabilities	Liabilities from IFRS 16	Derivatives	Other current liabilities	Total
As of Dec. 31, 2023						
Carrying amount	**216,931**	**402,558**	**47,380**	**0**	**79,077**	**745,696**
Expected cash outflows:	**216,931**	**402,558**	**61,272**	**653**	**79,077**	**760,491**
– 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 one year	3,858	107,813	10,631	0	53,611	175,913
– between one and five years	5,450	250,311	24,787	0	0	280,548
– more than five years	1	0	22,311	0	0	22,312

EUR k	Trade liabilities	Financial liabilities	Liabilities from IFRS 16	Derivatives	Other current liabilities	Total
As of Dec. 31, 2022						
Carrying amount	**224,102**	**442,757**	**59,898**	**0**	**71,750**	**798,507**
Expected cash outflows:	**224,102**	**442,757**	**72,321**	**0**	**71,750**	**810,930**
– up to one month	139,243	45,651	1,322	0	0	186,216
– between one and three months	80,882	6,199	2,643	0	17,902	107,626
– between three months and one year	2,554	4,667	11,894	0	53,848	72,963
– between one and five years	1,271	386,240	28,809	0	0	416,320
– more than five years	152	0	27,653	0	0	27,805

Further disclosures on financial liabilities are provided in note (25).

29. 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:

EUR k	Cash and cash equivalents CA	Trade receivables CA	Other current assets CA
As of Dec. 31, 2023			
Financial assets measured at amortized cost	113,712	246,908	17,864
Financial assets measured at fair value through profit or loss	0	0	19,912
Financial assets measured at fair value through other comprehensive income	0	0	0
Total	**113,712**	**246,908**	**37,776**
As of Dec. 31, 2022			
Financial assets measured at amortized cost	119,103	264,854	23,538
Financial assets measured at fair value through profit or loss	0	0	19,943
Financial assets measured at fair value through other comprehensive income	0	0	0
Total	**119,103**	**264,854**	**43,481**

The following table shows the carrying amounts (CA) and fair values (FV) of financial liabilities:

EUR k	Other current liabilities CA	Current financial liabilities CA	Short-term lease liabilities IFRS 16* CA	Trade payables CA
As of Dec. 31, 2023				
Financial liabilities measured at amortized cost	79,077	152,247	15,464	216,931
Financial liabilities measured at fair value through profit or loss	0	0	n/a	0
As of Dec. 31, 2022				
Financial liabilities measured at amortized cost	71,750	56,517	16,905	224,102
Financial liabilities measured at fair value through profit or loss	0	0	0	0

* 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.

	Derivatives	Non-current securities		Other financial investments		Total
	CA	CA	FV	CA	FV	CA
	0	1,362	1,362	8	8	379,854
	516	0	0	10,055	10,055	30,483
	0	213	213	8	8	221
	516	**1,575**	**1,575**	**10,071**	**10,071**	**410,558**
	0	1,311	1,313	8	8	408,814
	172	0	0	11,990	11,990	32,105
	0	216	216	8	8	224
	172	**1,527**	**1,529**	**12,006**	**12,006**	**441,143**

	Derivatives		Non-current financial liabilities		Long-term lease liabilities IFRS 16*	Total
	CA	FV	CA	FV	CA	CA
	0	0	250,311	214,324	31,916	745,946
	9,719	9,719	0	0	n/a	9,719
	0	0	386,240	243,542	42,993	798,507
	11,888	11,888	0	0	0	11,888

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 12,983 k (December 31, 2022: EUR 19,310 k) as well as the short-term portion of the outstanding contribution measured at present value from Plastic Omnium of EUR 19,912 k (2022: EUR 19,943 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 39,434 k (December 31, 2022: EUR 38,102 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 8.37% (2022: 8.20%). A 10% change in the business value causes the put option to increase/decrease by approximately EUR 3,943 k (December 31, 2022: EUR 3,810 k).

Equity instruments of the measurement category recognized at fair value through other comprehensive income:

EUR k	Fair value Dec. 31, 2023	Fair value Dec. 31, 2022
Non-current securities	213	216
Other financial investments	8	8
Total	**221**	**224**

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, 2023:

EUR k	Level 1	Level 2	Level 3
Dec. 31, 2023			
Financial assets			
Non-current securities	213	0	0
Other financial investments	8	0	10,055
Derivatives*	0	516	0
Total	**221**	**516**	**10,055**
Financial liabilities			
Derivatives*	0	9,719	0
Total	**0**	**9,719**	**0**

EUR k	Level 1	Level 2	Level 3
Dec. 31, 2022			
Financial assets			
Non-current securities	216	0	0
Other financial investments	8	0	11,990
Derivatives*	0	172	0
Total	**224**	**172**	**11,990**
Financial liabilities			
Derivatives*	0	11,888	0
Total	**0**	**11,888**	**0**

*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, 2023:

EUR k	Level 1	Level 2	Level 3
Dec. 31, 2023			
Financial assets			
Non-current securities	1,362	0	0
Other financial investments	0	0	8
Total	**1,362**	**0**	**8**
Financial liabilities			
Non-current financial liabilities	0	214,324	0
Purchase price liability from written put option	0	0	39,434
Total	**0**	**214,324**	**39,434**
Dec. 31, 2022			
Financial assets			
Non-current securities	1,313	0	0
Other financial investments	0	0	8
Total	**1,313**	**0**	**8**
Financial liabilities			
Non-current financial liabilities	0	243,542	0
Purchase price liability from written put option	0	0	38,102
Total	**0**	**243,542**	**38,102**

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) of the minority interest in Aerostack GmbH, Dettingen/Erms/Germany of EUR 4,069 k (2022: EUR 5,311 k) is determined using a discounted cash flow model taking account of probability-weighted scenarios. The WACC applied for the valuation is 10.83% (2022: 10.40%). Assuming a successful implementation of the business planning, the terminal value is determined by applying a terminal growth rate (TGR) of 2.0% (2022: 2.0%). The WACC and TGR sensitivities calculated for the parameters are presented in the following table:

		+0.5% points	-0.5% points
WACC	10.83%	11.33%	10.33%
Equity value	4,069	3,439	4,793
		+0.5% points	**-0.5% points**
TGR	2.00%	2.50%	1.50%
Equity value	4,069	4,241	3,917

The fair value of the bullet, interest-free, non-fungible or non-transferable promissory note to this company with a nominal amount of EUR 4,356 k (2022: EUR 5,689 k) 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 7.18% (2022: 7.65%). The fair value amounts to EUR 3,825 k (2022: EUR 4,877 k). An increase or decrease in cost of debt of 0.5% results, all other things being equal, in a fair value of EUR 3,792 k or EUR 3,858 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.

The liabilities of fair value level 3 developed as follows:

EUR k	2023	2022
As of Jan. 1	**38,102**	**38,465**
Change in fair value	1,332	-363
As of Dec. 31	**39,434**	**38,102**

Net gains/losses on financial instruments:

EUR k	2023	2022
Recognized at fair value through profit or loss*	2,703	-11,718
Financial assets measured at amortized cost	-3,245	-578
Financial liabilities measured at amortized cost	7,673	8,540

* 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 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	2023	2022
Total interest income	2,251	1,140
Total interest expense	-24,856	-13,662

30. Leases

The following amounts are reported in the income statement for leases:

EUR k	2023	2022
Cost of sales		
Expenses relating to short-term leases	1,825	1,498
Expenses from small ticket leases	305	196
Other expenses from leases (ancillary costs)	110	149
Depreciation		
Depreciation of right-of-use assets	13,545	15,473
Net finance costs		
Interest expenses from lease liabilities	1,969	1,077

Information on expected cash outflows is contained in note (28) Hedging policy and financial instruments.

31. 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, 2023 as compared to December 31, 2022.

EUR million	2023	2022
Equity	**910.7**	**896.8**
as % of total capital	45.35%	43.82%
Non-current liabilities	443.7	579.9
Current liabilities	653.8	569.8
Liabilities	**1,097.5**	**1,149.7**
as % of total capital	54.65%	56.18%
Total capital	**2,008.2**	**2,046.5**

The change in equity from December 31, 2022 to December 31, 2023 was primarily due to the net profit for the period. Debt declined year on year by 1.53%.

At 45.35%, the group equity ratio exceeded 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, 2023 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 2023.

32. 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 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.

Changes in liabilities from financing activities:

EUR k	Non-current financial liabilities	Current financial liabilities
Dec. 31, 2022	**429,233**	**73,423**
Changes in cash	-143,908	92,403
Exchange rate differences	-3,098	-393
Non-cash changes*	0	2,278
Dec. 31, 2023	**282,227**	**167,711**
Dec. 31, 2021	**357,109**	**135,521**
Changes in cash	72,423	-83,191
Exchange rate differences	9,199	130
Non-cash changes*	-9,498	20,963
Dec. 31, 2022	**429,233**	**73,423**

*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	2023	2022
Repayment for lease liabilities (cash flow from financing activities)	13,546	15,473
Interest paid (cash flow from operating activities)	1,969	1,077
Short-term or small ticket leases (cash flow from operating activities)	2,129	1,694
Total	**17,644**	**18,244**

33. Segment reporting

The organizational and internal reporting structure 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 6,621 k (2022: EUR 103,388 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	
EUR k	2023	2022	2023	2022	2023	2022
External revenue	**1,411,878**	**1,411,425**	**300,101**	**250,870**	**132,266**	**132,620**
Intersegment revenue	34,221	27,616	0	0	121	155
Segment revenue	**1,446,099**	**1,439,041**	**300,101**	**250,870**	**132,387**	**132,775**
EBIT[1]	**378**	**-111,026**	**71,374**	**50,239**	**16,119**	**19,709**
Adjustments	9,285	110,416	591	222	470	0
Adjusted EBIT[2]	**9,663**	**-610**	**71,965**	**50,461**	**16,589**	**19,709**
Adjusted EBIT margin	0.7%	0.0%	23.9%	20.1%	12.5%	14.9%
Depreciation and amortization[3]	103,850	100,872	3,392	2,989	6,772	6,902
Capital expenditures[4]	94,134	92,421	4,053	6,046	6,312	5,040
Segment assets	1,712,569	1,759,216	165,729	156,920	136,058	142,918

Segment	Other		Consolidation		Group	
EUR k	2023	2022	2023	2022	2023	2022
External revenue	**2,875**	**3,515**	**0**	**0**	**1,847,120**	**1,798,430**
Intersegment revenue	14,459	11,560	-48,801	-39,331	0	0
Segment revenue	**17,334**	**15,075**	**-48,801**	**-39,331**	**1,847,120**	**1,798,430**
EBIT[1]	**-4,966**	**-1,153**	**0**	**0**	**82,905**	**-42,231**
Adjustments	6,884	0	0	0	17,230	110,638
Adjusted EBIT[2]	**1,918**	**-1,153**	**0**	**0**	**100,135**	**68,407**
Adjusted EBIT margin	66.7%	-32.8%	0.0%	0.0%	5.4%	3.8%
Depreciation and amortization[3]	2,105	2,381	0	0	115,419	113,144
Capital expenditures[4]	1,439	1,132	0	0	105,938	104,639
Segment assets	17,322	29,755	-23,501	-42,229	2,008,177	2,046,580

[1] Earnings before interest and income taxes
[2] Adjusted for impairment on goodwill, impairment on non-current assets, restructurings and restructuring-related charges as well as other non-operating effects
[3] Depreciation and amortization
[4] Capital expenditures in intangible assets and property, plant and equipment

Segment reporting by region

Region EUR k		Sales revenues[1]	Non-current assets	Investments
Germany	2023	366,282	445,568	70,701
	2022	365,926	442,807	56,961
Rest of Europe	2023	580,851	230,112	10,659
	2022	526,619	227,492	8,580
North America	2023	481,983	208,720	15,302
	2022	462,844	221,870	24,483
Asia-Pacific	2023	320,954	154,686	6,674
	2022	354,483	177,159	12,678
South America and rest of world	2023	97,050	18,129	2,602
	2022	88,558	16,870	1,937
Group	**2023**	**1,847,120**	**1,057,215[2]**	**105,938**
	2022	**1,798,430**	**1,086,198[2]**	**104,639**

[1] The location of the customer is used to determine allocation of sales revenue to the regions.
[2] This includes financial assets of EUR 11,646 k (2022: EUR 13,533 k).

34. 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	2023	2022
EBIT	**82,905**	**-42,231**
Impairment	4,008	103,260
thereof impairment on goodwill	0	87,349
Restructuring	2,764	6,544
Other non-operating effects	10,458	834
Adjusted EBIT	**100,135**	**68,407**
Adjusted EBIT margin	*5.4%*	*3.8%*

ROCE for the Group

EUR k	2023	2022
EBIT	**82,905**	
Equity	910,680	896,833
Financial liability	449,938	502,656
Pension provision	103,968	97,356
Total	**1,464,586**	**1,496,845**
Average capital employed	**1,480,716**	
ROCE*	**5.6%**	

* EBIT/average capital employed

Operating free cash flow

EUR k	2023	2022	Change in absolute terms
Cash flow from operating activities	**129,701**	**101,282**	**28,419**
Proceeds from disposals of property, plant and equipment and intangible assets	6,004	5,215	789
Payments to acquire intangible assets	-27,757	-22,432	-5,325
Payments to acquire property, plant and equipment	-71,212	-69,255	-1,957
Operating free cash flow	**36,736**	**14,810**	**21,926**

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, 2023	Dec. 31, 2022
Up to one year	13,196	21,254
More than one year and up to five years	6,791	306
More than five years	0	336
Total	**19,987**	**21,896**

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 1,652 k (2022: EUR 1,068 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, 2023	Dec. 31, 2022
Up to one year	752	984
More than one year and up to five years	1,915	2,899
More than five years	8	8
Total	**2,675**	**3,891**

Contingent assets and liabilities

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. A tax amount of EUR 8,500 k was used for deriving the contingent liability; a drawdown would be expected at the earliest in 2028.

As of the reporting date, there were no further contingent assets and liabilities.

Number of employees

The average number of employees during the year at ElringKlinger Group was 9,600 (2022: 9,480) (excluding Management Board members).

Personnel expenses

Personnel expenses in the reporting year amounted to EUR 587,772 k (2022: EUR 565,535 k) and break down as follows:

EUR k	2023	2022
Wages and salaries	501,508	490,856
Social security contributions	79,959	66,100
Post-employment benefit	6,305	8,579
Total	**587,772**	**565,535**

Personnel expenses contain public grants related to income in Switzerland of EUR 902 k (2022: EUR 177 k) in connection with the utilization of government-subsidized short-time work allowances and the associated reimbursement of social security contributions.

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 48 k during the reporting year (2022: EUR 53 k). As of the reporting date, outstanding receivables came to EUR 20 k (2022: EUR 0 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 143 k in the reporting year (2022: EUR 132 k). As of the reporting date, outstanding receivables came to EUR 12 k (2022: EUR 10 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 711 k in sales revenue during the reporting year (2022: EUR 559 k). As of December 31, 2023, there were outstanding receivables of EUR 43 k (2022: EUR 49 k).

Sale of a share in EKLS of EUR 4 k by the Managing Partner to EKAG in accordance with the purchase and transfer agreement dated December 15, 2023. The purchase price for the share amounted to EUR 400 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 47 k worth of services in these business relationships in 2023 (2022: EUR 39 k). As of December 31, 2023, there are liabilities of EUR 21 k (2022: EUR 3 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 11,823 k (2022: EUR 870 k). Outstanding liabilities came to EUR 1,349 k as of December 31, 2023 (2022: EUR 5,653 k). At EUR 11,823 k (2022: EUR 698 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 23,582 k (2022: EUR 19,321 k). Outstanding liabilities come to EUR 3,575 k (2022: EUR 4,167 k) as of December 31, 2023.

The salaries of the employee representatives to the Supervisory Board are in line with market conditions.

Corporate Bodies

Supervisory Board

Klaus Eberhardt Lindau/Germany, Chairman	Independent consultant, Lindau/Germany Former CEO of Rheinmetall AG Düsseldorf/Germany **Governance roles:** a) n/a b) n/a
Markus Siegers* Nürtingen/Germany, Deputy Chairman	Chairman of the Works Council of ElringKlinger AG, Dettingen/Erms/Germany **Governance roles:** a) n/a b) n/a
Ingeborg Guggolz Dachsberg/Germany	Managing Director of Lechler- und Klaus-Lechler Beteiligungsgesellschaften, Neuhausen a.d.Fildern/Germany **Governance roles:** a) n/a b) n/a
Andreas Wilhelm Kraut Balingen/Germany	Chairman and CEO of Bizerba SE & Co. KG, Balingen/Germany **Governance roles:** a) n/a b) n/a
Helmut P. Merch Meerbusch/Germany	Former member of the Management Board of Rheinmetall AG **Governance roles:** a) n/a b) n/a
Gerald Müller* Reutlingen/Germany	Second Authorized Representative and Treasurer of IG-Metall Reutlingen-Tübingen, Reutlingen/Germany **Governance roles:** a) n/a b) n/a
Paula Maria de Castro Monteiro-Munz* Grabenstetten/Germany	Deputy Chairwoman of the Works Council of ElringKlinger AG, Dettingen/Erms/Germany **Governance roles:** a) n/a b) n/a
Barbara Resch* Stuttgart/Germany	Secretary of IG Metall Baden-Württemberg **Governance roles:** a) Schaeffler AG, Herzogenaurach/Germany Rheinmetall AG, Düsseldorf/Germany b) n/a

Gabriele Sons Berlin/Germany	Lawyer, Berlin/Germany Former member of the Management Board of thyssenkrupp Elevator AG, Essen/Germany **Governance roles:** a) Grammer AG, Ursensollen/Germany b) Accelleron Industries AG, Baden/Switzerland
Manfred Strauß Stuttgart/Germany	Managing Partner of M&S Messebau & Service GmbH, Neuhausen a.d. F./Germany **Governance roles:** a) n/a b) Lechler GmbH, Metzingen/Germany Eroca AG, Basel/Switzerland
Bernd Weckenmann* Reutlingen/Germany	Senior Vice President Procurement & Supply Chain Management of ElringKlinger AG, Dettingen/Erms/Germany **Governance roles:** a) n/a b) n/a
Olcay Zeybek* Bad Urach/Germany	Director EMEA Process Owner P2P of ElringKlinger AG, Dettingen/Erms/Germany **Governance roles:** a) n/a 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 894 k (2022: EUR 868 k). Additionally, travel expenses totaling EUR 4 k (2022: EUR 1 k) were reimbursed. The remuneration of the employee representatives on the Supervisory Board amounted to EUR 785 k in the financial year 2023 (2022: EUR 764 k) for their activities as employees.

Management Board

Thomas Jessulat, Stuttgart/Germany Chairman	until June 30, 2023: responsible for the business units Drivetrain & Battery Technology as well as the corporate units Finance, Procurement & Supply Chain Management, Global Strategy & Digital Transformation, M&A and Innovations, Information Technology, and group entities (shared responsibility in the Management Board) as Spokesman of the Management Board from July 1, 2023 until September 30, 2023: responsible for the business units Electric Drive & Battery Technology, Fuel Cell and Aftermarket as well as the corporate units Finance, Procurement & Supply Chain Management, Global Strategy & Digital Transformation, M&A and Innovations, Information Technology, Human Resources, Legal & Compliance, Marketing & Communications, Sales, Strategic Communications, and group entities (shared responsibility in the Management Board) as Chairman of the Management Board from October 1, 2023: responsible for the business units Drivetrain & Battery Technology and Fuel Cell Technology as well as the corporate units Finance, Global Strategy & Digital Transformation, Information Technology, M&A and Innovations, Human Resources, Legal & Compliance, Strategic Communications and Sustainability, and group entities (shared responsibility in the Management Board)
Reiner Drews, Dettingen/Erms/Germany	until September 30, 2023: responsible for the business units Lightweight/Elastomer Technology, Metal Forming & Assembly Technology, Metal Sealing Systems & Drivetrain Components as well as the corporate units Production and Toolshop Technology, Quality & Sustainability Management, Real Estate & Facility Management, Product Risk Management as well as the German sites of ElringKlinger AG and the group entities (shared responsibility in the Management Board) from October 1, 2023: responsible for the business units Lightweight/Elastomer Technology, Metal Forming & Assembly Technology, Metal Sealing Systems & Drivetrain Components as well as the corporate units Procurement & Supply Chain Management, Production and Toolshop Technology, Quality Management, 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	from October 1, 2023: responsible for the business units Aftermarket and Engineered Plastics as well as the corporate units Sales and Marketing, and the group entities (shared responsibility in the Management Board)
Dr. Stefan Wolf, Bad Urach/Germany, former Chairman	until June 30, 2023: responsible for the corporate units Legal & Compliance, Human Resources, Strategic Communications, Marketing & Communications, Sales, the Aftermarket business unit and the group entities (shared responsibility in the Management Board)

Governance roles in supervisory boards and other supervisory bodies

Thomas Jessulat, Stuttgart/Germany, Chairman	Chairman of the Supervisory Board of hofer AG, Nürtingen/Germany

Remuneration of the Management Board and remuneration for former members of the Management Board

The remuneration of the Management and the remuneration for former members of the Management Board amounted to:

EUR k	2023	2022
Short-term fixed remuneration	2,124	2,619
Short-term variable performance-based remuneration	1,321	0
Share-based payments	0	3,600
Severance payments for former members of the Management Board	4,424	834
Expenses from post-employment benefits	0	185
Total	**7,869**	**7,238**

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, including the remuneration for former members of the Management Board, came to EUR 7,869 k (2022: EUR 7,053 k). The present value (DBO) of the pension provisions amounted to EUR 654 k (2022: EUR 3,105 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. No payment was made in the reporting period (EUR 0 k; 2022: EUR 3,600 k). Accordingly, no shares were acquired. In the prior year, after deducting taxes, a total of 208,048 shares at a price of EUR 8.97 with an overall value of EUR 1,866 k were acquired on behalf of and for the account of the members of the Management Board.

Provisions for pensions and remuneration for former members of the Management Board

Provisions of EUR 22,171 k (2022: EUR 20,059 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 1,370 k (2022: EUR 1,011 k) in the financial year 2023.

The auditor fees amounted to:

EUR k	2023	2022
Audit of the annual financial statements	761	874
Other assurance services	98	89
Tax services	0	2
Other services	0	61
Total	**859**	**1,026**

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. Due to the change of mandate in the financial year, the prior-year disclosures relate to the predecessor auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

Declaration of compliance with the German Corporate Governance Code

The Management Board and Supervisory Board issued a declaration of compliance 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 7, 2023. This declaration of compliance will be available on the ElringKlinger AG website and therewith made permanently available to shareholders.

Events after the end of the reporting period

On March 14, 2024, the Chairman of the Supervisory Board of ElringKlinger AG, Klaus Eberhardt, informed the Parent that he will resign from office with the end of the upcoming Annual General Meeting on May 16, 2024 as part of an early succession planning. The Supervisory Board's Nomination Committee discussed the succession planning at short notice and submitted a proposal for succession to the Supervisory Board at its meeting on March 26, 2024, which is to be submitted to the Annual General Meeting on May 16.

Dettingen/Erms/Germany, March 26, 2024

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 group 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, 2023, 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, 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. 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, 2023. In accordance with the German legal requirements, the contents of the combined corporate governance statement pursuant to Secs. 289f and 315d German Commercial Code (HGB) referenced in the combined management report and the contents of the separate combined non-financial report pursuant to Secs. 289f and 315b HGB referenced in the combined management report were not audited by us. Furthermore, the contents 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 were not audited by us.

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 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, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023, 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, 2023. 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, 2023, goodwill of EUR 80.7 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 4.0% 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 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 and approved by the Supervisory Board, 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, 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 process used by the Company's executive directors for performing the impairment tests, and discussed the determination of the weighted cost of capital. Based on the understanding of the process obtained by us, including our assessment of the extent to which the impairment testing can be influenced by subjectivity, complexity or other inherent risk factors, we evaluated the internal controls relevant to the audit in terms of their design and establishment. 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 conceptional requirements of the relevant valuation standards. In case of estimates by the executive directors, we evaluated the methods applied, assumptions made and data used with regard to their reasonableness.

We convinced ourselves, amongst 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 year 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 approved by the Supervisory Board 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 future 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 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, 2023, sales revenue of EUR 1,847.1 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. Besides, due to the complexity of the contractual agreements with customers, revenue recognition must be considered in the context of an elevated risk of errors regarding the cut-off of revenue. Against this backdrop, the correct revenue recognition on an accrual basis and cut-off of revenue are to be considered complex and are based, in part, on estimates, assumptions and judgments by the executive directors, so that this matter was 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 assessed the design and establishment of identified internal control relevant to the audit with regard to revenue recognition. 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 whether and to what extent revenue recognition was influenced by subjectivity, complexity or other inherent risk factors, and evaluated the methods and data used with regard to their reasonableness.

In addition, we performed substantive tests of details for the revenue recognition on an accrual basis.

Moreover, 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. We verified the requirements for revenue recognition over time for series production in particular by evaluating 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, 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' confirmation 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 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 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 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 controls.
- 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 these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the 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 as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the 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 9081302c359066a7c028495a1d17f841d16f8dea63e57376b60d3a07773af48c, 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, 2023 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 controls 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 a 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, 2023. We were engaged by the Supervisory Board on June 5, 2023. 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 26, 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Michael Sturm	Florian Sauter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)"

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 26, 2024

Management Board

Thomas Jessulat CEO	Reiner Drews	Dirk Willers