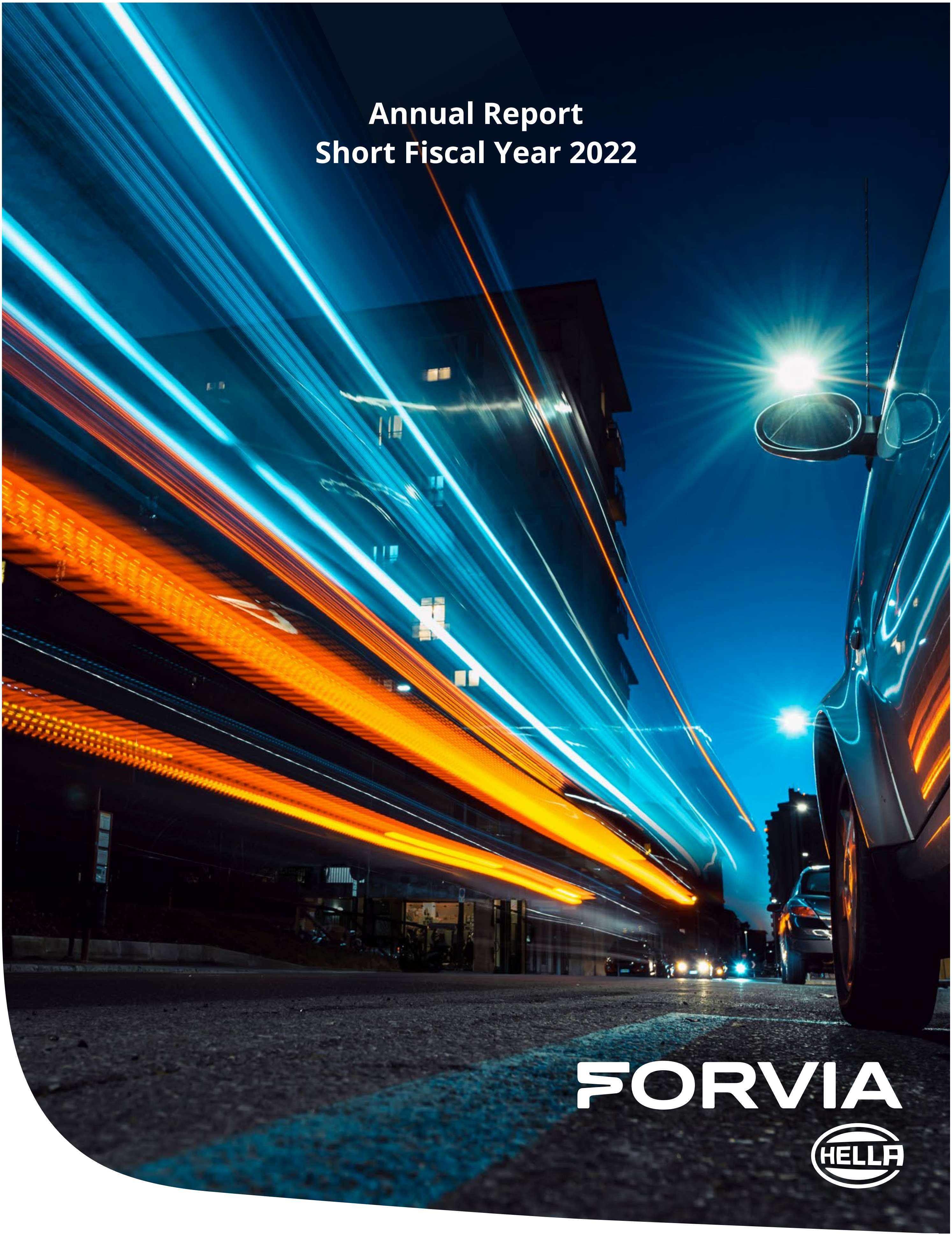
Annual Report
Short Fiscal Year 2022



Key performance indicators

Key performance indicators in € million or %	**2022**	**2021/2022**
Reported sales	**4,410**	6,326
Currency and portfolio-adjusted sales	**4,261**	6,326
Adjusted earnings before interest and taxes (adjusted EBIT)	**222**	279
Adjusted EBIT margin	**5.0 %**	4.4 %
Earnings before interest and taxes (EBIT)	**383**	278
EBIT margin	**8.7 %**	4.4 %
Earnings for the period	**352**	184
Earnings per share (in €)	**3.15**	1.63
Free cash flow from operating activities	**246**	-267
Adjusted free cash flow from operating activities	**83**	-213
Research and development expenses	**458**	693
R&D ratio	**10.4 %**	11.0 %
Capital expenditures	**392**	560
Capital expenditure ratio	**8.9 %**	8.9 %
Net financial liquidity/net financial debt	**43**	-387
Equity ratio	**41.9 %**	42.5 %
Proposed dividend (in €, 2022: incl. proposed special dividend)	**2.88**	0.49
Permanent employees (2022: as at 31 December; 2021/2022: as at 31 May)	**36,280**	36,008

HELLA changed its fiscal year to the calendar year as of 1 January 2023 and a short fiscal year was inserted. 2022 relates to the period 1 June to 31 December 2022, the fiscal year 2021/2022 covers the period 1 June 2021 to 31 May 2022. The two periods are therefore only comparable to a limited extent.

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HELLA at a glance

HELLA is a listed, internationally positioned automotive supplier, operating under the umbrella brand FORVIA. HELLA stands for high-performance lighting technology and vehicle electronics. At the same time, the Company covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special-purpose vehicles with its Lifecycle Solutions business group.

Consolidated sales (reported)

€4.4 billion

Currency and portfolio-adjusted sales

€ 4.3 billion

Adjusted EBIT margin

5.0 %

Research and development ratio

10.4 %

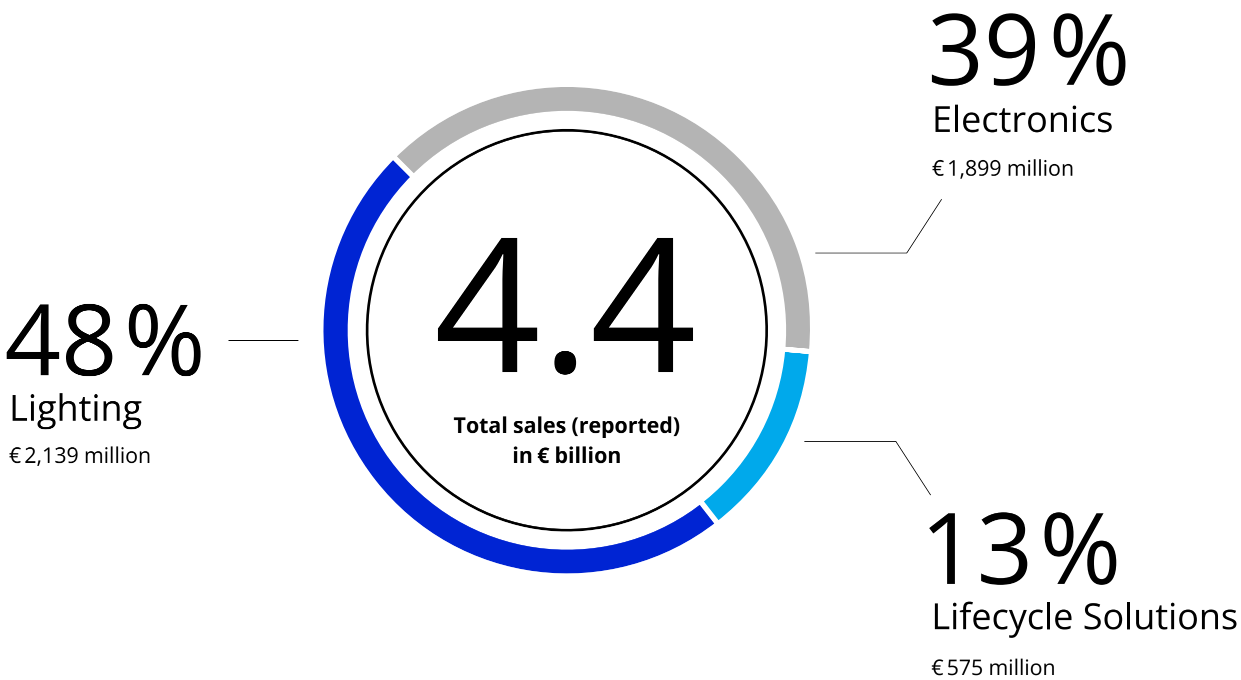
Employees worldwide in the permanent workforce

36,280

Short fiscal year 2022: 1 June to 31 December 2022; number of staff as at 31 December 2022

The business groups

Total sales of the business groups before consolidation in the short fiscal year 2022
(1 June to 31 December 2022)



Lighting

HELLA made it big with vehicle lighting. Today, the product portfolio of the Lighting business group includes headlamps, rear combination lamps, car body lighting and interior lighting. The business group particularly focuses on the development of future-relevant technologies and functionalities. This includes, for example, high-resolution, software-controlled headlamps that realise new safety and comfort functions.

Electronics

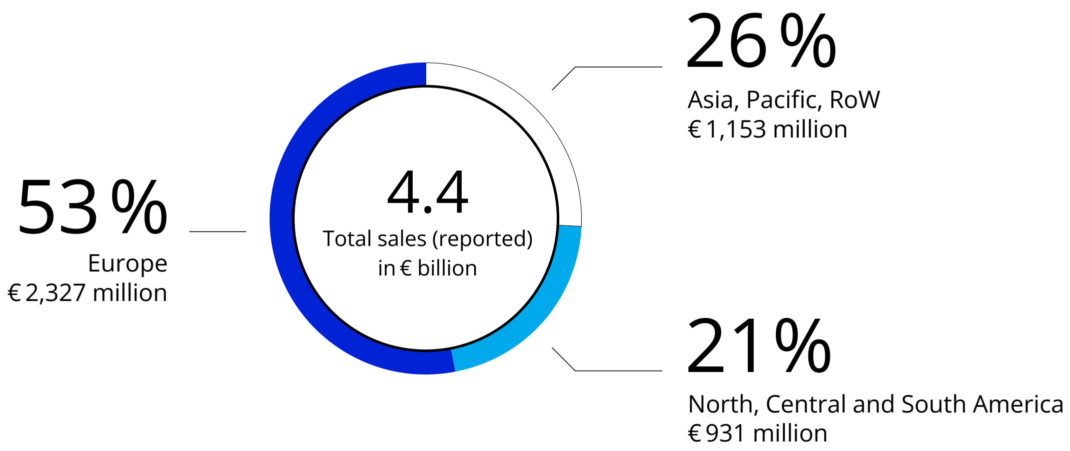
While HELLA entered the electronics business with lighting electronics, the Company has long been a comprehensive solutions provider in the field of vehicle electronics. The product portfolio consists of the product lines of Automated Driving, Sensors and Actuators, Body Electronics and Energy Management. These electronics solutions help make mobility safer, more efficient and more comfortable.

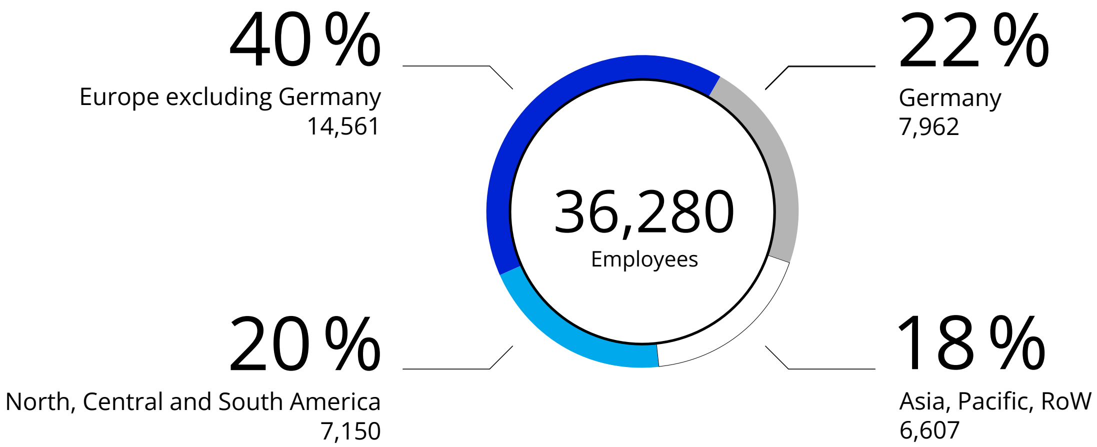
Lifecycle Solutions

In the Lifecycle Solutions business group, HELLA develops, produces and distributes products for the independent parts trade and for workshops. HELLA also serves a wide range of target groups in this business group, including manufacturers of agricultural and construction machinery, of buses, trucks and trailers, but also customers from the municipal and marine sectors, by providing them with innovative lighting and electronics products.

Regional positioning

Sales in the short fiscal year 2022 (1 June to 31 December 2022)
Employees in the core workforce (as at 31 December 2022)





Foreword

Dear Shareholders,

The short fiscal year 2022 was characterised by many challenges: from continuing component shortages to the war in Ukraine, which has led to significant price increases, to the Covid-19 pandemic, which has remained a steady companion, especially in the Chinese market. As a company, we have shown resilience in these demanding times and have performed very solidly.

Due to the changeover of our fiscal year to the calendar year, our short fiscal year covered the period from 1 June to 31 December 2022. In these seven months, we generated sales of €4.4 billion. We have seen high demand for our core products in all business groups. As expected, profitability and cash flow also improved. Our adjusted EBIT margin increased to 5.0 percent and the adjusted free cash flow from operating activities to €83 million. By passing on price increases and efficiently managing our cost structures, we were able to successfully mitigate the continuing high cost burdens for materials, energy, and logistics.

With an order intake of around €7 billion, we were also once again able to win numerous high-tech, large-volume customer projects. These include product innovations and key technologies such as Front Phygital Shields, SSL | HD headlamps, high-voltage converters and 77 GHz radar sensors. These successes clearly prove that we address key future mobility trends and that we provide our customers with the right product solutions.

We want you, our shareholders, to share in this success. Our dividend proposal this year consists of two components: With regard to the regular dividend, we want to continue our established dividend policy and distribute a dividend of €0.27 per share. We are thus continuing our established dividend policy of paying out around 30 percent of net profit as a dividend (excluding the income from the HBPO shares sale). Following the successfully completed sale of our shares in HBPO, we also intend to pay a special dividend of €2.61 per share. This is possible in large part due to our very solid balance sheet. Subject to the approval of our Annual General Meeting, our dividend would thus total €2.88 per share.

And we are also looking forward to the coming years with confidence: We are stronger together with Faurecia operating under the umbrella brand FORVIA. Together we are bigger, more diversified, and are exposed to less risk. We learn from each other and can thus better position ourselves for the future. We open up new opportunities and possibilities – especially with customers and suppliers. We win projects because we support each other. We pool our strength to negotiate with our suppliers which increases our financial standing. These advantages are also reflected in the cost synergies expected for FORVIA: We are now expecting cost synergies totalling more than €300 million by the end of 2025. About half of this will be attributable to HELLA.

Although we expect market volatility to continue, we are optimistic about our fiscal year 2023. We have already published our company outlook on 16 February this year. For the very first time, we expect sales of over €8 billion – more than ever before in the company's history. We also predict profitability to continue to improve.

This shows that HELLA is already at the forefront of mobility today. We want to continue to strengthen this position in the future – to benefit our customers, employees and shareholders.

Yours faithfully,

Michel Favre
President and CEO

The Management Board

HELLA GmbH & Co. KGaA

Michel Favre
CEO, Purchasing, Quality,
Legal and Compliance
(from 1 May 2023: also Human Resources)

Yves Andres
Lighting

Dr. Lea Corzilius
Human Resources, Lifecycle Solutions
(until 30 April 2023)

Successor as
Managing Director
Lifecycle Solutions:
Stefan van Dalen
(from 1 April 2023)

Bernard Schäferbarthold
Finance, Controlling,
Information Technology and
Process Management

Björn Twiehaus
Electronics
(until 31 March 2023)

Successor as
Managing Director
Electronics:
Jörg Weisgerber
(from 1 April 2023)

HELLA on the capital market

Limited liquidity of HELLA shares

The average daily XETRA trading volume in the short fiscal year 2022 (1 June to 31 December 2022) was around 19,200 shares, the equivalent of around € 1.4 million (fiscal year 2021/2022: around 102,000, approx. € 6.2 million). The significantly limited liquidity of the shares is due to the acquisition of the majority shares by Faurecia in late January 2022. With the number of issued shares remaining unchanged, the market capitalisation as at the reporting date of 31 December 2022 came to € 8.45 billion (31 May 2022: € 7.45 billion). Despite the reduced free float, the market capitalisation relevant for the index listing has increased significantly as of the respective reporting date due to the significantly increased share price. HELLA shares have consequently been relisted in the MDAX since September 2022.

Inflation and a weak economic outlook: Equity markets record losses

In the short fiscal year 2022, the capital markets declined significantly overall in a dynamic, volatile market environment. The MDAX, for example, fell by about 16 %, while the shares of German automotive stocks, the DAXsector Automobile (hereafter: Prime Automotive), recorded a decline of about 7 %. This was primarily due to high inflation, associated monetary policy measures and an uncertain economic outlook.

At the beginning of the short fiscal year 2022, data on high inflation rates for consumer and producer prices from the USA and the Eurozone in particular caused prices to fall significantly. The subsequent interest rate reversals by the Federal Reserve and the ECB, with corresponding interest rate increases, have further dampened the mood on the stock markets. Until November, weak economic data and further increases in energy prices, as well as the risk of a possible gas shortage and raised inflation forecasts, also affected the capital markets.

Towards the end of the short fiscal year, the mood on the stock markets briefly brightened again. This was driven by better-than-expected labour market and inflation data in the USA, signalling the prospect of a more moderate interest rate policy, as well as by hopes of an easing of the strict Covid-19 rules in China, which benefited automotive stocks in particular for a short time. Nevertheless, negative economic news dominated again with the ECB raising its inflation forecasts and weak economic data from China. Combined with a lower risk appetite and generally weak liquidity, these resulted in significant downwards price fluctuations on individual days.

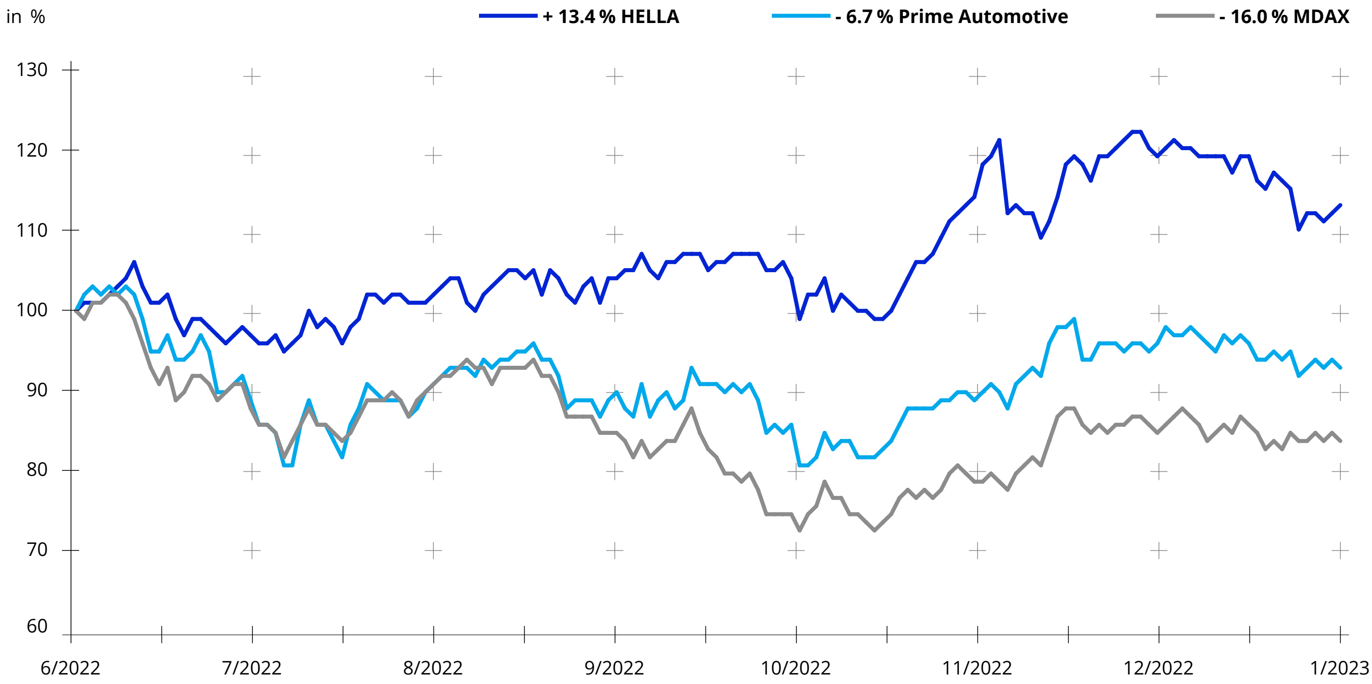
Outperformance: development of HELLA shares

HELLA shares ended the short fiscal year with a price increase of around 13 % and a closing price of € 76.05. In the first half of the fiscal year, the share price development showed high volatilities at times, which can be attributed to the uncertain capital market environment on the one hand and the share’s low trading volume on the other. HELLA shares outperformed both the benchmark Prime Automotive index and the MDAX with the price gain achieved.

In the first months of the reporting period, the shares reacted robustly to news on inflation and interest rate decisions by central banks. The shares also significantly outperformed both the MDAX and the Prime Automotive index following the publication of the results for the fiscal year 2021/2022 and the company outlook in mid-August.

Price performance of HELLA shares

indexed to 1 June 2022, compared to MDAX and Prime Automotive



Later in the short fiscal year, HELLA shares proved to be relatively robust compared to the general capital market development in a market environment that remained volatile. However, the shares benefited from positive industry news on possible Covid-19 easing in China as well as potential improvements within global supply chains. With a price of €82.10, the shares reached their all-time high in November. The shares subsequently reacted to the significantly gloomier capital market environment at the end of the reporting period with increased price markdowns, whereby the generally restricted liquidity in December was once again significantly below that of the rest of the reporting period.

HELLA bonds

Currently, HELLA has two bonds issued: one 1.000 % EURO bond (WKN A19HBR) for €300 million, with a seven-year term running until 17 May 2024 and one 0.500 % EURO bond (WKN A2YN2Z) for €500 million, also with a seven-year term, running until 26 January 2027. On 1 February 2022 rating agency Moody's downgraded HELLA's rating to Baa3 with a negative outlook. However, this confirmed the company's investment grade rating overall.

Data on HELLA shares	
Initial stock market quotation	11 November 2014
Ticker symbol	HLE
ISIN	DE000A13SX22
SIN	A13SX2
Share class	No-par value ordinary bearer shares
Market segments	Prime Standard (Frankfurt Stock Exchange); Regulated market (Luxembourg Stock Exchange)
Index	MDAX

HELLA share KPIs		2022	2021/2022
Closing price	€	76.05	67.05
Highest price	€	82.10	67.24
Lowest price	€	63.65	52.96
Number of shares issued (31 December/31 May)	Number of units	111,111,112	111,111,112
Market capitalisation (31 December/31 May)	€ billion	8.45	7.45
Daily trading volume (average, XETRA trading)	€ million / no. of shares	1.36 / 19,197	6.18 / 102,230
Earnings per share	€	3.15	1.63
Dividend per share	€	2.88*	0.49

** Subject to approval by the Annual General Meeting on 28 April 2023, including planned special dividend after the sale of HBPO shares*

Current rating
since 1 February 2022

Rating agency	Rating	Outlook
Moody’s	Baa3 / P-2	negative

Highlights

The face of electromobility

HELLA gives electromobility a face. The company has received major orders for highly integrated Front Phygital Shields from German premium manufacturers. These large-area, complex modules for the front of the vehicle are used as a style-defining, brand-differentiating design element of electric vehicles through lighting and multicolouring. With additional features such as integrated sensors, radar permeability and heating, they also play a key role in automated driving.

The latest generation of headlamp technology

HELLA continues to expand its leading market position in the field of digital, chip-based headlamp systems. The world's first series production of the “Solid State Lighting | High Definition” headlamp has started at the Lippstadt site. HELLA has also won further high-volume series orders for this technology. This means that the total order volume for SSL | HD headlamps already amounts to around € 1.5 billion. In addition, HELLA has been awarded the prestigious CES 2023 Innovation Award in the category “Vehicle Tech & Advanced Mobility” as an “Honoree” for the SSL | HD technology.

— 1

Flat, efficient and scalable

HELLA has won two orders for its FlatLight concept. This means that the technology will go into series production not just as a rear combination lamp, but also as a daytime light in the front area. The first series production of the technology, which is characterised by a slim design, maximum energy efficiency and superior uniformity and performance, is scheduled for mid-2024.

Platform for automated driving

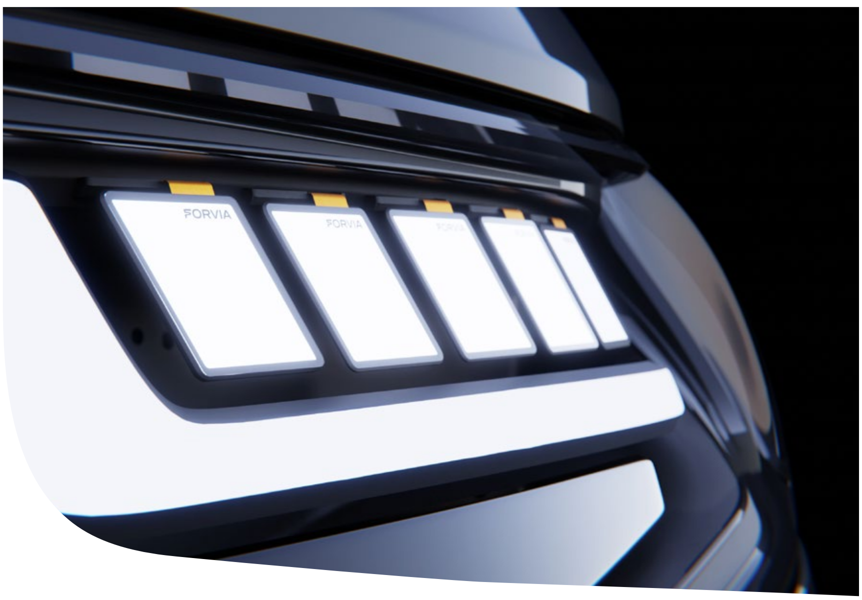
HELLA's SHAKE sensor supports the NVIDIA DRIVE Hyperion development platform for autonomous vehicles. As part of NVIDIA's DRIVE ecosystem, HELLA is the first supplier to enable a technological solution for precise, real-time measurement of water film on the road surface. The SHAKE sensor detects vibrations and airborne sound from water drops that have been stirred up and uses this to determine the degree of wetness between the tyre and the road. Based on this, vehicles equipped with a SHAKE sensor can analyse the condition of the road surface and initiate the necessary measures for driver safety and comfort. In addition to SHAKE, 77 GHz radar sensors from HELLA are also supported on the DRIVE Hyperion platform.

— 2

Major orders for electronics technologies

HELLA has been nominated by various customers to develop essential, innovative electronics technologies. For example, HELLA is bringing a fully electric brake-by-wire pedal into large-scale production for the first time worldwide and is entering the high-voltage market for power electronics with a high-volume order. HELLA has also received further series orders for its innovative Coolant Control Hub. Production of these customer projects is due to start within the next two to three years.

2



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FORVIA showcases its commercial vehicle expertise

Faurecia and HELLA appeared together for the first time at the IAA Transportation 2022 trade fair under their overarching umbrella brand FORVIA. At this event, FORVIA demonstrated its expertise and portfolio for advanced, safe and sustainable mobility in the commercial vehicle business. The central highlight was a demonstration truck, which showcased around 30 lighting and electronics products from HELLA, a complete hydrogen storage system from Faurecia, and the world premiere of a seating platform for innovative and sustainable mobility.

Partnership for remote diagnosis

HELLA Gutmann and Germany's largest motoring service provider, ADAC, are expanding their 20-year partnership. The telematics project 'ADAC Smart Connect' was the result of two years of intensive cooperation. ADAC Smart Connect is a cloud-based system that enables the remote, fault-based, initial diagnosis of a vehicle. Members of the automobile association are looking forward to additional services such as preventive in-depth vehicle diagnostics and more targeted assistance in the event of a breakdown.

— 2

Accolades in readers' polls

HELLA has received accolades in two prestigious readers' polls. For the twelfth time in a row, HELLA has been voted "Best Brand" by the readers of the ETM publishing house. HELLA won by a clear margin in the lighting category, where in total, around 58 percent of the participants in this readers' poll voted for HELLA, giving it one of the top scores. The readers of the trade magazine PROFI Werkstatt also voted HELLA Best Brand for the sixth time; they also again voted HELLA Gutmann Solutions into first place in the headlamp adjuster category.

Green power

HELLA is taking a big step towards CO_2 neutrality at its logistics centre in Erwitte. From autumn this year, the energy requirements of the 235,000 m^2 site will be covered mainly by self-generated, climate-neutral solar power. To this end, HELLA and its partner Enercity are building a solar panel plant with a peak output of 6.8 megawatt (MWp) at the Erwitte site. This roughly corresponds to an average annual consumption of around 1,500 four-person households in Germany. The switch to green electricity will save more than 2,500 tonnes of CO_2 per year, with completion scheduled for autumn 2023. By 2025, all HELLA locations worldwide must to be carbon neutral; by 2045, HELLA is also aiming for a climate-neutral supply chain and wants to supply customers with carbon neutral products throughout.

Global production and development capacities

The joint venture Beijing HELLA BHAP Automotive Lighting has commissioned a new lighting plant in Changzhou, China. The production facility is the third plant for this joint venture, which was founded in 2014. In Romania, HELLA is also further expanding its European R&D network in the electronics sector with two new development sites. At sites in the major cities of Iași and Oradea, the development of innovative product technologies for automated driving and electromobility will be boosted. This is expected to create a total of up to 300 new jobs at the two locations within the next three to four years.

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Strategy and goals for 2025

HELLA intends to consistently expand its technology and market leadership position and further accelerate its profitable growth. The company presented the corresponding strategy and goals for 2025 at a Capital Markets Day in Paris in early November 2022 – the first joint Capital Markets Day with Faurecia since the two companies merged under the FORVIA umbrella.

FORVIA

A new market leader in the automotive industry

We pioneer technology *for mobility experiences that matter to people*

Three strategic growth areas

Electrification and energy management

FORVIA is stepping up the transformation towards low-emission and zero-emission mobility – and this will be powered by both electrification and hydrogen. This means that FORVIA is uniquely positioned to support customers with a comprehensive technology portfolio that fits any electrification strategy.

43 %

of customer projects in 2022 with electric vehicles

Safe and automated driving

FORVIA technology is essential for safe and automated driving. After all, FORVIA provides sensor technology so that drivers and automated driving functions can make the right decisions. Sophisticated lighting systems not only ensure that you can see and be seen, but also perform additional safety-relevant functions. FORVIA is also driving the development of by-wire solutions. These replace mechanical components with purely electrical signals, supporting both automated driving functions and individual steering and braking sensations.

Digital and sustainable cockpit experiences

At FORVIA, we harmonise sustainability and innovation. We develop solutions that are connected, intuitive and versatile, benefiting customers, consumers and the environment. These include a customised connected cockpit range as well as digital vehicle access systems, displays that increase safety awareness, sustainable materials, modular seating systems and zonal modules.

The 10 assets of FORVIA

Facts & figures

€ 30 billion
sales by 2025

1 **Right at the heart of megatrends**
Megatrends are fundamentally transforming future mobility. In this environment, FORVIA has the technological capabilities to be at the cutting edge of this transformation.

1 in 2
vehicles on the road are equipped with FORVIA products

2 **A broad technology portfolio**
The complementary strengths of Faurecia and HELLA provide FORVIA with a comprehensive portfolio including the business groups Interiors, Seating, Electronics, Clean Mobility, Lighting and Lifecycle Solutions. This puts FORVIA at the forefront of fast-growing future trends.

By 2045
CO_2 neutrality in the value chain

3 **A more sustainable future**
FORVIA plays a key role in sustainability: By 2025, we want to be carbon neutral (Scope 1 and 2); by 2030, we will reduce our Scope 3 emissions by 45 percent – and by 2045, we will achieve CO_2 neutrality along the entire value chain.

157,000
employees worldwide

4 **The central role of people**
We know that people matter. We want to attract the best talent, offer them attractive development opportunities and promote diversity. We also support our employees' social initiatives through the FORVIA Foundation.

291 plants
43 countries
76 R&D locations

5 **Seventh largest automotive technology supplier worldwide**
Together, HELLA and Faurecia have a strong, global presence. In this way, we enhance customer relationships, accelerate growth in relevant regions, diversify our business and reduce market-related risks.

Facts & figures

€ 2.1 billion
gross R&D expenditure in 2022

€ 31 billion
incoming orders in 2022

1,000 +
customer projects

Over 80
automotive customers

6

Accelerating digital transformation

We take advantage of digital opportunities to boost our competitiveness – from data analysis along the entire value chain to cooperation with promising start-ups and the introduction of innovative digital work approaches.

7

Driven by innovation

The challenges of today's mobility call for creative ideas. At FORVIA, we leverage collaboration and shared know-how. This way we can deliver innovative and sustainable solutions that meet the needs of our customers 100 %.

8

Valued partner of our customers

Our combined portfolio and broad international presence ideally position us to satisfy our customers' needs and shape the mobility of the future. The best indicator for this is incoming orders: for FORVIA, this was € 31 billion in 2022.

9

Operational excellence

In a competitive market, agility, flexibility and profitability are crucial. As FORVIA, we constantly optimise business activities, operations and efficiency to guarantee our clients' complete satisfaction.

10

Robust risk management

We reduce our risks. Under the FORVIA umbrella, we operate a balanced, diversified product portfolio, a balanced global presence and robust governance. All this boosts our resilience in a complex, fast-changing market environment.

Sustainability at FORVIA

Climate change, endangered ecosystems, poor air quality in cities: These challenges affect us all. As a company, we need to act today to reverse this trend. Based on this conviction, we at FORVIA have set ourselves clear goals for positive change.

Three milestones to CO_2 neutrality

as the first automotive technology company with SBTi certification

→ By **2025** — carbon neutral for all own emissions (Scope 1 and 2)

→ By **2030** — reduction of emissions in Scope 3 by 45 percent

→ By **2045** — CO_2 neutrality along the entire value chain (Scope 1, 2 and 3)

Group management report and consolidated financial statements of HELLA GmbH & Co. KGaA

Short fiscal year 2022

- In the short fiscal year 2022, global light vehicle production is at 50.8 million passenger cars and light commercial vehicles
- Currency and portfolio-adjusted sales amount to €4,261 million; reported sales stand at €4,410 million
- Adjusted earnings before interest and taxes come to €222 million; adjusted EBIT margin is 5.0 %
- Free cash flow from operating activities amounts €246 million, adjusted free cash flow stands at €83 million
- Lighting business group sales amount to €2,139 million; high production volumes in China after series launches in the prior year
- Electronics business group achieves sales of €1,899 million; high demand for energy management, body electronics, sensors and actuators
- Lifecycle Solutions business group sales amount to €575 million, business with manufacturers of agricultural machinery remains very successful
- Company management proposes payment of dividends totalling €2.88 per share: continuation of established dividend policy and special dividend after HBPO share sale
- For the fiscal year 2023, currency and portfolio-adjusted consolidated sales expected to be in the range of around €8.0 billion to €8.5 billion and operating income margin in the range of around 5.5 % to 7.0 %; projected net cash flow in relation to sales at approximately 2 %

General information on the HELLA Group

The group management report was combined with the management report of HELLA GmbH & Co. KGaA in accordance with Section 315 (3) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. The combined management report contains the presentation of the financial position, financial status and results of operations of HELLA GmbH & Co. KGaA and the HELLA Group as well as other information required in accordance with the German Commercial Code.

The German Corporate Governance Code (GCGC) provides for disclosures on the internal control and risk management system that go beyond the legal requirements for the management report and are thus exempt from the auditor's review of the content of the management report ("non-management report disclosures"). In the following, these are thematically assigned to the risk report; they are also separated from the disclosures to be audited in terms of content by separate paragraphs and marked accordingly.

HELLA GmbH & Co. KGaA resolved at its Extraordinary General Meeting on 29 April 2022 to change the fiscal year to the calendar year with effect from 1 January 2023. The corresponding entry of this change in the Commercial Register was made on 8 September 2022. A short fiscal year was therefore inserted from 1 June to 31 December 2022. The prior year period covers the fiscal year 2021/2022 (1 June 2021 to 31 May 2022).

In February 2022, HELLA's Shareholder Committee had additionally decided to organise the Company in line with the three business groups – Lighting, Electronics and Lifecycle Solutions. This organisational change was largely completed with effect from 1 June 2022. Therefore, since the short fiscal year 2022, the financial reporting has been carried out along these three business groups, which consequently represent the reporting segments. In the course of this, the information on the former Aftermarket and Special Applications segments will now be combined in the Lifecycle Solutions segment. In addition, the previously combined Lighting and Electronics segments are now reported as two separate segments.

The direct parent company is Forvia Germany GmbH. HELLA GmbH & Co. KGaA is included in the higher-level consolidated financial statements of Faurecia S.E., Nanterre (Hauts-de-Seine), France, which constitutes the highest level controlling company.

Business model

HELLA is a listed, internationally positioned automotive supplier that operates, together with Faurecia, under the overarching umbrella brand FORVIA. HELLA stands for high-performance lighting technology and vehicle electronics. At the same time, the Company covers a broad service and product portfolio for the spare parts and workshop busi-

HELLA at a glance*

Sales in the short fiscal year 2022: €4.4 billion reported (adjusted: €4.3 billion) • Employees: 36,280 (31 December 2022)

Lighting business group	**Electronics business group**	**Lifecycle Solutions business group**
Sales: €2.1 billion • Employees: 18,198	Sales: €1.9 billion • Employees: 11,825	Sales: €0.6 billion • Employees: 4,207

**adjusted sales: currency and portfolio-adjusted; number of employees in business groups plus employees in administrative functions* ness as well as for manufacturers of special-purpose vehicles and small-volume manufacturers with the Lifecycle Solutions business group. HELLA has 36,280 employees (as of the reporting date of 31 December 2022) and operates at more than 125 locations worldwide. In the short fiscal year 2022, the Company generated sales of €4.4 billion (currency and portfolio-adjusted sales: €4.3 billion).

The product portfolio of the Lighting business group comprises four product lines: headlamps, rear combination lamps, car body lighting (including radomes, illuminated logos and Front Phygital Shields) and interior lighting. HELLA supplies both the premium and the volume segment; in particular, HELLA has built up a leading market position in the field of innovative lighting technologies through many years of cooperation with almost all renowned original equipment manufacturers worldwide. At the same time, as a technology leader, HELLA is continuously working on the market launch of new lighting technologies, for example in the field of high-resolution headlamp systems. In the short fiscal year 2022, the Lighting business group generated sales of €2.1 billion and employed around 18,200 people as of the reporting date.

The Electronics business group consists of the product lines Automated Driving (radar sensors and steering electronics), sensors and actuators, body electronics (including lighting electronics and access systems) and energy management. Electronics solutions from HELLA help to make mobility safer, more efficient and more comfortable. In addition, the Global Software House is intended to coordinate company-wide software activities with global responsibility and develop new software-based business models. In the short fiscal year 2022, the Electronics business group achieved sales of €1.9 billion; around 11,800 employees work in this area.

The Lifecycle Solutions business group consists of the three areas Independent Aftermarket, Workshop Solutions and Special Original Equipment. In total, sales in the short fiscal year 2022 were around €0.6 billion; about 4,200 employees work in the business group. HELLA is an important partner for spare parts dealers and independent workshops in the Independent Aftermarket division. HELLA sells a portfolio of around 46,000 wear parts, spare parts and accessories. The Workshop Solutions division's core offering includes vehicle diagnostics, emissions testing, battery testing, light adjustment, and calibration, as well as service and data-based services. In the Special Original Equipment division, HELLA develops, manufactures and distributes lighting and electronic products for special-purpose vehicles such as construction and agricultural machinery, buses and motor homes, as well as for the marine sector.

International position and sales markets

Customer focus is a key success factor for HELLA. On this basis, changes in the sector can be anticipated in the best possible way and regional or customer-specific solutions can be offered in a targeted manner. Accordingly, HELLA has a presence in around 35 countries and a global network of more than 125 locations. For this reason, the Company is now present in all major core markets of the automotive industry. These are grouped into three regions: Europe, the Americas (North, Central and South America) as well as Asia / Pacific / Rest of World.

In addition to the Company headquarters, further major production and development facilities are also located in Germany. In Europe, HELLA is also represented by other essential production, development and administrative locations, primarily in Romania, Lithuania, the Czech Republic, Slovakia, Slovenia, Austria and France. In North, Central and South America, HELLA focuses its activities in particular on the USA, Mexico and Brazil. In the Asia / Pacific / Rest of World region, the Company's focus is primarily on China and India, South Korea, Japan and Vietnam, as well as Australia and New Zealand. This international position is complemented by a close-knit network of global sales locations.

The Company's global presence is also reflected in the distribution of sales by region. Accordingly, HELLA generated around 53 % of its sales in Europe, 26 % in the Asian markets and 21 % in the American markets in the short fiscal year 2022. At the same time, HELLA has thus continued the further internationalisation and balancing of its global business activities: Thus, the weighting between the European and Asian markets has shifted by about 4 percentage points in favour of business in Asia. The share of the American markets in total sales has remained constant.

Corporate structure

Legal corporate structure

The parent company of the HELLA Group, and at the same time its largest operating company, is HELLA GmbH & Co. KGaA, which has its registered office in Lippstadt, Germany. As the parent company, it holds an interest – either directly or indirectly – in 121 companies, of which 77 were fully consolidated in the current consolidated financial statements. Since 2003, the Company has been a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) under German law.

The nominal capital of HELLA GmbH & Co. KGaA amounts to €222,222,224 and is divided into 111,111,112 no-par value shares. On 31 January 2022, Faurecia acquired the 60 percent share package held by HELLA's pool shareholders as well as additional shares from the public takeover bid that ended on 11 November 2021. Faurecia currently holds 81.59% of the shares in HELLA (according to information from Faurecia as of 8 February 2023). HELLA and Faurecia will continue to operate as independent, listed entities with their own supervisory bodies and management under the overarching umbrella brand FORVIA; HELLA will also be included in Faurecia's consolidated financial statements as a fully consolidated company. The remaining shares are held by institutional investors and private shareholders.

The shares of HELLA GmbH & Co. KGaA have been traded in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since November 2014 and are currently included in the MDAX share index.

Collaborations and partnerships

Since the end of the 1990s, HELLA has made a concerted effort to enter into collaborations and partnerships in order to maintain the Company's long-term, profitable growth trajectory. These relationships include companies both from the automotive industry and other sectors, as well as collaborations with research institutes. This cooperation network has enabled HELLA to develop new technologies, access markets and create synergies by using combined technical and financial resources, while at the same time reducing the level of risk.

HELLA's network strategy is made up of two pillars. Firstly, HELLA maintains a large number of joint ventures that primarily focus on addressing the Chinese automotive market. In the short fiscal year 2022, a total of six joint ventures were included in the consolidated financial statements, which are reported on using the equity method of accounting. They generated total sales of €1.2 billion and earnings before interest and taxes (EBIT) for HELLA of €27 million. This corresponds to a share of HELLA's group-wide adjusted earnings before interest and taxes (adjusted EBIT) of 12.1%. Secondly, HELLA also builds on open alliances, as these enable it to advance selected focal topics quickly and flexibly as well as to exploit opportunities for further growth in line with trends in the automotive market. For example, HELLA maintains various development partnerships in the fields of battery electronics and radar sensor technology.

On 28 July 2022, HELLA reached an agreement with the previous co-shareholder Plastic Omnium on the sale of its 33.33 percent share in the joint venture Hella Behr Plastic Omnium (HBPO) to Plastic Omnium. The agreed purchase price amounts to €290 million (including a dividend of around €8 million). The transaction closed on 12 December 2022. With the sale of the shares, HELLA is firstly consistently continuing its proven approach to portfolio management. Secondly, the transaction is based on a possible use of the change of control clause by Plastic Omnium, which is stipulated in the joint venture agreement and potentially could have been used after the acquisition of the majority shares in HELLA by Faurecia. Further information can be found in the declaration on corporate governance in this group management report.

In addition, following the acquisition of the majority shares in HELLA by Faurecia, talks are being held with the partners of the joint venture Behr Hella Thermocontrol (BHTC) and the Chinese joint ventures HELLA MINTH Jiaxing Automotive Parts, Beijing Hella BHAP Automotive Lighting and HELLA BHAP Electronics with regard to the further continuation and focus of business activities.

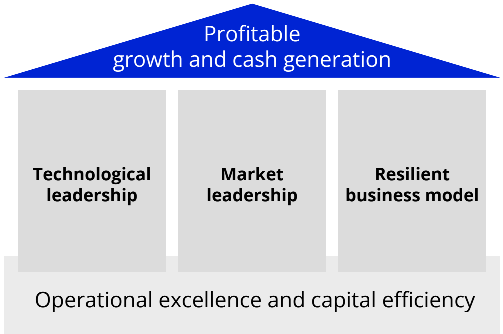
Changes in the portfolio

As part of its corporate strategy, HELLA practises stringent portfolio management. The criteria of technology leadership, market leadership, resilience of the business model and the long-term achievement of relevant financial performance indicators are crucial in this context. Based on these parameters, the company regularly reviews the soundness and viability of its business activities.

At equity

Inclusion
in the consolidated financial statements using the equity method with proportional equity

Goals and strategies



Corporate strategy

HELLA's two overarching goals are profitable growth and cash generation. In order to achieve these goals that are in line with the priorities under the name "FORVIA Power25" as presented at the Capital Markets Day on 3 November 2022, the Company follows four central approaches. First is the safeguarding and sustainable expansion of the Company's technological leadership. Second is securing a position as market leader in prioritizied business fields. Third is maintaining a stable, resilient and low-risk business model. Fourth is continuously improving operational excellence and capital efficiency.

1. Technological leadership

By consistently positioning itself in line with central market trends of the automotive industry, HELLA is pushing to safeguard and expand its technological leadership. Here, the growth areas of electrification and energy management, safe and automated driving (including new, high-resolution lighting technologies) as well as digital and sustainable cockpit experiences are particularly relevant for HELLA. The basis for technology leadership is consistent expenditure on research and development.

In order to realise growth opportunities, nuanced strategic approaches are pursued in the business groups. HELLA's Lighting business group offers the complete range of lighting products and systems for vehicles and implements various functionalities based on technologically sophisticated, software-based lighting systems for exterior and interior lighting that can further increase safety, comfort and communication in road traffic. This increasingly includes customer projects with electric vehicles; for example, around 40 % of the total order volume in the Lighting business group consists of business with e-platforms.

In the Electronics business group, HELLA focuses on selected attractive market and product fields, based on its core expertise as well as regional or global focuses. HELLA is therefore active in the electronics business with a wide range of different product solutions which, as complex, safety-relevant key technologies, make a significant contribution to the realisation of central automotive market trends.

In the Lifecycle Solutions business group, HELLA is active with target group-specific solutions for the spare parts trade and workshop equipment sectors as well as for manufacturers of special-purpose vehicles. The independent spare parts business focusses primarily on core expertise in the fields of lighting and electrics/electronics. In the Company's workshop equipment business, the focus is on products for diagnostics, calibration, lighting adjustment and exhaust gas analysis. In the future, these two areas are to be even more closely interlinked and a holistic ecosystem is to be established, covering the entire process chain from diagnostics and the distribution of spare parts through to 'one-stop' services. In the Special Original Equipment business, technological concepts from the automotive business are applied to the respective needs of speciality vehicle manufacturers. In addition, new lighting and electronics solutions are increasingly being developed, specifically for these target groups and markets.

2. Market leadership

Secondly, HELLA pursues the strategic goal of maintaining a leading market position for the high-priority business fields in which the Company operates. This is to be achieved by measures tailored to each business group, product group and region, and is necessary among other things to realise the required economies of scale.

With regard to the Lighting and Electronics business groups, HELLA strives to attain a position among the three leading providers in the respective market segments. The most important regional sales markets are Europe, Asia and the Americas. Similarly with the Lifecycle Solutions business group, HELLA strives to attain a leading market position in each of the relevant target group markets and sales regions. The business group's core market is primarily Europe, where HELLA has a strong market position. This is supplemented by international business in the Asia / Pacific region and North, Central and South America.

3. Resilient business model

Thirdly, HELLA pursues the goal of a stable, resilient and low-risk business model. This is the basis for ensuring balanced and sound business development that is, as far as possible, independent of specific economic fluctuations and market cycles.

The objective of the resilient business model is pursued specifically by positioning the Company internationally and diversifying the customer portfolio, which makes it possible to compensate in part for customer-specific or regional fluctuations in demand. In order to further strengthen the balance of international business activities, shares of the business generated on the Asian and American markets in particular are to be further expanded. In addition, the Lifecycle Solutions business group, with its largely divergent market cycles and customer groups, is also able to contribute to stable business development.

4. Operational excellence and capital efficiency

Fourthly, HELLA is pushing for continuous improvement in operational excellence and capital efficiency. This takes place at all levels, functions and processes in the Company. The initiatives include efficiency improvements in the areas of R&D and production through higher standardisation, modularisation and automation, sustainable operational improvement in the lighting business and improved allocation of investments. In addition, the focus is on digitalisation, process standardisation, the systematic, needs-based investment in staff and their use, as well as active portfolio management.

In July 2020, HELLA’s management introduced a long-term programme to sustainably increase competitiveness. If these structural measures are successfully implemented in Germany, the Company projects an annual EBIT contribution of around €135 million (in relation to the fiscal year 2019/2020). The majority of this will, in all likelihood, take effect as of the fiscal year 2024. Most of the funds released are to be used to further strengthen the Company's innovative strength and competitiveness over the long term.

Cooperation with Faurecia

Since Faurecia's successful acquisition of a majority shareholding in HELLA on 31 January 2022, the two companies have been operating jointly under the umbrella brand FORVIA, albeit as still legally independent entities, and form the seventh largest automotive supplier in the world with a total of around 150,000 employees. In the short fiscal year 2022, the cooperation has progressed further. In particular, both companies have recorded significant successes in the realisation and identification of cost synergies. The cost synergies expected for FORVIA by the end of 2025 now total more than €300 million. HELLA will account for about half of this.

Sustainability strategy

Sustainable business management and responsible action are firmly anchored in HELLA's corporate values and form an important basis for the successful further development of the Company. In its corporate decisions, HELLA takes economic, environmental, and social factors into account and assumes responsibility for employees as well as for the impact of its operations on the environment and society. In view of this, HELLA is, on the one hand, continuously intensifying its own commitment to sustainability and has, for example, further passed even more ambitious climate targets in the fiscal year 2021/2022. On the other hand, the Company also supports its own customers in achieving their sustainability goals with product solutions that contribute to safe and emission-free mobility. The HELLA sustainability strategy sets forth a solid framework for this work and describes, among other things, the Company's goals for contributing to sustainable mobility, a responsible supply chain and combating climate change as well as a responsible HR policy.

For example, by 2025, all HELLA production, development, distribution and administration locations worldwide are planned to manufacture and operate in a carbon-neutral manner going forward. This is to be achieved in particular by improving energy efficiency in production and converting energy supplies to renewable energy sources. The plan is to meet the Company's electricity demand solely from renewable energy sources by 2025. In addition, any remaining unavoidable emissions are to be offset by investments in high-quality certified climate protection projects. Before 2025, electricity consumption in relation to sales is also to be reduced by 20 % compared to 2019 and by 30 % before 2027. Furthermore, HELLA strives to ensure a climate-neutral supply chain by 2045 and intends to consistently supply customers with carbon-neutral products. In the past fiscal year 2021/2022, HELLA adopted interim targets for the upstream and downstream value chain for the first time. HELLA plans to achieve a 45 % reduction in these carbon emissions by 2030 together with Faurecia under the FORVIA umbrella. With its ambitious climate targets, HELLA aims to contribute to compliance with the 1.5 degree target of the Paris Climate Agreement.

Furthermore, the HELLA sustainability strategy envisages the further expansion of activities to maintain environmental and social standards both internally and throughout the supply chain. This includes, but is not limited to, the expansion of corporate duties of care to include compliance with human rights and development of health and safety standards.

HELLA participates in cross-industry as well as specific sustainability ratings, which underpin the effective anchoring of sustainability aspects in the Company's business activities. Of particular relevance to the Company are, among others, the CDP Climate Change Rating, in which HELLA achieved a B rating in the calendar year 2022, and the EcoVadis assessment. HELLA was awarded an EcoVadis Silver Medal for the calendar year 2022, positioning it among the top 25 percent of companies globally assessed by EcoVadis.

Financial strategy

A sound financial strategy that aims to ensure financial stability is an integral part of HELLA's corporate strategy. In this context, HELLA pursues a long-term funding plan which safeguards financial flexibility even in the event of increased economic volatilities, while also ensuring that the necessary funds are made available for investment in further growth. The objective of the Group is to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Company continues to target a ratio of less than 1.0 for net financial debt to adjusted operating earnings before depreciation and amortisation (adjusted EBITDA) in the long term, as has been the case in previous fiscal years.

In order to achieve these strategic financial goals, HELLA maintains a high level of diversification in terms of the financing instruments it uses. Thus the Company currently primarily utilises capital market bonds, local bank financing and a syndicated loan facility. The financial policy of the HELLA Group is managed by HELLA GmbH & Co. KGaA as the parent company. Finance is generally arranged centrally and made available to the Group companies as required.

For more information on the financial instruments employed, see the explanations in the consolidated financial statements.

M&A strategy

HELLA pursues a strategy of organic growth based on its existing business model, core technological expertise and established partnership and cooperation network, and also regularly examines the possibility of corporate acquisitions. In particular, the focus is on companies that serve the strategic goal of complementing established product and technology fields or developing new products and technologies within a short time. The goal is thus to expand the Company's own technology and market leadership – e.g. in the Electronics division – in a targeted manner through possible acquisitions. A further focus is on strengthening the Company's competitive position in certain markets such as China. In order to better address the increasing demand for solutions to extend the life of vehicles, the Lifecycle Solutions business group is to be further strengthened through potential investments in the spare parts and workshop business.

Furthermore, within the scope of M&A activities, necessary divestment projects are also being followed up as part of ongoing portfolio management. This also includes the further focus on HELLA's joint venture network.

Management systems

Management of the HELLA Group

The HELLA Group's organisation is managed via a multidimensional matrix. This includes

- the three business groups: Lighting, Electronics and Lifecycle Solutions,
- the regions of North, Central and South America, Asia / Pacific (including Rest of World) and Europe as well as
- the central functions.

While the business groups and regions are organised as profit centres, the central functions are managed as cost centres mainly in the form of regional HELLA Corporate Centres, into which HELLA business services (shared services organisation) are also integrated. The business groups are largely responsible for strategic and operational business development. The central functions fulfil a governance and control function for the Group and the segments.

In the worldwide HELLA network, the Company's registered office in Lippstadt in particular plays a leading role as a central location for control and governance as well as being an important development location. At the same time, regional market weightings have changed in recent years; the requirements for global corporate management have also increased significantly. HELLA is therefore continuously developing its global management network. Among other things, certain globally required administrative tasks are being continuously bundled and standardised at the international competence centres. In this respect, the administrative locations assume global or regional responsibility for the administrative activities assigned to them. In this context, HELLA is also taking advantage of potential synergies arising from its cooperation with Faurecia, for example through collaboration in the regions of China and Mexico with regard to selected administrative activities.

Group management is carried out by the Management Board of Hella Geschäftsführungsgesellschaft mbH as General Partner of HELLA GmbH & Co. KGaA. The reorganisation of HELLA's business activities along the three business groups of Lighting, Electronics and Lifecycle Solutions, which represent the corresponding segments in this Annual Report, had been largely completed with effect from 1 June 2022.

With regard to the personnel on the Management Board of Hella Geschäftsführungsgesellschaft mbH, the following changes have taken place since 1 June 2022: The former President and CEO, Dr. Rolf Breidenbach, and the former Managing Director Lighting, Dr. Frank Huber, left the Management Board as of 30 June 2022. Dr. Rolf Breidenbach was succeeded by Michel Favre, who was appointed CEO by the Shareholder Committee with effect from 1 July 2022. Dr. Frank Huber's area of responsibility was taken over by Yves Andres. Yves Andres was appointed to the Management Board with effect from 15 April 2022 and took over the management of the Lighting business on 1 July 2022. In addition, the Shareholder Committee came to an agreement with Björn Twiehaus, Managing Director Electronics, and with Dr. Lea Corzilius, Managing Director Lifecycle Solutions and Human Resources, at their respective request, to terminate their respective Director contracts by mutual

HELLA GmbH & Co. KGaA

	CEO Michel Favre		
	Lighting Business Group Yves Andres (as of 1 July 2022)	**Electronics Business Group** Björn Twiehaus (until 31 March 2023)	**Lifecycle Solutions Business Group** Dr. Lea Corzilius (until 30 April 203)
Finance, Controlling, Information Technology and Process Management Bernard Schäferbarthold	**Executive Board**	**Executive Board**	**Executive Board**
Human Resources Dr. Lea Corzilius			
Purchasing, Quality, Legal and Compliance Michel Favre			
Europe; North, Central and South America; Asia / Pacific / RoW			

General Partner
Hella Geschäftsführungsgesellschaft mbH

The Management Board of HELLA Geschäftsführungsgesellschaft mbH
Michel Favre (CEO), Yves Andres, Dr. Lea Corzilius, Bernard Schäferbarthold, Björn Twiehaus

Chairman of the Supervisory Board
Andreas Renschler

Shareholder Committee
Dr. Wolfgang Ziebart (Chair), Patrick Koller, Judith Buss, Nolwenn Delaunay, Olivier Durand, Andreas Renschler, Christophe Schmitt, Jean-Pierre Sounillac

As at 8 March 2023

consent effective as of the end of 31 March 2023 and 30 April 2023 respectively.

In February 2023, the Shareholder Committee decided to appoint Jörg Weisgerber and Stefan van Dalen as new members of the Management Board of HELLA GmbH & Co. KGaA. Jörg Weisgerber will take over the management of HELLA's global electronics business on 1 April 2023; Stefan van Dalen will also become the new Managing Director of the Lifecycle Solutions business group on 1 April 2023. Michel Favre will take over responsibility for the Human Resources central function on 1 May 2023 in addition to his role as CEO.

In the business groups, the respective Executive Boards support the responsible Management Board in operational and strategic management. Entrepreneurial autonomy is the basic principle for managing the business at all levels. For key business transactions, the Group Management Board requires the approval of the HELLA GmbH & Co. KGaA Shareholder Committee, which codetermines the significant guidelines for business development by means of this process. As the central representative body of the shareholders, the Shareholder Committee is involved on an ongoing basis with monitoring and providing advice to the Group Management Board. Besides this, the Shareholder Committee has responsibility for personnel matters involving the Management Board of Hella Geschäftsführungsgesellschaft mbH. Monitoring tasks are also performed by the Supervisory Board, which primarily deals with auditing and approving the annual and consolidated financial statements, as well as the interim financial statements and dependent company report. Certain tasks in this context are delegated to the Audit Committee nominated by the Supervisory Board – in particular, the audit of the financial and non-financial reports and supervision of the functional capability of the internal control system and the risk and compliance management system.

Strategic planning and operational budget planning are significant internal control instruments for the Company. The HELLA Group's Management Board, the Executive Boards and the Economic and Financial Committee of the Shareholder Committee discuss the results with reference to the budget and the prior year's performance in detail on a monthly basis. The Supervisory Board is informed of outcomes. Furthermore, six month reports and quarterly reports are prepared.

Performance indicators

The Management Board refers to financial and non-financial performance indicators in its management of the Company. Their target values are based on various comparative values, for example, the development of the markets and competition, internal performance standards and allocation of resources.

Financial performance indicators

With regard to the past short fiscal year 2022, the four key financial performance indicators are currency and portfolio-adjusted sales growth, the EBIT margin adjusted for structural measures and portfolio effects (adjusted EBIT margin), return on invested capital (ROIC) and adjusted free cash flow from operating activities (adjusted OFCF). The key performance indicators of currency and portfolio-adjusted sales growth and adjusted EBIT margin had a great importance for the management of the Group for the short fiscal year 2022. Accordingly, they have been the Company's most important performance indicators.

From the fiscal year 2023 onwards, the currency and portfolio-adjusted sales growth as well as the newly included operating income margin and the net cash flow in relation to sales will be used as performance indicators. The operating income margin corresponds to the adjusted EBIT margin without taking into account the earnings contribution of the associates and joint ventures; the net cash flow is the reported and thus unadjusted free cash flow from operating activities, but includes interest payments. In addition, from the fiscal year 2023 onwards, net cash flow in relation to sales will also be of great importance for corporate management in this context. Currency and portfolio-adjusted sales growth, operating income margin and net cash flow in relation to sales thus represent the company's most significant performance indicators. The return on invested capital continues to be a significant performance indicator.

For further information, please refer to chapter 37 in the notes to the consolidated financial statements.

Non-financial performance indicators

In addition to financial key performance indicators, HELLA utilises non-financial performance indicators. The customer line return is an important indicator in this respect. This is measured as the number of defects identified after delivery per one million parts (ppm). This key performance indicator is therefore also a measure of quality and customer satisfaction. Other key non-financial performance indicators are the accident rate, which describes the frequency of accidents with down-

Most significant financial performance indicators (as of 2023)

Currency and portfolio-adjusted sales growth

Percentage change in consolidated sales, adjusted for currency effects and portfolio changes

Operating income margin

Adjusted earnings before interest and taxes (EBIT) reported in the consolidated financial statements excluding the contribution to earnings of associates and joint ventures in relation to portfolio-adjusted sales

Ratio of net cash flow to sales:

Reported free cash flow from operating activities including interest payments, in relation to reported sales

Significant financial performance indicators

Return on invested capital

Ratio of operating income before finance costs and after taxes (NOPAT) to invested capital

For more information on the corporate bodies, see the declaration on corporate management.

time in relation to one million working hours, and the specific energy intensity, which measures the electricity demand of the production sites in relation to sales. The indicators of the proportion of women in specialist and management positions ("Managers & Professionals") and CO_2 intensity are also becoming increasingly relevant with regard to the management of the Company. This indicator shows the CO_2 emissions related to the Company's own production output (Scope 1 and 2 according to the Greenhouse Gas Protocol) in relation to the Company's sales.

HELLA GmbH & Co. KGaA

As the risks and opportunities of HELLA's parent company HELLA GmbH & Co. KGaA, the forecast performance and key research and development activities cannot be separated from the Group; the position of the parent company is in line with that of the Group. For this reason, this report contains information about the Group as a whole and about the financial situation of HELLA GmbH & Co. KGaA. Unless otherwise stated, the information that follows relates to the Group.

HELLA is managed as an integrated group from the parent company, which is itself involved in global activities as an operational unit. Due to the high degree of integration, the Company is mainly managed on the basis of the Group's aggregated performance indicators. The reported sales and, until December 2022, the adjusted EBIT margin, as well as, from the fiscal year 2023 onwards, the operating income margin in accordance with IFRS, based on Group reporting, are of particular importance to the management of the German parent company HELLA GmbH & Co. KGaA as an operating unit. Sales in accordance with IFRS differ from sales in accordance with the German Commercial Code (HGB), in particular with regard to recognition of project sales. EBIT and operating income according to IFRS essentially correspond to the operating result according to HGB (earnings before taxes on income and net financial result), whereby the operating income does not take into account the operating profit contributions of the associates and joint ventures. The annual financial statements of the HELLA GmbH & Co. KGaA have been prepared in accordance with the provisions of the German Commercial Code (HGB).

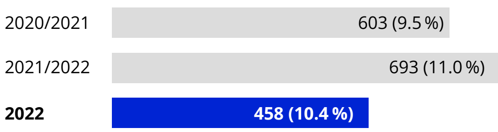
Outside the operational business of HELLA GmbH & Co. KGaA, income from profit transfer agreements and expenses from absorption of losses as well as income from investments play an important role with regard to the Company's earnings, but are not included in the operating performance indicators for internal management.

Research and development

Along with operational performance, research and development are key components of the Company's corporate strategy and provide the foundation for its competitive ability and technological and market leadership in many product divisions. For this reason, on the one hand, more than one in five employees at HELLA works in research and development, totalling 8,233 employees worldwide (31 May 2022: 7,787 employees). On the other hand, HELLA aims to continue to invest consistently in the development of automotive technologies of the future.

Investment in research and development

in € million and % of portfolio-adjusted sales



HELLA spent a total of €458 million (fiscal year 2021/2022: €693 million) on research and development in the past fiscal year (adjusted). This equates to a ratio of expenses to consolidated sales of 10.4 % (fiscal year 2021/2022 year: 11.0 %). The high level of investment in research and development was mainly due to the high order backlog and the successful order intake. The ratio of capitalised development expenses to development expenses in accordance with the consolidated income statement came to 20.6 % (prior year: 19.1 %).

Around three quarters of research and development expenses can thus be attributed to specific customer projects with booked business; the other expenses are invested in pre-development, fundamental research, software and tools. In the short fiscal year 2022, HELLA also filed 177 new patent applications (fiscal year 2021/2022: 277 applications).

HELLA's global research and development network consists of around 35 R&D facilities worldwide (excluding R&D sites of joint ventures). HELLA also maintains a venture capital arm in Silicon Valley, an independently operating marketplace for mobility innovation in Berlin ("The Drivery") and a separate innovation centre in Shanghai, which oversees, among other things, new innovations for the Chinese market, collaborations with local start-up companies and other venture capital activities. In addition, at the Lippstadt location HELLA maintains two research laboratories for automotive lighting technology and electronics, as part of which long-term topics, in particular around the future of automobiles, are investigated at an academic level.

In the worldwide research and development network, the headquarters in Lippstadt is of particular importance. For example, the location assumes responsibility for overall management tasks and systematically organises central product and process innovations in the global HELLA network. The location is simultaneously a leading development centre and acts as an essential customer interface to technology-leading automotive manufacturers in Europe and especially in Germany.

In order to increase customer proximity in major regional markets, react flexibly to local market requirements and efficiently and competitively distribute development resources, HELLA has implemented significant further structural developments in the global R&D network as part of the programme to increase long-term competitiveness. This primarily includes the continuous strengthening of regional or local development centres, the transfer of certain development and application activities to other international development locations and the associated relocation of corresponding personnel resources.

Lighting business group

HELLA's research and development activities in the Lighting business group deal with a comprehensive range of automotive lighting technologies. This includes, for example, the development of new lighting technologies for headlamps and rear combination lamps as well as work on innovative product solutions for vehicle body and interior lighting.

In the headlamp segment, a major focus in the short fiscal year 2022 was on the first series production of the new headlamp technology "Digital Light SSL | HD" as well as on the successful acquisition of further customer projects. With this technology, up to 25,000 pixels per chip can be intelligently and individually switched to realise new high-resolution lighting functions such as optical lane marking or welcome scenarios. At the same time, this technology can reduce weight and installation space as well as improve the energy efficiency of the headlamp compared to other high-resolution systems on the market; the purely software-based control of the lighting functions can also reduce development costs and investment expenditure on the customer side by around half.

At the same time, HELLA has also started work on development of the second generation of the SSL | HD headlamp technology. In addition to the implementation of new lighting functions, further product optimisation and flexibilisation are key focuses of development. Series production of this second product generation is scheduled to start in 2024. In addition, HELLA is also developing an "SSL | HD Next" version of the HD headlamp technology as part of pre-development projects. Compared to previous SSL | HD product generations, it can achieve an even higher resolution and thus a higher imaging quality. This allows lighting functions to be mapped in a higher quality or even enables new functionalities.

In the field of rear combination lamps, HELLA provides targeted support for the styling and design requirements of automotive customers. In this connection, HELLA has primarily focused on the further development of highly efficient lighting systems. With FlatLight technology, for example, HELLA achieves different lighting functions with optics that are only a few micrometres in size. Since new styling options for indicators, brake lights and tail lights can be implemented in this way, FlatLight technology also opens up significant advantages in terms of energy efficiency. FlatLight is expected to go into initial series production for an international automotive manufacturer in mid-2024. At the same time, HELLA was nominated by another customer with the series development of a FlatLight application as a daytime running light in the short fiscal year 2022; production is scheduled to start in mid-2025. In addition, HELLA has continued the development of the "Digital FlatLight". This uses a SmartGlass display to further enhance the functionality of the rear combination lamp. For example, new functions or signatures can be programmed using software. New business models such as the installation and customisation of graphics via an app or software update can also be implemented in this context. HELLA is currently advancing Digital FlatLight within the scope of various pre-development projects. In the short fiscal year 2022, HELLA's "Digital FlatLight" also won two innovation awards in China.

In car body lighting technologies, a major focus was on the development of Front Phygital Shields. These large-area, complex modules for the vehicle front are used on the one hand as a style-defining, brand-differentiating design element of electric

Research and development

	2022	2021/2022
Employees in R&D	8,233	7,787
R&D expenses in € million		
Lighting	166	272
Electronics	267	384
Lifecycle Solutions	25	38
Total	**458**	**693**
in % of sales	10.4 %	11.0 %

Where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding. The fiscal year 2022 covers the period from 1 June to 31 December 2022 as a result of the change to the dates of the fiscal year.

vehicles through lighting and multicolouring. With further integrated functionalities such as sensor technology, radar permeability and heating, they also play a central role in automated driving. Depending on customer specifications, they are available in different levels of integration. HELLA acquired two large-volume orders at the beginning of the short fiscal year 2022, which are expected to go into series production from mid-2025.

In the field of lighting technologies for vehicle interiors, HELLA is developing lighting solutions for the next generation. Market drivers for this include trends such as electromobility and automated driving, which place new demands on vehicle interiors. The focus is on the Slim Light system and the Smart Lights from HELLA. The Slim Light system can set the scene for the interior indirectly by backlighting larger areas, for example in the door. The key feature of the system is its slimline design, which allows the lighting system to be easily integrated in areas where this was previously difficult due to space constraints. Depending on the customer's wishes, the system can be combined with different surface materials and designs. Up to four RGB LED modules can be coupled into the system. This enables dynamic lighting scenarios within the area. In addition, the system features lower weight and improved efficiency compared to existing solutions. This meets the requirements of electric vehicles in particular. HELLA's Slim Light system is being refined continuously and the basic function of the light supplemented with additional functionalities.

In contrast, Smart Lights from HELLA support communication between the vehicle and its occupants. Smart Lights can be used both for safety functions in the car and for comfort while driving, for example by having a light strip in the door strip flash red when an object is in the blind spot. A precise optical design ensures optimal colour mixing and high daytime visibility. In addition to these and other warning functions, Smart Lights also enable other dynamic lighting effects with a high degree of personalisation. Furthermore, HELLA was nominated for a new roof console project in the past short fiscal year with series production starting in 2024/2025.

HELLA has increasingly focused on researching the topic of sustainability, among other things. Firstly, a PhD project on the conception and development of sustainable automotive lighting systems has commenced. The approaches and methods to be researched provide important insights for a low-CO2 design of future headlamps and thus contribute to achieving the Net Zero strategy. Secondly, the "NALYSES" funding project was launched, in which HELLA is the consortium leader and, together with partners from industry and academia, is driving forward the development of sustainable products. Furthermore, a new PhD project was started as part of the activities on the interior of the future. The aim of the work is to develop concepts for light-based interaction with vehicle occupants for automated vehicles from level 4. In addition, investigations were carried out into the use of optical structures in the micro and nanometre range for projections around the vehicle and their use was evaluated.

As part of pre-development and research projects, HELLA has been working on the further development of holographic applications in headlamps and rear combination lamps, among other things. The methods developed contribute significantly to the preparation of potential series applications and thus enable new lighting technology applications. In addition, options are being investigated for adapting the light distribution of a high-resolution headlamp to ambient conditions in order to increase the visibility of objects while reducing the emitted luminous flux and thus the energy consumption. In addition, the communication between automated vehicles and other road users using light is being researched as part of the INITIATIVE funding project. The RoSSHAF funding project is also evaluating how optical sensors must be designed to withstand environmental conditions in order to guarantee their full functioning under a wide range of weather conditions.

Electronics business group

As part of its research and development activities in the Electronics business group, HELLA focuses primarily on the key strategic growth areas of electrification and energy management, safe and automated driving as well as digital, sustainable cockpit experiences.

With regard to electrification and energy management, HELLA supports automotive manufacturers holistically with product solutions for all stages of electrification. For example, HELLA develops products that are specially designed to meet the requirements of fully electric or hybrid vehicles or that support the energy efficiency of vehicles regardless of the powertrain. In this context, the focus is on battery and power electronics for 12 and 48 volt applications and for the high-voltage range, as well as innovative thermal management solutions for electric vehicles.

In the past short fiscal year, HELLA further expanded its market position in the high-voltage segment in particular and acquired a large-volume customer order for the company's first high-voltage converter at the beginning of the fiscal year. This is to be rolled out to the manufacturer's full e-vehicle platform as well as additionally integrated into a plug-in hybrid. The converter acts as an interface between the high-voltage vehicle electrical system and 12-volt equipment and ensures the redundant power supply of components for automated driving as well as other safety-relevant functionalities. Series production is scheduled to start in mid-2025. With high-voltage battery management systems, the focus of development was, among other things, on expanding the customer portfolio, including in cooperation with the cell manufacturer Farasis Europe, as well as on new approaches to designing a modular construction system.

Based on many years of expertise in the field of high-voltage battery management systems, HELLA has also continued the development of various low-voltage battery management systems. For example, various 12 and 48 volt battery management systems are currently in series development; this also includes the development of a 48 volt system solution consisting of power electronics and battery management. The market launch, which will take place in each case in cooperation with different cell manufacturers, is planned for 2024 and 2025.

The key product with regard to electromobility from the area of thermal management is in particular the Coolant Control Hub (CCH), which as a subsystem connects up to three cooling circuits in the electric vehicle with each other: battery, electric motor and power electronics as well as the vehicle interior. This reduces the number of components required in the overall system, thus lowering the weight and amount of assembly work significantly. At the same time, the CCH ensures efficient distribution and recovery of thermal energy in the vehicle and that all critical vehicle components can be operated in their optimal temperature range in various driving, parking and charging situations and in various weather conditions. The CCH is based on a modular approach and integrates, for example, actuators and sensors, distribution systems, electronic coolant pumps, expansion tanks and heat exchangers as well as innovative valve solutions in one product. In the market, it is offered as a customised system solution that can be configured according to the respective customer specifications and vehicle architectures. The CCH will go into series production from 2024 on the basis of one initial order. HELLA also received two further orders in the short fiscal year 2022 from different manufacturers, including for the pick-up segment.

In the short fiscal year 2022, HELLA continued to develop new product generations in the area of radar technology, among other things, in addition to realising further series start-ups. This includes the iterative further development of the second 77 GHz generation, which will have the latest generation of radar chips as well as waveguide-based antennas. The antennas are contributed by Swedish technology company Gapwaves as part of a development partnership. Based on this antenna and chip technology, the detection ranges of the radar sensors can be further increased, the field of view extended and the measuring capability at close range improved. Production start for a German premium manufacturer is planned for 2024. HELLA has also started to develop further product generations, which are expected to be launched on the market from 2025 onwards. Firstly, HELLA is developing a 77 GHz radar sensor in this context, in which the sensor is primarily responsible for environmental perception, but the sensor's other functionalities are performed by central computers. Secondly, HELLA is working on a higher-resolution and cost-optimised radar sensor for the vehicle corners that will be used for higher levels of autonomous driving.

As the second key component for automated driving, HELLA is intensively involved in the development of steering electronics in fail-operational design. These optimise fuel efficiency by providing electric steering assistance as needed, as was already the case with previous product generations, but as redundant components they also represent an essential prerequisite for the implementation of highly automated driving functionalities. Current development activities are focused, among other things, on the preparation of major series launches in 2023. HELLA is also working on the development of production-ready key components for a steer-by-wire system. Here, steering commands are transmitted completely electrically and without mechanical or hydraulic components. This enables flexible, customer or situation-specific steering configurations and realises new design possibilities in the vehicle interior. The all-electric steering system is being developed in a network of other partners. In this context, HELLA contributes two central components in the form of sensors and control electronics. Such a steer-by-wire system could be in use from 2026.

In the past fiscal year, HELLA also continued the development of the world's first large-volume brake pedal sensor with by-wire technology, for which HELLA was appointed by a German automotive manufacturer in the fourth quarter of the fiscal year 2021/2022. Unlike conventional braking systems, brake-by-wire technology transmits the braking commands exclusively electronically. This firstly supports functionalities of automated driving and the customised the brake function for different customers. Secondly, the use of lightweight materials reduces the component weight. While maintaining high performance and functional safety, this can help to increase the range of electric cars and reduce the carbon emissions of vehicles with internal combustion engines or hybrid drives. In addition, installation costs and the number of variants are reduced; in the long term, the elimination of hardware components also opens up new possibilities for designing the vehicle interior of the future.

With regard to new software-based technologies, HELLA added a Smart Presence Detection function to the "Smart Car Access" vehicle access system in the past short fiscal year. With the Smart Car Access vehicle access system, end users can open their vehicle completely hands-free without a traditional remote key. Based on integrated ultra-wide-band (UWB) technology, the system is characterised by a particularly high level of security, as so-called relay attacks are prevented. To implement the new Smart Presence Detection, the UWB anchors installed in the vehicle for the Smart Car Access system, in combination with an intelligent algorithm, recognise certain behavioural patterns of the vehicle occupants, such as breathing, as well as body stature. For example, the system can detect whether a small child (child presence detection) or an adult has been left behind in the vehicle; the end user can receive an automatic message on their mobile device, depending on the version employed by the manufacturer. The HELLA Smart Car Access system will go into series production for an international automotive manufacturer within the next one to two years; at the beginning of the short fiscal year 2022, HELLA also acquired another large-volume series order for this technology.

In the field of body electronics, HELLA is also continuing its many years of experience with central control units in the development of so-called zonal modules. These special control units combine the functionalities that were previously handled by individual control units into two to three overarching control units, thus significantly reducing the complexity of vehicle architectures. In this context, HELLA is already working at an early stage on control units that bundle the functionalities in the rear of the vehicle and integrate luggage compartment closing functions, for example. The series launch will take place this calendar year. Safe power distribution in future autonomous vehicles is another challenge in modern vehicle architectures. HELLA has expanded the concept of zone control units to include this aspect with the development of intelligent power distribution modules. Series production for a German OEM is expected to start in 2025.

Lifecycle Solutions business group

Expenditure on research and development in the Lifecycle Solutions business group is incurred primarily in the area of workshop equipment and in the Special Original Equipment business.

Workshop equipment

The business with sophisticated multi-brand workshop equipment is served by the subsidiary Hella Gutmann Solutions, which manages the complete process chain for analogue and digital solutions. With hardware, software, data and corresponding services, Hella Gutmann Solutions offers its customers the support they need in view of the transformation of mobility towards alternative drives and digital networking. In the past short fiscal year, the focus was on the further development of the diagnostics and exhaust portfolio, remote services and expansions for digital products.

The diagnostic devices of the mega macs series fulfil a key role for communication with modern vehicles. In view of their need for ultra-fast processing of large amounts of data and correspondingly complex onboard network structures, different technologies have been bundled in the latest mega macs product. Implemented Ethernet protocols and cross-brand Cyber Security Management (CSM) enable Hella Gutmann customers to communicate with the vehicle systems of recent and future vehicle generations. Using the CSM integrated in the mega macs software, Hella Gutmann was also able to provide its customers with access to system and vehicle data that is protected by vehicle manufacturers' gateways against unauthorised access. In the short fiscal year 2022, CSM was successfully made available to all brands of a German automotive manufacturer as well as for a French automotive manufacturer. The successive expansion of this important function to other manufacturers is already being planned.

Hella Gutmann Solutions has taken the growing share of electric and hybrid vehicles in the fleet into account with new products, functions and services. For electrical measurements in the high-voltage range, Hella Gutmann has supplemented the mega macs X with a new high-voltage measuring technology module. With the help of the innovative "Guided Measurements" function, the diagnostic can be documented automatically. In addition, a function for quickly determining the State of Health (SoH) of the high-voltage energy storage units was integrated into the mega macs software. Hella Gutmann customers can acquire the qualifications they need to work on electric and hybrid vehicles through technical training courses at the HELLA Academy.

Furthermore, Hella Gutmann has further developed vehicle diagnostics with regard to possible automation potential. In the past fiscal year, the prototype of an automated diagnostics system was presented for the first time. It involves an intelligent, continuously self-improving system that automatically generates a statistically validated diagnostic result using artificial intelligence (AI) and Big Data technology. This can save up to 75 manual process steps per vehicle. In automatic mode, the diagnostics device can already determine the component causing the fault in around 80 percent of all diagnostic cases. It should be possible to increase this figure using AI. The expansion of the function to all vehicles covered by the mega macs software has already begun.

At the same time, HELLA completed the development of a particle counter at the end of the short fiscal year 2022. One of the focal points was the integration of a new microchip technology. The particle counter is controlled via the mega compaa HG4 for exhaust gas measurement and counts the soot particles in the exhaust gas stream. The industrialisation and delivery of the particle counter is expected to take place from spring 2023 and thus support compliance with legal requirements in Germany. Accordingly, from 1 July 2023 at the latest, particulate measurement will be mandatory in Germany for all diesel vehicles (from Euro6/VI) as part of the exhaust emission test.

The macsDS data service was also continued. The data-driven software solution analyses and interprets vehicle information, which is provided to customers such as insurers, fleet operators or mobility service providers via an integrable interface. The value of this information is derived primarily from Hella Gutmann's many years of vehicle and repair expertise; Hella Gutmann has also entered into strategic partnerships in the area of data usage, telematics and direct networking in this context. In the past fiscal year, the macsLive telematics diagnostics solution was launched as part of a large-scale project at Germany's largest automobile club.

Special Original Equipment

The innovative strength of the Special Original Equipment business rests on two pillars: On the one hand, core expertise from the automotive business is transferred to applications for special-purpose vehicles and small-volume manufacturers; on the other, new product solutions are also developed specifically for these target groups and markets at the same time. Accordingly, the research and development activities are based to a great extent on the continual introduction of LED lighting technologies. These are not just distinguished by greater functionality, performance and energy efficiency. Within the customer groups, too, the importance of differentiating light signatures achieved by LED lighting systems continues to grow.

In order to meet the increasing demand from commercial vehicle customers for customised lighting solutions that significantly increase brand recognition, HELLA launched a new, modular full-LED combination rear lamp for 24-volt trucks and trailers in the past short fiscal year. The tail light on this full-LED combination rear lamp is realised by a patented LED light curtain in combination with a reflector. In addition, the lamp can be customised with printed graphic structures such as dots, stripes and shapes.

The change in mobility towards more electric vehicles and automated driving is also changing the interior of commercial vehicles. To meet this trend, HELLA already has various ambient and customised lighting solutions for trucks in pre-development, which not only increase comfort and well-being, but can also contribute to greater safety in road traffic.

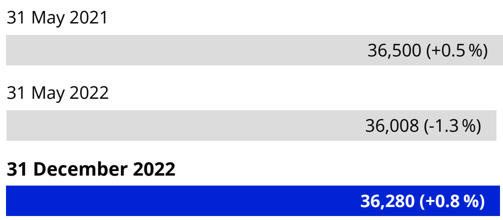
HELLA has further developed the RokLUME 280N work lamp for heavy-duty applications and launched the second product generation with six illumination variants on the market in the past short fiscal year 2022. The illumination properties of all variants have been further improved in the course of further development and adapted to different, specific work scenarios, for example difficult visibility conditions with fog, snowfall or dusty air. The next generation of the RokLume is also already in development.

In the field of sensor technology, there is an increasing demand for micro-actuators that require little installation space vehicles. HELLA is planning a significant capacity expansion for the coming fiscal year for a micro-actuator for various locking and unlocking tasks, which can be easily integrated even in the smallest of spaces. This micro-actuator is used, among other things, in charging stations for e-vehicles to lock the plug in place during the charging process.

Human Resources

Due to the changeover of the fiscal year to the calendar year and the associated short fiscal year 2022, the number of permanent employees as at the reporting date of 31 December 2022 is compared with the reporting date of 31 May 2022. Due to seasonal effects, these two points in time can only be compared to a limited extent.

Permanent workforce in the HELLA Group



As at the reporting date of the short fiscal year 2022 (31 December 2022), HELLA had a global permanent workforce of 36,280 employees (31 May 2022: 36,008 employees). This corresponds to an increase in headcount of 0.8 %, which took place in particular in the area of research and development (+5.7 %) to manage the high order backlog.

In Germany, the number of employees decreased to 7,962 (31 May 2022: 8,055 employees). This is also affected by the programme adopted in July 2020 to sustainably increase competitiveness, which is currently in the final phase of operational implementation. In the other European countries, the headcount increased slightly to 14,561 employees (31 May 2022:

Permanent employees in the HELLA Group by region (percentage change from the prior year as of 31 May 2022)

	31 December 2022	+/-	Share
Germany	7,962	-1.2 %	22 %
Europe excluding Germany	14,561	+1.6 %	40 %
North, Central and South America	7,150	-2.7 %	20 %
Asia / Pacific / RoW	6,607	+5.4 %	18 %
Permanent employees worldwide	**36,280**	**+0.8 %**	**100 %**

14,335 employees). In North, Central and South America, the workforce was reduced to 7,150 employees (31 May 2022: 7,349 employees); in Asia/Pacific/Rest of World there was an increase to 6,607 employees (31 May 2022: 6,269 employees).

As at the balance sheet date of 31 December 2022, the share of female employees in the entire HELLA workforce was 36.7 % (31 May 2022: 37.0 %).

HELLA GmbH & Co. KGaA

HELLA GmbH & Co. KGaA had a total of 4,942 employees as at 31 December 2022 (31 May 2022: 4,905 employees).

Economic report

Economic development

- Global economy shows only moderate growth in calendar year 2022: global gross domestic product up 3.4 % according to IMF estimates, following 6.2 % growth in the prior year
- Multiple influencing factors, including the Ukraine war, inflation and coronavirus measures, lead to significantly lower economic strength

In the calendar year 2022, the global economy has deteriorated significantly compared to the prior year. According to the estimates of the International Monetary Fund (IMF) published in January 2023, the global gross domestic product grew by only 3.4 %. The IMF has raised its assessment slightly compared to its October study (IMF Outlook October: +3.2 %). Nevertheless, growth rates have largely halved again compared to the prior year, which was itself characterised by catch-up effects (2021: 6.2 %). The reasons for the slowdown in 2022 are manifold. Europe in particular is affected by the Russian war of aggression in Ukraine and the associated rise in energy, producer and consumer prices. In the USA, private consumption is weakening, also in connection with the high inflation also prevailing there. In China, coronavirus restrictions and tensions on the real estate market had negative impacts, especially in the first half of the calendar year. Persistent supply bottlenecks also affected overall economic conditions in the past calendar year.

In the eurozone, economic growth in the calendar year 2022 was only 3.5 % overall (2021: 5.3 %), while in Germany it was much weaker at 1.9 % (2021: 2.6 %). In the USA, gross domestic product was also growing only moderately at 2.0 % (2021: 5.9 %), and in China the rate was 3.0 % (2021: 8.4 %).

Industry development

- Global light vehicle production in the short fiscal year 2022 totals 50.8 million passenger cars and light commercial vehicles

According to the market research institute IHS Markit (as of February 2023), in the period of HELLA's short fiscal year 2022 (1 June to 31 December 2022) 50.8 million passenger cars and light commercial vehicles have been produced globally (fiscal year 2021/2022: 75.8 million units).

In terms of industry development by region, vehicle production in Europe in the short fiscal year 2022 was 9.4 million units (fiscal year 2021/2022: 14.8 million units), of which 2.2 million units were produced in Germany (fiscal year 2021/2022: 3.1 million units). In the Americas, 10.2 million units were produced in the corresponding period (fiscal year 2021/2022: 15.8 million units), of which 5.8 million units were produced in the US single market (fiscal year 2021/2022: 9.0 million units). In Asia / Pacific / Rest of World, the market volume was 31.2 million units (fiscal year 2021/2022: 45.2 million units), with the Chinese market accounting for 16.9 million units (fiscal year 2021/2022: 24.1 million units).

Production of passenger cars and light commercial vehicles

	Short fiscal year 2022	Fiscal year 2021/2022
Europe	9,390	14,821
of which Germany	2,182	3,111
North, Central and South America	10,217	15,791
of which USA	5,818	8,994
Asia / Pacific / RoW	31,158	45,190
of which China	16,941	24,084
Worldwide	**50,765**	75,802

Source: IHS Light Vehicle Production Forecast, February 2023. The period of the short fiscal year 2022 covers 1 June to 31 December 2022. The fiscal year 2021/2022 relates to the period 1 June 2021 to 31 May 2022.

Business development of the HELLA Group

- Currency and portfolio-adjusted sales are €4,261 million in the short fiscal year 2022; reported sales total €4,410 million
- Adjusted earnings before interest and taxes are €222 million; adjusted EBIT margin is 5.0 %
- Free cash flow from operating activities is €246 million, adjusted free cash flow stands at €83 million

Results of operations

HELLA GmbH & Co. KGaA resolved at its Extraordinary General Meeting on 29 April 2022 to change the fiscal year to the calendar year with effect from 1 January 2023. The corresponding entry of this change in the Commercial Register was made on 8 September 2022. A short fiscal year was therefore inserted from 1 June 2022 to 31 December 2022. The following presentations thus refer to the period from 1 June to 31 December 2022. The prior-year figures cover the period from 1 June 2021 to 31 May 2022 (fiscal year 2021/2022), meaning that the two periods are only comparable to a limited extent. Furthermore, the influence of seasonal effects must also be taken into account when comparing margins between the short fiscal year 2022 and fiscal year 2021/2022.

In the short fiscal year 2022, HELLA generated Group-wide currency and portfolio-adjusted sales of €4,261 million (fiscal year 2021/2022: €6,326 million); reported sales are €4,410 million (fiscal year 2021/2022: €6,326 million). Business development was primarily supported by global light vehicle production. In addition, the partial passing on of price increases also benefited the company's business development.

Sales in Europe are €2,327 million (fiscal year 2021/2022: €3,603 million), in the Americas €931 million (fiscal year 2021/2022: €1,297 million) and in Asia / Pacific / Rest of World €1,153 million (fiscal year 2021/2022: €1,426 million).

The adjusted earnings before interest and taxes (adjusted EBIT) come to €222 million (fiscal year 2021/2022: €279 million). Accordingly, the EBIT margin has improved to 5.0 % (prior year: 4.4 %). In the reporting period, adjustment was made in particular for the book gain from the sale of the HBPO shares (€250 million). In addition, adjustments totalling €51 million were made for reversals of impairment losses on property, plant and equipment and intangible assets on the one hand and for additions to provisions for delivery obligations on the other (see chapter 19 on adjustments in the notes to the consolidated financial statements). Taking these effects into account, the reported earnings before interest and taxes (EBIT) improved to €383 million (fiscal year 2021/2022: €278 million), corresponding to an EBIT margin of 8.7 % (fiscal year 2021/2022: 4.4 %).

Adjusted gross profit comes to €1,020 million (fiscal year 2021/2022: €1,477 million), and the gross profit margin is thus slightly reduced to 23.1 % (fiscal year 2021/2022: 23.3 %). Although gross profit benefited from high sales volumes, substantially increasing burdens due to high costs for energy, materials and logistics significantly impacted the development of gross profit overall.

Research and development expenses amount to €458 million (fiscal year 2021/2022: €693 million), and the R&D ratio is down to 10.4 % (fiscal year 2021/2022: 11.0 %). Expenses for research and development were incurred in particular against the background of the high order backlog, additional successful project acquisitions and for the implementation of new series projects.

Expenses for distribution and administration and the balance of other income and expenses add up to €368 million (fiscal year 2021/2022: €532 million), reducing the ratio of these expenses and income slightly to 8.3 % (fiscal year 2021/2022: 8.4 %). For further information, please refer to the further notes in the consolidated financial statements (chapters 11-13).

Reported sales of the HELLA Group in € million

Consolidated income statement

in € million	2022	2021/2022
Sales	**4,410**	**6,326**
Cost of sales	-3,390	-4,849
Gross profit	**1,020**	**1,477**
Ratio of gross profit to sales	23.1 %	23.3 %
Research and development expenses	-458	-693
Distribution expenses	-213	-329
Administrative expenses	-167	-219
Other income and expenses	12	16
Earnings from investments accounted for using the equity method	27	26
Other income from investments	0	1
Adjusted earnings before interest and taxes (adjusted EBIT)	**222**	**279**
Ratio of adjusted EBIT to sales	5.0 %	4.4 %

The operational comparatives are presented in an adjusted form. The reported values can be found in the consolidated financial statements. The short fiscal year 2022 covers the period 1 June to 31 December 2022. The period of the fiscal year 2021/2022 is 1 June 2021 to 31 May 2022. The periods are therefore subject to limited comparability.

The contribution of associates and joint ventures to group-wide adjusted EBIT stands at €27 million (fiscal year 2021/2022: €26 million), which corresponds to a relative contribution of 12.1 % (prior year: 9.4 %). The increase is mainly due to a higher contribution to earnings made by joint ventures in the electronics business.

The net financial result is -€25 million (fiscal year 2021/2022: -€24 million). Expenses relating to income taxes amount to €6 million (fiscal year 2021/2022: €70 million).

The short fiscal year 2022 closed with earnings for the period totalling €352 million (fiscal year 2021/2022: €184 million). The high result is due in particular to the additional earnings from the sale of the shares in HBPO. Earnings per share are thus €3.15 (fiscal year 2021/2022: €1.63).

HELLA GmbH & Co. KGaA

In the short fiscal year 2022, sales of HELLA GmbH & Co. KGaA were €1,342 million (fiscal year 2021/2022: €2,134 million). Reported sales under IFRS amount to €1,239 million (fiscal year 2021/2022: €1,952 million).

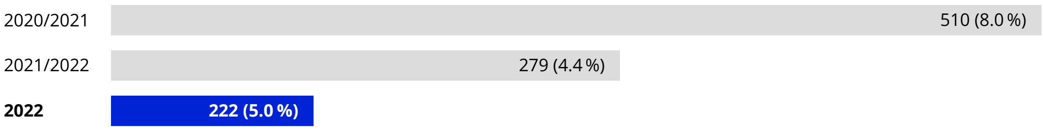
Adjusted earnings before interest and taxes (adjusted EBIT) under IFRS for the period of HELLA's short fiscal year 2022 are €30 million (fiscal year 2021/2022: €58 million). The adjusted EBIT margin thus amounts to 2.4 % (fiscal year 2021/2022: 3.0 %). In the short fiscal year 2022, around 42.3 % of sales were generated by associates (fiscal year 2021/202: 41.2 %). These mainly related to the global supply of modular products in the area of original equipment. Alongside this, the parent company ensured the supply of the international HELLA trade network as part of its central distribution system. Exports accounted for 71.0 % of sales (fiscal year 2021/2022: 67.8 %).

The development of the results of operations as per the annual financial statements is presented below in accordance with German commercial law:

Other operating income of €398 million (fiscal year 2021/2022: €112 million) is mainly influenced by the proceeds from the profit from the disposal of the shares held by HELLA in HBPO Beteiligungsgesellschaft mbH (€278 million). The material expenses ratio (material expenses in relation to overall performance) rose to 49.8 % (fiscal year 2021/2022: 48.8 %). The increase in the material usage ratio is due in particular to price increases in the areas of energy, materials and logistics.

Personnel expenses in the short fiscal year amount to 269 million (fiscal year 2021/2022: €457 million). In the reporting year, the personnel costs ratio (personnel costs in relation to overall performance) dropped slightly to 19.8 % (prior year: 20.8 %).

Adjusted earnings before interest and taxes of the HELLA Group
(adjusted EBIT; in € million and as a % of portfolio-adjusted sales)



Other operating expenses amount to €607 million (fiscal year 2021/2022: €728 million). The creation of provisions for contingent losses (-€90 million) had a significant influence here.

Cumulatively, this leads to an significant improvement in the operating result to €152 million (fiscal year 2021/2022: -€34 million).

On balance, earnings from investments as well as profit and loss transfers stand at €104 million (fiscal year 2021/2022 €109 million).

Financial income, including the income from investments described above, amounts to €135 million after deduction of financial expenses (fiscal year 2021/2022: €84 million). Income taxes fell to €3 million (fiscal year 2021/2022: €13 million).

As a result, net income for the short fiscal year 2022 rose significantly to €283 million (fiscal year 2021/2022: €35 million).

Financial status

The finances of the HELLA Group are managed centrally by the parent company. Funding is usually arranged centrally and made available to the Group companies as required. HELLA has a long-term financing plan, which ensures liquidity at all times even in the event of cyclical fluctuations. The investment and financing policies are based on a balanced portfolio. Financial management aims to safeguard the Group's liquidity and creditworthiness.

At present, HELLA essentially uses four long-term financial instruments:

- **Capital market bonds**
  At the balance sheet date, HELLA had two outstanding capital market bonds with terms of approximately seven years each. These comprise a bond of €300 million maturing in May 2024 and a bond of €500 million issued in September 2019 that matures in January 2027.
- **Private Placement**
  A total of JPY 22 billion with a 30-year term was raised in 2002 and 2003. This foreign currency liability is fully hedged against exchange rate fluctuations. The value of the liability on 31 December 2022 was €164 million.
- **Bilateral credit lines**
  In addition to short-term bilateral loans in individual companies, a Mexican subsidiary took out a bank credit with a volume of USD 200 million in 2018. One tranche of USD 75 million runs until January 2026, while the second tranche of US$125 million ran until January 2023.
- **Syndicated credit facility**
  In September 2022, HELLA negotiated a new syndicated credit facility amounting to €450 million and an increase option of €150 million. The previous syndicated credit facility of €450 million with a term until June 2023 was terminated by HELLA in September 2022. The new facility was concluded with a syndicate of international banks and has a term of three years (including two extension options of one year each) until September 2025. The new credit facility does not have a special termination right in the event of a loss of the investment grade rating, unlike the previous credit facility. The banks would have a special right of termination in the event of a squeeze-out or a controlling agreement being entered in the commercial register.

The net cash flow from operating activities improved during the short fiscal year 2022 to €638 million (fiscal year 2021/2022: €292 million). This development is mainly due to improvements in working capital, which were affected in the prior year by a high build-up of inventories in the wake of supply shortages of electronic components, for example semiconductors and microchips. Nevertheless, the global supply bottlenecks and supply chain interruptions left their mark through the

For more information relating to HELLA's financial strategy, please refer to the "General information on the HELLA Group" chapter in the Group management report.

Sales per region – HELLA Group

	2022		2021/2022	
	Absolute (in € million)	Relative	Absolute (in € million)	Relative
Europe	2,327	53 %	3,603	57 %
North, Central and South America	931	21 %	1,297	21 %
Asia / Pacific / RoW	1,153	26 %	1,426	23 %
Consolidated sales	**4,410**	**100 %**	**6,326**	**100 %**

increase in inventories over the reporting period. The change in receivables includes a positive effect of €194 million from the sale of receivables as part of the introduction of the factoring programme, which took place in the reporting period.

The reported cash investing activities, excluding cash payments or receipts for the purchase or sale of Company shares or capital increases or repayments and securities, came to €392 million (fiscal year 2021/2022: €560 million). These mainly included expenditure on the long-term expansion of the worldwide development, administration and production networks. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. Relative to sales, investments were unchanged at 8.9 %.

As part of the active management of the liquid funds available to the Group, €241 million accrued from securities in the reporting period (fiscal year 2021/2022: €20 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market so the funds can be made available for potential operating requirements at short notice.

The reported free cash flow from operating activities improved during the short fiscal year 2022 to €246 million (fiscal year 2021/2022: -€267 million). Adjusted for structural measures (€27 million), venture capital activities (€4 million) and cash inflows due to the factoring programme introduced in June 2022 (-€194 million), the adjusted free cash flow from operating activities is €83 million (fiscal year 2021/2022: -€213 million). In the fiscal year 2021/2022, the adjusted free cash flow from operating activities was mainly adjusted for payments for structural measures (€54 million).

The sale of the shares in associate Hella Behr Plastic Omnium (HBPO) resulted in cash receipts totalling €290 million (including a dividend payment of €8 million).

Total cash outflows from financing activities came to around €54 million (fiscal year 2021/2022: €149 million). Net new borrowing stood at €19 million (fiscal year 2021/2022: €18 million net amount borrowed).

The dividend of €0.49 per share adopted at the Annual General Meeting on 30 September 2022 amounted to a total of €54 million and was paid out in full to the shareholders.

Compared to the end of the prior year, liquidity from cash and cash equivalents increased by €710 million to €1,286 million (31 May 2022: €576 million). Together with current financial assets, essentially comprising securities of €186 million (31 May 2022: €427 million), the available funds increased to €1,472 million (31 May 2022: €1,003 million). On this basis, the Management Board is of the opinion that HELLA is able to satisfy its payment obligations.

Free cash flow from operating activities of the HELLA Group
(in €million)

Sales per region and Business Group

	Lighting		Electronics		Lifecycle Solutions	
	2022	**2021/2022**	**2022**	**2021/2022**	**2022**	**2021/2022**
Europe	52 %	56 %	48 %	53 %	68 %	70 %
North, Central and South America	25 %	25 %	19 %	18 %	14 %	14 %
Asia / Pacific / RoW	23 %	20 %	33 %	28 %	17 %	17 %

Financial position

Compared to the balance sheet date in the prior fiscal year, total assets increased by €853 million to €7,298 million (31 May 2022: €6,445 million). The equity ratio stood at 41.9 % and was thus only slightly diluted compared to the level as at 31 May 2022 (42.5 %). The equity ratio relative to total assets adjusted for liquidity comes to 52.5 % (31 May 2022: 50.3 %).

Current and non-current financial liabilities increased by €39 million to €1,429 million (31 May 2022: €1,390 million). Net financial debt as the balance of cash and cash equivalents and current financial assets as well as current and non-current financial liabilities fell by a total of €430 million, so that HELLA reported net financial liquidity of €43 million at the end of the short fiscal year (31 May 2022: net financial debt €387 million).

As at the reporting date (31 December 2022), the corporate rating by Moody's rating agency remained unchanged at the level of Baa3 with a negative outlook. This means that the Company's investment grade rating continues to be confirmed.

HELLA GmbH & Co. KGaA

The total assets of HELLA GmbH & Co. KGaA increased to €3,872 million (31 May 2022: €3,412 million). This was mainly due to the increase in current assets (+€697 million) and the decrease in non-current assets (-€254 million).

Property, plant and equipment fell to €343 million (31 May 2022: €350 million). In addition, financial assets decreased to €1,114 million (31 May 2022 year: €1,364 million). This decrease is mainly due to the disposal of securities held as non-current assets (-€243 million).

Trade receivables fell to €99 million in the short fiscal year 2022 (31 May 2022: €187 million), also in connection with the introduction of the factoring programme.

Amounts owed by affiliates increased to €726 million (31 May 2022: €647 million). This development is mainly due to an increase in intragroup trade receivables (+€42 million) and the increase in loans and cash pooling receivables from domestic and foreign subsidiaries (+€37 million). Receivables from companies in which participating interests are held increased slightly to €9 million (31 May 2022: €8 million).

The net financial assets of the Company (other securities plus cash on hand and bank balances less bonds, other financial liabilities and amounts owed to credit institutions) came to €160 million at the end of the short fiscal year (31 May 2022: -€501 million). This development is largely due to cash inflows from operating activities, the sale of the share in HBPO as well as current and non-current assets.

Compared to the prior year, equity rose by 19.0 % to €1,432 million (31 May 2022: €1,203 million). This is mainly due to the net income (€283 million) for the year.

The equity ratio rose to 37.0 % (31 May 2022: 35.3 %). For details of the composition of the subscribed capital, please refer to the annual financial statements of HELLA GmbH & Co. KGaA.

The annual financial statements of HELLA GmbH & Co. KGaA are available on the Company homepage at **www.hella.com/cfs** and are also announced electronically in the company register.

Further events in the fiscal year

- **Exit from HBPO**
  HELLA completed the exit from the company HBPO Beteiligungsgesellschaft mbH ("HBPO") on 12 December 2022. Following approval by the relevant regulatory authorities, the 33.33% share has been successfully transferred to the previous co-shareholder Plastic Omnium. The purchase price amounts to €290 million, including a dividend of around €8 million (book gain: €250 million). HELLA and Plastic Omnium agreed on a corresponding share purchase and transfer agreement in July last year. With the successful sale of its shares, HELLA is on the one hand continuing its tried-and-tested portfolio management. On the other hand, the transaction is based on a possible use of the change of control clause by Plastic Omnium, which was stipulated in the joint venture agreement and could have potentially been used after the acquisition of the majority shares in HELLA by Faurecia.

- **Capital Markets Day 2022**
  HELLA intends to consistently expand its technology and market leadership position and further accelerate its profitable growth. The company presented this at a capital markets day. This was the first joint capital markets day with Faurecia since the two companies came together under the FORVIA umbrella as the seventh largest automotive supplier in the world. HELLA expects annual sales growth of more than 10 percent to over €9.4 billion by 2025. This is a significantly larger increase than global production of passenger cars and light commercial vehicles, which the company estimates will rise by an average of more than 3 per cent per year to 88 million units over the same period. To achieve the new goals, which are in line with the priorities of FORVIA Power25, HELLA will build on its strategic pillars: technology and market leadership; global presence, broad customer portfolio as well as a resilient business model; and operational excellence as well as capital efficiency.

- **Orders worth billions for Front Phygital Shields**
  HELLA has received major orders for highly integrated Front Phygital Shields from German premium manufacturers. These large-area, complex modules for the front of vehicles are used as a style-defining, brand-differentiating design element of electric vehicles through lighting and multi-colouring. With additional features such as integrated sensors, radar permeability and heating, they also play a key role in automated driving. The customer projects comprise a total of eight different electric vehicle series and add up to a total volume of over € 1 billion. Series production is scheduled to start in mid-2025.

- **Chip-based headlamp technology**
  HELLA continues to expand its leading market position in the field of digital, chip-based headlamp systems. In the summer of last year, HELLA launched the world's first series production for its "Solid State Lighting | High Definition" headlamp at the Lippstadt site. HELLA has also received the next high-volume series orders for this technology from other premium car manufacturers. This means that following these successful contract awards for SSL | HD technology, HELLA has already acquired customer projects with a total volume of around €1.5 billion. At this year's Consumer Electronics Show in Las Vegas, the SSL | HD headlamp system also won the prestigious CES 2023 Innovation Award in the "Vehicle Tech & Advanced Mobility" category.

- **Successful customer orders for FlatLight technology**
  HELLA has received two important customer orders for its FlatLight technology. HELLA was initially nominated by an international car manufacturer for the world's first series project with this pioneering combination tail light technology; series production is scheduled to start in mid-2024. Subsequent to this, another large customer order was acquired for the FlatLight concept. For the first time, HELLA will also transfer the lighting technology to the front lighting. From mid-2025, HELLA will supply an international premium manufacturer; as part of this order, the HELLA FlatLight is to be integrated into five different vehicle series.

- **Entry into the high-voltage market for power electronics**
  HELLA is entering the market for high-voltage power electronics with a high-volume major order from a German premium manufacturer. HELLA has been awarded the series development of a voltage converter in the high-voltage range. This is to be rolled out to the manufacturer's full e-vehicle platform and also integrated into a plug-in hybrid.

The voltage converter acts as an interface between the high-voltage on-board network and 12-volt loads and ensures a redundant power supply for components for automated driving, as well as other safety-relevant features. The order volume is in the low to mid three-digit € million range; series production is planned to start in mid-2025.

- **Centralisation of thermal management**
  HELLA has won two additional customer orders for the innovative Coolant Control Hub (CCH). Having already received the first series order for the CCH from a leading international car manufacturer mid-last year, HELLA will now also bring the Coolant Control Hub into series production for the manufacturer's fully electric pick-up or light truck platform. HELLA has also received a customer order for the performance line of a German premium manufacturer. The start of series production for these customer projects is planned for 2024 and 2025. The Coolant Control Hub connects the cooling circuits for the battery, motor and vehicle interior. Through this centralisation, the CCH ensures higher efficiency, shorter charging times and longer ranges for electric cars, as the thermal energies are optimally distributed. The required components in the overall system can be reduced by up to 50 per cent, thus also saving costs for materials, logistics and assembly.

- **Platform for automated driving**
  The SHAKE structure-borne sound sensor for detecting the road surface is supported by the NVIDIA DRIVE Hyperion development platform for autonomous vehicles. This includes computer architecture, software and a safety-certified sensor suite to accelerate the development process and simplify vehicle integration. The modular design of the platform enables automotive manufacturers to use only those components that are necessary for the respective vehicle requirements. As part of NVIDIA's DRIVE ecosystem, HELLA is the first supplier to enable a technological solution for precise real-time measurement of water film on the road surface. The SHAKE sensor, for example, detects vibrations and airborne sound from water drops that have been stirred up and uses this to determine the degree of wetness between the tyre and the road.

- **Key components for fully electric steering system**
  Together with other partners, HELLA is pursuing the development of a steer-by-wire system solution ready for series production. In this system, steering commands are transmitted purely electrically and without mechanical or hydraulic components. This kind of steer-by-wire system could be in use from 2026. Initially, it is to be brought to series production jointly with the Lotus Tech Innovation Centre (LTIC), the research and development centre of car manufacturer Geely. Subsequently, there are plans to roll out the system to other customers within and outside the Geely Group.

- **Global electronics network**
  With two new development sites in the Romanian cities of Iași and Oradea, HELLA is further expanding its European R&D network in the electronics sector. The main focus of the new Technical Centre in Oradea is the development of new product solutions for electric vehicles, including battery management systems and voltage converters. The Iași site is initially entrusted with software development and testing for 77 GHz radar sensors, among other things. The two locations started operations in autumn 2022 with a core team of around ten engineers each. This is expected to create a total of up to 300 new jobs at the two locations within the next three to four years.

- **New joint venture plant in China**
  Beijing Hella BHAP Automotive Lighting, a joint venture between HELLA and BAIC subsidiary BHAP, has opened a new lighting plant in Changzhou in the Chinese province of Jiangsu. The production facility is now the third plant for the joint venture established in 2014; both partners also maintain another joint venture for electronic products with a manufacturing site in Zhenjiang. The investment volume of the new site is in the low doule-digit € million range. The focus of the plant is primarily on the latest technologies for vehicle fronts. The annual production volume is initially around 600,000 parts. At present, around 150 people are employed in the new lighting plant; this number is to be increased to around 300 employees in the medium term during further expansion stages.

Business development of the segments

Lighting

- Lighting segment sales are at €2,139 million; sales development was mainly driven by the successful lighting business in China
- EBIT stands at €44 million; EBIT margin thus improves to 2.1 %

In the short fiscal year 2022, sales in the Lighting segment amount to €2,139 million (fiscal year 2021/2022: €2,968 million). In the short fiscal year 2022, the Lighting business in the Chinese market in particular performed very positively, also in connection with production launches that took place in the prior fiscal year and continued to ramp up in the reporting period.

The earnings before interest and taxes (EBIT) of the Lighting segment amounts to €44 million (fiscal year 2021/2022: €12 million); the EBIT margin has thus improved from a low level to 2.1 % (fiscal year 2021/2022: 0.4 %). This is attributable to improvements in the gross profit margin and the development cost ratio. This is also based on the high sales volume, improved productivity and structural measures. Persistently high material, logistics and energy costs were also partially compensated by successfully passing on price increases. In the second half of the prior fiscal year 2021/2022, profitability was also heavily affected by the coronavirus-related lockdowns in China.

Income statement for the Lighting segment

in € million	2022	2021/2022
Sales with third-party entities	2,103	2,909
Intersegment sales	36	59
Segment sales	**2,139**	**2,968**
Cost of sales	-1,835	-2,572
Gross profit	**303**	**397**
Ratio of gross profit to sales	14.2 %	13.4 %
Research and development expenses	-166	-272
Distribution expenses	-44	-62
Administrative expenses	-68	-80
Other income and expenses	5	6
Earnings from investments accounted for using the equity method	14	23
Other income from investments	0	0
Earnings before interest and taxes (EBIT)	**44**	**12**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	2.1 %	0.4 %

Electronics

- Electronics achieves sales of €1,899 million; successful business in energy management, body electronics, sensors and actuators
- EBIT is €124 million; EBIT margin improves to 6.5 %

In the Electronics segment, sales in the short fiscal year 2022 amount to €1,899 million (fiscal year 2021/2022: €2,709 million). In Europe, for example, business in energy management and body electronics has developed successfully, while in the Asian market, activities in the field of sensors and actuators as well as body electronics have shown a positive development. Successful inflation management also had a positive impact on the segment's performance.

The segment's EBIT amounts to €124 million (fiscal year 2021/2022: €149 million), and the EBIT margin is 6.5 % (fiscal year 2021/2022: 5.5 %). Significant factors for this included a higher gross profit margin in connection with sales development, as well as an improved contribution to earnings from associates and joint ventures.

Income statement for the Electronics segment

in € million	2022	2021/2022
Sales with third-party entities	1,732	2,454
Intersegment sales	168	255
Segment sales	**1,899**	**2,709**
Cost of sales	-1,414	-2,026
Gross profit	**486**	**684**
Ratio of gross profit to sales	25.6 %	25.2 %
Research and development expenses	-267	-384
Distribution expenses	-40	-61
Administrative expenses	-71	-97
Other income and expenses	4	7
Earnings from investments accounted for using the equity method	12	3
Other income from investments	0	-2
Earnings before interest and taxes (EBIT)	**124**	**149**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	6.5 %	5.5 %

Lifecycle Solutions

- Sales of the Lifecycle Solutions segment amounts to €575 million
- EBIT is at €58 million; EBIT margin declines to 10.1 %

In the Lifecycle Solutions segment, sales in the short 2022 fiscal year totalled €575 million (fiscal year 2021/2022: €961 million). Among other things, the spare parts business was successful in national markets such as Turkey, the USA and Mexico; sales were also boosted by the passing on of price increases. In the commercial vehicle business, all relevant customer segments recorded high demand, for example in the business for agricultural machinery manufacturers, trucks, trailers and buses. Here too, in addition to the high volume of business, price increases to pass on cost increases also contributed to sales development.

The EBIT of the segment amounts to €58 million (fiscal year 2021/2022: €119 million), the EBIT margin amounts to 10.1 % (fiscal year 2021/2022: 12.4 %). This is due on the one hand to a lower gross profit margin, partly due to shifts in the product mix. On the other hand, the distribution cost ratio also increased, in particular. This was mainly due to higher logistics costs and investments in the global distribution network.

Income statement for the Lifecycle Solutions segment

in € million	**2022**		**2021/2022**
Sales with third-party entities	569		950
Intersegment sales	6		11
Segment sales	**575**		**961**
Cost of sales	-344		-564
Gross profit	**231**		**397**
Ratio of gross profit to sales	40.2 %		41.3 %
Research and development expenses	-25		-38
Distribution expenses	-131		-206
Administrative expenses	-24		-43
Other income and expenses	6		9
Earnings from investments accounted for using the equity method	0		0
Other income from investments	0		0
Earnings before interest and taxes (EBIT)	**58**		**119**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	10.1 %		12.4 %

Target achievement and overall statement

- Company outlook for the period 1 June 2022 to 31 May 2023 forecast expected currency and portfolio-adjusted sales in the range of around €7.1 to 7.6 billion; an adjusted EBIT margin in the range of around 5.5 % to 7.0 % was projected
- Company outlook specified at presentation of the six-month report for the short fiscal year 2022 on 13 January 2023
- During the short fiscal year 2022 a currency and portfolio-adjusted sales of €4,261 million and an adjusted EBIT margin of 5.0 % were achieved
- New forecast for the fiscal year 2023 (1 January to 31 December 2023) was announced on 16 February 2023
- Company management proposes payment of dividends in the amount €2.88 per share: continuation of established dividend policy and special dividend after HBPO share sale

For the period from 1 June 2022 to 31 May 2023, HELLA forecast in the Annual Report 2021/2022 that it would generate consolidated currency and portfolio-adjusted sales in the range of around €7.1 billion to €7.6 billion and an EBIT margin adjusted for structural measures and portfolio effects in the range of around 5.5 % to 7.0 %. HELLA confirmed this forecast in its interim financial reporting and further specified it when presenting its six-month results for the short fiscal year 2022 on 13 January 2023. Accordingly, with regard to currency and portfolio-adjusted sales, a figure at the upper end of the given forecast range is expected; for the adjusted EBIT margin, a value at the lower end of the given range is assumed, due, among other factors, to coronavirus-related impairments in the Chinese market.

As HELLA changed its fiscal year to the calendar year with effect from 1 January 2023, a short fiscal year for the period from 01 June 2022 to 31 December 2022 was created. Thus, the financial reporting for the short fiscal year 2022 includes seven months of the total twelve-month forecast period.

At the current time, the outlook for the period from 1 June 2022 to 31 May 2023 remains in line with the Company outlook published in the Annual Report 2021/2022 and further specified in the six-month report for the fiscal year 2022. In the short fiscal year 2022, HELLA generated reported sales of €4,410 million and currency and portfolio-adjusted sales of €4,261 million. Adjusted earnings before interest and taxes (adjusted EBIT) are € 222 million, and the EBIT margin is 5.0 %. Based on financial results to date as well as the expected business development for the period up to 31 May 2023, the Company believes that the corresponding sales and earnings targets are still achievable. HELLA announced its outlook for the 2023 fiscal year (1 January to 31 December 2023) on 16 February 2023 (see the forecast report).

In view of the results achieved in the short fiscal year 2022, the Company management of HELLA GmbH & Co. KGaA will propose to the Annual General Meeting on 28 April 2023 that a dividend of €0.27 per share be paid for the short fiscal year 2022. In light of the successfully completed exit from the associated company HBPO, HELLA will also propose the payment of a special dividend of €2.61 per share. In total, the dividend for the short fiscal year would thus amount to €2.88 per share; the total payout would thus be €320 million. This still corresponds to around 30 % of the balance sheet profit (excluding the proceeds from the HBPO share sale).

HELLA GmbH & Co. KGaA

HELLA GmbH & Co. KGaA expects reported sales under IFRS within the range of approximately €2.0 billion to €2.2 billion on the operational side of the business for the period from 1 June 2022 to 31 May 2023. With regard to the adjusted EBIT margin under IFRS, a figure in the range of around 1.5 % to 3.0 % was forecast.

In the short fiscal year 2022, the reported sales revenues of HELLA GmbH & Co. KGaA under IFRS amounted to €1,342 million. The adjusted EBIT under IFRS was €30 million (prior year: €58 million). Hence the adjusted EBIT margin stands at 2.4 %.

Accordingly, HELLA GmbH & Co. KGaA believes that the targets published in the 2021/2022 annual report are still achievable on the basis of past and expected business performance. The outlook of HELLA GmbH & Co. KGaA for the fiscal year 2023 can be found in the forecast report.

Internal control in accounting

For the presentation of the internal control of the financial reporting, please refer to the risk report in this Group management report.

Opportunity and risk report

As an international automotive supplier, HELLA is confronted with a number of various opportunities and risks arising from the Group's corporate actions, its business strategy and its market environment. By adopting a systematic approach to opportunity and risk management, HELLA strives to identify and evaluate opportunities and risks as quickly as possible, to leverage opportunities via appropriate measures and to manage risk responsibly. The potential consequences arising from opportunities and risks are presented separately and are not offset against one another.

Opportunity management

Identifying opportunities is part of HELLA's strategy and planning processes. This also involves taking into account external market analyses and forecasts. HELLA's strategic alignment is subjected to a continuous, systematic review process and is adjusted as needed. At the same time, new opportunities are also identified and evaluated, and implemented if suitable. The work that needs to be done to implement these opportunities is shared between the Company's various operational units.

Significant opportunities for HELLA arise primarily from the industry environment and the strategic growth fields of electrification and energy management, safe and automated driving, and digital and sustainable cockpit experiences. To take advantage of opportunities in a sustainable manner, HELLA has been proactive in shaping its product portfolio systematically in line with these trends. Opportunities also arise for HELLA from the Company’s global positioning. HELLA is represented in all major core markets. In order to take advantage of profitable growth opportunities in the relevant markets and to best meet the needs of customers on a local level, HELLA is pursuing a number of region-specific strategies. Thirdly, the Company's cooperation with Faurecia under the FORVIA umbrella brand also results in various sales and cost synergies: on the sales side, for example, through complementary technologies, improved access to customers and markets, and the distribution of Faurecia products via the HELLA Aftermarket; cost synergies are to be realised through joint purchasing activities, for example.

Risk management and internal control system

Organisation of risk management

Risk is understood as the impact of internal or external events that could jeopardise the achievement of strategic or operational aims. The Group's risk management therefore comprises all activities for systematic handling of risks. In this context, risks are identified and analysed at an early stage on the basis of a uniform methodology and measures are derived to optimise the risk-to-opportunity ratio. Risk management is thus a central element of Group-wide corporate governance.

The Management Board of the HELLA Group bears the overall responsibility and supervisory duty for Group-wide risk management. It mandates the implementation of risk management, which is carried out together with the Risk Management Board. The Risk Management Board reviews the risk management system at the Group level and establishes the Company's overall risk profile. In addition, clear responsibilities for risk management are defined at the management level of the Group. This includes the HELLA Group's Management Board as well as the business segments and central functions of the Company.

Recording, evaluating and reporting risks

The process of risk management is coordinated and managed centrally by a risk management officer. The position functions as a bridge between responsible specialists in the operational units and the Management Board. Another task of the Risk Management Officer is to develop and provide methods and tools for risk management, to monitor the risk portfolio, to ensure the plausibility of risk information, to consolidate risks and to report on them accordingly. The Risk Management Officer reports in disciplinary terms to the Head of Corporate Legal, Compliance & Audit (since: 1 February 2023: to the Head of Risk, Internal Control and Process Management) and technically to the Management Board and the Audit Committee of the Company.

The primary responsibility for recording and managing risks along the value chain lies in the first instance with the responsible specialist in the operational units. They thereby take on the role of a risk leader. They have various tools for detecting and evaluating risks, such as regular risk management workshops. In the respective business groups and central functions, additional higher level risk managers are designated to review the overall plausibility of the risks for each area. Together with the risk management officer, they support the individual risk leaders in identifying and evaluating the risks.

In order to identify new developments early on that may have a critical impact on the Company, new substantial risks and changes that have occurred in previously identified risks must be reported. They are then documented systematically and managed by the risk leaders.

On the basis of these regular reports and evaluations of risks, the Risk Management Officer creates an overall Group risk report every quarter. This report lists and rates all material risks and reports them to the HELLA Group's Management Board. In the event of any material changes arising in the Company's risk profile in the intervening period, the Management Board is also promptly notified. This ensures that the Management Board exercises its supervisory duties and is able to respond to new developments in a timely manner.

Furthermore, the risk management system and the Group's general development are regularly reviewed in close consultation with the Shareholder Committee and the Supervisory Board.

Methodology for evaluating and documenting risk

In order to measure and manage identified risks effectively, HELLA quantifies them according to the dimensions of probability of occurrence and economic impact in the event of occurrence. In the assessment, the gross effects were examined first (gross assessment); the respective measures taken by the HELLA Group to limit the risks were then included in the assessment (net assessment).

Due to the multi-layered nature of the risk management system and the stringent requirements of data security, the risks are documented using a risk management tool developed specifically for this purpose. Compared to the prior year, the methodology for risk assessment and documentation has been refined. The methodology has been extended to include a qualitative assessment approach. This mainly concerns risks that would not have an immediate effect on the Company, but rather a gradual impact.

For timely detection of possible “developments threatening the existence of the company as a going concern” (see Section 91(2) German Stock Corporation Act - AktG) due to the combined effects of several quantified individual risks, the overall risk is calculated using a Monte Carlo simulation.

Implementation of the internal control system

The internal, group-wide control system is based on an ongoing process and is constantly adapted to new legal requirements and changed circumstances. The objective of the internal control system is to ensure the security and efficiency of business processing, the reliability of financial reporting and compliance with and implementation of all legal and internal company guidelines and processes.

The overall responsibility for implementing an appropriate and effective internal control system lies with the Management Board of HELLA GmbH & Co. KGaA. The implementation of the internal control system is mandated this body. Responsibility for risk assessment and appropriate implementation of risk-reducing measures, processes and controls rests with those responsible for a functional area as the first line of defence. As the second line of defence, the Risk Management function is responsible for developing and providing suitable processes, methods and tools for the internal control system, monitoring the risk control portfolio, ensuring plausibility, consolidating information and reporting on it accordingly. The Head of Risk Management reports in disciplinary terms to the Head of Corporate Legal, Compliance & Audit (since: 1 February 2023: to the Head of Risk, Internal Control and Process Management) and technically to the Management Board and the Audit Committee of the Company.

The Corporate Audit function, as the third line of defence, checks the implementation of legal requirements and internal Company guidelines as well as the effectiveness of company-wide processes through review structures and internal and external audits in all relevant regions. Audit plans are developed and defined for each fiscal year based on the identified risk areas of the HELLA Group. The Corporate Audit central function mainly carries out standard audits as an initial, comprehensive examination of a subject area, as well as audits accompanying projects. In addition, ad-hoc audits are carried out as required. Any internal control weaknesses identified through these processes are assessed and appropriate remedial action is taken. In addition, a follow-up audit was established to monitor the implementation of any findings.

On the basis of the audits and the exchange of information and ideas with the Risk Management Team, Corporate Audit prepares comprehensive corporate audit reports every six months, in which it reports on audits carried out and their results, audits still in progress, measures implemented and planned refinements of the internal control system. Based on these reports, the Head of Corporate Audit informs the Management Board and the Audit Committee of the Supervisory Board. Should substantial risks be identified in the meantime, the Management Board and the Audit Committee of the Supervisory Board are informed promptly.

The effectiveness of the internal control system is monitored by the Audit Committee of the Supervisory Board (Section 107(3) Sentence 2 German Stock Corporation Act - AktG).

Internal control in accounting

The Group-wide internal control system for accounting is an important component and includes organisation, review and monitoring structures that ensure that business transactions are properly recorded, evaluated and applied to the financial reporting. Various analyses and evaluations are carried out as part of risk management with the objective of early identifying influencing factors on accounting and reporting and to enable suitable measures for proper recording. Accounting regulations applicable throughout the Group which, together with annual financial statement planning, determine the process for preparing the financial statements are codified in an accounting handbook.

If there are changes to legal regulations and accounting standards, they are analysed promptly in terms of their potential impact on financial reporting and, where necessary, directly included in consolidated reporting. The local companies are supported and monitored by the Group's central accounting department when creating their separate financial statements, which they are responsible for preparing themselves. Finally, the consistency of the reported and verified financial statement data is ensured through the relevant IT systems. The consolidation of the separate financial statements into the consolidated financial statements is largely carried out centrally. In justified individual cases, for joint ventures for example, the financial statements of sub-groups are also included in the consolidated financial statements. The effectiveness of the internal accounting controls is reviewed on a continual basis by the Internal Audit department.

Statement on adequacy and effectiveness

The Management Board is not aware of any circumstances that speak against the appropriateness and effectiveness of the internal control and risk management systems, the reporting on both systems and the internal and external audit of the risk management system that has been carried out. [1]

Business risks in the HELLA Group – overall situation

Over the period of the short fiscal year 2022, the general economic and market environment was characterised by very high risks and uncertainties. These currently exist in particular in connection with the war in Ukraine, the further course of the coronavirus pandemic and ongoing component

[1] The disclosures in this paragraph are non-management report disclosures within the meaning of the preliminary remarks to this management report.

shortages. In addition, HELLA is also closely and intensively following other geopolitical conflicts, especially the relationship between China and Taiwan.

HELLA does not have its own production or development sites in Ukraine or Russia. Nevertheless, HELLA is exposed to various risks in this context. These are caused in particular by further rising costs for energy, logistics and raw materials, by potential interruptions in the gas supply and by generally negative effects on the market and economic environment as well as customer demand.

Secondly, there are still risks associated with the further development and spread of the coronavirus pandemic. Accordingly, risks currently exist in particular with regard to the Chinese market. Consequently, staff absences may be caused there, particularly as a result of the withdrawal of Covid-19 protective measures, which may lead to inefficiencies in production and even production interruptions at HELLA on both the customer and supplier side, among other things.

Thirdly, the shortages of electronic components that have existed since the beginning of 2021 are still ongoing. Although the supply situation has stabilised again in some areas, bottleneck situations can still occur for certain product groups. As a result there is still a risk of reduced production volumes and additional costs for materials and logistics as well as inefficiencies in the production process.

These factors give rise to a high short-term risk position of the Company. However, the long-term calculated overall risk on the reporting date of 31 December 2022 is at a level comparable to the end of the fiscal year 2021/2022 (31 May 2022). HELLA is not currently aware of any actual or potential developments that could seriously jeopardise its going-concern status in the foreseeable future. From the current perspective, the calculated average overall risk would not result in overindebtedness or insolvency.

At present, the established level of overall risk contains all of the currently known and identified risks. Therefore, it cannot be ruled out that other as-yet unknown – and thus not recorded – risks could have a potential negative impact on the economic or financial situation of HELLA.

Business risks of the HELLA Group

For consolidation and clear representation of the risk position, all risks from the risk portfolio are classified into five primary risk categories:

- strategic risks
- financial risks
- compliance risks
- operational risks
- external risks

The overview depicted in this risk report maps the Company's overall risk portfolio and presents the risk scope by category. This risk scope can be interpreted as a realistic extreme loss in a fiscal year; accordingly, this also takes into account the possibility of multiple risk occurrences within a fiscal year. For this assessment, qualitatively recorded risks with a gradual effect over several years are subordinate. The following description of individual risks of the combined management report depicts all material risks per category as at the reporting date.

Strategic risks

Risks from the business model

As an automotive supplier, HELLA operates in a cyclical market environment. Therefore, the Company is largely dependent on the business development of a relatively limited number of customers, which again are influenced by various macroeconomic or industry-specific factors. This is accompanied by risks arising either from a slump in demand on the overall market or from an impaired business situation among individual customers of volatilities among specific call-off figures. This could result in different financial impacts, such as lower sales or additional burdens on profitability. In order to reduce these risks as far as possible, HELLA is pursuing the goal of a balanced, resilient corporate strategy. This consists of an international positioning, a diversified customer portfolio and the business activities of the Lifecycle Solutions business group, with specific customer groups and market cycles. This risk-reducing approach is also supported by the cooperation with Faurecia, as both companies have complementary technologies, customers and markets and additional market opportunities open up on this basis.

Overview of possible effect on earnings (net view) from the risk assessment*

Category	Scope of risk**
Strategic risks	■□□□
Financial risks	■■□□
Compliance risks	
Product safety	■■□□
Other	■■■□
Operational risks	
Quality	■■■■
Manufacturing process and procurement	■■■■
Information management	■■□□
Human resources, other operational risks	■■□□
External risks	■■■■

** Excluding opportunities*
*** Risk impact on consolidated earnings, based on 95% confidence level per category on the basis of the risk inventory as at the reporting date. Aggregation is not appropriate. The scope of risk only takes risks that are recorded quantitatively into account. Since the fiscal year 2020/2021, specific additional risks have only been recorded qualitatively. This applies in particular to risks that have a gradual effect over several years.*

< €100 million ■□□□
>= € 100 million < € 250 million ■■□□
>= € 250 million < € 500 million ■■■□
>= € 500 million ■■■■

Risks arising from changes in the industry environment
The automotive industry is undergoing a profound transformation. Although there are great opportunities for HELLA in this transformation process, it is also associated with certain risks. This is because the resulting requirements to adapt the product and technology portfolio to the respective industry changes, to occupy new, relevant topic areas at an early stage, to maintain leading market positions and to master rising technological demands are also increasing. Therefore, changes in the industry are associated with risks that could negatively influence the company's sales and earnings development and lead to the non-achievement of entrepreneurial goals. To reduce these risks, HELLA is pursuing a strategy of technology and market leadership, in order to best serve customer and market needs and to position the Company consistently along key growth areas of mobility. This is supported by a regular and systematic strategy process as well as a consistent approach to opportunity management. Additional market opportunities also arise from the cooperation with Faurecia.

Risks due to change of control
Faurecia's acquisition of a majority shareholding in HELLA, completed on 31 January 2022, means that the two companies jointly form the overarching umbrella brand of FORVIA and, as a de facto group, the seventh-largest automotive supplier in the world. The resulting complementary alignment of customers, markets and technology fields opens up significant potential for further profitable growth; at the same time, the close cooperation has given rise to considerable synergy potential on the profitability side. Nevertheless, there are also different risks in connection with the change of control. Thus, inefficiencies in the cooperation process or an increased need for coordination could arise under certain circumstances. It also cannot be ruled out that the business activities of individual joint ventures could be terminated by the joint venture partner on the basis of change of control clauses and that the unintended fluctuation in employees in key positions would increase.

Financial risks

Risks arising from disruption to liquidity
HELLA pursues the strategy of sound financial policy. Despite this, risks can arise from a potential disruption to the Company's liquidity situation. This can be attributed to the occurrence of a significant risk, e.g. costs resulting from possible product recalls, significant interruptions to production activities or the default of customers, terminations of financing instruments or wrong assumptions being made in the calculation of several projects. For this reason, the Group's liquidity situation is adequately secured by long-term credit, particularly euro-denominated bonds and yen-denominated bonds, as well as a credit line. All agreed financial covenants which, if breached, could lead to extraordinary termination rights for the lender with potentially accelerated payment obligations, are

monitored continuously. As at the reporting date, the rating from Moody's was Baa3, thus confirming the Company's investment grade rating.

Risks arising from adjustments in value and depreciation of assets

Financial reporting requires an assessment of corporate management with regard to the impairment of assets. The assessment encompasses in particular the specific expectations for the economic performance of these assets, as well as mathematical parameters relating to industry development. Because both variables include estimations and uncertainties, there is a risk of values being adjusted in the future. The results of the impairment tests are subject to a separate investigation by the operations and commercial departments. Any errors are thus highly likely to be minimised. There is also a financial risk posed by changes in the industry environment. For example, in exceptional cases the sustainability of business activities can be impaired beyond the scope of individual assets, leading to a reduced valuation of goodwill and depreciation of groups of assets.

Exchange rate risks

Various exchange rate risks may arise for the HELLA Group in connection with receivables, liabilities, cash and cash equivalents, securities and contracts which must be performed in another currency. The Company initially minimises these risks by sourcing materials locally within the respective currency and sales region. Currency risks are pooled, evaluated and coordinated centrally to additionally optimise risk management. HELLA's Foreign Currency Guideline defines a clear strategy for addressing currency risks for the Group. Risk is initially analysed at the local level. A hedging proposal based on the local data is prepared, which takes into account the extent of the risk and the limits set in the Foreign Currency Guideline. The Treasury Committee is responsible for monitoring and managing compliance with the hedging guidelines. Currency risks are mainly hedged by means of forward exchange transactions. These are aligned with the foreign currency flows expected in the business planning.

Compliance risks

Risks from non-compliance with export control and sanctions regulations

As an internationally operating company, HELLA is generally obliged to act in accordance with currently valid sanction regulations, such as those set by the European Union, the United States or the United Kingdom. In light of Russia's attack on Ukraine, the sanctions lists, which were initially primarily directed against terrorist organisations or certain authoritarian states, were expanded to include Russian individuals, companies and organisations. Therefore, above all, the calculated probability of occurrence of non-compliance with sanction provisions has increased. In addition to potential legal consequences for the acting individuals, such non-compliance can also result in fines, profit levies and fundamental reputational damage for the Company. In addition, US law in particular provides for the exclusion of companies from business activities in the domestic market in the event of repeated violations of corresponding sanctions lists. In the event of occurrence, this would be associated with considerable economic losses for the Company. In order to minimise the risk of violating any sanctions regulations, HELLA maintains a global system for sanctions list checks and export controls. Current sanctions lists, embargoes and goods-related controls are updated in this system, which prevents orders and deliveries from being made to recipients, whether individuals, companies or countries, without being checked. In addition to these IT-based precautions, HELLA regularly conducts training and education to raise awareness of export control issues among the Company's employees.

Patent risks

A key component of HELLA's corporate strategy is to position itself as a technological leader, as underscored by a number of initiatives including an appropriate number of patent registrations as well as extensive research and development activities. Thus, there is a risk of infringing other companies' patents. If such a risk were to materialise, this could lead in particular to compensation payments or licence costs in the quantitative risk assessment. To reduce this risk, new innovations and developments are thoroughly investigated to ensure they are not protected by the rights of any third parties. In addition, HELLA faces further risks arising from insufficient patent protection for its own technologies and products. If new technologies were not protected by patents to the extent required, this could lead to competitors being able to imitate new technologies from HELLA with significantly less effort. This could significantly weaken HELLA's market and technology position and lead to a loss of market shares. HELLA therefore endeavours to protect its own product and preliminary developments under patent law. At the same time, potential patent infringements by other companies are identified as part of continual benchmarking activities and market observation of individual areas of R&D, after which these findings are reported to HELLA's patents office for further action.

Risks due to non-compliant products in the context of product safety

Risks due to non-compliant products in the context of product safety arise in particular as a result of the use of new, sophisticated technologies and the complex ways in which they interact with each other. This consequently means that claims arising from a product defect can lead, for example, to fines or damages, significant harm to the Company's reputation and personal liability for those involved. In order to minimise these risks, ensure product safety and meet high customer expectations, HELLA takes full account of the product safety requirements for both new and existing technologies. Alongside the established field of functional safety, which concerns the malfunctioning of safety-related functions, product safety also includes chemical, electrical and mechanical safety as well as cyber security. When combined with procedural validation and participation in the international standardisation process in the automotive industry, this minimises the product liability risks for the Company.

Risks due to non-compliance with antitrust law regulations

In exceptional cases, there is a risk of individual employees violating antitrust laws. This could entail investigations by antitrust authorities, result in fines and claims for compensation for damages by third parties with a direct impact on the Company's results of operations and harm the Company's reputation. To the Company's knowledge, there are currently no ongoing official antitrust investigations concerning HELLA. HELLA supports a number of initiatives, including extensive preventative information and training activities, aiming to reduce the risks associated with non-compliance with antitrust regulations and to raise awareness among employees at the Company. These are managed centrally by the corporate compliance office.

Sustainability risks

Sustainability is one of the material core tasks of the society. HELLA is already active with numerous lighting and electronics solutions that proactively support electromobility, energy-efficient and safe driving. At the same time, HELLA pursues a clear sustainability strategy that, in addition to ambitious CO2 objectives, also provides for further expansion of activities to maintain environmental and social standards both internally and throughout the supply chain. Nevertheless, there are various risks, for example due to the high social, economic and political focus, should the Company not meet the further increasing requirements with regard to sustainability and social standards in the supply chains. This could possibly be accompanied by a general loss of reputation, as well as the loss of orders, a lower market capitalisation or a negative effect on the Company's ability to obtain financing. In order to reduce such potential risks, HELLA established a “Corporate Sustainability Office” in the 2022 fiscal year. This office is responsible for the topic of sustainability as a whole and centrally manages and drives forward the activities necessary on the part of the Company with regard to sustainability. In the cross-departmental Sustainability Council, HELLA also ensures the exchange of information on key sustainability topics and anchors the early assessment of requirements for the Company.

Operational risks

Quality risks

The key features of HELLA's quality management include compliance with international and national legal requirements and customer-specific standards for the durability and fail-safe operation of the parts and devices produced. However, technological complexity in terms of hardware and software, the speed of innovation in the market and customer-specific requirements for product and functionality have already increased significantly, a development that is expected to intensify further as a result of market trends such as automated driving, software and digitalisation, and electrification. This means that HELLA is exposed to various quality risks. This is expressed, among other things, by the possibility of high expenses for liability and warranty in the event of a recall, should parts and components supplied by HELLA be potentially defective, and this is detected late after delivery within the warranty period or as a product liability case and this therefore results in an extensive recall of vehicle fleets. In addition to corresponding cost burdens, this could also result in longer-term sales losses as a consequence of reputational damage. In order to reduce any risks as far as possible, HELLA pursues consistent quality management and works to continuously improve product and process maturity in development. Furthermore, HELLA implements methods for long-term fault identification and avoidance in the development and qualification phase as well as safeguarding measures such as long-term simulation and “test to fail” as well as consistent field observation. Especially for product safety and legal conformity, awareness events as well as ongoing training and further education measures are held in order to take greater account of the future requirements for functional safety and A-SPICE conformity. These measures to safeguard quality are gradually proving to be effective at a global level and constitute evidence that the Company manufactures and delivers its products in accordance with all requirements.

Procurement risks

As an automotive supplier with an annual purchasing volume of more than €4 billion, HELLA is dependent on a high-performing supplier base. The Company is therefore exposed to significant risks within the global supply and logistics chains: on the one hand, as a result of further increases in the prices of purchased materials and raw materials and, on the other hand, due to potential interruptions to business processes in the event of bottlenecks in the supply of components. These are currently mainly due to two different factors: Firstly, the bottlenecks in the supply of certain electronic components, for example microprocessors, are still persisting. These can cause both a reduction in or declining production volumes and higher costs due to special freight, rising material prices and production inefficiencies. This also includes the risk of possible obligations to compensate damages should HELLA not be able to fully full service ongoing serial projects as a consequence of supply bottlenecks. There are also procurement risks in connection with the coronavirus pandemic, especially in the Chinese market, should there be production shutdowns or cutbacks on the supplier side as a result of staff absences, for example, as well as other negative impacts on logistics. Current procurement risks are to a large extent the result of external influences, which the Company can only control to a limited extent. Nevertheless, HELLA strives to reduce these risks as far as possible with forward-looking procurement management. This includes, firstly, a multi-supplier strategy, insofar as this makes economic sense and can be implemented in the context of the available supplier base. Secondly, HELLA is continuously devising systems for promptly recognising potential changes in the market and supplier environment. This also includes automatically identifying risks related to supply chain interruptions and reacting quickly and efficiently to potential incidents, such as natural events or insolvency on the part of suppliers. HELLA is also pursuing increased regionalisation in procurement and is realising additional cost synergies in procurement through its cooperation with Faurecia.

Risks due to failures in information management

HELLA uses a complex IT structure in all areas of the Company. This results, among other things, from the international positioning of the Group and the cooperation with other industry partners. In this context, there is a particular risk of organised cyber attacks on the infrastructure and information or data of the HELLA Group, for example by means of ransomware. In addition, applications in the areas of development and production as well as in distribution and administration are becoming more and more complex, while increasingly large amounts of data have to be processed and the dependence on IT systems is growing. Therefore, there is a risk from failures in the Company's information management. Such possible failures of IT systems can, in very rare exceptional cases, cause interruptions of business activities lasting from several days to several weeks. Extensive state-of-the-art security measures are taken to minimise these risks in connection with information and data management. This includes, among other things, central monitoring and continual updating of the IT systems as well as regular measures to raise awareness among the Company's employees. In addition, continuous investments are made in IT infrastructure and security architecture, and special information security programmes are implemented to mitigate the risk of failures and data loss.

Risks from shortages of specialists

In order to maintain its position on the market and in terms of technological leadership, HELLA relies on qualified staff and management personnel. HELLA is thus in a global competition for specialists. Therefore, risks for HELLA may arise from insufficient coverage of the required specialist and management personnel, which may result in business and production processes being impaired and in transactions not being performed. This risk also increased in the past fiscal year in connection with a higher level of unintended fluctuation within the management and professional staff: The reasons for this may be, firstly, current transformation processes in the Company, especially the acquisition of the majority shareholding in HELLA by Faurecia and the programme implemented at the Company's headquarters in Lippstadt to increase competitiveness. Secondly, the impact of the coronavirus pandemic and pressures in the automotive industry may also have caused a higher level of unintended fluctuation. In order to reduce the risk of from shortages of specialist staff and to ensure staffing requirements are met, HELLA has adopted a systematic approach to recruitment and professional development. This includes a dedicated and well-structured succession planning system for relevant staff and executives within the context of the annual global talent review process.

Logistics risks

As a result of its international business activities, HELLA is embedded in a complex supply chain network of customers and its own suppliers. Due to various external factors, mainly coronavirus-related lockdowns, the war in Ukraine, potential strikes as well as other influencing factors, there are currently significant bottlenecks at major transport hubs such as seaports and airports as well as further shortages in transport capacities and means of transport. HELLA is therefore also exposed to operational risks associated with these logistics bottlenecks. Firstly, this considerably increases transport times and complicates logistical planning processes. Secondly, logistics prices, in particular, may also rise significantly, since, for example, alternative and more costly transport routes or means of transport have to be used. Consequently, this can have a direct impact on the Company's results of operations. In addition, the risk of obligations to pay damages cannot be completely ruled out should HELLA cause production interruptions on the customer side due to a disruption in its own supply chains. HELLA implements various countermeasures to reduce these risks as far as possible. These include early identification and management of potential bottlenecks and material flows, as well as building up stocks of critical materials in line with demand.

External risks

Risks from the general economic environment and geopolitical risks

As a manufacturing company, HELLA is embedded in a complex value chain. Consequently, HELLA is exposed to significant external risks that are difficult to control or cannot be controlled at all by the Company. These external factors include, for example, a power or energy supply failure, especially in connection with the Russian war in Ukraine, as well as an intensification of global trade or geopolitical conflicts, such as between China and Taiwan. Other influencing factors could be epidemics or pandemics, terrorist activities or disruptions in global supply chains. This could have a negative impact on the economic, industry or business development and, in exceptional cases, also cause an interruption of business activity. HELLA attempts to counter these risks, over which it has little control, in the corporate environment with an overall risk-diversified business model, an international positioning with significant market shares in all relevant core markets and a forward-looking planning and control process.

Inflation risks

Due to various external factors, especially as a result of the Russian war of aggression on Ukraine, but also due to the coronavirus pandemic as well as further supply bottlenecks in the global supply chains, inflation rates are at very high levels in many economic areas. In October 2022, for example, the highest inflation rate to date since the introduction of the common currency was reached with an increase of 10.7%. In the USA, inflation was already higher in June than it had been for 40 years. For HELLA, this has resulted, in particular, in significantly increasing burdens on the cost side, especially due to rising prices for materials, energy and logistics. In addition, high inflation may also have a negative impact on the general consumer climate and thus also lead to lower demand for HELLA products. In order to reduce the risk from high inflation as much as possible, HELLA is pursuing different approaches: Firstly, price increases are to be consistently passed on to customers; secondly, price negotiations with suppliers are to be further intensified, not least in the context of the cooperation with Faurecia; thirdly, HELLA is continuing its proven cost management approach and is making sustained investments in further standardisation, modularisation and automation.

Forecast report

Economic outlook

- Global economy expected to grow by 2.9% according to IMF estimates (January 2023)
- Russian war of aggression in Ukraine and high inflation weigh on global economy
- Low growth in eurozone and USA; stagnation forecast in Germany; China with improved outlook

According to estimates by the International Monetary Fund (IMF), the global economy will continue to deteriorate in the current calendar year 2023, thus continuing the trend of 2022. Accordingly, in its study published in January of this year, the IMF assumes that the global gross domestic product will grow by only 2.9%. The IMF has thus slightly raised its forecast compared to the October outlook (IMF outlook as of October 2022: +2.7%), which is explained in particular by China's departure from its previous strict coronavirus policy. However, according to the IMF, the Russian war of aggression in Ukraine and high inflation in particular are weighing on the development of the global economy. According to the IMF, global growth is thus still below the historical average compared to the past two decades.

Therefore, the IMF forecasts for the various regions and countries are also correspondingly cautious. For the eurozone, the IMF currently expects very low growth of 0.7% in 2023; for Germany, the IMF expects stagnation (+0.1%), but the initially forecast recession might thus not materialise, however. The growth forecast for the USA in 2023 will be 1.4% according to the IMF. In China, GDP is expected to grow by 5.2%, improving again compared to 2022. The outlook was thus raised by 0.8 percentage points compared to October 2022 (IMF outlook as of October 2022: +4.4%). However, economic growth remains clearly below the level of prior years.

Expected production of passenger cars and light commercial vehicles

	1 January to 31 December 2023	
	in thousands	+/-
Europe	16,570	+4.8%
of which Germany	4,135	+14.9%
North, Central and South America	18,081	+5.5%
of which USA	10,245	+4.8%
Asia / Pacific / RoW	50,424	+2.0%
of which China	26,385	+0.9%
Worldwide	**85,077**	**+3.3%**

Source: IHS Light Vehicle Production Forecast, February 2023 (change in comparison to prior-year period in percent)

Industry outlook

- Global light vehicle production to increase by 3.3% in calendar year 2023 according to IHS Markit forecasts (February 2023)
- Growth expected in all regions; however, only weak increase forecast for Asian automotive market

Over the fiscal year 2023 (1 January to 31 December 2023), global production of passenger cars and light commercial vehicles will increase by 3.3% to 85.1 million units (1 January to 31 December 2022: 82.4 million units) according to the current estimates by the market research institute IHS Markit (as of February 2023). Although this means that the market recovery will continue, global production volumes remain significantly below the level of the pre-crisis years.

Currently, IHS Markit expects light vehicle production to increase year-on-year in all regional markets, although only slight growth is forecast for Asia. IHS currently expects the overall European market to grow by 4.8% to 16.6 million units (1 January to 31 December 2022: 15.8 million units); the German automotive market is currently forecast to grow by 14.9%. With regard to the North, Central and South America region, IHS Markit expects light vehicle production to grow by 5.5% year-on-year to 18.1 million units (1 January to 31 December 2022: 17.1 million units); within this region, the US market is expected to grow by 4.8%. According to current estimates, light vehicle production in Asia/Pacific/Rest of World will grow relatively moderately by 2.0% to 50.4 million units (1 January to 31 December 2022: 49.4 million units), with the Chinese automotive market accounting for a 0.9% increase.

Company outlook

- Currency and portfolio-adjusted consolidated sales expected in the range of around €8.0 billion to €8.5 billion
- Forecast operating income margin to be in the range of around 5.5% to 7.0%
- Net cash flow in relation to sales expected to be at approximately 2%

HELLA assumes it will generate currency and portfolio-adjusted consolidated sales in the range of around €8.0 to €8.5 billion in the fiscal year 2023 (1 January to 31 December 2023). With regards to the operating income margin, a figure in the range of around 5.5% to 7.0% is forecast. The Company expects that profitability in the Lighting and Electronics segment will continue to develop in the fiscal year 2023 based on the level of the short fiscal year 2022. With regard to net cash flow in relation to sales, HELLA forecasts a target value of approximately 2%. In this context, HELLA expects the forecast operating income margin and the expected net cash flow in relation to sales to be initially lower in the first half of the fiscal year.

The Company's outlook assumes a lower volume development of global light vehicle production compared to the IHS Markit outlook and is thus based on the Company's expected global light vehicle production of around 82 million vehicles.

The forward-looking statements made in this report are based on current assessments by the HELLA Management Board, and were made with the expectation that there will not be any significant deviations as a result of political, economic or social crises. The Company outlook is therefore subject to risks and uncertainties which HELLA is not able to control or assess precisely, such as the future market environment and general economic conditions, the behaviour of other market players and government measures. If any of these or other uncertainties and unknowns materialise, or if the assumptions on which such statements are based prove to be inaccurate, the actual results may deviate significantly from those expressed or implied in these statements.

HELLA GmbH & Co. KGaA

The operating income according to IFRS as well as the operating result according to HGB are determined to a large extent by the economic development of the Group as a whole. In this context, the earnings situation of the parent company is strongly influenced by the result from profit transfer agreements and participations of the domestic and foreign subsidiaries and partnerships. The development of the parent company’s earnings situation is therefore subject to all influences that have to be taken into account in the Group. The further outlook is therefore still in line with the Group’s outlook.

In fiscal year 2023, HELLA GmbH & Co. KGaA expects sales in the range of around €2.3 billion to €2.5 billion in the operational business for reported sales according to IFRS. For the operating income margin according to IFRS, a value in the range of around 3.0% to 4.5% is forecast.

Declaration on HELLA GmbH & Co. KGaA corporate governance →

Declaration on HELLA GmbH & Co. KGaA corporate governance

The General Partner with its Management Board headed by CEO Michel Favre, the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA are committed to the principles of transparent and responsible corporate governance and control of the Company, attaching great priority to the standards of good corporate governance. HELLA's main focus is on entrepreneurial guidelines that implement long-term goals and sustainability, as well as compliance with legal and ethical standards.

With the following explanations, the General Partner, the Shareholder Committee and the Supervisory Board report on corporate governance at HELLA in accordance with the German Corporate Governance Code (GCGC, Deutscher Corporate Governance Kodex) and, at the same time, on the conduct of the Company's corporate management in accordance with Section 315d of the German Commercial Code (Handelsgesetzbuch – HGB). Furthermore, the report contains the information and explanations required under Sections 289f, 315a and 315d HGB. An additional disclosure of such information and explanations in the notes is not necessary.

I. Corporate Governance Model of HELLA GmbH & Co. KGaA and the Group

HELLA GmbH & Co. KGaA is a German partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). Its legal form is a hybrid with similarities to a German limited partnership (Kommanditgesellschaft – KG) on the one hand and to a German stock corporation (Aktiengesellschaft – AG) on the other, with the main focus being on stock corporation law. As with a German stock corporation, the KGaA is a corporation whose nominal capital is divided into shares.

As in a German limited partnership, the KGaA has two different groups of partners; the personally liable partners (Komplementär(e)) (General Partner(s)) that are responsible for managing the KGaA's business and are personally liable without restrictions for the KGaA's liabilities, and the (limited liability) shareholders ((Kommandit-)Aktionäre) that hold an interest in the nominal capital of the KGaA. The legal status of the (limited liability) shareholders does not differ significantly from that of the shareholders of a public limited company. The company has four governing bodies. These are:

1. the **General Partner**, Hella Geschäftsführungsgesellschaft mbH, which has its registered office in Lippstadt. The members of the Management Board with CEO Michel Favre carry out the management of HELLA GmbH & Co KGaA; the shares of Hella Geschäftsführungsgesellschaft mbH are held by HELLA GmbH & Co KGaA;

2. the **Shareholder Committee** established in accordance with the Articles of Association, which currently consists of eight shareholder representatives elected by the Annual General Meeting and which as the central representative body of the shareholders is responsible for advising and supervising the Management Board on a continuous basis. It may play an active role in management issues, for example by determining which business transactions require its consent;

3 the **Supervisory Board**, which must have equal representation with eight shareholder representatives and eight employee representatives pursuant to the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) and, along with the Shareholder Committee, carries out monitoring and advisory tasks; and

4 the **Annual General Meeting**, where the shareholders exercise their voting rights and carry out their supervision rights.

While using the organisational scope inherent in the legal form of the KGaA, HELLA emphasises transparency and equal treatment of all shareholders. Resolutions of the Annual General Meeting, for example, are passed by a simple majority vote, unless mandatory legal provisions or the Articles of Association stipulate otherwise. This also applies to resolutions appointing or removing General Partners. Furthermore, the requisite consent of the General Partner to specific resolutions of the Annual General Meeting as prescribed by law is excluded according to the Articles of Association, to the extent permitted by law. In this and many other respects, HELLA GmbH & Co. KGaA closely follows the example of an ordinary stock corporation.

More detailed information on the differences between a public limited company and the legal form of the Company can be found in the Declaration of Conformity (Entsprechenserklärung) of the General Partner, the Shareholder Committee and the Supervisory Board as of 7 March 2023, which has been made available at **www.hella.com/declarationofconformity** and is shown below.

Information on the remuneration of the members of the Management Board, the members of the Shareholder Committee and the members of the Supervisory Board can be found in the remuneration report on the last fiscal year. This report will be submitted for approval to the Annual General Meeting on 28 April 2023, together with the audit report pursuant to Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG), and will then be made publicly available at **www.hella.com/board-remuneration**. The remuneration report for the fiscal year 2021/2022, the remuneration systems pursuant to Section 87a (1) and (2) sentence 1 AktG for the members of the Management Board and the latest resolutions of the Annual General Meeting pursuant to Section 113 (3) AktG on the remuneration of the members of the Shareholder Committee and the members of the Supervisory Board can also be found there.

1. Management by the General Partner
Group management is carried out by the members of the Management Board of Hella Geschäftsführungsgesellschaft mbH with its President and CEO Michel Favre. There are also Executive Boards and Executive Managers in the business groups, who support the operational and strategic management of the business units. Entrepreneurial autonomy is the basic principle for managing the business at all levels. For material business transactions, the Group Management Board requires the approval of the HELLA GmbH & Co. KGaA Shareholder Committee, which codetermines the significant guidelines for business by means of this process.

The Annual General Meeting is responsible for the appointment and removal of General Partners; according to the Articles of Association, the relevant resolution of the Annual General Meeting is passed by a simple majority of the votes cast, provided that such resolution does not require the General Partner's consent. The Shareholder Committee is responsible for the appointment and removal of the Directors of Hella Geschäftsführungsgesellschaft mbH, as well as for determining the terms and conditions of their service agreements.

2. Shareholder Committee
The legal form of the KGaA makes it possible to create optional corporate bodies. The Company took advantage of this opportunity and established a Shareholder Committee in accordance with the Articles of Association; the members are elected at the Annual General Meeting. Vacancies may be filled by the Shareholder Committee by co-opting members in accordance with the Articles of Association.

Responsibilities of the Shareholder Committee
The core duties and responsibilities of the Shareholder Committee include the following:

- supervising and advising the General Partner in the management of the Company's business as the central representative body of the shareholders;
- adopting rules of procedure for the General Partner;
- determining which of the General Partner’s transactions require the prior approval of the Shareholder Committee;
- exercising management powers and power of representation for the legal relationship between the Company and the General Partner

Corporate bodies

Management Board:
is responsible for the strategic and operational management of the HELLA Group

Shareholder Committee:
supervises and advises the Management Board as the authoritative control body, and decides on management measures requiring approval

Supervisory Board:
supervises and advises the Management Board, and only has limited powers due to the Company's legal form

Annual General Meeting:
exercises control rights, and elects shareholder representatives to the Supervisory Board and Shareholder Committee

as well as representing the Company in legal disputes with the General Partner;

- exercising all rights arising from the Company's shares in Hella Geschäftsführungsgesellschaft mbH – in particular the appointment and removal of the Directors and the regulation of their employment contracts;

- executing shareholders' resolutions;

- reviewing the annual and consolidated financial statements, the management report and the group management report, the proposal for the appropriation of distributable profit (in accordance with the rules of procedure of the Shareholder Committee) as well as the non-financial (group) statement (so-called CSR reporting), unless use is made of a statutory exemption option, which is the case for HELLA in the short fiscal year 2022 with regard to the non-financial group statement of Faurecia;

- submitting resolution proposals in respect of each agenda item on which the Annual General Meeting is to decide.

- The Shareholder Committee reports annually on its activities to the Annual General Meeting, which adopts a resolution approving its activities.

Functioning of the Shareholder Committee

As a rule, the Shareholder Committee convenes five times a year. Resolutions of the Supervisory Board are adopted by a simple majority of the votes cast; each member has one vote. If a vote results in a tie, in the event of a new vote on the same subject that also results in a tie the Chairman has two votes.

In the past fiscal year, the Shareholder Committee held 15 ordinary meetings as well as one constituent meeting, seven of which were held by video conference. This included seven meetings with the Management Board. It also held six extraordinary conference call meetings, including four meetings with the Management Board. All members of the Shareholder Committee participated in the meetings mentioned above, with the exception of Carl-Peter Forster, who was unable to attend one meeting, and Christophe Schmitt, who was unable to attend two meetings. In addition, the Shareholder Committee passed resolutions by way of written circular during the past fiscal year.

Committees of the Shareholder Committee

The Shareholder Committee currently has two committees: the Personnel Committee and the Operations Committee.

Personnel Committee: The Personnel Committee of the Shareholder Committee consists of the Chairman and two further members elected by the Shareholder Committee. In addition to Dr. Wolfgang Ziebart (Chairman of the Personnel Committee), the Personnel Committee currently includes Patrick Koller and Jean-Pierre Sounillac. As a rule, it meets at least three times during the fiscal year and as required. The Personnel Committee has the following duties:

- preparing the Shareholder Committee's resolutions on the appointment and removal of Directors of Hella Geschäftsführungsgesellschaft mbH and on their individual total remuneration and the remuneration system applied for such;

- Resolution on the conclusion, amendment and termination of the agreements with the General Partner; and

- of the employment contracts with the members of the Management Board of Hella Geschäftsführungsgesellschaft mbH.

It also advises and supervises the General Partner on significant organisational changes in the Company's business areas and on succession planning for the respective executives of the business groups. To this end, the Personnel Committee works closely with the member of the Management Board responsible for the respective business group and the member of the Executive Board responsible for HR matters.

In the past fiscal year, the Personnel Committee held two meetings, which were both held as telephone conferences. All of the members of the Committee who held office at these times attended both of these meetings.

Operations Committee: The Operations Committee of the Shareholder Committee was newly established in the fiscal year 2021/2022 by resolution of the Shareholder Committee. It consists of at least three members elected by the Shareholder Committee from among its members. In addition to Patrick Koller, the Operations Committee currently includes Olivier Durand, Christophe Schmitt and Andreas Renschler. It usually meets once a month.

The Operations Committee is responsible for monitoring the financial and operational performance of the Company's business units. It reports on this to the full Shareholder Committee, in particular insofar as it identifies undesirable developments or risks. It also prepares the resolutions of the Shareholder Committee as necessary. The Operations Committee does not exercise its own decision-making powers.

The six meetings of the Operations Committee held in the past fiscal year, three of which were held in person and three of which were held by video conference, were attended by all of its members in office at the time.

3. Supervisory Board

Responsibilities of the Supervisory Board

The role of the Supervisory Board is to advise and supervise the General Partner in its conduct of the Company's business. In this respect, the responsibilities of the Supervisory Board of HELLA GmbH & Co. KGaA are limited due to its legal form. As opposed to the Supervisory Board of a joint-stock company, it has no competence for the appointment and dismissal as well as for the employment relationships of the Management Board. Nor does it have any power to issue rules of procedure for the Company's Management Board or determine which legal transactions require its consent. The core duties of the Supervisory Board include the following:

- reviewing and approving the annual financial statements and the consolidated financial statements, including the management report and the Group management report;
- the audit of the dependent company report;
- reviewing the non-financial (Group) declaration (CSR reporting), unless use is made of a statutory exemption option, which is the case for HELLA in the short fiscal year 2022 with regard to the non-financial group statement of Faurecia;
- examining the proposal for the appropriation of distributable profits;
- submitting resolution proposals in respect of each agenda item on which the Annual General Meeting is to decide;
- reviewing and, if necessary, approving material transactions of the Company with related parties.

Furthermore, the exercise of the authorisations granted to the General Partner to increase the nominal capital from authorised capital and to buy back treasury shares is subject to the Supervisory Board's consent. The Supervisory Board reports annually on its activities to the Annual General Meeting, which adopts a resolution on approval of its activities.

Functioning of the Supervisory Board

As a rule, the Supervisory Board convenes four times a year. Resolutions of the Supervisory Board are adopted by a simple majority of the votes cast; each member has one vote. In case of a tie, the Chairman has the casting vote if the stalemate continues after a second vote on the same matter.

Further information on the functioning of the Supervisory Board, including its meetings and participation therein, can be found in the Supervisory Board report.

Committees of the Supervisory Board

The Supervisory Board has established two committees: the Nomination Committee and the Audit Committee.

Nomination Committee: The Nomination Committee consists of the Chairman of the Supervisory Board and another Supervisory Board member representing the limited liability shareholders as elected by the Supervisory Board. Currently, the members of the Nomination Committee are Andreas Renschler (Chairman) and Andreas Marti. The Nomination Committee prepares the proposals of the Supervisory Board to the Annual General Meeting for the election of Supervisory Board members.

Audit Committee: The Audit Committee consists of four Supervisory Board members elected by the Supervisory Board, of which two are limited liability shareholder representatives and two are employee representatives. Currently, the members of the Audit Committee are Judith Buss (Chairwoman), Paul Hellmann, Gabriele Herzog and Christian van Remmen. As a former Chief Financial Officer in various business units of a DAX40 company and Chair of the Audit Committee at an international energy company, Judith Buss has particular knowledge and experience in the application of accounting principles, internal control and risk management systems as well as auditing.

In addition, Gabriele Herzog has many years of experience in the field of finance. As Chief Financial Officer for the European activities of the Faurecia Group, she was responsible for the accounting of the European Faurecia companies until 2022. In addition, she dealt intensely with the audit of the financial statements of the companies in her regional area of responsibility. As a member of the Management Board of Faurecia Automotive GmbH, she regularly reported to the Supervisory Board of Faurecia's German headquarters on the Company's individual financial statements and key financial figures.

HELLA has made use of a statutory exemption option with regard to the non-financial Group statement to be submitted by Faurecia and is not preparing its own non-financial statement in the short financial year 2022. Notwithstanding this, two acting members of the Audit Committee, Judith Buss and Gabriele Herzog, have knowledge of the content and audit of the non-financial reporting.

The Audit Committee has the following duties and responsibilities:

- preparing the Supervisory Board's decisions on the approval of the annual financial statements and consolidated financial statements and the audit of the dependent company report and the CSR report, unless use is made of a statutory exemption option, which is the case for HELLA in the short fiscal year 2022 with regard to the non-financial report of Faurecia; to this end it is responsible for conducting a preliminary review of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the proposal for the appropriation of distributable profit, the dependent company report and, if applicable the CSR report;
- discussing the quarterly reports and the half-year financial reports with the Management Board, prior to their publication;
- monitoring the accounting process, the audit of the financial statements, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as compliance;
- proposing recommendations or proposals to ensure the integrity of the accounting process;
- preparing the proposal of the Supervisory Board to the Annual General Meeting for the election of the auditor, including a recommendation, which in cases of inviting tenders for the audit mandate must be substantiated and include at least two candidates;
- specifying arrangements with the auditor, in particular the audit assignment and audit fee;
- defining the auditing priorities along with the auditor;
- assessing the quality of the audit;
- monitoring the independence of the auditor;
- deciding on additional services provided by the auditor, in particular approving the award of non-prohibited non-audit services to be undertaken by the auditor – in this case, the Audit Committee may adopt guidelines in relation to non-prohibited tax advisory services, within the scope of which the award of such services does not require individual authorisation.

The auditor participates in the meetings of the Audit Committee. The Management Board attends these meetings if the Audit Committee deems its attendance necessary. Also outside the context of the meetings, there is also a regular dialogue between the chairman of the Audit Committee and the auditor.

4. Cooperation of the General Partner, Shareholder Committee and Supervisory Board

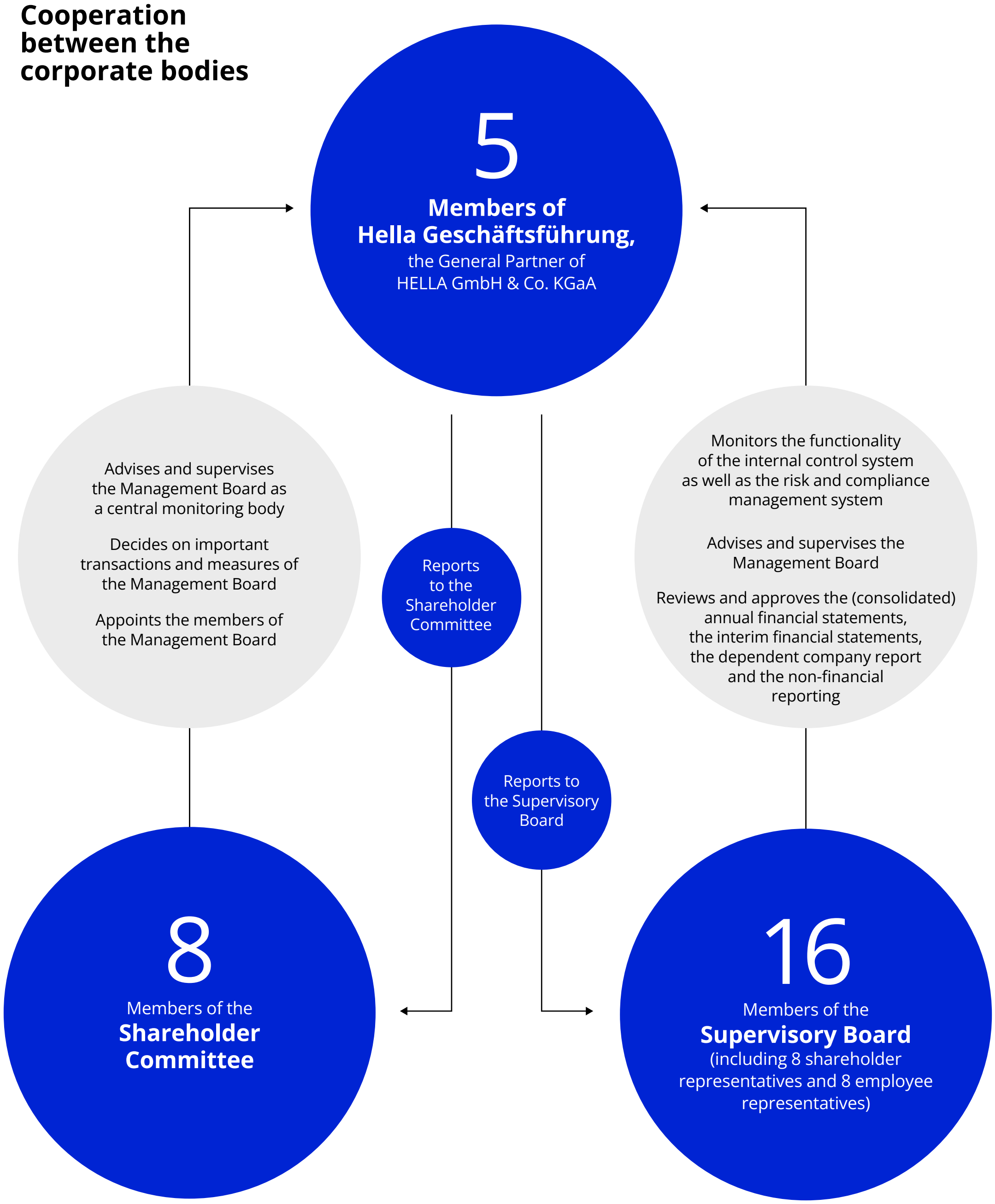
The General Partner, the Shareholder Committee and the Supervisory Board work together on the basis of mutual trust in the best interests of the Company. In its management of the Company, the General Partner is monitored primarily by the Shareholder Committee. It is obliged to prepare reports. The Shareholder Committee advises the General Partner as part of company management and on significant transactions. Certain measures laid down by the Shareholder Committee in rules of procedure for the General Partner require its approval. The Supervisory Board is also responsible for supervising the management of the business. For this purpose, the General Partner submits reports on a periodic basis and the Supervisory Board exercises information and inspection rights.

5. Objectives for the composition, diversity concept and long-term succession planning for the Management Board of the General Partner

A) Contents

Taking into account the specifics of HELLA as a business, the Shareholder Committee has specified principles for the composition of the Management Board of Hella Geschäftsführungsgesellschaft mbH, which includes a diversity concept. The principles should be taken into account for future appointments to the Management Board.

Cooperation between the corporate bodies



As at 8 March 2023

The priority of these principles is professional and personal qualifications, especially with respect to educational and professional background. The areas of focus in terms of expertise of the individual directors should be included in a balanced way according to the respective regulation stipulating the allocation of duties and corporate governance regulations to represent the widest possible spectrum of professional knowledge, skills and experience. With regard to the composition of the Management Board, the Shareholder Committee shall also take into account the international activities of HELLA. For this reason, several members of the Management Board should have relevant international experience, which means – for example – that they have worked abroad or have had significant interaction on an international level. In this context, the Shareholder Committee also takes into account additional diversity aspects such as the suitable participation of women and men related to subordinated selection criteria.

In the composition of the Management Board of Hella Geschäftsführungsgesellschaft mbH, the Shareholder Committee also takes into account the aspects of continuity and change and, therefore, strives to achieve a balanced age structure in the Management Board. In addition, there is a legally binding age limit of 65 years. Upon turning 65 years old, as a rule, serving as a Director at Hella Geschäftsführungsgesellschaft mbH shall no longer be possible and retirement is mandatory.

B) Status of implementation and attained results

In its current composition, the Management Board of Hella Geschäftsführungsgesellschaft mbH meets all of the aforementioned composition and diversity objectives.

C) Long-term succession planning

Together with the Management Board, the Shareholder Committee is responsible for long-term succession planning. The aim is to fill vacant positions on the Management Board with candidates from within the Company itself where possible. The President and CEO of the Management Board and the Chairman of the Shareholder Committee maintain a continuous dialogue in order to identify promising candidates at an early stage and to evaluate their suitability for higher-level management tasks in a structured manner over a significant period of time. Furthermore, within the Shareholder Committee, succession planning is discussed primarily by the Personnel Committee, whose members constantly analyse the performance of the Management Board in order to identify any need for new members at an early stage. If external candidates are to be considered for vacant positions, the Shareholder Committee uses professional employment agencies for management staff. If a new Management Board member is required at short notice, internal and external candidates are considered in parallel and selected by means of a process adapted to the circumstances in question. All selection processes are carried out on the basis of the Shareholder Committee's objectives regarding the composition of the Management Board of Hella Geschäftsführungsgesellschaft mbH, including the diversity concept.

6. Skills profiles, objectives regarding, the composition and diversity concepts for the Shareholder Committee and the Supervisory Board

A) Contents

Taking into account the specifics of HELLA's business, the Shareholder Committee and the Supervisory Board have specified skills profiles for both corporate bodies and objectives regarding their future composition, which always includes a diversity concept. These specifications are to be taken into account by the corporate bodies in new elections in their respective election proposals. This applies mutatis mutandis in the case of judicial appointments of Supervisory Board members and in the event of co-opting members to the Shareholder Committee.

The skills profiles of the Shareholder Committee and the Supervisory Board, which were determined in each case against the background of the corporate body's tasks and the associated requirements for the knowledge and capabilities of the corporate body's members, provide for both corporate bodies that the following skills should be embodied in at least one committee member:

1. management experience in international markets,
2. industry knowledge of the automotive industry or other manufacturing lines of business,
3. expert-level knowledge in the domain of accounting or auditing,
4. experience in legal areas with relevance for HELLA such as compliance, and
5. expertise on sustainability issues of importance to HELLA.

The competency profile of the Supervisory Board additionally provides that the aforementioned expertise in the fields of accounting and auditing is cumulatively fulfilled by at least two Supervisory Board members.

In their respective composition, the Shareholder Committee and the Supervisory Board shall also take into account the international activities of the HELLA Group. For this reason, it is intended that each of the two corporate bodies has at least two members with relevant international experience, which means – for example – that they have worked abroad or have had significant interaction on an international level. Furthermore, the Shareholder Committee and the Supervisory Board take into account potential conflicts of interest of the members when determining their respective composition.

The Shareholder Committee and the Supervisory Board also take age into account when determining their respective composition. Members from a variety of age groups should be represented in both corporate bodies. Both corporate bodies also take into account the age limits as defined in the internal rules of procedure, according to which The members of the Shareholder Committee are elected for the last time in the year in which they reach the age of 70. As a general rule, only those persons may be proposed as Supervisory Board members who, at the time of election, are not yet 75 years of age.

In their respective composition, all in all, the Shareholder Committee and the Supervisory Board consider first and foremost the professional and personal qualifications of future members. The applicable educational and professional requirements as well as the knowledge and expertise of members of both corporate bodies are described in further detail in the skills profile. Both bodies strive to ensure that the entire respective corporate body includes individual members who have a balanced skill set to represent the widest possible spectrum of professional knowledge, expertise and experience. In this context, both corporate bodies also take into account additional diversity aspects related to subordinated selection criteria. There is a legal requirement stipulating that the Supervisory Board must consist of at least 30% women and 30% men.

B) Status of implementation and attained results

In their current composition, the Shareholder Committee and the Supervisory Board correspond to the respective skills profiles and meet all of the aforementioned targets regarding the composition of the respective body – including those relating to diversity. The qualification matrices shown here reflect the current status of implementation for the Shareholder Committee and the Supervisory Board.

7. Independence of the members of the Shareholder Committee and the Supervisory Board

The Shareholder Committee and the Supervisory Board take into account the independence of the members of their respective corporate body in connection with their respective composition, while taking into consideration the ownership structure. In accordance with Recommendation C.6 (1) GCGC, Recommendation C.7 (1) sentence 1 GCGC and Recommendation C.9 (1) sentence 1 GCGC, both corporate bodies have specified as an appropriate objective that, in the case of each corporate body, more than half of their respective members elected by the Annual General Meeting shall be independent of the Company and the Management Board and at least two members shall be independent of any controlling shareholder.

According to Recommendation C.7 GCGC, a member is considered to be independent of the Company and its Management Board if they do not have any personal or business relationship with the Company or its Management Board which could give rise to a material and not merely temporary conflict of interest. According to the assessment of the Shareholder Committee, all of its members (Dr. Wolfgang Ziebart, Patrick Koller, Judith Buss, Nolwenn Delaunay, Olivier Durand, Andreas Renschler, Christophe Schmitt and Jean-Pierre Sounillac) are independent within the meaning of Recommendation C.7 GCGC.

According to the assessment of the Supervisory Board, all shareholder representatives on the Supervisory Board (Andreas Renschler, Tatjana Bengsch, Judith Buss, Gabriele Herzog, Rupert Kneiser, Andreas Marti, Thorsten Muschal, and

Shareholder Committee

	Management experience in international markets	Knowledge of automotive industry or other trades	Expertise in the field of accounting	Expertise in the field of auditing financial statements	Experience in legal areas relevant to HELLA	Expertise in sustainability issues of importance to HELLA
Dr. Wolfgang Ziebart	X	X				X
Patrick Koller	X	X			X	X
Judith Buss	X	X	X	X	X	X
Nolwenn Delaunay	X	X			X	X
Olivier Durand	X	X	X	X		X
Andreas Renschler	X	X				
Christophe Schmitt	X	X				X
Jean-Pierre Sounillac	X	X			X	X

Supervisory Board

	Management experience in international markets	Knowledge of automotive industry or other trades	Expertise in the field of accounting	Expertise in the field of auditing financial statements	Experience in legal areas relevant to HELLA	Expertise in sustainability issues of importance to HELLA
Andreas Renschler	X	X				
Britta Peter		X				
Tatjana Bengsch	X	X			X	X
Judith Buss	X	X	X	X	X	X
Paul Hellmann		X				
Gabriele Herzog	X	X	X	X		X
Susanna Hülsbömer		X				
Rupertus Kneiser	X	X			X	
Oliver Lax		X				
Andreas Marti	X	X			X	
Thorsten Muschal	X	X	X			X
Christian van Remmen		X			X	
Christoph Rudiger		X				
Franz-Josef Schütte		X				
Kirsten Schütz	X	X			X	

Kirsten Schütz) are independent within the meaning of Recommendation C.7 GCGC.

According to Recommendation C.9 GCGC, a member is independent of the controlling shareholder if he or she or a close family member is neither a controlling shareholder nor a member of the controlling shareholder's executive body nor has a personal or business relationship with the controlling shareholder that may give rise to a material and not merely temporary conflict of interest.

According to the assessment of the Shareholder Committee, the Chairman Dr. Wolfgang Ziebart, Judith Buss and Andreas Renschler are independent of the controlling shareholder within the meaning of Recommendation C.9 GCGC. In the composition of the Shareholder Committee in place until 30 September 2022, Carl-Peter Forster and Klaus Kühn were independent of the majority shareholder, according to the assessment of the Shareholder Committee.

According to the assessment of the Supervisory Board, the shareholder representatives on the Supervisory Board Andreas Renschler, Judith Buss, Rupertus Kneiser and Kirsten Schütz are independent within the meaning of recommendation C.9 GCGC. In the composition of the Supervisory Board in place until 30 September 2022, Klaus Kühn, Rupertus Kneiser and Kirsten Schütz were, in the opinion of the Supervisory Board, independent of the majority shareholder.

8. Self-assessment of the members of the Shareholder Committee and the Supervisory Board

In accordance with Recommendation D.12 GCGC, the Shareholder Committee and the Supervisory Board regularly assess how effectively they as corporate bodies and their committees fulfil their tasks. To this end, both corporate bodies undertake a self-assessment by means of questionnaires roughly every two years. The results of these questionnaires are evaluated in anonymised form and then discussed in a plenary session. Any required improvements that arise from this are then addressed.

In October and November 2020, respectively, both the Shareholder Committee and the Supervisory Board conducted a self-assessment (efficiency review). At the committees' subsequent meetings, there was a presentation and detailed discussion of the results of the self-assessment as well as the suggestions made in this context for improving the activities of the respective corporate body.

As both bodies have been substantially reconstituted as a result of the new elections in September

2022, the next self-assessment is planned for autumn 2023. This will allow the new members to first get a conclusive picture of the committee's cooperation.

II. Information under Sections 289a, 315a HGB

The following information pursuant to Sections 289a, 315a HGB reflect the conditions as of the balance sheet date. As provided for Section 176 (1) sentence 1 of the German Stock Corporation Act (Aktiengesetz – AktG), the information is explained in greater detail in the individual sections.

1. Composition of the subscribed capital

The nominal capital of the Company amounts to €222,222,224 and is divided into 111,111,112 no-par value bearer shares. All shares have been fully paid up. The Articles of Association stipulate that the shareholders' right to the issuance of share certificates representing their respective shares shall be excluded to the extent legally permitted, unless such issuance is required in accordance with the regulations applicable to the stock exchange on which the shares are admitted.

2. Shareholders' rights

The shareholders exercise their rights provided for by law or by the Articles of Association before or during the Annual General Meeting and exercise their voting rights in this context. Each no-par value share carries one vote at the Annual General Meeting. In addition, in the Annual General Meeting, shareholders may express their opinion on items on the agenda, propose motions and address questions to the General Partner.

The Annual General Meeting of HELLA GmbH & Co. KGaA is normally held in the first four months of the fiscal year at the Company's registered office or in another German city with more than 100,000 inhabitants or in another German city within a radius of 50 kilometres from the Company's registered office. Furthermore, the Annual General Meeting of 30 September 2022 granted the General Partners an authorisation to hold Annual General Meetings to be held until 30 September 2027 also in the virtual meeting format without the physical presence of the shareholders or their proxies.

The Annual General Meeting is convened by the General Partner. Shareholders whose aggregate shareholding reaches one-twentieth of the nominal capital (i.e. €11,111,112) may request the convening of an Annual General Meeting in writing, stating the purpose and reasons for the same. In the same manner, shareholders whose aggregate shareholding equals or exceeds a proportional amount of €500,000 may request that items be included in the agenda and published. Furthermore, shareholders whose shares in aggregate represent a proportional nominal capital amount of €100,000 may submit a request to the Management Board, under certain conditions, that a special auditor be appointed by the court to review a procedure in the context of the Company's establishment or a procedure that has taken place within the past five years.

3. Restrictions concerning the voting rights or the transfer of shares

The Company is not aware of any restrictions affecting voting rights or the transferability of shares in the Company.

4. Major shareholders/special rights/ participation of employees in the capital

According to the most recent voting rights notification received by the Company from Faurecia S.E. dated 1 February 2022, Faurecia indirectly held a total of 80.59% of the Company's voting rights through Forvia Germany GmbH, domiciled in Hanover (formerly trading as Faurecia Participations GmbH, domiciled in Frankfurt am Main). Faurecia currently holds 81.59% of the shares in HELLA (according to Faurecia, as of 8 February 2023).

No shares have been issued that confer multiple voting rights, preferential voting rights, maximum voting rights or special rights granting powers of control. There is no form of participation of employees in the Company's capital that would not enable the employees to directly exercise their supervision rights.

5. Statutory provisions and provisions of the Articles of Association on the appointment and removal of members of the Management Board and on amendments to the Articles of Association

The management of the Company is carried out by the General Partners. The Annual General Meeting decides on the appointment and removal of General Partners by simple majority, without the consent of existing General Partners being required in the case of appointment (Article 7 (4) and (5) of the Articles of Association). The sole General Partner of the Company is currently Hella Geschäftsführungsgesellschaft mbH (Article 7 (2) of the Articles of Association), all shares of which are held by HELLA GmbH & Co. KGaA. The General Partner is removed as soon as HELLA GmbH & Co. KGaA no longer holds all shares in it (Article 7 (5) of the Articles of Association).

The appointment and removal of members of the Management Board of Hella Geschäftsführungsgesellschaft mbH is in turn the responsibility of the Shareholder Committee (Article 6 (1) (a) of the Articles of Association of Hella Geschäftsführungsgesellschaft mbH).

The resolutions of the Annual General Meeting of HELLA GmbH & Co. KGaA are passed by a simple majority of the votes cast, unless mandatory law or the Articles of Association dictate otherwise and, where the law requires a capital majority, with a simple majority of the nominal voting capital represented at the time of passing the resolution (Article 21 (2) of the Articles of Association). This also applies, in particular, to amendments to the Articles of Association and to the passing of a resolution on a transformation into a stock company (Aktiengesellschaft); however, amendments to the object of the Company require a three-quarters majority (Section 179 (2) AktG). In deviation from Section 285 (2) sentence 1 AktG, amendments to the Articles of Association in particular – to the extent permitted by law – do not require the consent of the General Partner (Article 21 (3) of the Articles of Association). The Supervisory Board is authorised to decide on amendments to the Articles of Association that only relate to the wording (Article 15 (6) of the Articles of Association).

6. Authorised capital/authorisation to buy back shares

In accordance with Article 5 (4) of the Articles of Association, the General Partner is authorised to increase the nominal capital with the approval of the Shareholder Committee and the Supervisory Board by a total amount of up to €44 million by issuing, on one or more occasions on or before 26 September 2024, new no-par value bearer shares against cash contributions and/or contributions in kind. In this context, the shareholders must generally be granted a subscription right. However, the General Partner is authorised to exclude, with the approval of the Supervisory Board and the Shareholder Committee, the shareholders' subscription rights as follows in the following cases:

- in case of a capital increase against contributions in kind for the purpose of acquiring companies, parts of companies or shares in companies or any other assets including receivables from the Company;
- in so far as is necessary in order to grant a subscription right for newly issued shares to the holders or creditors of bonds issued by the Company or Group companies bearing option or conversion rights or obligations (warrants or convertible bonds), to the extent that such subscription rights would exist after exercise of their option or conversion right or fulfilment of their option or conversion obligation;
- if the notional value of the new shares in the nominal capital does not exceed 10% of the nominal capital existing at the time this authorisation becomes effective and at the time a resolution to exercise the authorisation is adopted, provided that the issue price is not significantly lower than the listed price, and further provided the notional value in the nominal capital of any shares that have been issued or sold with the exclusion of subscription rights on the basis of a corresponding authorisation in direct or analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (Aktiengesetz – AktG) must be included in the calculation of the amount of 10%; and
- for the avoidance of any fractional shares.

The General Partner is also authorised, on or before 26 September 2024, to acquire treasury shares up to a total of 10% of the current nominal capital or – if lower – of the nominal capital existing at the time the authorisation is exercised. The acquisition is made at the discretion of the General Partner with the consent of the Shareholder Committee and the Supervisory Board through the stock exchange, via a public offer request directed to all shareholders, or via a public invitation addressed to all shareholders for submission of sales offers.

The General Partner is authorised to use the treasury shares that have been acquired with the consent of the Shareholder Committee and the Supervisory Board for all legally permissible purposes. In particular, the shares do not require further resolution of the Annual General Meeting for the following purposes:

- to be redeemed;
- to be sold via the stock exchange or via a public offer to all shareholders in proportion to their shareholding;
- to be sold excluding the shareholders' subscription rights, provided that this is for cash payment and at a price that is not significantly lower than the stock exchange price;

- to be offered and transferred, excluding the shareholders' subscription rights, in return for payment in kind, in particular as part of the acquisition of companies, parts of companies, or shares in companies

- or other assets;

- to be used, excluding the shareholders' subscription rights, to service acquisition rights or acquisition obligations on shares of HELLA GmbH & Co. KGaA from convertible or warrant bonds or similar instruments; or

- to be offered or transferred, excluding the shareholders' subscription rights, as part of employee profit-sharing schemes.

In this context, treasury shares may also be acquired using put or call options or forward contracts, or a combination of these instruments (derivatives). Derivatives may be issued or acquired, excluding any subscription right of the shareholders, with a credit or financial institution, or another appropriate contractual party that is experienced in the derivatives business, with the proviso that, on the basis of the derivatives, only shares will be delivered that were acquired in keeping with the principle of equal treatment. Moreover, the issuance or acquisition of derivatives may be publicly offered to all shareholders or may be effected through the derivatives exchange Eurex or a comparable successor system after prior announcement in the Company's designated publication media, with the exclusion of any subscription rights. The term of the derivatives must not exceed 18 months in each case and must be selected such that the acquisition of the shares through the exercise of derivatives takes place on 26 September 2024 at the latest.

7. Material agreements with change of control clauses/compensation agreements

HELLA GmbH & Co. KGaA has entered into the material agreements set out below which contain change of control clauses, for example as a result of a takeover bid:

- The listed bonds currently issued by HELLA GmbH & Co. KGaA (a 1.0% bond maturing in May 2024 with a nominal value of €300 million and a 0.5% bond maturing in January 2027 with a nominal value of €500 million) are subject to change-of-control clauses under which the bond creditors may demand early repayment if a person or group of persons acting jointly gains control over HELLA GmbH & Co. KGaA and the investment grade rating is lost on account of this within 120 days of the change of control. The 120-day period triggered by the acquisition of control over HELLA GmbH & Co. KGaA by Faurecia expired without loss of the investment grade rating on 31 May 2022.

- In September 2022, HELLA negotiated a new syndicated credit facility amounting to €450 million and an increase option of €150 million. The previous syndicated credit facility of €450 million with a term until June 2023 was terminated by HELLA in September 2022. The new facility was concluded with a syndicate of international banks and has a term of three years (including two extension options of one year each) until September 2025. Under the new credit facility, there is no special termination right in the event of a loss of the investment grade rating, unlike under the previous credit facility. The banks would have a special right of termination in the event of a squeeze-out or a controlling agreement being entered into the Commercial Register.

- HELLA GmbH & Co. KGaA guarantees the repayment of a credit line of the local subsidiary in Mexico in the total amount of USD 200 million, which consists of a tranche of USD 125 million repaid in January 2023 and another tranche of USD 75 million with a term until January 2026. The agreements in place allow the lender to terminate the credit line within 20 days after a person or group of persons (other than Faurecia) acting jointly has gained control over HELLA GmbH & Co. KGaA as guarantor and to call in all outstanding amounts immediately. The bank has a special right of termination in the event of a squeeze-out being entered into the Commercial Register.

- In all the aforementioned cases, the gain of control is defined in particular as the acquisition of more than 50% of the voting shares of HELLA GmbH & Co. KGaA.

- At the beginning of the reporting period, HELLA GmbH & Co. KGaA operated a joint venture, which has since been dissolved, with Plastic Omnium Auto Exteriors S.A. in the area of design, development, assembly and logistics of complete front-end modules. In the event of a change in control at one of the contracting parties, the joint venture agreement gave the other contracting party the right to exercise a call option in respect of its shares in the joint venture. A change of control occurred when one contracting party became directly or indirectly affiliated with a direct competitor. A direct competitor was defined as a person or company that offered to its customers products or services which at least partially overlapped with those of the contracting party not affected by the change of control. Whether such a case occurred with the takeover of HELLA GmbH & Co. KGaA by Faurecia was discussed with the joint venture partner. On 28 July 2022, HELLA reached an agreement with Plastic Omnium on the sale of the shares held by HELLA in the joint venture amounting to 33.33% to the co-shareholder Plastic Omnium. Following regulatory approvals by the relevant authorities, the transaction was closed on 12 December 2022 at an agreed purchase price of €290 million (including a dividend of €8 million).

- Together with what is now MAHLE Behr GmbH & Co.KG, HELLA GmbH & Co. KGaA maintains a joint venture in the field of climate control and thermal management for the automotive industry, which includes, in terms of products, operating and control units for vehicle air conditioning as well as climate sensors and fan controllers. The corresponding cooperation agreement provides for the right of extraordinary termination in the event of material changes in the ownership and shareholding relationships of one party, provided that this makes it unreasonable for the other party to uphold its cooperation in the joint venture. The parties have temporarily suspended the discussions on whether the acquisition of HELLA GmbH & Co. KGaA by Faurecia constitutes such a case and are currently discussing further procedure with regard to the joint venture.

- Together with TMD Friction Group S.A. (Lux), TMD Friction Holding SAS U and TMD Friction Services GmbH, HELLA GmbH & Co. KGaA operates a joint venture for the sale of brake pads and brake-related products, in particular wearing and hydraulic parts as well as fluids and accessories. Under the joint venture agreement, the companies of the TMD Group have the right of termination for good cause if a direct competitor of the TMD Group directly or indirectly acquires a controlling stake in HELLA. A controlling stake exists if a person directly or indirectly (separately or jointly) (i) holds the majority of the voting rights in HELLA, (ii) has the right to appoint or remove the majority of the Executive Board of HELLA, and/or (iii) has sole control over the majority of the voting rights in HELLA on the basis of an agreement with third parties.

The employment contracts of the members of the Management Board previously provided that, in the event of a loss of control by the family shareholders of HELLA GmbH & Co. KGaA, the Managing Directors could both resign from office and terminate their employment contracts for cause until the end of the sixth calendar month following the change of control, with effect from the end of the ninth calendar month. Employment contracts concluded after 31 January 2022 no longer contain a special termination right in the event of a change of control. As the family shareholders transferred the majority of the share capital and voting rights in HELLA GmbH & Co. KGaA to Faurecia Participations GmbH (today: Forvia Germany GmbH) as the new majority shareholder, no further change of control under the employment contracts can occur in the future. Of the incumbent members of the Management Board, only Ulric Bernard Schäferbarthold still has a special right of termination due to the change of control, as the company has reached agreements with him and individual former members of the Management Board under which the exercise period for the extraordinary right of termination triggered by the change of control is extended or postponed. Ulric Bernard Schäferbarthold can declare his extraordinary right of termination for the last time with effect from 30 June 2024. Until his/her resignation has taken effect, the Managing Director must support the Company in all matters relating to the change of control, acting to the best of his/her ability and working in the interests of the Company. Following his/her resignation, the Managing Director shall be entitled to compensation in the amount of two times his/her annual remuneration or, if the residual term of the employment contract is less than two years, compensation reduced on a pro rata basis. Please refer to the remuneration report for more details.

The Company has not entered into any compensation agreements with any employees in the event of any takeover bid or a change of control.

III. Corporate governance and compliance

In the interest of proper corporate governance, the members of the Management Board conduct the Company's business in accordance with statutory rules, the provisions of the Articles of Association of HELLA GmbH & Co. KGaA and Hella Geschäftsführungsgesellschaft mbH and the rules of procedure for the General Partner and Hella Geschäftsführungsgesellschaft mbH. In addition, the Management Board acts in accordance with the requirements set by the compliance guidelines, its Code of Conduct, the Corporate Governance Principles, its resolutions and other corporate rules.

Management practices extending beyond statutory requirements primarily result from the corporate philosophy. HELLA is firmly convinced that corporate success is founded on a corporate culture based on values. This includes the responsible treatment of employees, business partners and other stakeholders, society and the environment.

HELLA's top priority is customer satisfaction. At its core, this corporate philosophy is based on a comprehensive understanding of quality that is not limited to product quality but which also covers all of the Company's activities.

For HELLA's corporate culture, too, customer satisfaction is the point of departure. It can be achieved only if every employee internalises customer satisfaction individually as their own target and takes personal responsibility for achieving it. Consequently, the Company's guiding strategic principle is to demand and promote entrepreneurial self-responsibility for each HELLA employee, irrespective of their position within the Company. As a result, processes and organisational structures at HELLA are always aligned in such a way as to enable the entrepreneurial self-responsibility of its employees.

The core of the corporate culture consists of seven HELLA values, which were defined under the headline “Professionalism and a Human Approach” as the basis for lasting corporate success: entrepreneurial spirit, cooperation, sustainability, performance orientation, innovation, integrity and exemplary behaviour by each and every individual.

These values – particularly “acting with integrity” and “being a role model” – give rise to basic rules of behaviour which HELLA has anchored in its Code of Conduct. They are binding for all Group employees all over the world. The Code of Conduct brings together the basic rules on acting with integrity that apply to the Company between employees but also in relation to business partners, public authorities and other third parties in conformity with the law. It is an expression of the self-perception of HELLA, which is to meet the responsibility towards the Company in relation to shareholders and society and to live up to the expectations of customers, suppliers and business partners anew every day. The Code of Conduct, for example, is complemented by a Compliance Declaration on observing the rules of antitrust law.

Compliance – legally compliant behaviour and acting with integrity – is an integral part of the corporate culture, forms the basis for the business activities and is a prerequisite for sustained corporate success. The HELLA Corporate Compliance Office is responsible for the Group-wide compliance organisation and compliance management system as set out in the HELLA compliance guideline.

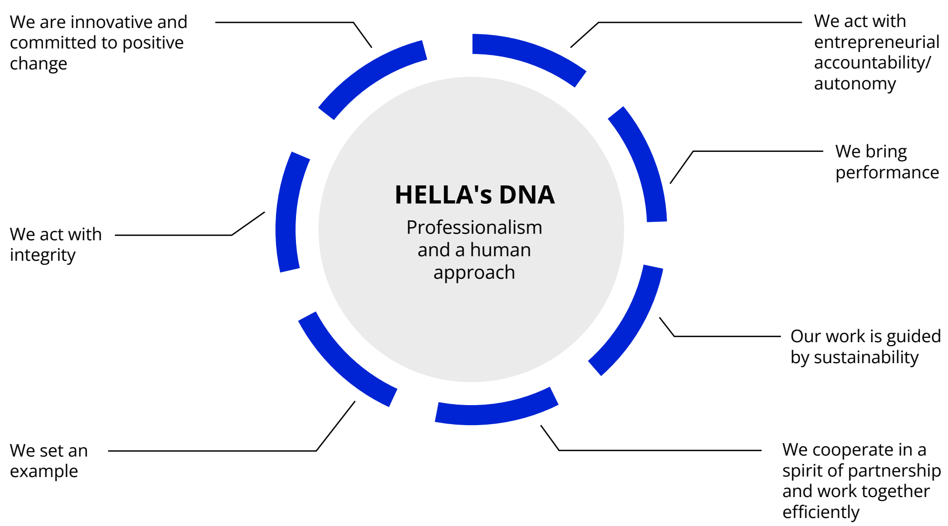
The Compliance Office coordinates the Group-wide compliance organisation, further develops the HELLA compliance system and is responsible for the areas of antitrust law and anti-corruption as well as – in cooperation with the Group audit and security departments – for the HELLA whistleblower system “tellUS!” and handling reports of possible misconduct at HELLA. The Compliance Office reports biannually to the Management Board and the Audit Committee of the Supervisory Board and as needed on an ad hoc basis. The head of the Compliance Office reports to the Group General Counsel (Head of Legal, Compliance & Audit), who in turn reports to the President and CEO of the Management Board. Local compliance officers report to the Compliance Office in terms of tasks. For the other compliance topics occupational safety and environmental protection (EHS), labour and social standards (HR Compliance), fraud prevention, data protection, export control/customs, information security, anti-money laundering, capital market law, product integrity, accounting, taxes, and security management, there are specialist functions in the HELLA Group which act as “central compliance departments”, performing these tasks in a proper and independent manner. The compliance organisation is supplemented by local compliance officers / agents, who deal with the day-to-day compliance activities within the individual companies.

In addition to the compliance organisation, objectives, culture and communication, the HELLA compliance system – based on the IDW auditing standard 980 – includes, above all, the following elements of the compliance programme, which must be developed and further developed for each of the aforementioned compliance topuics: risk analysis, information/instruction (prevention), monitoring and detection as well as response.

In order to strengthen the exchange between the individual central specialist compliance departments on cross-divisional topics, meetings are held regularly –twice in the past fiscal year – between the heads of the central specialist compliance departments, steered by the Compliance Office.

Through (i) virtual and in-person events, e-learning courses and other training formats, (ii) guidelines, process instructions and other documents, (iii) newsletters and other publications, together with

HELLA Values



(iv) advice in day-to-day operations, employees around the world are made familiar with the respective statutory and internal rules, including the HELLA Code of Conduct. These measures are key preventative components of continuous compliance management.

The focus of the Compliance Office in the past short fiscal year 2022 was on the development of the Anti-Corruption Measures. As a result of the majority acquisition of HELLA shares by Faurecia, HELLA has become subject to the French anti-corruption law 'Loi Sapin 2', which sets out extensive and detailed requirements for an effective Anti-Corruption Programme. Thematically, the requirements can be assigned to the following eight areas: Accounting Controls, Business Partner Check, Risk Mapping / Analysis, Anti-Corruption Policy & Disciplinary Sanctions, Whistleblowing, Conflicts of Interest, Training & Awareness, Controls & Evaluation.

In the past short fiscal year, HELLA – based on the continued exchange and cooperation with Faurecia via regular workshops between the compliance functions and the compliance functions with other stakeholders (such as finance) – analysed these legal requirements and their implementation at as part of the Faurecia Anti-Corruption Programme. They drew up an action plan to gradually introduce measures (guidelines, processes, organisation, IT tools, etc.) at HELLA to meet these requirements and, thus, implement an effective programme based on the reality and corruption risks of the businesses while leveraging on the resources and experiences of Faurecia and HELLA.

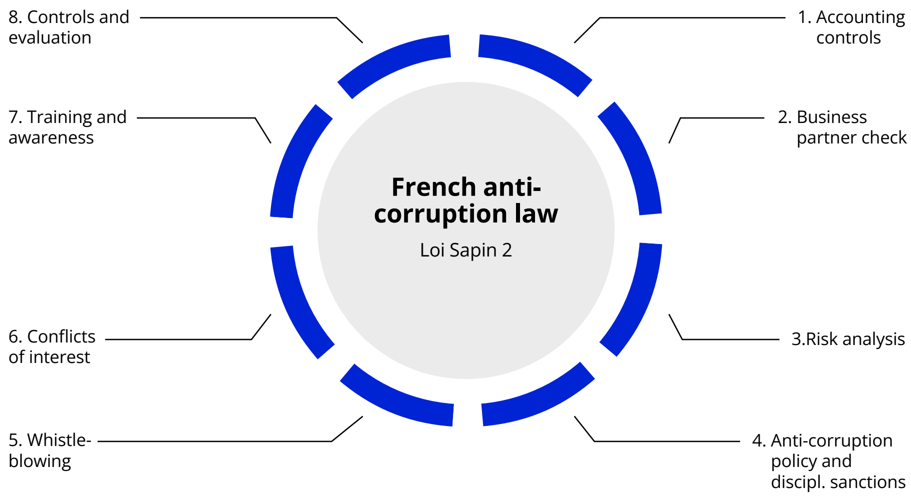
The new cycle of HELLA's Anti-Corruption Programme has been launched by HELLA's Management Board who adopted the following four Group policies in the past fiscal year. Their objective was to enrich the set of rules that support the implementation of a stronger and more effective programme to prevent and detect potential corruption acts:

- Anti-Corruption Policy
- Gift and Hospitality Guideline
- Donation and Sponsorship Guideline
- Accounting Control Guideline

The Anti-Corruption Policy and the Gift and Hospitality Guideline are new versions of already existing policies. With the adoption of these four Group guidelines, HELLA has started implementing two topics of the French anti-corruption law Loi Sapin 2, Anti-Corruption Policy and Disciplinary Sanctions, and Accounting Controls. In the coming fiscal year, the close collaboration between Faurecia and HELLA and the intensive work on the action plan to implement a robust and effective anti-corruption program will continue – with the sustained support and tone from the top management as well as the involvement of the second and third level of control.

Further details on the corporate philosophy and the principles of corporate governance can be found online at **www.hella.com/corporateresponsibility**

Loi Sapin 2



IV. Specifications of targets for female representation pursuant to Section 76 (4) and Section 111 (5) AktG and information on the gender quota pursuant to Section 96 (2) AktG

The Management Board of HELLA GmbH & Co. KGaA has set a target for the proportion of women at the first management level below the Management Board of 7.0% for the German Group companies for the period from 1 July 2022. For the second management level below the Management Board, the new target level was set at 10%. It was decided that both targets were to be reached by 30 June 2027. No further determinations by the Supervisory Board pursuant to Section 111 (5) sentence 4 AktG have been made for reasons specific to the Company's legal form. In contrast to a stock corporation, the Supervisory Board of a KGaA does not have the authority to decide on the composition of the Management Board.

Irrespective of the legally stipulated target for the proportion of women in management positions at the German companies, HELLA has set itself the goal of increasing the proportion of women in the HELLA Group worldwide: The Management Board aims to achieve a 27% share of women among the specialist and managerial staff (Managers & Professionals) by 2027.

The new minimum equal participation requirement pursuant to Section 76 (3a) AktG for the management board of a stock corporation, which was created by the Act to Supplement and Amend the Regulations for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector (Führungspositionen-Gesetz – FüPoG II), is not applicable to the Management Board of HELLA GmbH & Co. KGaA for reasons specific to its legal form. However, in accordance with the diversity concept, HELLA continues to pursue a representation of both genders as a goal for the management of the Company and would currently have fulfilled the requirement of Section 76 (3a) AktG.

The composition of the Supervisory Board is governed by the mandatory requirement of Section 96 (2) AktG which specifies that at least 30% of its members must be women and at least 30% must be men. This requirement is met. Currently, six of the 15 Supervisory Board members (and three of the eight shareholder representatives) are women, which corresponds to a quota of 40.0%. So far, neither the shareholder representative side nor the employee representative side has objected to the overall fulfilment of the quota requirement. The general partner and the chairman of the Supervisory Board, with the support of the current Supervisory Board members, have applied for the court appointment of a 16th Supervisory Board member. If the application is granted, the proportion of women on the Supervisory Board will be 43.8%.

V. Application of the German Corporate Governance Code (GCGC)

The General Partner as well as the Shareholder Committee and Supervisory Board of HELLA GmbH & Co. KGaA publish an annual declaration in accordance with Section 161 AktG confirming conformity to the recommendations of the "Government Commission for the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official part of the Federal Gazette ("Bundesanzeiger") and discloses any recommendations which are or have not been conformed to, stating the reasons for this. The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA most recently published the declaration below in accordance with Section 161 AktG on 7 March 2023 on the Company's website.

Declaration regarding the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – "AktG")

The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA (hereinafter referred to as the "Company" or "HELLA") declare, pursuant to Section 161 AktG, that since the last time this declaration was made on 1 June 2022, and except for the deviations set out below, the Company has complied, and intends to comply in the future, with the recommendations of the German Corporate Governance Code ("GCGC"; Deutscher Corporate Governance Kodex), as amended on 16 December 2019 ("GCGC 2020") and as amended on 28 April 2022 ("GCGC 2022"), taking into account the special features of its legal form described below.

I. Special features of the legal form

The German Corporate Governance Code is designed for companies in the legal form of a stock corporation or a European Company (SE) and does not take account the special features of a limited partnership by shares (Kommanditgesellschaft auf Aktien, "KGaA"). Thus, a number of recommendations of the German Corporate Governance Code can be applied to HELLA GmbH & Co. KGaA only in a modified form. Important modifications follow from the special features of the legal form set out below:

1. Management Board

Unlike a stock corporation, which is managed by the board of directors (Vorstand), a KGaA is managed by its general partners. Their appointment and dismissal is not a responsibility of the Supervisory Board; instead it is a task of the Annual General Meeting. The Company has one General Partner, Hella Geschäftsführungsgesellschaft mbH, which has its registered office in Lippstadt, and is represented by its managing directors (Geschäftsführer) Michel Favre (President and CEO), Yves Andres, Dr. Lea Corzilius, Bernard Schäferbarthold and Björn Twiehaus. In contrast to the board of directors of a stock corporation, the managing directors of HELLA Geschäftsführungsgesellschaft mbH are appointed for an indefinite period of time. The shares in Hella Geschäftsführungsgesellschaft mbH are held by the Company. The associated shareholder rights are exercised by the Shareholder Committee.

2. Shareholder Committee

The legal form of the KGaA, unlike that of the stock corporation, offers the possibility of establishing further optional corporate bodies. The Company has made use of this option. The Shareholder Committee, established according to the Articles of Association and elected by the Annual General Meeting, supervises and advises the General Partner in the management of the Company's business and can issue rules of procedure for it. In addition, it determines which transactions of the General Partner require its prior consent. It has management authority and power of representation for the legal relationship between the Company and the General Partner, and it represents the Company in legal disputes with the General Partner.

The Shareholder Committee exercises all the rights arising from the Company's shares in Hella Geschäftsführungsgesellschaft mbH. In particular, it is responsible for appointing and dismissing the managing directors and for regulating their employment relationships. The Shareholder Committee is also responsible for executing shareholders' resolutions.

Insofar as the GCGC contains recommendations on the tasks and responsibilities of the Supervisory Board, which at HELLA GmbH & Co. KGaA are performed by the Shareholder Committee in accordance with the Articles of Association, these recommendations are deemed to apply to the Shareholder Committee.

3. Supervisory Board

Compared to the Supervisory Board of a stock corporation, the Supervisory Board of a KGaA has limited powers. In particular, it is not responsible for the appointments and dismissals and the service agreeements of the Company's Management Board. Also, it has no power to issue rules of procedure for the Company's Management Board and cannot determine which business decisions require its consent.

4. Annual General Meeting

The legal status of the Annual General Meeting is not materially different to that of a stock corporation. In particular, it elects the shareholder representatives of the Supervisory Board and the members of the Shareholder Committee. To the extent permitted by law, resolutions of the Annual General Meeting of HELLA GmbH & Co. KGaA are adopted by simple majority. In contrast to a stock corporation, the Annual General Meeting of HELLA GmbH & Co. KGaA adopts resolutions an the approval of the annual financial statements by law.

According to German Stock Corporation Act (Aktiengesetz, "AktG"), certain resolutions of the Annual General Meeting of a KGaA are dependent on the consent of the General Partners (see Section 285 (2) and Section 286 (1) AktG). This right of approval is excluded by the Articles of Association of HELLA GmbH & Co. KGaA insofar as this is legally permissible; this aplies in particular to amendments to the Articles of Association, fundamental transactions, extraordinary management measures, and the admission and dismisal of General Partners. On the other hand, the adoption of the annual financial statements by the Annual General Meeting is only possible with the consent of the General Partner. According to the Articles of Association, the General Partner declares this consent when submitting their resolution proposals on the annual financial statements to the Annual General Meeting.

II. Deviations from the recommendations of the German Corporate Governance Code (GCGC)

1. Period since submission of the last declaration of conformity on 1 June 2022

In the period since the the last submission of the declaration of conformity on 1 June 2022, the following recommendations of the German Corporate Governance Code (as amended from time to time) were not complied with. Upon its promulgation on 27 June 2022, the GCGC 2022 replaced the GCGC 2020.

a Deviating from recommendation A.3 GCGC 2022, the internal control system and the risk management system currently cover sustainability-related targets only to the extent required by law. HELLA has set itself further sustainability-related targets that go beyond statutory requirements. Until now, these additional targets are not yet covered by the internal control and risk management system. However, the company intends to further develop the internal control and risk management system in 2023 and to comply with recommendation A.3 GCGC 2022 in the future

b Deviating from recommendation D.4 sentence 2 GCGC 2020 and recommendation D. 3 sentence 5 GCGC 2022, the Chairman of the Supervisory Board in office until 30 September 2022 also chaired the Audit Committee. As a former Chief Financial Officer of a DAX company, he had particular knowledge and experience in accounting and internal control procedures. The purpose of Recommendation D.4 sentence 2 GCGC 2020 and D. 3 sentence 5 GCGC 2022 is only applicable to HELLA to a limited extent, as there is a second control body in the form of the Shareholder Committee. At HELLA, the Chairman of the Shareholder Committee assumes key tasks which are the responsibility of the Chairman of the Supervisory Board in an ordinary stock corporation. In the new composition of the Supervisory Board and the Audit Committee since the election at the Annual General Meeting on 30 September 2022, the chairs of the Supervisory Board and the Audit Committee are separated.

c Deviating from recommendation D.10 sentence 3 GCGC 2022, the Audit Committee in its former composition, i.e. until the new election of the Supervisory Board on 30 September 2022, each time deliberately consulted with the auditor in the presence of the Management Board because this was considered to be necessary and reasonable. In the new composition of the Audit Committee, parts of the Audit Committee's meetings are now regularly reserved for consultations together with the auditor and without the presence of the Management Board.

d Deviating from recommendation G.4 GCGC 2020 and GCGC 2022, the Shareholder Committee did not take into account the ratio of the remuneration of the Management Board to that the remuneration of the senior management and the staff overall. The responsibilities of the individual members of the Management Board, his or her personal performance, the economic situation and performance of the Group, and the remuneration levels at peer companies are considered more appropriate and meaningful benchmarks for determining the level of remuneration.

e Deviating from recommendation G.7 sentence 1 GCGC 2020 and GCGC 2022, the Shareholder Committee determined the performance criteria for the variable remuneration components for the short fiscal year (Rumpfgeschäftsjahr) only after it started on 1 June 2022. Following the acquisition of a majority stake by Faurecia at the end of January 2022 and the partial replacement of members of the relevant corporate bodies, the target setting for the short fiscal year has 2022 been delayed. The change in HELLA's fiscal year, as resolved by the Extraordinary General Meeting on 29 April 2022, and the adjustments in the planning process that were require in that context contributed to this situation. Further- more, an action for annulment against the resolution of the Extraordinary General Meet- ing delayed the necessary entry in the com- mercial register and, thus, the effective date of the change in the fiscal year.

f Deviating from Recommendation G.8 GCGC 2020 and GCGC 2022, the Shareholder Committee adjusted the calculation of the variable remuneration components of the Management Board members for the fiscal year 2021/2022 only after the completion of said year. The resulting deviation from Recommendation G.8 was necessary to prevent a complete devaluation of these remuneration components due to the challenging market situation caused by the Covid-19 pandemic. In particular, the Shareholder Committee wanted to avoid the 2021/2022 LTI instalment losing any incentive effect for the Management Board due to the lack of allocation of an LTI base amount. In times of crisis, it is particularly important to ensure that the Management Board is highly motivated and committed.

g Deviating from Recommendation G.10 GCGC 2022, the variable remuneration is not predominantly invested in shares of the Company or share-based. As a result of the acquisition of a majority shareholding in HELLA by Faurecia at the beginning of 2022, the development of HELLA's share price is only of limited significance. Therefore, HELLA has restructured the LTI component with effect from 1 January 2023 and no longer takes the development of HELLA's share price into account.

2. Forward-looking part

The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA intend not to comply with the recommendation of the GCGC mentioned above under No. 1 letter g) in the future for the reasons stated above. The recommendation of the GCGC mentioned in section 1 letter a) shall be complied with as soon as the necessary further development of the internal control and risk management system has been completed.

III. Proprietary transactions of management

In accordance with Article 19 of the EU Market Abuse Regulation persons who complete management tasks at HELLA GmbH & Co. KGaA or who have a close relationship to these persons must disclose reportable transactions with shares or debt instruments of HELLA GmbH & Co. KGaA or the associated derivatives or other financial instruments after a total volume of €20,000 has been reached within one calendar year. The transactions notified to the Company in the past fiscal year were duly published and are available on the website at **www.hella.com/directorsdealings**.

Final declaration by the Management Board on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (Aktiengesetz – AktG)

In the short fiscal year 2022, HELLA GmbH & Co. KGaA was a dependent company of Faurecia S.E., Nanterre, France in the period from 1 June 2022 to 31 December 2022, as defined in Section 312 AktG. The Management Board of the Managing General Partner of HELLA GmbH & Co. KGaA has therefore prepared a management report on relations with affiliated companies pursuant to Section 312 (1) AktG, which contains the following final declaration:

“We declare that, in respect of the legal transactions and measures listed in the report on relations with affiliated companies from 1 June 2022 to 31 December 2022, the Company received appropriate consideration for each legal transaction, according to the circumstances known to us at the time the legal transactions were carried out or measures were taken or refrained from. If the Company suffered a disadvantage, it was granted a legal claim to an adequate benefit as compensation before the expiry of the short fiscal year on 31 December 2022. The company has not suffered a disadvantage by the fact that measures were taken or refrained from.”

Report by the Supervisory Board

Ladies and Gentlemen,

In the short fiscal year 2022, the Supervisory Board closely followed the situation and development of HELLA GmbH & Co. KGaA. The Supervisory Board performed the tasks incumbent upon it as provided for by applicable law and the articles of association, and advised and supervised the Management Board.

Work with the Management Board

The Management Board regularly provided the Supervisory Board with written and verbal information on the business performance of HELLA GmbH & Co. KGaA. In particular, the market and sales situation of the Company against the background of general economic developments, the financial situation of the Company and its subsidiaries as well as earnings trends were presented to the Supervisory Board. In the context of the monthly reporting, sales and earnings performance figures were discussed for the HELLA Group as a whole as well as broken down by business segment. Furthermore, during the Supervisory Board meetings, the current business situation, the sales, earnings and capital expenditure planning, as well as the operational targets were discussed. The Management Board provided a detailed commentary regarding any deviations in the course of business from the budgeted values. In addition, the Management Board reported regularly on the effects of the Covid-19 pandemic for the HELLA Group, on the ongoing bottleneck situation for electronic components and certain raw materials and the activities of the task force set up at HELLA for this purpose, on the status of the implementation of the programme to increase competitiveness adopted in July 2020 and on the status of the coordination and cooperation activities between HELLA and the parent company Faurecia, as well as on the effects of the Russian war of aggression in Ukraine. The Chairman of the Supervisory Board also engaged in regular dialogue with the President and CEO outside of the Supervisory Board meetings.

Focus of consultations of the Supervisory Board

In the short fiscal year 2022, the Supervisory Board held three ordinary meetings and one constituent meeting, each of which was held in person. In addition, the Supervisory Board met once on an extraordinary basis in the form of a video conference.

The ordinary meetings were held 2 June 2022, 17 August 2022 and 8 November 2022. The meeting on 2 June 2022, the fourth ordinary meeting of the Supervisory Board for the fiscal year 2021/2022, could only be held at the beginning of the short fiscal year 2022 due to time constraints. The constituent meeting of the Supervisory Board following the election of new shareholder representatives to the Supervisory Board by the Annual General Meeting was held on 30 September 2022. The extraordinary meeting the Supervisory Board was held on 26 July 2022.

At the ordinary meeting on 2 June 2022, the Management Board reported to the Supervisory Board on the current status of the coordination and cooperation activities between HELLA and the parent company Faurecia. The focus was on synergy potentials and the governance structure for the implementation of joint measures. The Management Board continued to present the status of the current business development of the business segments and the Group and, in this context, addressed the supply situation as well as the current effects of the Covid-19 pandemic and the war in Ukraine. Other topics discussed at the meeting included budget planning for the fiscal year 2022/2023 and the short fiscal year 2022 respectively. The meeting also discussed key aspects of the preparation of the annual financial statements for the fiscal year 2021/2022. In particular, the preparation and audit of the remuneration report, the dependency report and the non-financial reporting were addressed with a focus on the implementation of the requirements of the EU Taxonomy.

In the extraordinary meeting of the Supervisory Board held on 26 July 2022 without the participation of the Management Board, the Supervisory Board mainly dealt with issues of committee organisation. With the election of Britta Peter, the position of Deputy Chair of the Supervisory Board, which had been vacant since March 2022, was filled. In addition, Christian van Remmen was elected to the Audit Committee as an employee representative, replacing Manfred Menningen, who retired in June 2022. Against the background of new requirements of the German Corporate Governance Code for listed companies in Germany, the competence profile, the composition objectives and the diversity concept for the Supervisory Board were expanded. A comparison was made between the competence profile and the fulfilment of the competence profile in the current composition of the Supervisory Board.

At the ordinary meeting on 17 August 2022, which was attended by representatives of the auditor, the annual financial statements of HELLA GmbH & Co. KGaA and the Group as well as the non-financial report of HELLA GmbH & Co. KGaA for the fiscal year 2021/2022 were presented and discussed in detail. Based on the initial review by the Audit Committee, the Supervisory Board approved both sets of financial statements and the non-financial report. It also endorsed the proposal of the General Partner for the appropriation of distributable profits. The dependency report for the fiscal year 2021/2022 was intensively discussed and approved by the Supervisory Board. The Supervisory Board also dealt with the remuneration report for the fiscal year 2021/2022 and noted it with approval. It also dealt with the report on the Supervisory Board's activities, and it discussed and adopted the proposed resolutions for the Annual General Meeting on 30 September 2022. The Supervisory Board also approved the provision of legal advice to the Group by the law firm Hengeler Mueller for the period from 1 June 2021 to 8 February 2022, the date on which the former Supervisory Board member Dr. Thomas B. Paul, who is a member of this law firm, resigns from the Supervisory Board. Furthermore, the Management Board presented the current situation of the Company, in particular the status of the measures taken to deal with the procurement situation and the Covid-19 pandemic and the status of the cooperation between the HELLA and Faurecia.

At the constituent meeting following the election of new shareholder representatives to the Supervisory Board by the Annual General Meeting on 30 September 2022, Andreas Renschler was elected Chairman of the Supervisory Board. In addition, the shareholder representatives were elected to the Nomination and Audit Committees and Judith Buss was elected Chair of the Audit Committee.

In the ordinary meeting on 8 November 2022, the Management Board reported to the Supervisory Board again on the current business development of the business segments and the Group and, in this context, addressed the current effects of the Covid-19 pandemic and the procurement situation. The Management Board also informed the Supervisory Board about the current status of the coordination and cooperation between HELLA and Faurecia. Moreover, on the recommendation of the Management Board, the Supervisory Board decided to make use of an exemption option under commercial law in respect of HELLA's own non-financial reporting for the non-financial consolidated statement to be submitted by Faurecia and not to prepare a separate non-financial statement for the short fiscal year 2022.

The average attendance at the meetings of the Supervisory Board in the short fiscal year 2022 was 99%. Manfred Menningen was unable to attend a meeting of the Supervisory Board. The other members of the Supervisory Board attended all meetings during their term of office.

Outside the meetings, the Supervisory Board passed resolutions by written circular. These were in connection with the action for rescission against the resolution of the extraordinary general meeting in April 2022 and the preparation of the resolution proposals to the ordinary annual general meeting 2022 on the election and remuneration of the Supervisory Board.

Work of the committees

The Supervisory Board has established an Audit Committee that is responsible for the initial review of the annual financial statements, the consolidated financial statements, the combined management report, the proposal for the appropriation of profits and the report from the General Partner on relations with affiliates (dependency report). The Audit Committee is also responsible for the preliminary audit of the non-financial reporting, unless a statutory exemption option is used. The Audit Committee decides on the agreements with the auditor, in particular the audit assignment, the determination of the main points of the audit, and the fee agreement. The Audit Committee also deals with the monitoring duties prescribed by Section 107(3) sentence 2 AktG. Currently, the members of the Audit Committee are Judith Buss (Chair), Paul

Hellmann, Gabriele Herzog and Christian van Remmen. The Audit Committee also included Manfred Menning until the end of 8 June 2022 and Klaus Kühn until 30 September 2022.

The Audit Committee held two ordinary meetings in the short fiscal year 2022, on 15 August 2022 and 28 September 2022, and two extraordinary meetings on 2 June 2022 and 9 December 2022. These meetings took place in person, except for the extraordinary meeting on 9 December 2022, which was held via video conference. With the exception of Manfred Menningen, who was unable to attend one of the meetings, all members of the Audit Committee took part in the meetings. This corresponds to an average presence of 94%. Representatives of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), also attended the meetings. The meeting on 15 August was also attended by representatives of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), who advised the company on the preparation of the dependency report. By resolution of the Audit Committee, representatives of the General Partner's management also took part in the meetings. In the new composition of the Audit Committee following the election of the Supervisory Board on 30 September 2022, parts of the meetings are regularly reserved for consultations with the auditor and without the presence of the Executive Board. The chairperson of the Audit Committee also maintains a close dialogue with the auditor, the Management Board and the finance/controlling executives outside of the meetings.

In the extraordinary meeting on 2 June 2022, the Audit Committee dealt with the preparation for the drafting of the remuneration report, the dependency report and the non-financial reporting as well as other key aspects of the preparation of the annual financial statements for the fiscal year 2021/2022. In addition, the Management Board provided information on ongoing financing activities. Furthermore, the Audit Committee discussed the options for the audit of the financial statements for the fiscal year 2023, including a possible new tender of the audit.

At the ordinary meeting on 15 August 2022, the Audit Committee examined the initial review of the annual financial statements and the consolidated financial statements, the combined management report, the proposal for the appropriation of profits, the dependency report and the non-financial report for the fiscal year 2021/2022. Furthermore, the Audit Committee received an overview of the remuneration report and the annual reports of Risk Management, Corporate Audit and Compliance Management for the fiscal year 2021/2022, as well as the proposed resolutions to be discussed at the Supervisory Board meeting on 17 August 2022 for the Annual General Meeting on 30 September 2022. Another subject of the meeting was, once again, the audit for the fiscal year 2023. This topic was dealt with in the absence of the participating representatives from KPMG and PwC. After discussing the possible options with the Management Board, the Audit Committee decided to initiate a public tender for the audit of the financial statements from the fiscal year 2023 onwards.

At the meeting on 28 September 2022, the Management Board presented the three-month financial statement of the short fiscal year 2022. In addition, the Audit Committee addressed the method for assessing the quality of the auditor as well as the status of the initiation of a new tender for the audit of the annual financial statements from the fiscal year 2023 onwards. Furthermore, the Audit Committee and the Management Board discussed the possible use of a statutory exemption option regarding the preparation of a separate non-financial statement in the short fiscal year 2022 as well as in the fiscal year 2023 with the inclusion of HELLA in the non-financial consolidated statement of Faurecia as well as the corresponding recommendation for resolution to the Supervisory Board.

In its extraordinary meeting on 9 December 2022, the Audit Committee dealt intensively with the status of preparations for the six-month financial report and the annual financial statements for the short fiscal year 2022 for HELLA GmbH & Co. KGaA and the Group as well as the special features associated with this against the backdrop of the initial inclusion in the Faurecia annual financial statements for the fiscal year 2022. This included, among other things, the harmonisation of the key financial figures for internal and external reporting from the fiscal year 2023 onwards. In addition, the focal points of the audit for the short fiscal year 2022 were determined. In addition, the status of the tendering process for the audit of the annual financial statements from the fiscal year 2023 onwards was discussed in detail.

The Supervisory Board has also established a Nomination Committee to prepare the proposals of the Supervisory Board to the Annual General Meeting for the election of Supervisory Board members. Since 30 September 2022, the Nomination Committee has been composed of Andreas Renschler and Andreas Marti. Andreas Renschler succeeds the former Chair of the Supervisory Board Klaus Kühn, who resigned from the Board on 30 September 2022. The Nomination Committee met once in the past short fiscal year 2022 on 28 July 2022, 2 August 2022 and 4 August 2022, with the two members of the Committee at that time, Klaus Kühn and Andreas Marti, both participating (100% participation). All three sessions were conducted in the form of video conferences.

At the meeting on 28 July 2022, the Nomination Committee deliberated on election proposals of the Supervisory Board to the Annual General Meeting on 30 September 2022. In doing so, the Nomination Committee took as a basis the competence profile of the Supervisory Board and the objectives for its composition (including the diversity concept), the requirements arising from legislation and from the German Corporate Governance Code, as well as the merger agreement with Faurecia S.E. with its regulations on the composition of the Supervisory Board with independent members.

The meeting of the Nomination Committee on 2 August 2022 dealt with succession planning for the Chair of the Supervisory Board and the Chair of the Audit Committee after Klaus Kühn informed the Company on 1 August 2022 of his decision to resign from his mandates on the Supervisory Board and Shareholder Committee of HELLA GmbH & Co. KGaA. The focus was particularly on dovetailing the selection process with the parallel selection process of the Shareholder Committee for new members of the Shareholder Committee.

In its meeting on 4 August 2022, the Nomination Committee decided, after completing its structured selection process, also taking into account the above-mentioned requirements, to recommend to the Supervisory Board its election proposals for the Chair of the Supervisory Board as well as the Chair of the Audit Committee and, in addition, to recommend a proposal to the Supervisory Board to adjust the remuneration for the Chair of the Supervisory Board as well as his or her deputy.

The proposals of the Nomination Committee were confirmed by the Supervisory Board in a subsequent written resolution procedure.

Audit of the annual and consolidated financial statements

On 30 September 2022, the Annual General Meeting appointed PwC as auditor both for the annual financial statements and for the consolidated financial statements for the short fiscal year 2022. The annual financial statements and the management report of HELLA GmbH & Co. KGaA for the short fiscal year 2022 were prepared by the General Partner in accordance with the provisions applicable under the German Commercial Code (Handelsgesetzbuch, “HGB”); the consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and in accordance with the additional commercial law provisions as they apply under Section 315a HGB. The two sets of financial statements, including the combined management report and the dependency report for the short fiscal year 2022, were audited by the auditor PwC, which issued an unqualified auditors’ certificate for all documents. PwC has also issued an unqualified opinion for the remuneration report for the short fiscal year 2022 in accordance with Section 162(3) AktG. With regard to the non-financial consolidated statement to be submitted by Faurecia, HELLA has made use of a statutory exemption option so that no separate non-financial statement was prepared in the short fiscal year 2022.

The Audit Committee of the Supervisory Board thoroughly reviewed the annual financial statements for the short fiscal year 2022 at its meeting on 2 March 2023. The representatives of the auditor, present at the meeting of the Audit Committee, reported on the result of their audits and gave additional information. In the course of its audit, the auditor did not find any material shortcomings in respect of the organisation and effectiveness of the internal control and risk management system. Furthermore, the Audit Committee discussed the initial review of the dependency report for the short fiscal year 2022. In this context, PwC presented the results of the audit of the dependency report and discussed them in detail. In addition, the Audit Committee dealt with the remuneration report for the short fiscal year 2022 at the meeting on 2 March 2023. In addition, the Audit Committee received a report on the inclusion of HELLA in Faurecia's non-financial consolidated statement.

Based on the preparatory initial review by its Audit Committee, the Supervisory Board, for its part, also reviewed the annual financial statements of HELLA GmbH & Co. KGaA, as well as the consolidated financial statements and the combined management report as well as the dependency report for the short fiscal year 2022. Given the final result of the Supervisory Board’s review, there are no objections to be raised against the annual financial statements, the consolidated financial statements and the Management Board declaration at the end of the dependency report. At its meeting on 20 March 2023, which was also attended by the representatives of the auditor PwC, the Supervisory Board approved the annual financial statements and the consolidated financial statements and endorsed the proposal of the General Partner for the appropriation of net profits. Furthermore, after review and discussion, the Supervisory Board noted with approval the remuneration report for the short fiscal year 2022 prepared by the Management board and the Shareholder Committee as well as the explanations on the inclusion of HELLA in Faurecia's non-financial consolidated statement.

Composition of the Supervisory Board

On the shareholder representatives' side, there were the following changes in the reporting period: The term of office of the shareholder representatives on the Supervisory Board appointed by the courts in the fiscal year 2021/2022 ended with the Annual General Meeting on 30 September 2022. Against this background, the affected Supervisory Board members Tatjana Bengsch, Gabriele Herzog, Rupertus Kneiser, Andreas Marti, Thorsten Muschal and Kirsten Schütz have now been elected to the Supervisory Board by the Annual General Meeting on 30 September 2022. In addition, Andreas Renschler and Judith Buss were elected to the Supervisory Board by the Annual General Meeting on 30 September 2022. Christophe Schmitt's Supervisory Board mandate expired with his court appointment at the end of the Annual General Meeting on 30 September 2022. At the same time, the membership of Klaus Kühn as Chair of the Supervisory Board as well as of the Audit Committee ended due to his resignation from office

Andreas Renschler was elected as the Chair of the Supervisory Board at the constituent meeting of the Supervisory Board on 30 September 2022. At the same meeting, Judith Buss and Gabriele Herzog were elected to the Audit Committee and Andreas Marti to the Nomination Committee as shareholder representatives on the Supervisory Board committees. Judith Buss was also appointed Chair of the Audit Committee.

On the employee representatives' side, there were the following changes in the reporting period: Manfred Menningen resigned as a member of the Supervisory Board with effect from 8 June 2022. In addition, following the death of the former Deputy Chair of the Supervisory Board, Heinrich-Georg Bölter, there was still a vacancy on the side of the employee representatives on the Supervisory Board. At the request of the General Partner and the Chairman of the Supervisory Board, Paderborn Amtsgericht (Local Court) therefore appointed Oliver Lax to succeed Heinrich Georg-Bölter and Christian van Remmen to succeed Manfred Menningen in July 2022. In addition, Michaela Bittner resigned from office as of 30 June 2022. Dr. Michaela Schäfer succeeded her as an elected substitute member of the Supervisory Board on 01 July 2022.

Britta Peter was elected as the new Deputy Chair of the Supervisory Board at an extraordinary meeting of the Supervisory Board on 26 July 2022. At the same meeting, Christian van Remmen was elected to the Audit Committee to replace Manfred Menningen.

The induction of the new members of the Supervisory Board was accompanied by HELLA GmbH & Co. KGaA with onboarding measures, in particular on aspects of corporate organisation, the market and competitive environment, product developments, corporate governance and the rights and duties of the members of the Supervisory Board.

In November 2022, an information and training event on corporate governance at the company was also held for all members of the Supervisory Board.

Thanks to the members of the Management Board and to all employees

The Supervisory Board would also like to express its gratitude and appreciation to the members of the Management Board and to all HELLA employees worldwide for their commitment and successful achievements in the short fiscal year 2022, which was a year characterised by special challenges in connection with the ongoing Covid-19 pandemic, the war in Ukraine and the tension in the energy markets, the persisting industry-wide shortage of electronic components and raw materials and increasing inflation.

Lippstadt, 20 March 2023

On behalf of the Supervisory Board

Andreas Renschler

Consolidated financial statements of HELLA GmbH & Co. KGaA

Short fiscal year 2022 (1 June 2022 to 31 December 2022)

Consolidated income statement

of HELLA GmbH & Co. KGaA from 1 June 2021 to 31 May 2022 and from 1 June 2022 to 31 December 2022

€ thousand	**Notes**	**2022**	2021/2022
Sales	08	**4,410,044**	**6,326,116**
Cost of sales	09	-3,467,788	-4,866,619
Gross profit		**942,256**	**1,459,497**
Research and development expenses	10	-460,584	-689,389
Distribution expenses	11	-214,008	-330,952
Administrative expenses	12	-148,670	-231,719
Other income	13	289,618	72,091
Other expenses	13	-53,136	-26,124
Earnings from investments accounted for using the equity method	30	26,850	23,719
Other income from investments		421	1,198
Earnings before interest and taxes (EBIT)		**382,749**	**278,321**
Financial income	14	12,202	23,490
Financial expenses	14	-36,936	-47,790
Net financial result	14	**-24,733**	**-24,300**
Earnings before income taxes (EBT)		**358,015**	**254,021**
Income taxes	15	**-5,940**	**-70,028**
Earnings for the period		**352,075**	**183,993**
of which attributable:			
to the owners of the parent company		350,528	181,261
to non-controlling interests		1,548	2,731
Basic earnings per share in €	17	**3.15**	**1.63**
Diluted earnings per share in €	17	**3.15**	**1.63**

Consolidated statement of comprehensive income

(after-tax analysis) of HELLA GmbH & Co. KGaA from
1 June 2021 to 31 May 2022 and from 1 June 2022 to 31 December 2022

€ thousand	**2022**	2021/2022
Earnings for the period	**352,075**	**183,993**
Currency translation differences	-31,965	125,213
Changes recognised in equity	-31,794	125,213
Profits (-) / losses (+) reclassified to profit or loss	-171	0
Financial instruments for cash flow hedging	25,981	23,559
Changes recognised in equity	22,538	4,965
Profits (-) / losses (+) reclassified to profit or loss	3,444	18,593
Change in fair value of debt capital instruments held	-6,158	-12,116
Changes recognised in equity	-6,199	-12,332
Profits (-) / losses (+) reclassified to profit or loss	41	216
Share of other comprehensive income attributable to associates and joint ventures	-4,225	11,034
Items that were or can be transferred to profit or loss	**-12,142**	**136,656**
Remeasurements of defined benefit plans	36,439	64,915
Share of other comprehensive income attributable to associates and joint ventures	838	15
Items never transferred to profit or loss	**36,439**	**64,915**
Other earnings for the period	**24,297**	**201,570**
Comprehensive income for the period	**376,373**	**385,563**
of which attributable:		
to the owners of the parent company	375,478	384,158
to non-controlling interests	894	1,405

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA as at 31 May 2022 and 31 December 2022

€ thousand	**Notes**	**31 December 2022**	31 May 2022
Cash and cash equivalents	22	1,285,924	576,129
Financial assets	23	185,780	426,611
Trade receivables	24	1,012,367	1,071,974
Other receivables and non-financial assets	25	269,842	227,617
Inventories	26	1,168,198	1,136,391
Current tax assets		33,807	27,669
Contract assets	27	48,834	42,179
Current assets		**4,004,752**	**3,508,570**
Intangible assets	28	477,552	391,111
Property, plant and equipment	29	2,267,298	1,956,470
Financial assets	23	94,069	119,358
Investments accounted for using the equity method	30	203,008	224,182
Deferred tax assets	31	93,411	89,778
Contract assets	27	69,958	77,060
Other non-current assets	32	87,492	78,444
Non-current assets		**3,292,788**	**2,936,404**
Assets		**7,297,540**	**6,444,973**
Financial liabilities	36	253,861	215,602
Trade payables	33	1,334,840	1,081,829
Current tax liabilities		54,015	34,875
Other liabilities	34	422,837	482,939
Provisions	35	227,603	144,281
Contract obligations	27	110,797	79,614
Current liabilities		**2,403,953**	**2,039,140**
Financial liabilities	36	1,174,952	1,173,923
Deferred tax liabilities	31	42,152	47,771
Other liabilities	34	48,476	75,290
Provisions	35	566,938	369,710
Non-current liabilities		**1,832,519**	**1,666,693**
Subscribed capital	37	222,222	222,222
Reserves and unappropriated surplus	37	2,835,100	2,514,066
Equity before non-controlling interests	37	**3,057,322**	**2,736,288**
Non-controlling interests	37	3,747	2,852
Equity		**3,061,069**	**2,739,140**
Equity and liabilities		**7,297,540**	**6,444,973**

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA from 1 June 2021 to 31 May 2022 and
from 1 June 2022 to 31 December 2022

€ thousand	**2022**	2021/2022
Earnings before income taxes (EBT)	**358,015**	**254,021**
Depreciation, amortisation, recorded impairments and reversals of impairments	-13,507	424,921
Change in provisions	335,744	-32,503
Other non-cash income / expenses and cash flows not attributable to operating activities	-277,692	-58,720
Profits / losses from the sale of property, plant and equipment and intangible assets	1,768	7,499
Net financial result	24,733	24,300
Change in trade receivables and other assets not attributable to investing or financing activities	5,530	-156,311
Change in inventories	-40,827	-191,066
Change in trade payables and other liabilities not attributable to investing or financing activities	263,403	48,055
Tax refunds received	7,156	28,186
Taxes paid	-39,811	-65,792
Dividends received	13,463	9,881
Net cash flow from operating activities	**637,976**	**292,472**
Cash receipts from the sale of property, plant and equipment	7,604	14,379
Cash receipts from the sale of intangible assets	3,230	6,460
Payments for the purchase of property, plant and equipment	-309,091	-435,586
Payments for the purchase of intangible assets	-94,191	-144,899
Repayments from loans granted to investments	0	127
Payments for loans granted to investments	-2,630	-7,517
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	-3,143	-4,324
Cash receipts from the sale of associate investments and joint ventures and from other investments	284,944	14,102
Payments made for acquiring non-consolidated subsidiaries and other investments	-245	-32,597
Net payments for the purchase and sale of securities	240,986	19,552
Interest received	6,122	7,644
Net cash flow from investing activities	**133,588**	**-562,658**
Payments for the repayment of financial liabilities	-22,378	-36,660
Cash receipts from changes in financial liabilities	41,683	18,580
Interest paid	-18,577	-24,242
Dividends paid	-54,496	-106,927
Net cash flow from financing activities	**-53,769**	**-149,249**
Net change in cash and cash equivalents	**717,795**	**-419,435**
Cash and cash equivalents at the beginning of the fiscal year	576,129	979,495
Effect of exchange rate changes on cash and cash equivalents	-8,001	16,069
Cash and cash equivalents at the end of the fiscal year	**1,285,924**	**576,129**

See also chapter 38 for notes to the cash flow statement

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for debt capital instruments
As at: 01 June 2021	**222,222**	**250,234**	**-112,202**	**-56,283**	**1,052**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	126,538	23,559	-12,116
Comprehensive income for the period	**0**	**0**	**126,538**	**23,559**	**-12,116**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 31 May 2022	**222,222**	**250,234**	**14,337**	**-32,724**	**-11,063**
As at: 01 June 2022	**222,222**	**250,234**	**14,337**	**-32,724**	**-11,063**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-31,312	25,981	-6,158
Comprehensive income for the period	**0**	**0**	**-31,312**	**25,981**	**-6,158**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 31 December 2022	**222,222**	**250,234**	**-16,975**	**-6,743**	**-17,221**

See also Chapter 37 for notes on equity

€ thousand	Remeas-urement from defined benefit plans	Other retained earnings/ profit carried forward	**Reserves and unap-propriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
As at: 01 June 2021	**-114,069**	**2,267,842**	**2,236,574**	**2,458,797**	**1,781**	**2,460,578**
Earnings for the period	0	181,261	181,261	181,261	2,731	183,993
Other earnings for the period	64,915	0	202,897	202,897	-1,327	201,570
Comprehensive income for the period	**64,915**	**181,261**	**384,158**	**384,158**	**1,405**	**385,563**
Distributions to shareholders	0	-106,667	-106,667	-106,667	-333	-107,000
Transactions with shareholders	**0**	**-106,667**	**-106,667**	**-106,667**	**-333**	**-107,000**
As at: 31 May 2022	**-49,153**	**2,342,436**	**2,514,066**	**2,736,288**	**2,852**	**2,739,140**
As at: 01 June 2022	**-49,153**	**2,342,436**	**2,514,066**	**2,736,288**	**2,852**	**2,739,140**
Earnings for the period	0	350,528	350,528	350,528	1,548	352,075
Other earnings for the period	36,439	0	24,951	24,951	-653	24,297
Comprehensive income for the period	**36,439**	**350,528**	**375,478**	**375,478**	**894**	**376,373**
Distributions to shareholders	0	-54,444	-54,444	-54,444	0	-54,444
Transactions with shareholders	**0**	**-54,444**	**-54,444**	**-54,444**	**0**	**-54,444**
As at: 31 December 2022	**-12,714**	**2,638,520**	**2,835,100**	**3,057,322**	**3,747**	**3,061,069**

See also Chapter 37 for notes on equity

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the “Group”) develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture companies. The Group’s production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly China. In addition, HELLA has its own international sales network for all kinds of vehicle accessories.

The Company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company’s registered office is Rixbecker Str. 75, 59552 Lippstadt, Germany. HELLA GmbH & Co. KGaA is registered in the Commercial Register B of the Local Court of Paderborn under the number HRB 6857. Its direct parent company is Forvia Germany GmbH. HELLA GmbH & Co. KGaA is included in the higher-level consolidated financial statements of Faurecia S.E., Nanterre (Hauts-de-Seine), France, which represents the ultimate controlling company. The consolidated financial statements of Faurecia S.E. is published via the French online portal BODACC (Bulletin officiel des annonces civiles et commerciales) and also announced in the Germany’s Federal Gazette (Bundesanzeiger).

HELLA GmbH & Co. KGaA changed its fiscal year to the period from 1 January to 31 December of the respective year with effect from 1 January 2023 by resolution of the Extraordinary Annual General Meeting on 29 April 2022. The change in the fiscal year was entered in the Commercial Register on 8 September 2022. The period from 1 June 2022 to 31 December 2022 will be a short fiscal year. The short fiscal year covers a period of seven months, while the regular fiscal year of the previous year covered twelve months. Thus, the two reporting periods are only comparable to a limited extent. In the following tables, the figures for 2022 refer to this short fiscal year.

The consolidated financial statements of the HELLA Group for the short fiscal year 2022 were prepared on the basis of Section 315e(1) of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In the consolidated financial statements, the HELLA Group has applied all standards and interpretations adopted by the IASB and endorsed by the EU the application of which was mandatory as at 31 December 2022.

The comparative prior year values have been determined according to the same principles. The consolidated financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand).

The consolidated financial statements are prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply to assets that are available for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated balance sheet. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated balance sheet and consolidated income statement have been grouped together where this is appropriate and possible. These items are broken down and explained in the consolidated notes. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The Management Board released the consolidated financial statements for submission to the Supervisory Board on 08 March 2023. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on 20 March 2023.

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are included in the scope of consolidation. In the short fiscal year 2022, the company Hella-Bekto Industries d.o.o. was liquidated. This had no significant impact on the consolidated financial statements. In

The most important subsidiaries are set out below:

			Share of equity (%)	
Company	Country	City	**31 December 2022**	31 May 2022
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100	100
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100	100
HELLA Slovakia Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100	100
Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100	100
HELLA Electronics Corporation	USA	Plymouth, MI	100	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100	100
Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100	100
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	100	100

A complete listing of the shares held by the Group can be found in an attachment to the consolidated notes.

addition, the company The Drivery Holding GmbH was newly founded. This company is not included in the consolidated financial statements.

Number	**31 December 2022**	31 May 2022
Fully consolidated companies	77	78
Companies accounted for using the equity method	22	46

Associate companies and joint venture companies are included in the consolidated financial statements using the equity method of accounting. As a result of the sale of the shares in the associate HBPO Beteiligungsgesellschaft mbH, the subsidiaries of the HBPO Group are also no longer included as associates in the scope of consolidation of HELLA GmbH & Co. KGaA. Consequently, the number of associates and joint ventures is reduced by 24 to now 22.

03 Principles of consolidation

If the balance sheet date of a subsidiary is not the same as that of HELLA GmbH & Co. KGaA, interim financial statements are prepared effective 31 December.

Business combinations

Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets acquired, the equity instruments issued and the liabilities arising or assumed on the transaction date. They also include the fair values of all recognised assets and liabilities arising from contingent consideration. Acquisition-related costs are recognised as expenses when they arise. Upon first consolidation, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value on the date of acquisition. Goodwill is recognised as the amount by which the business combination costs, the amount of the non-controlling interests in the acquired company and the share of equity already held on the acquisition date and measured at fair value, exceed the net assets measured at fair value. If this figure is negative, the difference is recognised directly in the income statement after reassessment.

Non-controlling interests

In the case of each business combination, the Group determines whether the non-controlling interests in the acquired company are to be measured at their fair value or in accordance with proportion of the net assets of the acquired company held at the date of acquisition. Transactions for the purchase or sale of non-controlling interests that do not result in a loss of control are recorded as equity transactions. Any difference between the figure by which the carrying amount of the non-controlling interests is adjusted to match the current interest held in the company and the fair value of the consideration rendered or received is recognised directly within equity.

Any binding put options that have been agreed for non-controlling interests are recognised within financial liabilities and measured at their fair value on the basis of the agreed purchase price. If the put option is related to the purchase of a majority holding in the company concerned, its value is recognised as part of the business combination costs.

Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group is deemed to control a subsidiary if it is exposed to varying returns from its involvement with the subsidiary or has rights to returns and has the ability to use its power over the subsidiary to affect these returns. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which the Group gains control over them and until the date on which control over them ends.

Investments accounted for using the equity method

Investments accounted for using the equity method comprise shares in joint venture companies and associates.

Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity.

Associates are entities over which the Group exercises material influence, but no control, and in which it usually holds 20 % to 50 % of the voting rights.

Shares in joint ventures and associates are accounted for using the equity method and are recorded at historical cost upon initial recognition. The Group's share also includes the goodwill arising on acquisition (less cumulative impairments).

The Group's share in the profits and losses is recognised in the income statement from the acquisition date. The cumulative changes following acquisition are deducted from or added to the carrying amount of the investment. If losses have reduced the fair value of the Group's share to zero, additional losses are only allowed for and recognised as liabilities to the extent that HELLA is subject to legal or constructive obligations to settle such losses. Gains at a later period are not taken into account until they are sufficient to cover the unrecognised loss.

Contractually agreed put and call options as well as change of control clauses are reviewed at the balance sheet date.

Intra-Group transactions

Intra-Group transactions, balances and unrealised gains or losses from intra-Group transactions are eliminated. However, the existence of unrealised losses is viewed as an indication that the transferred asset must be examined for impairment.

04 Currency translation

Foreign currency gains and losses from monetary assets and monetary liabilities are recognised in profit or loss. One exception to this rule is a monetary item designated as a hedging item in a cash flow hedge, a net investment hedge or a fair value hedge of an equity instrument. The Company has elected to present the changes in the fair value of this item in other comprehensive income.

Currency translation differences for non-monetary items, changes which are recognised at fair value in the income statement (for example, equity instruments measured at fair value through profit or loss), are reported in the income statement as part of the gain or loss from measurement at fair value. However, currency translation differences for non-monetary items, changes which are recognised at fair value within equity (for example, equity instruments measured at fair value through other comprehensive income), are included in the revaluation reserve as part of other reserves.

Functional currency and reporting currency

The items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (functional currency).

The consolidated financial statements are prepared in euros, the functional and reporting currency of HELLA GmbH & Co. KGaA.

The net profit/loss and balance sheet items of all Group companies that have a functional currency other than the euro are treated as follows:

1. Assets and liabilities are translated into euros for each balance sheet date using the spot exchange rate.

2. Income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative ef-

fects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates).

3 Any currency translation differences are recognised in equity as separate items within the currency translation reserve and, hence, in other comprehensive income.

Transactions and outstanding balances

Foreign currency transactions are translated into the functional currency at the spot exchange rate applicable on the transaction date. Gains and losses from the settlement of such transactions as well as from the translation of financial assets and liabilities held in foreign currencies at the spot exchange rate are recognised in the income statement unless they are designated as qualified cash flow hedges, in which case they are recognised within equity.

Currency translation differences arising in connection with consolidation from the conversion of net capital expenditures in economically independent foreign operations, financial liabilities, and other foreign currency instruments designated as hedges of such investments, are recognised within equity. If a foreign business is sold, any currency translation differences hitherto recognised within equity are recognised in the income statement as part of the profit or loss derived from the sale. Goodwill arising from business combinations and from disclosed hidden reserves and liabilities that are recognised as adjustments to the carrying amounts of the assets and liabilities of the company concerned are translated using the end-of-year spot exchange rate on the balance sheet date in the same way as that applied to assets and liabilities.

The exchange rates used to translate the main currencies for HELLA were as follows:

	Average		Reporting date	
	2022	2021/2022	**31 December 2022**	**31 May 2022**
€ 1 = US dollar	1.0202	1.1400	1.0666	1.0713
€ 1 = Czech koruna	24.5159	25.1044	24.1160	24.7140
€ 1 = Japanese yen	141.5888	131.3158	140.6600	137.3600
€ 1 = Mexican peso	20.3612	23.1628	20.8560	20.9870
€ 1 = Chinese renminbi	7.0755	7.3316	7.3582	7.1402
€ 1 = Romanian leu	4.9212	4.9413	4.9495	4.9408
€ 1 = Indian rupee	82.1661	85.4263	88.1710	83.2310

05 New accounting standards

The Group has applied the following amendments which were adopted by the EU as European law as at the balance sheet date for the first time in the short fiscal year 2022:

IAS 16 “Property, plant and equipment”: Proceeds before intended use

In October 2019, the IASB made amendments to IAS 16. Accordingly, it will no longer be permissible to deduct proceeds from the sale of goods that are already being produced while property, plant and equipment is brought to the site and into the operational state intended by management from the acquisition or production costs of said property, plant and equipment. An example of such is samples produced in test runs. Instead, these proceeds are recognised in profit or loss. There was no material impact on HELLA’s consolidated financial statements.

IAS 37: “Provisions, Contingent Liabilities and Contingent Assets”: Onerous contracts – costs for the performance of a contract

On 14 May 2020, the IASB published the amendments to IAS 37 that clarify which costs are to be regarded as fulfilment costs. According to IAS 37, a contract in which the unavoidable costs of fulfilling the contractual obligations are higher than the expected economic benefits is an onerous contract for which a corresponding provision must be recorded. With the amendment, the IASB clarifies that the cost of fulfilment includes costs directly related to the contract. These include, on the one hand, the additional costs incurred for the fulfilment of the contract (“incremental costs”) and, on the other hand, an allocation of other costs that are directly attributable to the fulfilment of the contract – such as depreciation of property, plant and equipment used in the fulfilment of the contract. There was no material impact on HELLA’s consolidated financial statements.

Improvements to IFRS 2018-2020

Amendments have been made to four standards as part of the annual improvement project. Adjustments to the wording of individual IFRS serve the purpose of clarifying the existing guidance. The standards affected are IFRS 9 “Financial Instruments”, IFRS 16 “Leases”, IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 41 “Agriculture”. There was no material impact on the consolidated financial statements.

The following new or amended IFRS have already been adopted by the EU as European law as at the balance sheet date but will not take effect until a later date:

IFRS 17 “Insurance Contracts”

On 18 May 2017, the IASB published IFRS 17 “Insurance Contracts”. IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The new standard supersedes the current IFRS 4 “Insurance Contracts”. Under IFRS 4, reporting entities currently have the option to apply a large number of financial reporting practices that are heavily influenced by national accounting laws and regulations. The new standard will therefore result in a standard and credible presentation of the accounting of insurance contracts. In June 2020, the IASB published a number of amendments and clarifications in eight areas of IFRS 17 with the aim of facilitating the application, implementation and transition, which are not intended to change the fundamental principles of the standard.

In December 2021, the IASB published further amendments to IFRS 17 that affect entities applying IFRS 17 and IFRS 9 simultaneously for the first time. The addition made to IFRS 17 allows those adopting the standard for the first time to present financial assets in the comparative period as if the classification and measurement rules in IFRS 9 had been applied to these financial assets (classification overlay). The new standard and the associated amendments are to be applied to fiscal years beginning on or after 1 January 2023. The application of these amendments is not expected to have any impact on the consolidated financial statements.

IAS 1 “Presentation of Financial Statements”: Information on accounting policies and measurement methods

On 12 February 2021, the IASB published amendments to IAS 1 according to which it is only necessary in future to present the “material” accounting methods in the notes and thus to emphasise company-specific instead of standardised execution. To be considered “material”, the accounting policy must be related to material transactions or other events, and there must be an occasion for presentation. For example, the reason may be that the method has been changed, an option is involved, the method is complex or highly discretionary or it has been developed in accordance with IAS 8. These amendments must also be applied to fiscal years commencing on or after 1 January 2023. The initial application of these amendments is not expected to have any material impact on the consolidated financial statements.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates
On 12 February 2021, the IASB published an amendment to IAS 8 that clarifies how companies can better distinguish changes in accounting policies from changes in estimates. For this purpose, the definition states that an accounting estimate is always related to an uncertain valuation of a financial value in the financial statements. In addition to input parameters, a company also uses valuation methods to establish an estimate. Valuation methods can entail estimation methods or measurement techniques. These amendments must be applied to fiscal years commencing on or after 1 January 2023. HELLA does not anticipate a material impact on the consolidated financial statements.

IAS 12 "Income taxes": Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
On 7 May 2021, the IASB issued a pronouncement which amends IAS 12 restricting what is known as the "Initial Recognition Exemption" (IRE) so that this no longer applies to business transactions that give rise to deductible and taxable temporary differences of the same amount. These amendments are mandatory for fiscal years commencing on or after 1 January 2023. The initial application of these amendments is not expected to have any material impact on the consolidated financial statements.

As of the balance sheet date, the following new or amended IFRS have not yet been adopted by the EU and will not be applicable until a later date:

The HELLA Group plans to apply the newly issued standards and amendments from the date of mandatory first-time application after adoption and applicability in the EU.

Amendments to IAS 1 "Presentation of Financial Statements":
On 23 January 2020, the IASB published the amendments "Classification of liabilities as current or non-current". In future, the classification as current or non-current will be based on the rights held by the company on the balance sheet date. According to this, the unconditional right is no longer used as a basis, but rather liabilities are classified as non-current if the company has a substantive right at the end of the reporting period to defer settlement of the liability for at least twelve months after the balance sheet date.

In addition, the amendments "Long-term liabilities with ancillary conditions" were issued on 31 October 2022. These amendments to IAS 1 clarify with respect to the classification of liabilities as current or non-current that only ancillary conditions that an entity must meet on or before the reporting date affect this classification. However, an entity shall disclose in the notes information that enables users of the financial statements to understand the risk that long-term liabilities with ancillary conditions could become repayable within twelve months.

With the recently published further amendments to IAS 1, the IASB has subsequently postponed the mandatory application date for all amendments to IAS 1. These amendments must be applied to fiscal years commencing on or after 1 January 2024, retrospectively. The effects on the consolidated financial statements are currently being analysed.

IFRS 16 "Leases": Lease liability in a sale and leaseback transaction
The IASB published amendments to IFRS 16 on sale and leaseback transactions on 22 September 2022. These provide that a seller-lessee shall subsequently measure lease liabilities arising from a sale and leaseback transaction so as not to recognise any amount of gain or loss relating to the right of use retained. These amendments are mandatory for fiscal years commencing on or after 1 January 2024. No impact on the consolidated financial statements is expected.

06 Basis of preparation and accounting

Revenue recognition
The five step model of IFRS 15 is applied to determine whether and in what amount revenue should be recognised. When applying the five steps to contracts with customers, the existing distinct performance obligations are identified. The transaction price for the customer contract is determined pursuant to IFRS 15. Variable amounts such as discounts, customer bonuses or other concessions are recognised during the year as sales deductions. Revenue is recognised in accordance with the allo-

cated pro rata transaction price when the agreed performance obligation is satisfied or control is passed to the customer.

The HELLA Group generates sales revenue primarily from the sale of goods. In particular, the Group sells components and systems in the areas of lighting technology and electronics for the automotive industry, plus automotive parts and accessories for vehicles as well as original equipment for special-purpose vehicles. In accordance with IFRS 15, the HELLA Group recognises the amount of consideration that it receives in exchange for transferring goods to automotive manufacturers or other tier-1 suppliers as revenue from contracts with customers. The revenue is recognised at the point in time when the customer obtains control of goods. In the case of the sale of goods, this generally applies when the goods have been delivered.

There is no significant financing component, as the average payment term agreed in the market is 60 days. A receivable is reported upon delivery of the goods, since at that point in time claims for consideration are unconditional.

In the Electronics and Lighting segments, vehicle-specific solutions are also developed, which are presented in chapter 08 as income from the provision of services. The income is recognised in accordance with the terms of the contract in question, provided the service has been rendered and the expenses have been incurred. As the customers in these cases regularly first make payments only after the development work has been completed, this results in the contract assets reported in the Group.

Functional costs

Cross-functional costs contained in the consolidated income statement are reported in accordance with internal reporting requirements. Operating expenses are generally initially allocated to the functional division in which they are primarily incurred. If the functional division performs services for which the economic benefit arises in another functional area, such expenses are allocated proportionally to the functional division for which the services were performed.

Earnings per share

Basic earnings per share are calculated by dividing the share of earnings after tax attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year. Diluted earnings per share also take account of the shares that may have to be issued if option or conversion rights are exercised. No such rights existed during the reporting period.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and amortisation and cumulative impairments. Historical cost comprises the expenses directly attributable to the acquisition.

Subsequent cost, e.g. as a result of expansion or replacement investments, is only recognised as part of the historical cost of the asset or – if applicable – as a separate asset if it is probable that the Group will derive future economic benefits from them and the costs of the asset can be reliably measured. Expenses for repairs and maintenance that do not represent a material reinvestment are recognised as an expense in the income statement in the fiscal year in which they arise.

Tools manufactured or acquired by the Group for production purposes are capitalised at cost in accordance with IAS 16 and recorded separately in the statement of changes in fixed assets as operating equipment. Each item of property, plant and equipment with historical cost that represents a significant portion of the total value of the item is recognised and depreciated separately.

Land is not depreciated. All other assets are depreciated on a straight-line basis. In this case, their historical cost or fair value is written down to their residual carrying amount over their expected average useful life as follows:

Buildings	30 years
Machinery	8 years
Production equipment	3 – 5 years
Operating and office equipment	5 years

The residual carrying amounts and economic useful lives are reviewed and, if necessary, adjusted on each balance sheet date.

If the carrying amount of any item of property, plant and equipment exceeds its estimated recoverable amount, it is immediately written down to this amount.

Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase or production of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants that are not awarded for non-current assets (performance-related grants) are accounted for in the income statement in the same functional division as the related expense items. They are recognised in the income statement on a pro rata basis over the periods in which the expenses to be covered by the grants are incurred. Government grants awarded for future expenses are reported as deferred income.

Intangible assets Goodwill

Goodwill represents the amount by which the cost of a business combination exceeds the fair value of the Group's shares in the net assets of the entity acquired and the sum of all non-controlling interests at the time of acquisition. The goodwill arising from business combinations is recognised as an intangible asset. The goodwill resulting from the acquisition of an associate or joint venture company is included in the carrying amount of the investment accounted for using the equity method and is therefore not tested for impairment separately but as part of the total carrying amount. The goodwill reported is tested for impairment on an annual basis. No reversals of impairment are performed. Gains and losses from the sale of an entity include the carrying amount of the goodwill allocated to such entity. The goodwill is allocated to cash-generating units for the purpose of impairment testing. It is allocated to those cash-generating units or groups of cash-generating units (CGUs) that are expected to benefit from the business combination giving rise to the goodwill.

Capitalised development expenses

Costs related to development projects that are subject to IAS 38 are recognised as intangible assets if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined; otherwise, the research and development expenses are recognised in the income statement. Capitalised development expenses are amortised on a straight-line basis over their expected useful life starting with the date on which the product goes into commercial production. Depreciation and amortisation is calculated over an average estimated useful life of three to five years. The depreciation/amortisation charged on capitalised development expenses is recognised in the cost of sales and is applied in the Electronics and Lighting segments.

Acquired intangible assets

Acquired intangible assets are recorded at historical cost. Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life of three to eight years.

Impairment of non-monetary assets

Assets with an indefinite useful life – primarily goodwill within the Group – are not depreciated or amortised but tested for impairment on an annual basis. Assets that are subject to depreciation or amortisation are tested for impairment when corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable.

An impairment is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less the cost to sell or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest identifiable level for which cash flows can be generated by independent units (CGUs). The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board forecasts covering a period of five years. With the exception of goodwill, non-monetary assets for which an impairment has been recognised in prior periods are reviewed at each balance sheet date to test whether the impairment must be reversed. Impairment losses are recognised in the corresponding functional areas.

Reversals of impairment losses

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised. The carrying amount of an asset increased by a reversal of an impairment loss is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

Contract assets and contract liabilities

A contract asset is recognised wherever the HELLA Group has recognised revenue from fulfilment of contractual performance obligations, the customer has not yet paid the related consideration and other criteria, other than the passage of time, must be met before the Group can issue an invoice and thus recognise a receivable. The contract asset is derecognised as soon as the HELLA Group receives a payment from the customer under the contract.

A contract liability is recognised wherever the customer has made a payment or a receivable from the customer becomes due before the HELLA Group has fulfilled its contractual performance obligation and thus recognised revenue. Contract liabilities must be netted against contract assets within a customer contract. Quantitative disclosures of performance obligations are reported if they are part of a contract with an expected original term of more than one year. The HELLA Group has elected not to make additional disclosures on performance obligations with an expected original term of one year or less.

Inventories

Inventories are recognised at the lower of historical cost or net realisable value. Historical cost is determined using the moving average method. The historical cost of finished and unfinished goods includes the costs of product development, raw materials, consumables and supplies, direct personnel costs, other direct costs, and the overheads attributable to production (based on normal plant capacity). The net realisable value is the estimated sales revenue achievable in the normal course of business less the necessary variable distribution expenses and the expected costs until completion.

Cash and cash equivalents

Cash consists of cash and bank balances as well as cheques. Bills received are reported as cash equivalents if their maturity on receipt is less than three months and they can be directly converted into sight deposits almost without generating any loss. If maturity on receipt is more than three months or the bill cannot be converted directly into sight deposits, the bills are reported in the securities category within financial assets. Other subordinated bills in qualitative terms do not result in derecognition of the corresponding receivable.

Equity

Subscribed capital

The limited partner shares issued by the Company are classified as equity. The various issues of capital from profit participation certificates are recognised as liabilities.

Capital reserve

Cash deposits attributable to the issuance of new shares which exceed the nominal value of the shares issued are recognised under the capital reserve. Costs directly attributable to the issuance of new shares are recognised in equity net of tax as a deduction from the capital reserves.

Reserve for currency translation differences

The reserve for currency translation differences comprises all foreign currency translation differences stemming from the translation of the financial statements of foreign business divisions.

Cash flow hedging reserve

The reserve for financial instruments for cash flow hedging comprises the effective portion of cumulative net changes in the fair value of the hedging instruments used to hedge cash flows until such point as the hedged cash flows are recognised in profit or loss.

Reserve for FVOCI financial instruments

The reserve for FVOCI financial instruments contains the cumulative net changes in the fair value of FVOCI financial assets until the derecognition of these assets.

Remeasurements of defined benefit plans

Remeasurements of net debt stemming from defined benefit plans comprise actuarial gains and losses attributable to changes in the actuarial assumptions upon which the calculation of defined benefit pension liabilities is based. It also includes the difference between the standardised and actual income generated by the plan assets as well as its impact on any asset ceiling in place.

Other retained earnings / profit carried forward

The item "Other retained earnings / profit carried forward" includes other retained earnings of the parent company and the past earnings of consolidated companies also included in the consolidated financial statements. This item also includes the statutory reserve of the parent company. The statutory reserve is subject to the distribution restrictions specified in the German Stock Corporation Act (Aktiengesetz – AktG). Offsetting of differences in assets and liabilities arising from the capital consolidation of subsidiaries consolidated before 1 June 2006, and the adjustments recognised directly in equity for the first-time adoption of IFRS are also included in this item.

Trade payables

Trade payables are initially measured at their fair value. They are subsequently measured at amortised cost using the effective interest method.

Current and deferred taxes

Current tax expense is calculated in accordance with the tax legislation applicable in the countries in which the subsidiaries and associates operate. In accordance with IAS 12, deferred taxes are recognised for any temporary differences between the tax basis of the assets/liabilities and their carrying amount in the IFRS financial statements ("temporary concept"). Deferred taxes are also recognised for tax loss carryforwards. Deferred taxes are measured on the basis of the tax rates (and tax legislation) that apply on the balance sheet date or are about to be adopted and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent to which it is likely that a taxable profit will be available to offset the temporary differences in assets or the unused losses.

Deferred tax assets and deferred tax liabilities are netted only if offsetting is legally permissible. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Employee benefits

Pension liabilities

Pension provisions are calculated using actuarial methods on the basis of the projected unit credit method in accordance with IAS 19. As a rule, the pension liabilities are measured using the latest mortality tables as at 31 December of the respective reporting year; in Germany, the calculations are based on Heubeck's 2018 G actuarial tables.

In the case of funded pension plans, the pension provisions calculated using the projected unit credit method are reduced by the fair value of the fund assets. If the fund assets exceed the provisions, recognition of the assets is limited to the present value of future refunds from the plan or the reduction in future contributions.

Remeasurements arise from increases or decreases either in the present value of the defined benefit liabilities of the plan (actuarial gains and losses) or in the fair value of the plan assets. This may be caused by changes in the calculation parameters, differences between the estimated and actual risk exposure of the pension liabilities and returns on the fund assets, excluding amounts reported within net interest income and expenses.

Actuarial gains and losses are recognised directly in equity (other comprehensive income for the period) in the period in which they arise, as are remeasurements resulting from the application of an asset ceiling and income from the plan assets (excluding interest on net debt).

The service cost for pensions and similar liabilities is recognised as an expense in the operating result. The interest expense derived by multiplying the net provisions by the discount rate is likewise recognised within the corresponding items of the operating result.

Severance

Severance payments arising from the termination of employment are made if an employee is dismissed by a Group company before normal retirement age. The Group recognises severance payments if it can be proven that it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it can be proven that it is under an obligation to make severance payments in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the balance sheet date are discounted to calculate their present value.

Profit-sharing and other bonuses

Liabilities and provisions are recognised for bonus payments and profit-sharing and the expected expenses reported on the basis of a measurement process. Provisions are set aside in the consolidated financial statements in cases in which there is contractual commitment or constructive obligation based on past business practice.

Share-based remuneration

Obligations from share-based remuneration agreed for the first time in fiscal year 2019/2020 are recognised as a cash settled plan in accordance with IFRS 2. These cash settled plans are measured at fair value during their term. The fair value is determined using a recognised measurement procedure. The payment cost is distributed over the vesting period and shown under personnel expenses. Please refer to Chapter 40 for information on share-based remuneration.

Partial retirement
The obligations from partial retirement according to the block model mostly have maturities of between two and six years. The size of top-ups is determined in line with the provisions of collective agreements. They are accumulated on a pro rata basis from the beginning of the commitment onwards. Payments that are due for settlement in more than twelve months after the balance sheet date are discounted to calculate their present value. Benefits are mostly invested in the form of fixed-income investments in order to take account of hedging as per the statutory provisions.

Provisions
Provisions are recognised if the Group has a present legal or constructive obligation resulting from a past event, and it is likely that the settlement of the obligation will result in an outflow of resources and the amount of the provision can be reliably estimated.

If there are a large number of similar liabilities (as is the case for statutory warranties), the likelihood of an outflow of resources is determined on the basis of this group of liabilities. Provisions are also recognised as a liability if there is a low probability of an outflow of resources related to a single liability within this group.

Provisions are measured at the present value of the expected expenses, using a pre-tax rate that reflects current market expectations regarding the interest effect and the risks specific to the liability. The increase in provisions resulting from the related interest expenses is recognised in the income statement within interest expenses.

Should warranty obligations arise from contractual or statutory warranty obligations, HELLA creates provisions for these obligations. Specific warranty provisions are made for warranty claims that have arisen or been asserted individually. When carrying out the measurement, the parts concerned are identified based on the established total supplied products and a failure rate estimated for these products. Failure rates are appropriately estimated using historical failure rates and all other available data for each individual warranty case. Measurement is based on the estimated average costs (material and replacement costs).

Provisions for losses from supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected. These provisions for contingent losses are created if the losses are unavoidable in order to fulfil these contracts. The losses are made up of the costs arising from the contractual obligation and the expected economic benefit from these contracts – i.e. regularly the sales revenues.

The determination of unavoidable costs is based on past experience and its future development. The further development takes into account both estimates of external parameters, such as inflation and industry development, but also internal aspects, such as production conditions and the valuation of production costs. The sales planning on which the determination of the economic benefit of the contracts is based takes into account the contractually agreed series delivery period. The changes in the parameters considered probable or contractually agreed in this period are included in the valuation. The valuation is made at the lower value from the comparison between the unavoidable costs of fulfilling the contract and the costs of terminating the contract.

The previous section “Employee Benefits” describes provisions for employees.

The management uses historical figures from similar transactions to estimate the amount of the provisions, taking into account details of any events arising up until the consolidated financial statements are drawn up.

Contingent liabilities
Contingent liabilities are potential or existing liabilities towards third parties, for which an outflow of resources is unlikely or whose amount cannot be reliably determined. If no contingent liabilities were assumed under a business combination, these are not recognised in the statement of financial position. In the case of guarantees, the amount of the contingent liabilities stated in the notes corresponds to the liabilities existing on the balance sheet date.

Financial instruments
A financial instrument is a contract that gives rise to a financial asset of one entity and, at the same time, a financial liability or equity instrument of another entity. Financial instruments include financial assets and liabilities and contractual entitlements and obligations relating to the exchange or transfer of financial assets. A distinction is drawn between non-derivative and derivative financial instruments. Financial assets and liabilities are assigned to measurement categories in accordance with IFRS 9.

Financial assets

Financial assets are recognised in the statement of financial position if the company is party to a contract concerning these assets. The purchase or sale of financial assets under normal market conditions is recognised or derecognised at the same value as at the settlement date.

Financial assets which are due for settlement in more than one year are classified as non-current. They are derecognised as soon as the contractual right to payments from the financial assets expires or the financial assets are transferred with all the significant risks and opportunities.

Financial instruments are assigned to the following measurement categories:

1. At amortised cost
2. At fair value through other comprehensive income (FVOCI)
3. At fair value through profit or loss (FVPL)

At amortised cost

A financial asset is measured at amortised cost if it meets the following two conditions and is not classified as FVPL: First, it is held within a business model whose objective is to hold financial assets to collect contractual cash flows. Second, its contractual terms give rise to payments to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Financial assets carried at amortised cost are then measured using the effective interest method and amortised. Gains and losses are recognised in the income statement if the asset is derecognised, modified or impaired.

At fair value through other comprehensive income (FVOCI)

A debt capital instrument that meets the following two conditions must be measured at FVOCI unless the asset is classified as FVPL: The financial asset is held within 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 to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. For debt instruments measured at FVOCI, interest income, currency revaluations and reversals of impairment are recognised in the income statement and calculated in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. After derecognition, the cumulative change in fair value recognised in OCI is recycled to the income statement.

At fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated as at fair value through profit or loss at initial recognition or financial assets required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them within a short period of time. Derivatives are also measured at fair value through profit or loss (FVPL) unless they are designated as hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss regardless of the business model. Even if debt instruments meet the above classification criteria for amortised cost or FVOCI, they can still be measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces an accounting mismatch. Financial assets at FVPL are measured at fair value in the statement of financial position, with net value changes recognised in the income statement.

Within the HELLA Group, this applies to financial instruments traded by Group companies.

Impairment

The Group measures the future expected credit loss for its receivables measured at amortised cost and its debt instruments measured at FVOCI. The chosen impairment method depends on whether there is a significant increase in credit risk. For trade receivables, the Group uses the simplified approach of IFRS 9 to measure lifetime expected credit losses since initial recognition.

Financial liabilities

During the current fiscal year, as in the prior year, there were no non-derivative financial liabilities measured at fair value in the income statement or categorised as such. The accounting policies and measurement methods for the derivative financial liabilities measured at fair value included under other liabilities are described separately in the section entitled "Derivative financial instruments".

All other non-derivative financial liabilities in the HELLA Group are allocated to the "at amortised cost" category. Non-derivative financial liabilities are initially measured at fair value less transaction costs. They are subsequently measured at their amortised cost using the effective interest method.

If an outflow of resources is expected after more than one year, these liabilities are classified as non-current. Liabilities are derecognised if the contractual commitments are settled, reversed or expire.

Derivative financial instruments

The HELLA Group uses derivative financial instruments to hedge financial risks. Derivative financial instruments are recognised at the time the relevant contract is completed and measured at fair value. Derivatives are measured on the basis of observable current market data using suitable measurement techniques. Forward exchange transactions and commodity futures transactions are measured on a case-by-case basis at the respective forward rate or price on the balance sheet date. The forward rates or prices are based on the spot rates and prices, allowing for forward premiums and discounts. The fair values of instruments to hedge interest rate risks are obtained by discounting the future cash inflows and outflows. Market interest rates are used for discounting and applied over the residual term of the instruments. The instruments are discounted at the market interest rate over the residual term. The present value is calculated on the balance sheet date for each single interest rate, currency and interest rate/currency swap transaction. The counterparty's credit rating is usually included in the assessment on the basis of observable market data. Depending on whether the derivatives have a positive or negative fair value, they are reported within other financial assets or other financial liabilities. The recognition of changes in fair value depends on the accounting treatment applied. In principle, all derivative financial instruments are recognised at fair value through profit or loss. Changes in the fair value of assets held in this category are recognised directly in the income statement. In individual cases, selected hedging positions are presented as cash flow hedges in the statement of financial position in accordance with hedge accounting rules. This means that the effective portion of the change in fair value is recognised within equity (reserve for financial instruments for cash flow hedging), while the ineffective portion is recognised in the income statement. The portion of the change originally recognised within equity is recycled to the income statement as soon as the underlying transaction is recognised in the income statement.

Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or manufacture of a qualifying asset and can therefore be considered to form part of the historical cost of the asset concerned. All other borrowing costs are recognised as expenditure in the period in which they arise.

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in fiscal year 2022. For this reason, borrowing costs were recognised directly as expenditure within the period.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains the right to control the use of an identified asset, the Group assesses whether:

- the contract contains the right to use an identified asset, which may be specified explicitly or implicitly and should be physically distinct or represent essentially all of the capacity of a physically distinct asset. The asset is not identified if the supplier has a substantive substitution right;
- the Group has the right to obtain essentially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right if it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the period of use. The Group also has the right to direct the use of the asset in those rare cases where the relevant decisions about how and for what purpose the asset is used are predetermined;
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose the asset will be used.

At the inception or remeasurement of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group has elected to separate the non-lease components for leases of land and buildings for reasons of materiality. With regard to other asset classes, such as machinery and office furniture, the Group has elected not to separate non-lease components from lease components, and instead to account for each lease component and any associated non-lease components as a single lease component.

Leases in which the Group is the lessee

The Group recognises a right-of-use asset and a lease liability at lease inception. The right-of-use asset is initially measured at cost, where cost consists of the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any direct costs incurred, less any lease incentives received. The Group has not assumed any obligations to cover the costs of dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. This means no provision is required to be recognised under IAS 37.

To determine the lease term, management considers all relevant facts and circumstances to assess the economic incentives to exercise an extension option or not to exercise an option to terminate the lease. Options to extend the lease (or periods after options to terminate the lease) are only included in leases if there is a good reason to assume that the term will be extended (or not terminated).

The right-of-use asset is then depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term. The useful life of right-of-use assets is estimated based on the useful life of property, plant and equipment. Depreciation begins on the commencement date of the lease. The right-of-use asset is also periodically tested for impairment pursuant to IAS 36 and, if found to be impaired, its carrying amount is adjusted to reflect the impairment and certain remeasurements of the lease liability.

The lease liability is measured on initial recognition at the present value of the remaining lease payments at the commencement of the lease, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, using an incremental borrowing rate that reflects the economic substance of the contract and the specific market conditions. The Group generally uses as its discount rate the interest rate it pays to borrow capital.

The lease payments included in the measurement of the lease liability comprise the following:

- initial payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate and are initially measured using the index or rate at the commencement date;
- amounts expected to be payable under residual value guarantees; and
- exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional extension period if the Group is reasonably certain to be able to exercise an extension option, and payments of penalties for terminating the lease early unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a change in future lease payments resulting from a change in an index or a rate, in the amounts the Group expects to be payable under a residual value guarantee or in the Group's assessment of whether it will exercise a purchase, extension or termination option. If the lease liability is remeasured in any of these scenarios, a corresponding adjustment to the carrying amount of the right-of-use asset is made or taken to profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Group elected not to recognise any right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less or for leases of low-value assets (primarily IT equipment, machinery and office furniture). The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Group elected to report in its statement of financial position those assets that do not meet the definition of investment property in property, plant and equipment, and to report lease liabilities in current and non-current financial liabilities.

The Group made the following classification in the cash flow statement:

- **a** cash payments for the principal portion of the lease liability within financing activities;
- **b** cash payments for the interest portion of the lease liability within financing activities, applying the requirements in IAS 7 for interest paid;
- **c** short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

Leases in which the Group is the lessor

If the Group is a lessor, it classifies each lease as either a finance lease or an operating lease at the inception of the lease. When classifying each lease, the Group makes a general determination as to whether the lease substantially transfers all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. In this assessment, the Group considers certain indicators such as whether the lease term is the major part of the economic life of the asset.

The Group recognises lease payments received for operating leases as income within “Other income” on a straight-line basis over the lease term.

Dividend distributions

Shareholder claims to dividend distributions are recognised as a liability in the period in which the corresponding resolution is adopted.

07 Discretionary decisions and management estimates

The preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions to be made. In addition, the application of company-wide accounting policies and measurement methods requires management to make valuations.

All estimates and assessments are reviewed on a continual basis and are based on past experience and other factors including expectations concerning future events that appear reasonable given the circumstances.

Discretionary decisions and critical accounting estimates

The Group makes forward-looking assessments and assumptions. It is in the nature of things that the resulting estimates only very rarely correspond exactly to the later, actual circumstances. The estimates and assumptions that engender a significant risk in the form of a material adjustment to the carrying amount of assets and liabilities in the following fiscal year are discussed below.

Estimated goodwill impairment

In accordance with the accounting policies and measurement methods described herein, the Group tests goodwill for impairment on an annual basis. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. These calculations must be based on certain assumptions (see also Chapter 28).

Recognition and estimated impairments of non-current assets

In the case of self-created intangible assets, assessment of the point at which the capitalisation requirements have been met in accordance with IAS 38 is a matter of discretion. Important estimates also relate to the determination of the useful life for intangible assets and property, plant and equipment.

The Group performs impairment tests on intangible assets (especially capitalised development expenses) and property, plant and equipment and net capital expenditures in associates and joint ventures as soon as any indication of impairment arises in a specific case (triggering event). An impairment loss is recognised by comparing the carrying amount with the estimated recoverable value. The cash flow forecasts and the discount factors used constitute particularly important estimated values when reviewing the value of non-current assets (see Chapter 28 and 29). The underlying forecasts are based on experience as well as expectations regarding future industry developments, particularly assumed sales volumes.

If an impairment loss has been recognised, checks must be performed in subsequent periods to determine whether the triggering events for such have been eliminated. For this purpose, both internal and external sources must be taken into account. An impairment loss recognised in previous periods must be reversed if there has been a change in the estimates of the recoverable amount (through use or sale). In addition to the assessment of the cash flow forecasts from the continuing use, there is discretionary scope in the assessment of whether the indications that led to the impairment loss have been eliminated. If the indications are directly related to changes in the company environment, then experience and expectations are also used in assessing whether said indications have been or will be eliminated. The assessment of market-related or economic changes as well as the effects of legal framework conditions are subject to assumptions and estimates and are thus discretionary.

Product-specific operating equipment (tooling) that is manufactured for the HELLA Group's own production purposes and not for a customer is capitalised at its manufacturing costs. There is scope for discretion in the determination of useful life.

Provisions

Provisions are to be recognised in accordance with IAS 37 if a legal or constructive obligation has arisen for HELLA from a past event, it is probable that an outflow of economic resources will be required to settle this obligation and the amount of the obligation can be estimated reliably. Scope for discretion exists with respect to estimating the probability of the outflow of resources as well as the amount of the obligation.

Warranty provisions are recognised based on past empirical values, taking into account conditions on the balance sheet date based on the costs directly attributable to the processing of individual warranty cases. Estimation of the anticipated expenses and reimbursements for the individual cases and calculation of the expenses for the generalised warranty risks are discretionary.

Provisions for onerous contracts or provisions for onerous contracts are recognised when the unavoidable costs of meeting the contractual obligation exceed the expected economic benefits. The unavoidable costs are determined on the basis of cost structures that are based on past experience and their further development during the period of service provision. Discretionary adjustments are made as at the balance sheet date in relation to current inflationary and macroeconomic conditions. The sales planning on which the determination of the economic benefit of the contracts is based is also influenced by exogenous factors and is therefore subject to estimation.

The amount of pension liabilities was calculated using actuarial methods and an estimation of the relevant influencing variables. In addition to the assumptions about life expectancy, assumptions regarding the parameters to be applied for the assumed rate of interest, wage trend, pension trend and fluctuation were made for the actuarial calculations.

For restructuring measures, corresponding provisions must be established if the general and specific requirements for recognition are met. The valuation of the employee-related restructuring provisions is highly dependent on the assessments and assumptions – in particular with regard to the design of voluntary components, severance payments, social plans and site assignment costs.

Income taxes

Due to the international nature of its business activities, HELLA is subject to a large number of national tax laws and regulations. Changes in tax laws, as well as the adoption of case law and its interpretation by local tax authorities, may have an impact on the amount of both actual and deferred taxes. This results in corresponding uncertainties in the accounting that must be addressed via appropriate discretionary decisions.

The assessment of this uncertainty is carried out with the most probable value of the possible realisation of the uncertainty. Whether groups of uncertainties are presented individually or in consolidated fashion is made dependent on the individual case under consideration.

Uncertainties arise, firstly, in the actual taxes, which are taken into account by an appropriate estimate of potential retrospective tax payments. Secondly, they arise from the value of deferred tax assets, which is countered by means of operational planning. If the final tax amount for these transactions differs from the amount initially assumed, this is recognised in the reported taxes in the period in which the tax amount is conclusively determined (see Chapter 15).

Fair value of derivative and other financial instruments

The fair value of financial instruments not traded on an active market (for example, OTC derivatives) is determined using appropriate measurement methods selected from a number of methods. The assumptions used for this are predominantly based on the prevailing market conditions on the balance sheet date. The Group uses present value methods to determine the fair value of the financial assets that are not traded on an active market.

Impairments for financial assets

The Group satisfies the requirements of IFRS 9 regarding the determination of the impairment model. The impairment model applies to financial assets measured at their amortised cost or at their fair value with changes in value recognised in other comprehensive income (FVOCI), to contract assets pursuant to IFRS 15 and to lease obligations. Impairment is recognised using the expected loss model that takes account of past events, current conditions and forecasts of future economic conditions.

Patent risks

In the context of its research and development activities, the HELLA Group faces the risk of infringing other companies' patents through the use of new technologies. In the event of an infringement, the HELLA Group could be obliged to pay damages or be forced to acquire the licences in order to continue using third-party technologies. This leads to corresponding uncertainties.

Impacts of the current macroeconomic environment and climate-related issues

The macroeconomic environment in the reporting year was characterised by inflation with, in particular, increased costs for energy and raw materials as well as a rise in interest rates. In the reporting year, this resulted in particular in the HELLA Group recognising additional provisions for losses from delivery and sales obligations; in the course of the adjustment of actuarial assumptions, there was a counteracting decrease in provisions for post-employment benefits (see Chapter 35).

As the macroeconomic development in the automotive industry based on vehicle construction figures already improved in 2022 and a further increase is foreseeable for 2023, HELLA's forecasts have developed significantly more positively than in the previous fiscal year. As a result of this trend, some of the impairment losses recognised in prior years were reversed (see Chapter 29).

Climate-related aspects can affect various areas of the balance sheet, including the useful lives and residual values of non-financial assets and their recoverability; expected credit losses on financial instruments; and provisions and contingent liabilities arising from legal and constructive obligations. There are currently no material influences from climate-related aspects in the HELLA Group.

08 Sales

Sales in the short fiscal year 2022 amounted to €4,410,044 thousand (prior year: €6,326,116 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	2022	2021/2022
Sales from the sale of goods	4,194,281	6,013,236
Sales from the rendering of services	215,763	312,881
Total sales	**4,410,044**	**6,326,116**

Sales by region (based on the headquarters of HELLA's customers):

€ thousand	2022	2021/2022
Europe	2,326,942	3,603,273
North, Central and South America	930,517	1,297,238
Asia / Pacific / RoW	1,152,586	1,425,605
Consolidated sales	**4,410,044**	**6,326,116**

09 Cost of sales

In the short fiscal year, €3,467,788 thousand (prior year: €4,866,619 thousand) was recognised as expenses under cost of sales. Apart from directly attributable material and production costs, the cost of sales also comprises foreign currency gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets. In the reporting period, exchange rate gains amounted to €43,350 thousand (prior year: €46,137 thousand), exchange rate losses amounted to €38,508 thousand (prior year: €33,326 thousand). The recognised gains on the disposal of fixed assets amounted to €1,584 thousand (prior year: €646 thousand), the losses on disposal of fixed assets to €3,661 thousand (prior year: €8,265 thousand).

In addition, the cost of sales includes additions to provisions for onerous contracts in the amount of €327,459 thousand (prior year: €14,501 thousand) (see chapter 35).

This item also includes reversals of impairment losses on intangible assets and property, plant and equipment in the reporting period amounting to €254,970 thousand (prior year: €0 thousand) (see chapters 12, 28 and 29).

10 Research and development expenses

The research and development expenses serve to generate future sales and mainly consist of personnel expenses and material expenses. The reported expenses in the short fiscal year were €460,584 thousand (prior year: €689,389 thousand).

11 Distribution expenses

The distribution expenses include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. The classification as distribution expenses is carried out at Group level as well as within individual companies. The reported expenses in the short fiscal year were €214,008 thousand (prior year: €330,952 thousand).

12 Administrative expenses

The administrative expenses recognised cover all central functions that are not usually directly related to production, development or distribution. These essentially consist of the financial, human resources, IT and similar departments. The reported expenses in the short fiscal year were €148,670 thousand (prior year: €231,719 thousand).

The reversal of impairment losses on intangible assets and property, plant and equipment in the reporting period amounting to €23,184 thousand (prior year: €0 thousand) are also reported (see Chapters 28 and 29).

13 Other income and expenses

The other income and expenses, totalling €236,482 thousand (prior year: €45,967 thousand), were made up of income amounting to €289,618 thousand (prior year: €72,091 thousand) and expenses amounting to €53,136 thousand (prior year: €26,124 thousand). This includes income relating from the sale of the joint venture HBPO in the amount of €250,367 thousand as well as income in connection with the sale of shares in the context of venture capital activities in the amount of €2,208 thousand (prior year: €6,213 thousand). Furthermore, income in the amount of €10,475 thousand (prior year: €31.637 thousand) and expenses in the amount of €23,811 thousand (prior year: €3,324 thousand) were included from the valuation of participations and thus an expense totalling €13,336 thousand (prior year: income of €28,312 thousand) in this regard.

Other expenses include costs from the formation of provisions in the context of a legal dispute in the amount of €14,506 thousand (see also chapter 19).

Other expenses and income include €6,738 thousand expenses and related €6,135 thousand income within the context of the cooperation with Faurecia under the FORVIA umbrella. In the prior year's reporting period, other income includes €12,618 thousand in income from cost recharging incurred in connection with the sale process to the Faurecia Group. The associated costs in the same amount are reported under other expenses.

Other income

€ thousand	**2022**	2021/2022
Income from the sale of investments	252,575	6,213
Income from the measurement of investments	10,475	31,637
Government grants	6,444	5,655
Income from the reversal of provisions	3,823	4,961
Income from the reversal of value adjustments on trade receivables	636	702
Insurance refunds	403	1,440
Other	15,261	21,483
Other income, total	**289,618**	**72,091**

Other expenses

€ thousand	**2022**	2021/2022
Value adjustment expenses relating to investments or loss on disposal from the investment	23,811	3,324
Cost from the creation of provisions	16,530	0
Advisory expenses	2,894	11,293
Value adjustments on trade receivables	826	8,163
Losses from the sale of financial assets	350	141
Other	8,726	3,203
Other expenses, total	**53,136**	**26,124**

14 Net financial result

Foreign currency gains of €5,304 thousand (prior year: €13,297 thousand) are mainly reported in other financial income and, in the same way, corresponding foreign currency losses of €17,307 thousand (prior year: €22,243 thousand) incurred in financial transactions are reported in other financial expenses.

€ thousand	**2022**	2021/2022
Interest income	6,844	8,406
Income from securities and other loans	55	1,787
Other financial income	5,304	13,297
Financial income	**12,202**	**23,490**
Interest expenses	-19,629	-25,547
Other financial expenses	-17,307	-22,243
Financial expenses	**-36,936**	**-47,790**
Net financial result	**-24,733**	**-24,300**

15 Income taxes

€ thousand	2022	2021/2022
Effective income tax expense	-46,305	-54,358
Deferred income tax expense/income	40,365	-15,670
Total income taxes	-5,940	**-70,028**

The reported effective tax expense includes net income and expenses attributable to previous years amounting to €3,353 thousand (prior year: €-2,900 thousand).

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal situation, in the individual countries at the expected time of realisation. The prevailing corporate income tax rate of 15% plus the trade tax and the solidarity surcharge results in an average tax rate of 31% for German companies. The tax rates outside Germany range from 11% to 34%.

The development of the actual taxes on income derived from the expected tax expense is shown below. A tax rate of 31% (prior year: 31%) is taken as a basis.

The reversal of previously unrecognised temporary differences shows the tax valuation effect from the reversal of impairments and the recognition of provisions for onerous contracts pertaining to the related deferred tax assets whose realisation is classified as probable.

The effects from tax-free income result in the amount of €74 million from the sale of the participation in HBPO.

€ thousand	2022	2021/2022
Earnings before tax	358,015	254,021
Expected income tax expense/income	**-110,985**	**-78,747**
Utilisation of previously unrecognised loss carryforwards	2,134	4,030
Reversal of previously unrecognised temporary differences	22,993	-
Unrecognised deferred tax assets	-9,696	-821
Subsequent recognition of deferred tax assets	1,450	5,606
Deferred tax assets from outside basis differences	323	-4,619
Tax effect of changes in tax rates and laws	-4,729	-6,963
Tax effect from tax-free income	82,185	7,336
Tax effect from investments accounted for using the equity method	9,202	5,393
Tax effect of non-deductible operating expenses	-6,468	-10,038
Tax effect for prior years	732	272
Non-deductible foreign withholding tax	-7,053	-12,587
Deviation in tax rates	10,262	22,311
Other	3,710	-1,201
Reported income tax expense/income	**-5,940**	**-70,028**

16 Personnel

The average number of employees in the companies included in the consolidated financial statements totals 36,062 (prior year: 36,071) for the short fiscal year 2022. Based on the past twelve-month period from January to December 2022, the average number of employees is 36,070.

Number	**2022**	2021/2022
Direct employees	8,894	9,526
Indirect employees	27,168	26,546
Total employees	**36,062**	**36,071**

The number of employees is stated as a headcount. Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 311 during the fiscal year (prior year: 326).

In addition, 2,229 (prior year 2,083) employees were in temporary employment. These are employees from a non-consolidated company who primarily work for other Group companies, but who also provide services for third parties in some cases.

Permanent employees in the HELLA Group by region:

Number	**2022**	2021/2022
Europe	22,406	22,849
North, Central and South America	7,210	7,137
Asia / Pacific / RoW	6,446	6,085
Permanent employees worldwide	**36,062**	**36,071**

Personnel expenses for permanent employees break down as follows:

€ thousand	**2022**	2021/2022
Wages and salaries	741,819	1,198,995
Social security and retirement benefit expenses	210,769	345,444
Total	**952,588**	**1,544,439**

The costs of restructuring measures are included in personnel expenses which amounted to €14,037 thousand (prior year: €22,350 thousand).

17 Earnings per share

Basic earnings per share are calculated by dividing the share of earnings attributable to the shareholders of HELLA GmbH & Co. KGaA by the weighted average number of ordinary shares issued.

The basic earnings per share amounted to €3.15 prior and, as in the prior year, are equivalent to the diluted earnings per share.

of units	**31 December 2022**	31 May 2022
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand	**2022**	**2021/2022**
Share of profit attributable to owners of the parent company	350,528	181,261
€	**2022**	**2021/2022**
Basic earnings per share	**3.15**	**1.63**
Diluted earnings per share	**3.15**	**1.63**

18 Appropriation of earnings

The Management Board will propose to the Annual General Meeting of HELLA GmbH & Co. KGaA that a dividend amounting to €2.88 per no-par value share be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the fiscal year 2022. In addition to the distribution of a regular dividend within the framework of the dividend policy of around 30% of the profit for the period attributable to the owners of the parent company. This also includes a special dividend of €2.61 per share. The purpose of the special dividend is to distribute the proceeds from the sale of the 33.33% share in HBPO Beteiligungsgesellschaft mbH ("HBPO") previously held by HELLA to the shareholders. A dividend totalling €0.49 per no-par value share was distributed in the prior year.

19 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board using financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operating result margin (adjusted EBIT margin) are of prominent importance compared to the other financial key performance indicators in the management of the HELLA Group (most significant performance indicators). A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of the Company's operational performance. In this process, effects of a non-recurring or exceptional nature in type or size, referred to as special effects, can lead to distortions with regard to the EBIT margin, for example, and thus adversely affect the ability to assess the Company’s performance.

Special effects essentially comprise income and expenses in connection with changes in the legal structure of the Group, site closures or restructuring measures.

The adjusted EBIT margin is a key performance indicator that is not defined in the International Financial Reporting Standards. It is however reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company’s perspective, it presents the results of operations in a more transparent form and facilitates a comparison over time.

The reported earnings before interest and taxes are adjusted in the reporting period for income after deduction of the transaction costs for the disposal of the joint venture HBPO in the amount of €250,107 thousand.

In addition, adjustments of included costs for structural measures in the amount of €11,889 thousand (prior year: €23,396 thousand) are made. This includes, in particular, performance-related or unexpected expenses for the strategy programme initiated in August 2020. Expenses in the amount of €11,888 thousand were adjusted in the prior year due to expected bad debts of a Chinese customer and the devaluation of the shares in the joint venture HELLA Evergrande Electronics.

Furthermore, expenses from the remeasurement of investments amounting to €13,739 thousand (previous year: income of €28,576 thousand), which are partly related to venture capital activities, were adjusted. Adjustments with the opposite effect were adjusted in the reporting period for income relating to the sale of shares as part of venture capital activities amounting to €2,208 thousand (prior year: €6,213 thousand).

In addition, expenses of €14,506 thousand were adjusted in the short fiscal year 2022 for expected costs in the context of a legal dispute.

Due to the macroeconomic development in the automotive industry, vehicle construction figures have already improved in 2022 and a further increase is foreseen for the future. Analogously, HELLA's forecasts have developed significantly more positively than expected in the previous fiscal year. This trend means that the impairment losses recognised in the fiscal years 2019/2020 and 2020/2021 could be partially reversed. This concerns companies from the Lighting Segment in the regions of Europe and Mexico.

Analogous to the impairment losses recognised at the time, earnings before interest and taxes in the reporting period are adjusted for the reversals of impairment losses recognised in the amount of €278,154 thousand.

Despite the positive development of the economy as a whole, HELLA is also affected by the rising costs of energy and raw materials. The ability to pass on cost increases to customers varies across the segments. It was thus necessary to form provisions for impending losses for some of the series supply contracts in the Lighting Segment.

The inflation-related additions to provisions for onerous contracts of €320,748 thousand recognised at Group level and the expenses for impairments of €8,883 thousand incurred in this connection are adjusted.

The corresponding reconciliation statement for the fiscal years 2022 and 2021/2022 is as follows:

€ thousand	2022 as reported	Adjustment	2022 adjusted
Sales	4,410,044	0	4,410,044
Cost of sales	-3,467,788	77,782	-3,390,006
Gross profit	**942,256**	**77,782**	**1,020,039**
Research and development expenses	-460,584	2,884	-457,700
Distribution expenses	-214,008	644	-213,364
Administrative expenses	-148,670	-17,914	-166,584
Other income	289,618	-269,185	20,433
Other expenses	-53,136	45,086	-8,050
Earnings from investments accounted for using the equity method	26,850	0	26,850
Other income from investments	421	0	421
Earnings before interest and taxes (EBIT)	**382,749**	**-160,704**	**222,045**

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Sales	6,326,116	0	6,326,116
Cost of sales	-4,866,619	17,193	-4,849,425
Gross profit	**1,459,497**	**17,193**	**1,476,691**
Research and development expenses	-689,389	-3,512	-692,901
Distribution expenses	-330,952	1,710	-329,242
Administrative expenses	-231,719	13,068	-218,651
Other income	72,091	-54,400	17,691
Other expenses	-26,124	24,010	-2,115
Earnings from investments accounted for using the equity method	23,719	2,427	26,146
Other income from investments	1,198	0	1,198
Earnings before interest and taxes (EBIT)	**278,321**	**495**	**278,816**

20 Segment reporting

External segment reporting is based on internal reporting (“management approach”). Segment reporting is based solely on financial information used by the Company’s decision-makers for the internal management of the Company and to make decisions regarding the allocation of resources and the measurement of profitability.

With the onset of the short fiscal year, internal reporting and, in the course of this, segment reporting was changed: the former Aftermarket and Special Applications segments were merged into the newly formed Lifecycle Solutions business group. At the same time, the Group stopped combining the Lighting and Electronics segments into the Automotive reporting segment and is reporting Lighting and Electronics separately.

The HELLA Group's business activities are thus divided into three segments: Lighting, Electronics and Lifecycle Solutions:

The product portfolio of the Lighting Segment is divided into four product lines: headlamps, combination rear lamps, body lighting and interior lighting.

The Electronics segment focuses on the product lines of Automated Driving, Sensors and Actuators, Body Electronics and Energy Management.

Both the Lighting and Electronics segments serve automotive manufacturers and other tier-1 suppliers in the premium and volume segments worldwide with a variety of lighting and electronic components.

The Lifecycle Solutions segment consists of the three divisions Independent Aftermarket, Workshop Solutions and Special Original Equipment. In the Independent Aftermarket, HELLA sells vehicle-specific or universally applicable wear parts, spare parts and accessories to dealers and independent workshops in Europe. The Workshop Solutions division's core offering includes vehicle diagnostics, emissions testing, battery testing, light adjustment, and calibration, as well as service and data-based services. In the Special Original Equipment division, HELLA develops, manufactures and distributes lighting and electronic products for special-purpose vehicles such as construction and agricultural machinery, buses and motor homes, as well as for the marine sector. The starting point for this is above all the high level of technological competence from the automotive core business.

All other Group segments are subordinate in terms of their economic significance and are therefore not segmented further. Their functions relate mainly to Group financing.

The segments together generated sales of €366,093 thousand (prior year: €464,364 thousand) from a single customer in the reporting year and therefore accounted for approximately 8 % of consolidated sales.

Sales as well as adjusted operating earnings before interest and taxes (operating EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements.

The segment information for the fiscal years 2022 and 2021/2022 is as follows:

	Lighting		Electronics		Lifecycle Solutions	
€ thousand	**2022**	2021/2022	**2022**	2021/2022	**2022**	2021/2022
Sales with third-party entities	2,102,631	2,909,329	1,731,689	2,454,362	568,744	949,780
Intersegment sales	35,885	59,065	167,778	255,098	6,105	11,032
Segment sales	**2,138,516**	2,968,394	**1,899,467**	2,709,460	**574,849**	960,811
Cost of sales	-1,835,343	-2,571,877	-1,413,792	-2,025,775	-343,720	-564,051
Gross profit	**303,173**	396,517	**485,675**	683,685	**231,129**	396,760
Research and development expenses	-166,275	-271,879	-266,617	-383,744	-24,708	-37,617
Distribution expenses	-43,577	-62,336	-39,764	-61,197	-130,963	-205,709
Administrative expenses	-67,905	-80,255	-71,479	-97,216	-24,192	-43,312
Other income	13,880	11,204	11,003	11,801	6,881	10,674
Other expenses	-9,297	-4,957	-7,314	-5,058	-730	-1,819
Earnings from investments accounted for using the equity method	14,366	23,338	12,187	2,739	298	69
Other income from investments	0	0	0	-2,137	374	352
Earnings before interest and taxes (EBIT)	**44,365**	11,631	**123,690**	148,874	**58,088**	119,398
Additions to property, plant and equipment and intangible assets	148,380	267,827	180,486	276,772	27,910	42,216

Sales with third-party entities in the fiscal years 2022 and 2021/2022 are as follows:

	Lighting		Electronics		Lifecycle Solutions	
€ thousand	**2022**	**2021/2022**	**2022**	**2021/2022**	**2022**	**2021/2022**
Sales from the sale of goods	2,039,212	2,800,638	1,620,126	2,315,671	534,943	896,927
Sales from the rendering of services	63,419	108,691	111,563	138,691	33,801	52,853
Sales with third-party entities	**2,102,631**	**2,909,329**	**1,731,689**	**2,454,362**	**568,744**	**949,780**

Sales by region with third-party entities in the fiscal years 2022 and 2021/2022 are as follows:

	Lighting		Electronics		Lifecycle Solutions	
€ thousand	**2022**	**2021/2022**	**2022**	**2021/2022**	**2022**	**2021/2022**
Europe	1,095,770	1,624,062	834,696	1,304,941	389,495	661,629
North, Central and South America	519,184	714,033	329,372	453,936	81,961	129,273
Asia / Pacific / RoW	487,677	571,234	567,621	695,485	97,288	158,878
Sales with third-party entities	**2,102,631**	**2,909,329**	**1,731,689**	**2,454,362**	**568,744**	**949,780**

Sales reconciliation:

€ thousand	**2022**	2021/2022
Total sales of the reporting segments	**4,612,832**	**6,638,665**
Sales in other divisions	7,689	14,318
Elimination of intersegment sales	-210,477	-326,867
Consolidated sales	**4,410,044**	**6,326,116**

Reconciliation of the segment results with consolidated net profit:

€ thousand	2022	2021/2022
EBIT of the reporting segments	**226,143**	**279,903**
EBIT of other divisions	-4,099	-1,087
EBIT adjustments	160,704	-495
Consolidated EBIT	**382,749**	**278,321**
Net financial result	-24,733	-24,300
Consolidated EBT	**358,015**	**254,021**

The EBIT of the reporting segments includes consolidation effects that have an impact on EBIT. The EBIT of other areas includes expenses for strategic investments in potential new technologies and business fields, depreciation and amortisation of assets not used for operations and expenses for central functions. Reporting of the EBIT adjustments includes the adjustments for special effects pursuant to Chapter 19.

Non-current assets by region:

€ thousand	2022	2021/2022
Germany	838,842	802,235
Europe excluding Germany	975,470	855,978
North, Central and South America	604,096	387,796
Asia / Pacific / RoW	583,005	559,473
Consolidated non-current assets	**3,001,413**	**2,605,482**

21 Changed key performance indicators

The key performance indicators for the past financial year 2022 are currency- and portfolio-adjusted revenue growth and the adjusted EBIT margin.

The Executive Board of HELLA GmbH & Co. KGaA has decided to continue to track currency- and portfolio-adjusted sales growth as well as the operating income margin as the most important performance indicators in the future. The changeover to the modified key performance indicators in the operating business is currently being implemented. The HELLA Group will be managed using the new key performance indicators from the beginning of the new fiscal year 2023.

The operating income margin corresponds to the adjusted EBIT margin without taking into account the contribution to earnings from associated companies and joint ventures as well as other income from investments. The background to the adjustment is that the possibilities for intervention in the active management of the associated and joint ventures as well as in the other participations are limited and that the contribution to earnings has also been significantly reduced, in particular due to the sale of the largest associated company HBPO. Thus, the adjusted EBIT margin loses significance for the management of the Group.

€ thousand	**Previously reported representation**	Change	**new representation**
Sales	**4,410,044**	**0**	**4,410,044**
Cost of sales	-3,467,788	77,782	-3,390,006
Gross profit	**942,256**	**77,782**	**1,020,039**
Research and development expenses	-460,584	2,884	-457,700
Distribution expenses	-214,008	644	-213,364
Administrative expenses	-148,670	-17,914	-166,584
Other income	289,618	-269,185	20,433
Other expenses	-53,136	45,086	-8,050
Operating Income	**-**	**-160,704**	**194,773**
Earnings from investments accounted for using the equity method	26,850	0	26,850
Other income from investments	421	0	421
Other non-recurring operating income	0	547,340	547,340
Other non-recurring operating expenses	0	-386,635	-386,635
Earnings before interest and taxes (EBIT)	**382,749**	**0**	**382,749**
Financial income	12,202	0	12,202
Financial expenses	-36,936	0	-36,936
Earnings before income taxes (EBT)	358,015	0	358,015
Income taxes	**-5,940**	**0**	**-5,940**
Earnings for the period	**352,075**	**0**	**352,075**

The operating income and expenses that do not recur periodically represent one-off effects in nature or amount that lead to distortions and thus inadequately affect the assessment of the company's performance. This essentially comprises income and expenses in connection with changes in the legal structure of the Group, site closures, restructuring measures or measurements of financial instruments.

The operating income and expenses that do not recur periodically have so far been presented separately in Chapter 19 as adjustments. In future, the presentation will be as shown above. There are no plans to change the contents. The change in the income statement primarily represents a consistent implementation of the internal structure of the cost-of-sales method. The included components will be separated in the primary presentation of the income statement in future due to their specific nature.

In addition, there is a change in a reported key performance indicator on cash flow. Cash and cash equivalents continue to be of great importance to the HELLA Group. Therefore, the management board has decided to prioritise a figure in the future that is unadjusted and collected with the inclusion of interest received and paid. As a result, this will also be reallocated in the cash flow statement from the fiscal year 2023. This figure will be tracked with the title Net Cash Flow. The amount is shown in relation to sales in order to provide appropriate information independent of the respective business volume of a reporting period.

In this regard, too, the changeover to the modified performance indicator is currently being implemented. Net cash flow will therefore be used to manage the HELLA Group from the beginning of the new financial year 2023. There are no changes for the short fiscal year 2022.

€ thousand	2022 adjusted	2022 as reported	Change	2022 new representation
Earnings before income taxes (EBT)	**197,311**	**358,015**	**0**	**358,015**
Depreciation and amortisation	251,819	-13,507	0	-13,507
Change in provisions	16,697	335,774	0	335,774
Other non-cash income and cash flows not attributable to operating activities	-38,483	-277,692	0	-277,692
Losses/profits from the sale of property, plant and equipment and intangible assets	1,768	1,768	0	1,768
Net financial result	24,733	24,733	0	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	-181,912	5,530	0	5,530
Change in inventories	-40,827	-40,827	0	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	263,302	263,403	0	263,403
Tax refunds received	7,156	7,156	0	7,156
Taxes paid	-39,811	-39,811	0	-39,811
Dividends received	13,463	13,463	0	13,463
Interest received	-	-	6,122	6,122
Interest paid	-	-	-18,577	-18,577
Net cash flow from operating activities	**475,217**	**637,976**	**-12,456**	**625,521**
Cash receipts from the sale of property, plant and equipment	7,604	7,604	0	7,604
Cash receipts from the sale of intangible assets	3,230	3,230	0	3,230
Payments for the purchase of property, plant and equipment	-309,091	-309,091	0	-309,091
Payments for the purchase of intangible assets	-94,191	-94,191	0	-94,191
Free cash flow from operating activities	**82,769**	**245,529**	**0**	**-**
Net cash flow	**-**	**-**	**-**	**233,073**

22 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, cheques and bills received.

23 Financial assets

	31 December 2022		31 May 2022	
€ thousand	Non-current	Current	Non-current	Current
Securities	27,973	154,791	39,902	396,719
Other investments	65,928	0	79,291	0
Loans	128	19,635	129	12,052
Other financial assets	40	11,355	36	17,840
Total	**94,069**	**185,780**	**119,358**	**426,611**

The decrease in current and non-current financial assets is mainly due to the sale of securities.

24 Trade receivables

Under a factoring programme contractually agreed in June 2022, HELLA can transfer receivables to third parties. For the receivables sold under the agreement, essentially all opportunities and risks are transferred to the buyer of the receivables; the receivables are consequently derecognised in full.

The trade receivables of €1,012,367 thousand (prior year: €1,071,974 thousand), include receivables from associates, joint ventures, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Faurecia Group that do not belong to the Hella Group in the amount of €47,756 thousand (prior year: €37,365 thousand).

€ thousand	**31 December 2022**	31 May 2022
Trade receivables involving associates Joint ventures and investments	37,825	30,443
Trade receivables with affiliated companies not included in the consolidated financial statements	625	553
Trade receivables with companies of the Faurecia Group that do not belong to the HELLA Group	9,306	6,370
Total	**47,756**	**37,365**

25 Other receivables and non-financial assets

Receivables from other taxes mainly include deductible input taxes.

€ thousand	**31 December 2022**	31 May 2022
Other current assets	22,412	12,651
Receivables from finance leases	17,937	17,409
Insurance receivables	3,118	5,794
Positive market value of currency hedges	32,284	14,946
Subtotal other financial assets	**75,751**	**50,801**
Advance payments for services	6,810	6,789
Advance payments for insurances	26,246	10,157
Advance payments for licences	19,836	13,977
Other advance payments	41,083	31,717
Receivables for partial retirement	441	484
Advance payments to employees	2,154	1,989
Other tax receivables	97,522	111,703
Total	**269,842**	**227,617**

26 Inventories

Inventories are broken down as follows:

€ thousand	**31 December 2022**	31 May 2022
Raw materials and supplies	524,703	470,554
Unfinished goods	394,374	427,142
Finished goods	110,738	110,623
Merchandise	134,645	123,587
Other	3,739	4,485
Total inventories	**1,168,198**	**1,136,391**

The carrying amounts of the inventories recognised at fair value less the cost of sales amounted to €364,719 thousand (prior year: €336,006 thousand).

Reversals of impairments of €20 thousand (prior year: impairments of €7,270 thousand) were recognised under the cost of sales in the reporting year. This results in cumulative adjustments to inventory in the amount of €72,033 thousand for the reporting period (prior year: €72,053 thousand).

The historical cost of inventories amounting to €2,605,269 thousand (prior year: €3,544,307 thousand) was recognised as expenses in the reporting period.

27 Contract assets and contract obligations

The contract assets as at 31 December 2022 were the result of business transactions where the HELLA Group had already provided services, but where there was not yet an absolute payment entitlement with regard to the customer. The contract obligations as at 31 December 2022 were the result of customer payments received in connection with development services and customer tools for which the power of disposition had not yet been transferred to the customer, plus other payments received from contracts with customers.

Contract assets and contract obligations

€ thousand	**31 December 2022**	31 May 2022
short-term contract assets	48,834	42,179
long-term contract assets	69,958	77,060
Contract assets	118,791	119,239
Contract obligations	110,797	79,614
Revenue received as part of contract obligations at the start of the fiscal year		
and recognised during the reporting period	35,921	103,166
from performance obligations fulfilled in previous fiscal years	551	530

Compared to the prior year financial statements, the contract assets have decreased. The reduction is due to performance obligations from the prior fiscal year that were paid by customers. New payment claims due to services rendered in the reporting period had a compensating effect. The services rendered essentially resulted from the increase in completed development services leading up to the start of production.

The contract obligations as at 31 December 2022 mainly involved service obligations yet to be fulfilled from development contracts. Their realisation is recognised at the point in time when the power of disposition over the finished development service is transferred to the customer. From this, expected sales in the amount of €86,905 thousand will be mainly realised over the next three years (prior year: €64,670 thousand).

28 Intangible assets

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 June 2021	**733,775**	**70,263**	**231,691**	**1,035,729**
Changes in the scope of consolidation	0	0	-660	-660
Currency translation	23,674	729	2,563	26,966
Additions	129,874	0	15,024	144,899
Disposals	-82,264	0	-77,344	-159,608
Reclassifications	0	0	0	0
As at: 31 May 2022	**805,060**	**70,992**	**171,274**	**1,047,326**
Accumulated depreciation and amortisation				
As at: 01 June 2021	**460,613**	**65,076**	**198,884**	**724,572**
Changes in the scope of consolidation	0	0	-529	-529
Currency translation	7,142	840	3,350	11,332
Additions	47,310	0	11,144	58,454
Disposals	-76,078	0	-77,046	-153,125
Recorded impairments	14,843	0	666	15,510
As at: 31 May 2022	**453,830**	**65,916**	**136,470**	**656,215**
Carrying amounts 31 May 2022	**351,231**	**5,076**	**34,805**	**391,111**

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 June 2022	**805,060**	**70,992**	**171,274**	**1,047,326**
Currency translation	-4,149	-531	-533	-5,212
Additions	86,596	0	7,594	94,191
Disposals	-3,312	0	-3,799	-7,111
As at: 31 December 2022	**884,195**	**70,461**	**174,537**	**1,129,193**
Accumulated depreciation and amortisation				
As at: 01 June 2022	**453,830**	**65,916**	**136,470**	**656,215**
Currency translation	-2,118	-511	-408	-3,038
Additions	27,923	0	7,624	35,547
Disposals	-320	0	-3,612	-3,932
Recorded impairments	5,814	215	20	6,049
Reversals of impairments	-37,682	0	-1,517	-39,199
As at: 31 December 2022	**447,446**	**65,620**	**138,576**	**651,642**
Carrying amounts 31 December 2022	**436,749**	**4,842**	**35,961**	**477,552**

All capitalised development expenses resulted from internal developments; the relevant impairments were created due to reduced earnings expectations and are included in the cost of sales in the segments Electronics and Lighting. The discount rate used in the context of the impairment loss was between 8.82% and 9.51% (prior year: between 8.38% and 8.73%). The acquired intangible assets mainly include programme and software licences. Of the capitalised development expenses of €436,749 thousand (prior year: €351,231 thousand), €191,524 thousand (prior year: €154,609 thousand) was still under development as of the reporting date. At the same time, impairment losses from prior fiscal years were reversed. This leads to reversals of impairment losses on intangible assets in the amount of €39,199 thousand (prior year: € 0 thousand) (see Chapter 29). The most significant reversal of impairment losses in intangible assets was recognised for the Lighting division in Mexico and amounted to €22,554 thousand (Germany €13,842 thousand and Slovakia €2,803 thousand). Goodwill amounted to €4,842 thousand (prior year: €5,076 thousand) as at the reporting date. Of this amount, €4,825 thousand (prior year: €5,060 thousand) is attributable to the business segments, and a further €16 thousand (prior year: €16 thousand) has not been allocated to the operating business segments.

Goodwill
Goodwill is allocated to the business segments as follows:

€ thousand	**31 December 2022**	31 May 2022
Lighting	2,218	2,218
Electronics	1,798	1,800
Lifecycle Solutions	809	1,042
Total	**4,825**	**5,060**

Goodwill impairment monitoring in the HELLA Group is based on the CGUs in the operative segments. A CGU does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flow, and are, therefore, the smallest reporting units. A CGU can either be a legal entity or – insofar as a legal entity operates in different segments – a segmented division of this legal entity or a Group division.

If it is determined that the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future industry developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate the cash flow after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider and do not exceed the long-term growth rates for the sector or the region in which the CGUs are active.

To take into account the increasing differentiation between segments, a specific peer group was used to determine the discount rates. The weighted capital cost of the segments is thus based on the capital structure of the relevant group of listed companies to which the segment in question is comparable in terms of its risk/reward structure. For the CGUs of the Lighting and Electronics segments, a capital cost of between 8.74 % and 14.84 % was used and a figure ranging between 7.83 % and 46.60 % was used for the Lifecycle Solutions segment; the ranges were caused by regional characteristics.

	Discount rates		Growth rates	
	31 December 2022	31 May 2022	**31 December 2022**	31 May 2022
Lighting	**8.82 % to 13.86 %**	8.38 % to 12.94 %	**1.00 %**	1.00 %
Electronics	**8.74 % to 15.73 %**	8.38 % to 13.55 %	**1.00 %**	1.00 %
Lifecycle Solutions	**7.83 % to 46.60 %**	8.21 % to 43.22 %	**1.00 %**	1.00 %

The risk-free interest rate applied is 2.03 % (prior year: 0.84 %) and the market risk premium (including country risk) ranges between 7.50 % and 32.5 % (prior year: between 7.50 % and 32.5 %). The inflation spreads applied ranged between -2.34 % and 27.24 % (prior year: between -0.92 % and 24.06 %).

In addition to impairment testing, two sensitivity analyses were carried out for each group of CGUs with goodwill. The most important sensitivity indicators for the impairment test are the discount rates and long-term growth rate. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Lighting segment.

The tables below show the results of the sensitivity analysis, which can also be extended to non-current assets other than goodwill.

This would result in the following impairments (–):

	31 December 2022		31 May 2022	
Lighting segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-6,785	-	-5,141
+ 1 percentage point	-9,311	-	-6,966	-

	31 December 2022		31 May 2022	
Electronics segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-
+ 1 percentage point	-	-	-	-

	31 December 2022		31 May 2022	
Lifecycle Solutions segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-
+ 1 percentage point	-	-	-	-

For the Electronics and Lifecycle Solutions segments, changes in the long-term growth rate and the WACC of 1 % do not lead to any need to recognise impairment losses.

29 Property, plant and equipment

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 June 2021	**988,081**	**2,448,973**	**1,317,201**	**586,853**	**398,372**	**5,739,481**
Changes in the scope of consolidation	-2,454	21	0	-4,489	0	-6,922
Currency translation	39,224	92,390	15,239	22,313	19,722	188,887
Additions	65,352	101,860	34,118	48,030	275,605	524,966
Disposals	-14,874	-121,596	-65,821	-61,305	-11,174	-274,770
Reclassifications	26,050	175,732	52,565	3,544	-257,890	0
As at: 31 May 2022	**1,101,378**	**2,697,380**	**1,353,301**	**594,947**	**424,636**	**6,171,642**
Accumulated depreciation and amortisation						
As at: 01 June 2021	**548,385**	**1,815,268**	**1,156,615**	**443,462**	**64,277**	**4,028,007**
Changes in the scope of consolidation	-1,558	9	0	-2,514	0	-4,063
Currency translation	12,379	55,336	10,644	13,602	41	92,000
Additions	42,827	177,946	75,116	48,720	0	344,610
Disposals	-13,824	-119,562	-61,958	-56,395	10	-251,729
Recorded impairments	844	0	5,419	86	0	6,348
Reclassifications	-146	-1,129	3,610	-2,348	12	0
As at: 31 May 2022	**588,907**	**1,927,868**	**1,189,446**	**444,612**	**64,339**	**4,215,172**
Carrying amounts 31 May 2022	**512,471**	**769,512**	**163,855**	**150,335**	**360,296**	**1,956,470**

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 June 2022	**1,101,378**	**2,697,380**	**1,353,301**	**594,947**	**424,636**	**6,171,642**
Currency translation	-2,531	-10,028	-2,767	-298	-1,777	-17,401
Additions	31,355	31,721	11,398	29,528	210,961	314,963
Disposals	-18,288	-43,680	-18,354	-15,985	-1,947	-98,255
Reclassifications	18,252	91,138	34,733	7,990	-152,113	0
As at: 31 December 2022	**1,130,166**	**2,766,530**	**1,378,311**	**616,181**	**479,760**	**6,370,948**
Accumulated depreciation and amortisation						
As at: 01 June 2022	**588,907**	**1,927,868**	**1,189,446**	**444,612**	**64,339**	**4,215,172**
Currency translation	-1,981	-6,791	-1,854	-580	17	-11,190
Additions	25,210	115,513	43,226	30,556	0	214,505
Disposals	-13,446	-36,976	-19,307	-14,701	0	-84,429
Recorded impairments	0	2,297	2,521	89	3,640	8,547
Reversals of impairments	-71,391	-89,747	-13,752	-26,379	-37,687	-238,955
Reclassifications	-15	-10	-7	32	0	0
As at: 31 December 2022	**527,284**	**1,912,154**	**1,200,274**	**433,629**	**30,309**	**4,103,650**
Carrying amounts 31 December 2022	**602,882**	**854,377**	**178,037**	**182,552**	**449,451**	**2,267,298**

In the reporting period 2022, no restrictions on the powers of disposition over property, plant and equipment existed in the form of land charges and assignments.

The additions to property, plant and equipment include €30,868 thousand from leases. Please refer to Note 45, "Information on leases", for additional information on leases.

As part of the test of asset impairment which compared the carrying amounts that applied in each case with the corresponding recoverable amounts, that are impacted by lower earnings prospects as a consequence of higher inflation, the impairment loss for property, plant and equipment of €8,547 thousand (prior year: €6,348 thousand) was recognised in the Lighting and Lifecycle Solutions segments.

At the same time, impairment losses from prior fiscal years amounting to €238,955 thousand (prior year: €0 thousand) were reversed. Due to the macroeconomic development in the automotive industry, vehicle construction figures already improved in 2022 and a further increase is foreseen for 2023. In line with this, HELLA's forecasts have developed significantly more positively than in the prior fiscal year. This trend means that it was possible to reverse part of the impairment losses recognised in the 2019/2020 and 2020/2021 fiscal years. This concerns companies from the Lighting segment in the regions of Europe and Mexico.

The reversal of impairment is attributable to the production plants in Mexico (Tlalnepantla), Slovakia (Banovce) and Germany (Lippstadt). The recoverable amount is €499,387 thousand in Mexico, €205,159 thousand in Slovakia and €225,118 thousand in Germany. The most significant reversal of impairment losses was recognised for the Lighting division in Mexico and amounted to €149,682 thousand (Germany €43,890 thousand and Slovakia €45,384 thousand). The recoverable income of the units concerned amounts to €917,563 thousand. A discount rate between 9.51% and 13.2% was used for the valuation. The sustained growth rate of the unit was set at 1%. After the reversal of the impairment loss is recognised, the carrying amounts correspond to the recoverable amounts of the units, which in turn correspond to the respective value in use.

30 Investments accounted for using the equity method

The following is a list of the Group's main investments accounted for using the equity method. The summarised financial information represents the IFRS financial statements of two joint venture companies, BHTC and InnoSenT, which were the basis for the at-equity measurement in the Group.

BHTC

Behr-Hella Thermocontrol Group (BHTC) consists of eight companies that are controlled and reported together by Behr-Hella Thermocontrol GmbH in Germany. BHTC develops, produces and distributes air-conditioning control devices for the automotive industry. It also focuses on assembling printed circuit boards and mounting operating units, blower controllers and electronic control units for electric heater boosters.

€ thousand	**31 December 2022**	31 May 2022
Share of equity (%)	**50**	**50**
Cash and cash equivalents	60,289	27,412
Other current assets	153,989	155,680
Non-current assets	296,654	269,376
Total assets	**510,932**	**452,468**
Current financial liabilities	82,834	85,352
Other current liabilities	196,345	157,352
Non-current financial liabilities	68,361	64,714
Other non-current liabilities	29,251	31,635
Total liabilities	**376,791**	**339,054**
Net assets (100 %)	**134,141**	**113,415**
Pro rata share of the net assets	**67,070**	**56,707**
Eliminations, impairments and other valuations	2,749	2,749
Goodwill	0	0
Carrying amount	**69,819**	**59,456**
Sales	391,389	524,608
Depreciation and amortisation	-32,362	-59,702
Interest income	341	231
Interest expenses	-9,081	-4,607
Taxes on income	0	-3,696
Earnings before interest and income taxes (EBIT)	26,189	-1,194
Earnings for the period	21,275	-9,265
Other earnings for the period	-549	2,490
Comprehensive income for the period (100 %)	**20,726**	**-6,775**
Share of comprehensive income for the period	10,363	-3,388
Dividends received	**0**	**0**

InnoSenT

As one of the world market leaders for radar sensors, InnoSenT GmbH develops and produces pioneering radar technology for safety-relevant driver assistance systems in cars, such as lane change assistant or lane departure warning system. In addition, InnoSenT GmbH produces systems for traffic monitoring and building surveillance. The focus of the cooperation between HELLA and InnoSenT GmbH is primarily on the development and production of radar sensors for automotive applications in the worldwide HELLA network.

€ thousand	**31 December 2022**	31 May 2022
Share of equity (%)	**50**	**50**
Cash and cash equivalents	498	3,043
Other current assets	24,964	25,349
Non-current assets	14,304	14,074
Total assets	**39,765**	**42,466**
Current financial liabilities	2,000	2,000
Other current liabilities	2,174	4,932
Non-current financial liabilities	0	0
Other non-current liabilities	5	20
Total liabilities	**4,180**	**6,952**
Net assets (100 %)	**35,586**	**35,514**
Pro rata share of the net assets	**17,793**	**17,757**
Eliminations and impairments	-443	-443
Goodwill	8,284	8,284
Carrying amount	**25,634**	**25,598**
Sales	20,599	36,811
Depreciation and amortisation	-654	-1,060
Interest income	577	186
Interest expenses	-78	0
Taxes on income	-1,954	-3,664
Earnings before interest and income taxes (EBIT)	**3,483**	**6,778**
Earnings for the period	2,672	5,132
Other earnings for the period	0	0
Comprehensive income for the period (100 %)	**2,672**	**5,132**
Share of comprehensive income for the period	1,336	2,566
Dividends received	**1,300**	**1,200**

The Group also has shares in further joint ventures and associates, which are also accounted for using the equity method; their summarised financial information is presented below:

€ thousand	**31 December 2022**	31 May 2022
100% basis		
Sales	445,886	529,746
Earnings before interest and income taxes (EBIT)	27,960	21,830
Group's total share of:		
Sales	205,344	236,961
Earnings before interest and income taxes (EBIT)	13,518	11,165
Earnings for the period	5,646	6,558
Other earnings for the period	-3,415	7,610
Comprehensive income for the period recognised in the Group	2,231	14,168
Carrying amount of the remaining companies accounted for using the equity method	**107,555**	**102,978**

Of the earnings for the period of €5,646 thousand (prior year: €6,558 thousand), €1,363 thousand (prior year: €3,215 thousand) is attributable to associates and €4,283 thousand (prior year: €3,342 thousand) to joint venture companies. The carrying amount of the other companies accounted for using the equity method in the amount of € 107,555 thousand was allocated in the amount of €51,613 thousand (prior year: €49,522 thousand) to associates and in the amount of €55,942 thousand to joint venture companies (prior year: € 53,456 thousand).

The financial information for all joint ventures and all associates is as follows:

€ thousand	31 December 2022	31 May 2022
100% basis		
Sales	1,237,836	3,092,432
Earnings before interest and income taxes (EBIT)	68,446	63,108
Group's total share of:		
Sales	537,980	1,178,089
Earnings before interest and income taxes (EBIT)	31,958	25,736
Earnings for the period	26,850	23,719
Other earnings for the period	-3,387	11,049
Comprehensive income for the period recognised in the Group	**23,463**	**34,767**

The recognised net assets of all joint ventures and all associates is broken down as follows:

€ thousand	**31 December 2022**	31 May 2022
Carrying amount of BHTC	69,819	59,456
Carrying amount of HBPO	-	36,149
Carrying amount of InnoSenT	25,634	25,598
Carrying amounts of material companies accounted for using the equity method	**95,453**	**121,204**
Proportional net assets of other companies accounted for using the equity method	134,370	133,461
Goodwill, eliminations and impairment	-26,814	-30,483
Carrying amount of the remaining companies accounted for using the equity method	**107,555**	**102,978**
Investments accounted for using the equity method	**203,008**	**224,182**

€ thousand	**31 December 2022**	31 May 2022
Pro rata share of the net assets as at 1 June	**224,182**	**199,170**
Earnings for the period	26,850	23,719
Other earnings for the period	-3,387	11,049
Dividends	-13,166	-10,179
Capital increases/contributions	0	423
Disposals	-31,471	0
Pro rata share of net assets as at 31 May/31 December	**203,008**	**224,182**

In the same period of the prior year, reversals of impairment were recognised in particular for the investment in a Chinese joint venture company in the amount of €6,533 thousand on the basis of improved business expectations.

31 Deferred tax assets / liabilities

The deferred tax assets of €93,411 thousand (prior year: € 89,778 thousand) and the deferred tax liabilities of €42,152 thousand (prior year: €47,771 thousand) mainly relate to differences from the tax balance sheet valuations. Before netting, the current portion of the deferred tax assets and liabilities amounts to €104,839 thousand or €127,625 thousand, respectively (prior year: €113,991 thousand or €118,085 thousand, respectively).

The deferred tax assets and liabilities are broken down as follows:

€ thousand	Deferred tax assets	Deferred tax liabilities	Net deferred taxes as at 31 May 2022
Intangible assets	24,809	90,476	-65,666
Property, plant and equipment	91,015	72,845	18,170
Financial assets	25,550	7,821	17,729
Other non-current assets	166	11,728	-11,562
Receivables	3,082	2,141	940
Inventories	13,842	16,075	-2,234
Other current assets	6,458	27,152	-20,694
Non-current financial liabilities	0	2,059	-2,059
Provisions for pensions and similar obligations	38,740	2,449	36,291
Other non-current provisions	7,939	1,703	6,236
Other non-current liabilities	19,946	34	19,912
Liabilities	6,524	6,328	195
Other liabilities and accruals	72,391	58,256	14,135
Other current liabilities	11,696	8,132	3,563
Subtotal	**322,157**	**307,200**	**14,957**
Tax loss carryforwards	27,050	0	27,050
Netting	-259,429	-259,429	0
Total	**89,778**	**47,771**	**42,007**

There is sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets were recognised was €171,209 thousand as at 31 December 2022 (prior year: €188,287 thousand). Future offsetting against taxable profits is not sufficiently likely. Of this amount, €4,470 thousand (prior year: €10,521 thousand) will expire within the next five years and €166,739 thousand (prior year: €177,766 thousand) thereafter. Unrecognised deferred tax assets on temporary differences amounted to €137,663 thousand as at 31 December 2022 (prior year: €118,549 thousand).

On 31 December 2022, a temporary difference constituting a liability of €0 thousand (prior year: €0 thousand) was recorded in connection with shares in subsidiaries and €10,306 thousand (prior year: €9,365 thousand) in connection with associates and joint venture companies. No deferred tax liabilities were recognised for these differences under IAS 12.39, however, because the subsidiaries' dividend policy is determined by the Group's Management Board. The Group can thus control the reversal of these temporary differences. The Management Board does not expect the temporary differences to be reversed in the foreseeable future.

The amounts of the income tax recognised and disclosed directly in other comprehensive income amounted in the reporting period to -€12,546 thousand (prior year: -€6,756 thousand) for financial instruments used for cash flow hedging, -€1,794 thousand (prior year: €5,458 thousand) for financial instruments held at fair value through profit or loss and -€16,035 thousand (prior year: -€29,018 thousand) for the remeasurement of defined benefit plans.

As at 31 December 2022, deferred tax assets amounting to € 37,382 thousand (previous year: € 28,270 thousand) have been recognised in individual Group companies that reported a tax loss in the current or previous year, resulting from recognised current losses, loss carryforwards and deductible differences. The realisability of these deferred tax assets is considered sufficiently probable in anticipation of future taxable profits.

Recognised in profit or loss	Recognised in other comprehensive income	**Net deferred taxes as at 31 December 2022**	Deferred tax assets	Deferred tax liabilities
-5,210	2,639	**-68,237**	26,552	94,789
-9,704	-2,107	**6,359**	82,790	76,431
2,658	-854	**19,533**	22,862	3,329
-6,265	780	**-17,047**	0	17,047
-1,639	-295	**-994**	2,500	3,494
-979	220	**-2,993**	14,483	17,476
-7,395	-1,519	**-29,609**	6,811	36,420
-1,342	-111	**-3,511**	0	3,511
-3,439	-16,485	**16,367**	18,982	2,615
34,713	-299	**40,650**	51,690	11,039
4,169	19	**24,100**	25,972	1,872
-3,243	-41	**-3,089**	5,925	9,014
-7,828	-12,994	**-6,687**	54,262	60,949
17,087	-66	**20,584**	20,857	273
11,583	**-31,113**	**-4,573**	**333,687**	**338,259**
28,781	0	55,831	55,831	0
0	0	0	-296,107	-296,107
40,365	**-31,113**	**51,259**	**93,411**	**42,152**

32 Other non-current assets

€	31 December 2022	31 May 2022
Receivables from finance leases	27,855	32,163
Other non-current assets	827	2,724
Subtotal of other financial assets	**28,683**	**34,887**
Advance payments	53,555	33,719
Credit balances for insolvency protection of partial retirement schemes	5,254	9,839
Total	**87,492**	**78,444**

See Note 46 for more detailed explanations about receivables from leases.

33 Trade payables

In the fiscal year, there were liabilities to associates, joint venture companies, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Faurecia Group that do not belong to the Hella Group in the amount of €18,775 thousand (prior year: €19,971 thousand).

€ thousand	**31 December 2022**	31 May 2022
Materials and services	1,178,815	899,935
Capital expenditures	137,250	161,924
Related parties	18,775	19,971
with associates, joint ventures and investments	7,337	8,338
with affiliated companies not included in the consolidated financial statements	8,847	11,459
with companies of the Faurecia Group that do not belong to the HELLA Group	2,591	173
Total trade payables	**1,334,840**	**1,081,829**

34 Other liabilities

	31 December 2022		31 May 2022	
€ thousand	Non-current	Current	Non-current	Current
Derivatives	36,128	16,016	57,706	15,929
Other financial liabilities	12,333	223,012	17,567	225,099
Subtotal other financial liabilities	**48,461**	**239,028**	**75,274**	**241,029**
Other taxes	15	37,587	16	45,405
Accrued personnel liabilities	0	146,221	0	196,506
Total	**48,476**	**422,837**	**75,290**	**482,939**

Other financial liabilities include mainly liabilities from outstanding invoices or credit notes in the amount of €210,894 thousand (prior year €221,515 thousand).

35 Provisions

The main components of provisions are presented below:

	31 December 2022		31 May 2022	
€ thousand	Non-current	Current	Non-current	Current
Provisions for post-employment benefits	242,421	50	291,527	355
Other provisions	324,517	227,553	78,183	143,926
Total	**566,938**	**227,603**	**369,710**	**144,281**

Provisions for post-employment benefits

The HELLA Group provides occupational pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability and survivors' pensions. In addition, one company has an old pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through salary conversion. Management is offered a contribution-based scheme through salary conversion, which is financed through employers’ pension liability insurance. Pension plans dating from 2009 onwards are fully reinsured with matching cover and are recognised as contribution-based schemes. Older pension plans, dating from before 2009, are recognised as defined benefit plans.

The companies continue to remain liable for fulfilment of the pension liabilities assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and the corresponding trust assets will be included on a net basis in the consolidated balance sheet.

In the UK and the Netherlands, no new entitlements will be acquired in the former defined benefit pension systems. The accrued benefits will be financed through insurance policies. A contribution-based plan has been introduced for the actively contributing plan members in the Dutch company to set up future pension entitlements. For the UK plan, the insurance policies were transferred to the plan participants in the short fiscal year, so that the plan will no longer be accounted for in the future ("buy-out").

Besides these systems, whose benefits are mostly paid on an annuity basis, employees of the companies in Mexico, Korea and India receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Slovenia and France receive a single capital payment on retirement based on their salary. In Italy and Turkey, capital is paid out at the end of the employment contract, irrespective of the reason for termination.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of what are referred to as defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

€ thousand	**31 December 2022**	31 May 2022
Defined Benefit Obligation (DBO) at end of fiscal year	342,813	400,972
Fair value of plan assets at the end of the fiscal year	-100,857	-109,090
Recognised amount	**242,471**	**291,882**

The amounts carried are made up of the following balance sheet items:

€ thousand	**31 December 2022**	31 May 2022
Assets from covered pension plans	-1,952	-516
Pension provisions	220,453	262,200
Other provisions for post-employment benefits	23,970	30,198
Sum of the individual amounts	**242,471**	**291,882**

Asset cover for the pension provisions was as follows:

	31 December 2022		31 May 2022	
€ thousand	Present value	Plan assets	Present value	Plan assets
Without asset cover	241,339	0	287,169	0
At least partial asset cover	101,474	100,857	113,803	109,090
Total	**342,813**	**100,857**	**400,972**	**109,090**

Change in the present value of pension liabilities:

€ thousand	**31 December 2022**	31 May 2022
DBO at the beginning of the fiscal year	**400,972**	**502,916**
Current service cost	7,164	12,563
Interest expense	5,895	5,388
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	58	18
Actuarial gains (-)/losses (+) due to changes in financial assumptions	-54,801	-103,231
Actuarial gains (-)/losses (+) due to changes in experience-based assumptions	-2,322	-10
Pension payments	-14,022	-13,135
Payments for plan settlements	0	-3,158
Change of the scope of consolidation	0	-1,727
Currency effects	-131	1,348
DBO at end of fiscal year	**342,813**	**400,972**

Development of plan assets:

€ thousand	**31 December 2022**	31 May 2022
Fair value of plan assets at the beginning of the fiscal year	**109,090**	**128,043**
Interest income from plan assets	1,495	1,318
Actuarial gains (+)/losses (-) from plan assets	-6,326	-10,384
Employer contributions	796	1,599
Pension payments from plan assets	-4,580	-8,216
Payments for plan settlements	0	-3,158
Administrative costs	-1	-292
Currency effects	-1	180
Fair value of plan assets at the end of the fiscal year	**100,342**	**109,090**

The pension cost of the pension plans is broken down as follows:

€ thousand	**31 December 2022**	31 May 2022
Current service cost	7,164	12,563
Administrative costs	1	292
Net interest expense	4,400	4,070
Expense for defined benefit plans recognised in the consolidated earnings for the period	11,565	16,925
Actuarial gains (-)/losses (+) from scope of obligations	-57,065	-103,223
Actuarial gains (-)/losses (+) from the plan assets	6,326	10,384
Income (-)/ expense (+) from revaluation recognised in other comprehensive income	**-50,739**	**-92,839**
Expense for defined benefit plans recognised in comprehensive income	**-39,174**	**-75,914**

Development of the balance sheet amounts

€ thousand	31 December 2022	31 May 2022
Balance sheet amount at the beginning of the fiscal year	**291,882**	**374,873**
Service costs	7,165	12,855
Net interest expense	4,400	4,070
Expense from remeasurement recognised in other comprehensive income	-50,739	-92,839
Pension payments	-9,442	-4,919
Employer contributions	-796	-1,599
Change of the scope of consolidation	0	-1727
Currency effects	1	1,168
Balance sheet amount at the end of the fiscal year	**242,471**	**291,882**

Actuarial gains/losses recognised in equity:

€ thousand	31 December 2022	31 May 2022
Actuarial gains (+) / losses (-) at the beginning of the fiscal year	**-67,172**	**-160,845**
Actuarial gains (+)/losses (-) during the fiscal year	50,739	92,839
Change of the scope of consolidation	0	320
Currency effects	44	-185
Other changes	0	699
Actuarial gains (+)/losses (-) at the end of the fiscal year	**-16,389**	**-67,172**

The present value was measured on the basis of the following assumptions:

	Germany		International	
	31 December 2022	31 May 2022	**31 December 2022**	31 May 2022
DBO (in € thousand)	314,706	369,854	28,151	31,118
Discount rate (in %)	3.84	2.63	6.51	4.93
Wage and salary trend (in %)	3.00	3.00	4.48	4.29
Pension trend (in %)	2.20	2.00	0.00	0.00

The cost of the pension plans was calculated on the basis of the following assumptions at the start of the year:

	Germany		International	
Weighted average in %	**2022**	2021/2022	**2022**	2021/2022
Discount rate	2.30	0.96	4.74	2.70
Wage and salary trend	3.00	3.00	4.29	3.79
Pension trend	2.00	1.75	0.00	2.80

The discount rate was determined in 2022 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the defined benefit obligation of the defined benefit pension liabilities would have changed at the balance sheet date if individual key assumptions had varied. The change was determined by a corresponding remeasurement of the portfolio.

€ thousand		**31 December 2022**	31 May 2022
Discount rate	+ 0.5 percentage points	-6.0 %	-7.0 %
	-0.5 percentage points	6.8 %	8.0 %
Pension dynamics	+ 0.5 percentage points	4.3 %	5.0 %
	-0.5 percentage points	-4.0 %	-4.6 %
Salary dynamics	+ 0.5 percentage points	0.2 %	0.2 %
	-0.5 percentage points	-0.2 %	-0.2 %
Death rate	+ 10 percentage points	-2.4 %	-2.7 %
	-10 percentage points	2.6 %	3.1 %

The average duration of the defined benefit obligations, weighted on the basis of the present values, is 13 years (prior year: 15 years).

Breakdown of plan assets:

€ thousand	**31 December 2022**	31 May 2022
Shares	6.19 %	7.06 %
Bonds	19.19 %	20.91 %
Insurance	72.93 %	70.54 %
thereof: no price quotation in an active market	72.93 %	70.54 %
Cash and cash equivalents	1.69 %	1.49 %
Total investment types	**100.00 %**	**100.00 %**

The domestic plan assets are largely managed by a pension fund and reinsurance policies. Proper management and use of the trust assets is supervised by external trustees. The pension fund and the insurance companies are also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any own financial instruments or assets used by the Group itself.

The actual expenses from pension assets amounted to €4,831 thousand in the past fiscal year (prior year: income of €9,066 thousand).

The probable contributions for defined benefit pension plans for the year 2023 are €1,382 thousand (prior year €2,042 thousand).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

€ thousand	
2023	25,736
2024	15,942
2025	16,642
2026	16,971
2027	17,150
Total of the years 2028 to 2032	104,278

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. Expenses in the fiscal year just ended amounted to €64,434 thousand (prior year: €99,715 thousand). These expenses also include contributions to public pension insurance funds outside HELLA GmbH & Co. KGaA, which total €55,390 thousand (prior year: €89,045 thousand) for the short fiscal year.

Other provisions

€ thousand	31 May 2022	Additions	Reversals	Compounding	Other	Utilisation	**31 December 2022**
Severance commitments	33,132	3,420	-250	0	2	-13,655	22,648
Partial retirement programme	42,647	11,182	-34	646	-4,069	-10,761	39,610
Profit-sharing and other bonuses	30,442	16,082	-6,933	317	-1,614	-8,549	29,745
Warranty obligations	45,566	38,436	-6,688	347	-843	-17,574	59,243
Losses from supply and selling arrangements	43,463	327,459	-2,405	902	445	-10,275	359,589
Other provisions	26,860	23,786	-4,058	0	-771	-4,582	41,235
Total	**222,108**	**420,365**	**-20,369**	**2,211**	**-6,849**	**-65,396**	**552,070**

HELLA is exposed to product liability claims in which the Company may be accused of violating its duties of care, breaches of warranty obligations or material defects. In addition, claims may be asserted from breaches of contract due to recalls or government proceedings. HELLA has taken out insurance policies for such risks, the scope of which is deemed appropriate from a commercial point of view.

Provisions for warranty obligations comprise burdens for specific individual cases in the segments Electronics and Lighting, in particular, for which the current portion amounts to €26,413 thousand (prior year: €27,075 thousand).

Insurance refunds expected in connection with warranty claims are recognised under other receivables and non-financial assets, and amounted to €3,118 thousand in the reporting period (prior year: €5,794 thousand).

Provisions for losses from supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected. The increase is due in particular to customer contracts in the Lighting segment. Despite the positive development of the economy as a whole, HELLA is also affected by the rising costs of energy and raw materials. The ability to pass on cost increases to customers varies across the segments. It was therefore necessary to form provisions for onerous contracts for some of the series supply contracts in the Lighting segment. Of the total provisions for onerous contracts of €320,748 thousand (prior year: €0 thousand), €73,265 thousand constitutes current provisions with a maturity of less than one year. The remaining €247,438 thousand was classified as non-current provisions with a maturity of more than one year.

The allocations to provisions for severance pay and partial retirement relate to restructuring measures in Germany which were agreed in the current short fiscal year, while the consumption of the provisions for severance pay relate to the restructuring measures in Germany which were agreed from September 2019 onwards.

The outstanding obligations to the provisions for severance pay are expected as outflows to a large extent in the next 24 months and the outflows to the partial retirement provisions in the next 36 months.

The profit-sharing provisions and other bonuses relate to the remuneration components of the Management Board and other employees of HELLA.

Expected charges against third parties for specific compensation claims from recent transactions were recognised in the remaining provisions.

Changes from currency translation are reported under "Other".

€ thousand	**31 December 2022**	31 May 2022
Present value of obligation	81,356	80,324
Fair value of plan assets	-41,746	-37,677
Provision for partial retirement programme	**39,610**	**42,647**

The provision for partial retirement programmes corresponds to the present value of the obligation on the balance sheet date less the fair value of plan assets on the balance sheet date. A discount rate of 1.78% was applied (prior year: -0.01%). The deducted plan assets are pledged securities. The change in the fair value of the plan assets is recognised under "Other" in the provisions table; in doing so, the change resulted in an important additional transfer.

36 Financial liabilities

Current financial liabilities maturing within a year amount to €253,861 thousand (31 May 2022: €215,602 thousand) and include a loan of €117,195 thousand (31 May 2022: €116,681 thousand) denominated in US dollars and maturing on 29 January 2023. Also included are current financial liabilities of €12,757 thousand to a factoring company (31 May 2022: € 0 thousand) and a current portion from finance leases of €33,626 thousand (31 May 2022: € 32,521 thousand).

Non-current financial liabilities come to €1,174,952 thousand (31 May 2022: €1,173,923 thousand) and comprise two bonds. The first bond of €299,734 thousand (31 May 2022: €299,627 thousand) with a nominal volume of €300,000 thousand and an interest rate of 1.0% has a term ending on 17 May 2024. The second bond was issued on 3 September 2019 and has a seven-year term, lasting until 26 January 2027. It has a value of €499,046 thousand (31 May 2022: €498,913 thousand) with a nominal volume of €500,000 thousand and an interest rate of 0.5%. Financial liabilities also include €85,312 thousand (31 May 2022: €87,362 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and a loan of €78,753 thousand (31 May 2022: €81,387 thousand) denominated in yen with a 30-year maturity, both of which are fully currency-hedged to a value totalling €175,177 thousand (31 May 2022: €175,177 thousand). Also included is a loan of €70,317 thousand (31 May 2022: €70,008 thousand) denominated in US dollars and maturing on 29 January 2026. Capital from profit participation certificates of €5,000 thousand (31 May 2022: €5,000 thousand) and finance lease liabilities amounting to €136,675 thousand (31 May 2022: €131,412 thousand) are also recognised.

In September 2022, HELLA negotiated a new syndicated credit facility amounting to €450 million and an increase option of €150 million. The previous syndicated credit facility of €450 million with a term until June 2023 was terminated by HELLA in September 2022. The new facility was concluded with a syndicate of international banks and has a term of three years (including two extension options of one year each) until September 2025. In the event of a loss of the investment grade rating, the continued existence of the new syndicated credit facility is not at risk and it will remain in place, unlike the previous syndicated credit facility. The banks would only have a special right of termination in the event of the entry of a squeeze-out or a domination agreement in the commercial register.

€ thousand	**31 December 2022**	31 May 2022
Cash and cash equivalents	1,285,924	576,129
Financial assets (current)	185,780	426,611
Current financial liabilities	-253,861	-215,602
Non-current financial liabilities	-1,174,952	-1,173,923
Net financial debt (-) / net financial liquidity (+)	**42,890**	**-386,785**

37 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the "Subscribed capital" item. The nominal capital amounts to €222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers one voting right and a right to dividends if distributions are agreed.

In addition to "Other retained earnings/profit carried forward" and the capital reserve, "Reserves and unappropriated surplus" include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for the financial instruments from the available-for-sale category (IAS 39) and/or the reserve for debt capital instruments (IFRS 9).

Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of €50,739 thousand were recognised during the reporting period (prior year: losses before taxes of €92,839 thousand). The change in value of the defined benefit liabilities and/or the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 3.84% at the end of December 2022 (May 2022: 2.63%).

After the Annual General Meeting on 30 September 2022, dividends totalling €54,444 thousand (€0.49 per no-par value share) were distributed to owners of the parent company. No dividends were paid to non-controlling interests during the period.

The objective of the Group is to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming to not exceed a ratio of 1.0 for net financial debt to reported earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. As at 31 December 2022, the Group reported a net financial assets (thus exceeding the criterion). The ratio was 0.5 on 31 May 2022.

38 Notes to the cash flow statement

As was the case in the prior year, the cash funds are solely made up of cash and cash equivalents.

In the current reporting period, write-downs of €264,647 thousand (prior year: €424,921 thousand) were recognised and, in the opposite direction, write-ups of €278,154 thousand (prior year: €0 thousand).

The change in provisions in the current fiscal year was significantly influenced by provisions for losses from delivery and sales obligations. The increase is due in particular to customer contracts in the Lighting segment, for which provisions for onerous contracts had to be recognised due to increased costs. The other non-cash income and expenses and cash flows not attributable to operating activities reported for the fiscal year in the cash flow statement essentially include the sale of the shares in the associate Hella Behr Plastic Omnium (HBPO) less derecognised assets in the amount of -€250,367 thousand, the earnings from investments accounted for using the equity method and valuation effects of investments, while the prior year includes non-cash income and expenses from the valuation of investments and the earnings from investments accounted for using the equity method.

The cash inflow from the sale of HBPO amounting to €281,667 thousand is attributable to investing activities. A dividend payment received in the amount of €8,333 thousand must also be added to the transaction, so that in total an inflow of €290,000 thousand is recorded.

As a result of the factoring programme introduced in the current short fiscal year, the Group received €206,707 thousand in cash, of which €194,023 thousand had a positive effect on the change in trade receivables and other assets not attributable to investing or financing activities through the sale of receivables, and €12,683 thousand was reported as an addition to current financial liabilities to the factoring company.

The current reporting short includes cash inflows from the sale of securities amounting to €240,986 thousand (prior year: €19,552 thousand).

After the Annual General Meeting on 30 September 2022, dividends totalling €54,444 thousand (€0.49 per no-par value share) were distributed to owners of the parent company. In the previous reporting period, dividends totalling €106,667 thousand (€0.96 per no-par value share) were distributed to owners of the parent company. Dividends received only include dividends from associates.

In the previous reporting period payments of €18,084 thousand were made to acquire 10 % of the corporate shares in the tech company Gapwaves, and additional payments of €14,513 thousand were made to acquire shares as part of venture capital activities. Furthermore, disposals of shares as part of venture capital activities resulted in revenues of €14,102 thousand.

The following table shows the (net) changes in the total current and non-current financial liabilities and thus represents the non-cash changes of the line items, in addition to the cash flow statement.

The column "Factoring" contains financial liabilities to a factoring company. The "Other changes" row primarily contains non-cash changes to the fair value.

€ thousand		**Bonds**	**Loans**	**Lease Liabilities**	**Factoring**	**Other financial liabilities**	**Total financial liabilities**
As at:	**31 May 2021**	**889,451**	**260,556**	**133,522**	**0**	**34,988**	**1,318,518**
Cash changes	(Net) changes	-8,746	-9,125	-34,852	0	10,401	-42,322
Non-cash changes	New lease agreements	0	0	55,444	0	0	55,444
	Changes in the scope of consolidation	0	0	-1,901	0	0	-1,901
	Effect of exchange rate fluctuations	-2,331	35,372	8,483	0	3,358	44,882
	Other changes	9,143	2,452	3,237	0	73	14,905
As at:	**31 May 2022**	**887,517**	**289,256**	**163,934**	**0**	**48,819**	**1,389,525**
Cash changes	(Net) changes	-1,464	-15,518	-22,279	12,683	27,306	728
Non-cash changes	New lease agreements	0	0	26,142	0	0	26,142
	Effect of exchange rate changes	-2,050	4,247	44	74	-2,496	-182
	Other changes	5,163	5,028	2,462	0	-52	12,601
As at:	**31 December 2022**	**889,166**	**283,013**	**170,301**	**12,757**	**73,576**	**1,428,814**

39 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. It is however reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from operating activities – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments is used for this purpose and adjusted for non-recurring cash flows.

The following information for the current fiscal year relates to the short fiscal year from 01 June 2022 to 31 December 2022. The prior year's figure includes the period from 01 June 2021 to 31 May 2022.

In the reporting short fiscal year 2022, the free cash flow from operating activities was adjusted for a net cash inflow totalling €162,760 thousand (prior year: €54,052 thousand). The components contained therein are presented in detail below.

In the current reporting period, the cash inflow from the sale of receivables in the amount of €194,023 thousand (prior year: €0 thousand) was adjusted in the free cash flow from operating activities, as it is a one-off effect with the introduction of the factoring programme.

In this reporting period, free cash flow from operating activities was likewise adjusted for payments made for restructuring measures amounting to €27,004 thousand (prior year: €53,647 thousand). In recent years, HELLA has invested in start-ups that are a good strategic fit for Hella via a corporate venture company. As these transactions are related to the acquisition and disposal of investments, the components included in the earnings are adjusted. In this reporting period, free cash flow from operating activities was adjusted for payments in conjunction with the aforementioned capital expenditures amounting to €3,999 thousand (prior year: €405 thousand).

HELLA sold the shares in HBPO Beteiligungsgesellschaft mbH, a joint venture in the current short fiscal year. To ensure consistent comparability with other periods, the free cash flow from operating activities in the current reporting period was adjusted for transaction costs of €260 thousand, while the payments received from the sale less a dividend payment received were reported outside the free cash flow from operating activities as part of the net cash flow from investing activities.

The performance of the adjusted free cashflow from operating activities for the fiscal years 2022 and 2021/2022 is shown in the following tables:

€ thousand	2022 as reported	Adjustment	Sub total	Factoring	2022 adjusted
Earnings before income taxes (EBT)	**358,015**	**-160,704**	197,311	0	**197,311**
Depreciation, amortisation, impairment losses and reversals of impairment losses	-13,507	265,326	251,819	0	251,819
Change in provisions	335,744	-319,047	16,697	0	16,697
Other non-cash income and cash flows not attributable to operating activities	-277,692	239,209	-38,483	0	-38,483
Losses / profits from the sale of property, plant and equipment and intangible assets	1,768	0	1,768	0	1,768
Net financial result	24,733	0	24,733	0	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	5,530	6,581	12,111	-194,023	-181,912
Change in inventories	-40,827	0	-40,827	0	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	263,403	-102	263,302	0	263,302
Tax refunds received	7,156	0	7,156	0	7,156
Taxes paid	-39,811	0	-39,811	0	-39,811
Dividends received	13,463	0	13,463	0	13,463
Net cash flow from operating activities	**637,976**	**31,263**	**669,240**	**-194,023**	**475,217**
Cash receipts from the sale of property, plant and equipment	7,604	0	7,604	0	7,604
Cash receipts from the sale of intangible assets	3,230	0	3,230	0	3,230
Payments for the purchase of property, plant and equipment	-309,091	0	-309,091	0	-309,091
Payments for the purchase of intangible assets	-94,191	0	-94,191	0	-94,191
Free cash flow from operating activities	**245,529**	**31,263**	**276,792**	**-194,023**	**82,769**

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Earnings before income taxes (EBT)	**254,021**	**499**	**254,520**
Depreciation and amortisation	424,921	-652	424,269
Change in provisions	-32,503	31,502	-1,000
Other non-cash income and cash flows not attributable to operating activities	-58,720	24,304	-34,416
Losses/profits from the sale of property, plant and equipment and intangible assets	7,499	0	7,499
Net financial result	24,300	-4	24,296
Change in trade receivables and other assets not attributable to investing or financing activities	-156,311	0	-156,311
Change in inventories	-191,066	0	-191,066
Change in trade payables and other liabilities not attributable to investing or financing activities	48,055	-1,244	46,810
Tax refunds received	28,186	0	28,186
Taxes paid	-65,792	0	-65,792
Dividends received	9,881	0	9,881
Net cash flow from operating activities	**292,472**	**54,405**	**346,877**
Cash receipts from the sale of property, plant and equipment	14,379	-354	14,025
Cash receipts from the sale of intangible assets	6,460	0	6,460
Payments for the purchase of property, plant and equipment	-435,586	0	-435,586
Payments for the purchase of intangible assets	-144,899	0	-144,899
Free cash flow from operating activities	**-267,173**	**54,052**	**-213,122**

40 Information on related party relationships

HELLA GmbH & Co. KGaA and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with associates, joint ventures and companies in which shares are held; these are classified as related parties under IAS 24. In addition, business relationships with the Faurecia Group have been reported as related parties since February 2022 if these companies are not part of the HELLA Group. Corresponding disclosures are made for expenses and income.

There were supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates, joint ventures, non-consolidated affiliates and Faurecia entities. The outstanding items from the purchase or sale of goods and services between companies in the scope of consolidation and associates, joint ventures, non-consolidated affiliates and Faurecia entities are presented under the respective items. For further information on goods and services, see Chapters 24 and 33.

Members of the management in key positions at HELLA GmbH & Co. KGaA include the Management Board as well as members of the Shareholder Committee and the Supervisory Board.

These individuals, immediate members of their families, and the companies they jointly or individually control are considered to be related parties under IAS 24.

The following transactions were made with related parties:

€ thousand	**2022**	2021/2022
Income from the sale of goods and services	**155,941**	**221,167**
with associates	114,153	177,953
with joint ventures	15,411	24,714
with affiliated companies not included in the consolidated financial statements	283	227
Faurecia Group	29,250	14,258
Management in key positions:	29	3,793
Companies controlled by management in key positions	90	222
Expenses from the purchase of goods and services	**61,787**	**82,739**
with associates	0	872
with joint ventures	44,422	52,588
with investments	820	1,321
with affiliated companies not included in the consolidated financial statements	16,545	27,505
Faurecia Group	2,667	0
Management in key positions:	0	0
Companies controlled by management in key positions	167	453

** Advisory activities were carried out with the prior consent of the Supervisory Board pursuant to Section 114 of the German Stock Corporation Act (AktG).*

Business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals. Income generated with members of the management in key positions or with companies they control mainly concerns the shipments of goods, while the expenses are related to shipments of goods, rental expenses and other services.

For assuming personal liability in its role as General Partner, Hella Geschäftsführungsgesellschaft mbH receives liability remuneration of €1 thousand (prior year: €1 thousand). Moreover, the entity is entitled to reimbursement by HELLA GmbH & Co. KGaA for all of the expenses arising in connection with the management of the Company's business activities, including the remuneration of the corporate bodies.

Remuneration for management in key positions:

€ thousand	2022	2021/2022
Current benefits	7,507	7,624
Post-employment benefits	542	2,149
Other non-current benefits	967	617
Share-based payment	5,709	2,239
Termination benefits	2,770 *	5,911
Total	**17,495**	**18,540**

** Includes the severance payments to be paid in the 2023 financial year for two managing directors following the mutually agreed termination of the respective managing directors' contracts*

The following table shows the total remuneration of the corporate bodies (Section 314 (1) (6a)) of the German Commercial Code (Handelsgesetzbuch – HGB) for the short fiscal year 2022 and the respective prior-year figures:

Total remuneration paid to the management bodies:

€ thousand	2022	2021/2022
Total remuneration paid to the active institution members	**13,387**	**18,107**
Management Board	12,068	15,976
Supervisory Board	599	981
Shareholder Committee	720	1,150
Total remuneration paid to the former institution members and their surviving dependants	**6,474**	**973**
Management Board	6,474	973
Supervisory Board	0	0
Shareholder Committee	0	0

Remuneration of the active members of the Management Board

The expenses for the remuneration of active members of the Management Board recognised in accordance with IFRS in the short fiscal year 2022 amounted to €16,176 thousand (prior year: €16,409 thousand). The members of the Management Board receive an annual fixed salary paid in 12 monthly instalments, the appropriateness of which is reviewed annually. It amounted to a total of €1,948 thousand for all active members of the Management Board in the short fiscal year 2022 (prior year: €3,920 thousand). In addition, active members of the Management Board receive benefits in kind and other fringe benefits, short-term variable remuneration (STI), long-term variable remuneration (LTI) and pension commitments. The remuneration in kind and other fringe benefits of the members of the Management board active in the reporting period totalled an equivalent value of €76 thousand (prior year: €147 thousand) in the short fiscal year 2022. Benefits in kind were measured on the basis of actual cost. These mainly consist of the private use of a company car, the assumption of service-related accommodation and travel costs, and inclusion in the Group's directors and officers liability insurance (D&O insurance).

The expense recognised under IFRS for short-term variable remuneration (STI) in the short fiscal year

2022 totalled €4,164 thousand for all active members of the Management Board (prior year: €1,427 thousand), and the provision for this totalled €4,164 thousand as at 31 December 2022 (prior year: €1,260 thousand). The short-term variable remuneration is granted as an annual cash bonus as a multiple of the annual fixed salary depending on the degree of achievement of certain targets. These targets are composed of operational key performance indicators (currently EBT and OFCF) and special (prioritised) targets, which in turn consist of collective/team targets (including ESG-related targets) and individual targets and are redefined annually.

The long-term variable remuneration (LTI) for the past short fiscal year is share-based and paid out in cash following a five-year calculation period on the basis of the share price development and Group-specific performance targets (RoIC and EBT margin). An LTI base amount is allocated for the first fiscal year of the calculation period, the amount of which depends on the RoIC achieved. Over the four following years of the period, the three aforementioned target figures are compared annually with the values of the first fiscal year. One fifth each of the partial amount determined in this way are added to the amount paid out, along with the LTI base amount. The expenses were determined using a suitable option pricing model (Monte Carlo simulation). The total remuneration paid to the Management Board includes the share-based LTI with the fair value at the time of granting, amounting to €4,970 thousand. The provision for the share-based remuneration amounts to €7,948thousand (prior year: €4,056 thousand).

Up to and including the fiscal year 2019/2020 as the base fiscal year, the long-term variable remuneration (LTI) was still granted on a non-share basis, i.e. without taking into account the development of the share price, and was determined over a calculation period of four years. In some cases, partial settlement amounts are not determined pro rata, but only a comparison of RoIC and EBT margin between the base fiscal year and the last fiscal year of the calculation period is carried out. For one Management Board member, the share-based calculation of the LTI had already started with the fiscal year 2019/2020 as the base fiscal year. The expense recognised under IFRS for non-share-based long-term variable remuneration in the short fiscal year 2022 totalled €967 thousand for all active members of the Management Board (prior year: €617 thousand) and the provision for this totalled €1,055 thousand as at 31 December 2022 (prior year: €585 thousand).

If a Management Board member terminates their service agreement or if the service agreement ends for a compelling reason as defined in Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) for which the Management Board member is responsible, any claims to not yet paid out LTI remuneration will lapse. In the event of termination of the service agreement for other reasons, there may be a pro rata reduction of the LTI tranches whose calculation period has not yet expired at the time of termination.

In addition, the Company grants pension commitments within the framework of a defined contribution capital account system, into which a percentage (40% or 50% in the case of the President & CEO) of the annual fixed salary is allocated each year as a financial contribution. The members of the Management Board also have the option of making optional payments by way of deferred compensation. Upon pension eligibility arising, the accrued capital is paid either in a single lump sum or – subject to the Company's approval – in instalments over a maximum period of eight years. As a general rule, the capital account is closed on 31 May of the year following the member of the Management Board's 58th birthday. Eligibility for payment only arises once the member of the Management Board has left the Company. This period may be extended at the member of the Management Board's request and is subject to the Company's approval.

The defined benefit obligation for liabilities from the defined contributions capital account system for active members of the Management Board was €14,513 thousand on 31 December 2022 (prior year: €20,135 thousand). The financing contributions structured in the form of investment fund units and pledged to the active beneficiaries were valued at €1,395 thousand as of the balance sheet date (prior year: €1,755 thousand).

In certain circumstances, members of the Management Board may be entitled to severance payments. If the Company revokes the appointment of a member of the Management Board prior to the date of expiry of the service agreement, the service agreement may be terminated prematurely for cause. One member of the Management Board also has a special right of termination until 30 June 2024 as a result of the takeover of the company by FORVIA Germany GmbH (formerly Faurecia Participations GmbH) in the past fiscal year. In all these cases in which the service agreement is terminated for compelling reasons for which the member of the Management Board is not responsible, they are entitled to a severance payment of two times their annual remuneration or, if the residual term of the service agreement is less than two years, an amount reduced on a pro-rata basis. Two members of the Management Board also entered into individual severance agreements as part of termination agreements with the company in the past short fiscal year. The provisions for severance payments to be paid to members of the Management Board totalled €2,770 thousand (prior year €5,911 thousand) as at the balance sheet date.

Remuneration of the former members of the Management Board

There are provisions for the pension liabilities towards former members of the Management Board and their surviving dependants coming to €11,080 thousand (prior year: €13,233 thousand). This was transferred to Allianz Pensionsfonds AG in the amount of €2,802 thousand (prior year: €3,311 thousand). The net obligation of the share transferred to Allianz Pensionsfonds AG comes to €-44 thousand (prior year: €229 thousand). The defined benefit obligation from the defined contributions capital account system towards former members of the Management Board and their surviving dependants is €7,894 (prior year: €6,454 thousand). The financing contributions structured in the form of investment fund units and pledged to the beneficiaries in this group were valued at €7,665 thousand as at the balance sheet date (prior year: €8,535 thousand).

Pension payments to former members of the Management Board and their surviving dependants came to €505 thousand (prior year: €900 thousand). The total remuneration paid to former members of the Management Board came to €6,474 thousand in the short financial year 2022 (prior year: €973 thousand), which comprised mainly of LTI instalments payable for prior years, severance payments and payments under liabilities.

Remuneration of the members of the Supervisory Board

The expense recognised under IFRS for the remuneration of the members of the Supervisory Board (fixed remuneration and committee work) totalled €599 thousand for the short fiscal year 2022 (prior year: €981 thousand). Of this amount, €528 thousand (prior year: €858 thousand) is attributable to fixed remuneration and €70 thousand (prior year: €123 thousand) to committee work. Variable remuneration is not provided for in the remuneration system for the Supervisory Board. The employee representatives on the Supervisory Board receive remuneration in line with the market.

Remuneration of the members of the Shareholder Committee

The expense recognised under IFRS for the remuneration of the members of the Shareholder Committee totalled €720 thousand plus VAT for the short fiscal year 2022 (prior year: €1,150 thousand plus VAT). The entire amount is accounted for by fixed remuneration; variable remuneration or remuneration for committee work is not provided for in the remuneration system for the Shareholder Committee.

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholder Committee.

See the remuneration report for details on the remuneration systems for the Management Board of HELLA Geschäftsführungsgesellschaft mbH and the members of the Supervisory Board and the Shareholder Committee of HELLA GmbH & Co. KGaA.

41 Declaration of Conformity with the Corporate Governance Code

On 07 March 2023, the General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA (the "Company") approved a joint Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) which states that the recommendations of the German Corporate Governance Code have been and will be complied with as well as which recommendations have not been or are not being applied. This version has been made permanently accessible on the Company's website at www.hella.de/declarationofconformity.

42 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at 31 December 2022 and 31 May 2022 are set out below.

€ thousand	Measurement category under IFRS 9	**Carrying amount 31 December 2022**	**Fair value 31 December 2022**	Carrying amount 31 May 2022	Fair value 31 May 2022	Fair value hierarchy
Cash and cash equivalents	Amortised cost	1,285,924	1,285,924	576,129	576,129	
Trade receivables	Amortised cost	1,012,367	1,012,367	1,071,974	1,071,974	
Financial assets						
Equity instruments	FVPL	0	0	133,674	133,674	Level 1
Debt capital instruments	FVOCI	154,791	154,791	263,045	263,045	Level 1
Loans	Amortised cost	19,635	19,635	12,052	12,052	
Other bank balances	Amortised cost	11,355	11,355	17,840	17,840	
Other financial assets						
Derivatives designated as hedging instruments	n.a.	30,692	30,692	14,601	14,601	Level 2
Derivatives not designated as hedging instruments	FVPL	1,593	1,593	345	345	Level 2
Other receivables associated with financing activities	Amortised cost	43,467	43,467	35,855	35,855	
Current financial assets		**2,559,822**	**2,559,822**	**2,125,515**	**2,125,515**	
Financial assets						
Equity instruments	FVPL	65,928	65,928	79,291	79,291	Level 3
Debt capital instruments	FVPL	27,973	27,973	39,902	39,902	Level 2
Loans	Amortised cost	128	128	129	129	Level 2
Other receivables associated with financing activities	Amortised cost	40	40	36	36	Level 2
Other financial assets						
Trade receivables	Amortised cost	28,683	28,683	34,887	34,887	Level 2
Non-current financial assets		**122,752**	**122,752**	**154,245**	**154,245**	
Financial assets		**2,682,574**	**2,682,574**	**2,279,759**	**2,279,759**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	220,235	220,235	183,081	183,081	
Trade payables	Amortised cost	1,334,840	1,334,840	1,081,829	1,081,829	
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	14,628	14,628	13,680	13,680	Level 2
Derivatives not designated as hedging instruments	FVPL	1,388	1,388	2,250	2,250	Level 2
Other financial liabilities	Amortised cost	223,012	223,012	225,099	225,099	
Current financial liabilities		**1,794,103**	**1,794,103**	**1,505,939**	**1,505,939**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	154,184	173,142	156,609	186,091	Level 2
Bonds	Amortised cost	884,093	784,496	885,902	824,584	Level 1
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	23,493	23,493	49,102	49,102	Level 2
Derivatives not designated as hedging instruments	FVPL	12,635	12,635	8,604	8,604	Level 2
Other financial liabilities	Amortised cost	12,333	12,333	17,567	17,567	
Non-current financial liabilities		**1,086,738**	**1,006,099**	**1,117,784**	**1,085,948**	
Financial liabilities		**2,880,841**	**2,800,202**	**2,623,723**	**2,591,887**	

€ thousand	**Carrying amount 31 December 2022**	**Fair value 31 December 2022**	Carrying amount 31 May 2022	Fair value 31 May 2022
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	95,494	95,494	253,212	253,212
Amortised cost	2,401,598	2,401,598	1,748,902	1,748,902
FVOCI	154,791	154,791	263,045	263,045
Financial liabilities				
Amortised cost	2,828,696	2,748,057	2,550,087	2,518,251
FVPL	14,024	14,024	10,854	10,854

Notes on the abbreviations used:
FVPL: Fair Value through Profit or Loss.

FVOCI: Fair Value through Other Comprehensive Income, with reclassification to profit or loss.

The valuation technique used for financial assets and financial liabilities measured at fair value depends on the available inputs. If quoted prices can be accessed for identical assets in active markets, those prices are used to measure fair value (Level 1). If this is not possible, fair value is measured using the fair values of comparable market transactions as well as financial methods based on observable market data (Level 2). Fair values not based on observable market data are measured using generally recognised financial modelling methods or observable achievable prices from recent qualified funding rounds while taking account of the entity's life and development cycle (Level 3).

The Group reports possible transfers between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred. As in the prior year, no transfers were made between different levels of the fair value hierarchy during the current 2022 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions and loans. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised at FVPL and measured at € 65,928 thousand (prior year: €79,921 thousand).

Pledged collateral

As at 31 December 2022, interest-bearing investments of €47,000 thousand (prior year: €47,000 thousand) were pledged to a trustee as statutory insolvency protection for partial retirement fund assets. These are netted at the settlement amount of the partial retirement obligation against the obligations from partial retirement.

The following table shows the net result from financial instruments for each IFRS 9 measurement category for the short fiscal year 2022:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	**2022**
Financial assets FVPL	123	52	-6,558	476	-5,908
Financial assets FVOCI – write-off	214	0	-283	1,137	1,068
Financial assets amortised cost	6,247	0	0	-3,537	2,711
Financial liabilities amortised cost	-19,369	0	0	2,406	-16,963
Total	**-12,785**	**52**	**-6,842**	**482**	**-19,092**

The following table shows the net result from financial instruments for each IFRS 9 measurement category for fiscal year 2021/2022:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	**2021/2022**
Financial assets FVPL	194	1,396	-9,730	4,697	-3,442
Financial assets FVOCI – write-off	402	0	333	400	1,135
Financial assets amortised cost	6,517	0	0	8,882	15,399
Financial liabilities amortised cost	-24,255	0	0	-11,543	-35,798
Total	**-17,141**	**1,396**	**-9,397**	**2,436**	**-22,706**

Net profit/loss per measurement category

When determining the net result from financial instruments, value adjustments and value recoveries, income and expenses resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in the income statement is taken into account.

Financial risk management

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risks.

Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, there are commodity price risks and risks relating to the general security of supply, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risks can arise from a significant decline in the operating business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group. The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages the loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements to be paid. These show the worst-case scenario for HELLA – i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency items are always converted at the spot rate applicable on the balance sheet date. Interest payments for items with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to non-derivative financial instruments, derivative financial instruments (e.g. foreign currency forwards and interest rate swaps) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are shown in line with the worst-case scenario. These settlements are offset by cash receipts, which are also shown. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements to be paid.

Maximum future settlements as at 31 December 2022

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,466,939	938,091	260,535	2,665,565
Derivative financial instruments	1,036,529	189,275	247,511	1,473,315
Loan commitments/financial guarantees	0	0	0	0
Total	**2,503,468**	**1,127,366**	**508,046**	**4,138,880**
Cash receipts from gross derivatives	1,056,941	165,354	188,861	1,411,156

Maximum future settlements as at 31 May 2022

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,662,737	1,031,002	323,995	3,017,734
Derivative financial instruments	811,129	173,444	257,310	1,241,883
Loan commitments/financial guarantees	0	0	0	0
Total	**2,473,866**	**1,204,446**	**581,305**	**4,259,617**
Cash receipts from gross derivatives	808,206	148,230	197,602	1,154,038

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand and the available unused bank lines of credit.

The table below sets out the main liquidity instruments:

€ thousand	**31 December 2022**	31 May 2022
Cash and cash equivalents	1,285,924	576,129
Marketable securities	160,793	404,119
Available, unused cash line of credit	512,034	576,940
Total	**1,958,751**	**1,557,188**

The total of the cash lines of credit available to the HELLA Group amounts to roughly €521,979 thousand (prior year: €576,940 thousand). These consist of a syndicated loan with a volume of €450,000 thousand (term until 2025, utilisation as at 31 December 2022: 0%) and short-term money market lines with a volume of €71,979 thousand (utilisation as at 31 December 2022: 14%). In some cases, standard lenders' rights to call in a loan apply to the latter (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the refinancing risk is considered very low.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities and executory contracts in a currency other than the functional currency. The HELLA Group's currency risk is calculated as a net exposure by aggregating the Company's planned foreign currency cash flow.

The net exposure is constantly monitored and managed by regularly adjusting the hedge ratio to conform to the HELLA hedging strategy, which is regularly reviewed. Currency derivatives, primarily foreign currency forwards, are used to offset exchange rate-related fluctuations impacting these payments and positions.

This offsetting reflects the HELLA Group's expectation that the fair value measurements of the hedged item and hedging instrument normally move in opposite directions. For example, forward agreements are entered into to sell future cash flows from sales denominated in a foreign currency. A change in the exchange rate may have a positive impact on the cash flows from the foreign currency sales but a negative effect on the currency forward, or vice versa.

Hedges are taken out for planned foreign currency transactions in their entirety and not just for components of the transactions.

Currency derivatives are only used to hedge the currency risks arising from underlying transactions. Speculative transactions are not permitted.
Hedge ineffectiveness may occur as a result of credit value/debit value adjustments that are not offset by changes in the values of the hedged cash flow or as a result of differences in the underlying conditions for the hedged item and the hedging instrument.

In principle, the fair value of currency derivatives is recognised. In the case of cash flow hedge accounting within the meaning of IFRS 9, the unrealised gains and losses from the hedging transaction are initially recognised in the statement of changes in equity, with no impact on the income statement. The gains and losses are only realised when the hedged underlying transaction is also recognised in the income statement. Fair value hedges are generally not taken out.

HELLA mainly designated currency derivatives to hedge foreign currency cash flow from funding taken out in JPY and maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

Hedge accounting was not applied to other currency derivatives used to hedge underlying financial transactions. Measurement changes are recognised in the income statement.

The relatively high sensitivity of the net profit/loss for the year is largely attributable to market fluctuations of non-derivative financial instruments and planned cash flow that are not hedged within the meaning of IFRS 9.

The sensitivity analysis is performed on the basis of the hedge ratios as at the balance sheet date. They are reviewed regularly in the course of the fiscal year and may be above or below the level at the balance sheet date.

The following sensitivity analyses show the effects a 10% change in the exchange rate of each foreign currency would have on equity or on the net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the balance sheet date and only takes into account the largest gross exposure in the HELLA Group:

Effects of a 10% fluctuation in the exchange rate on equity and net profit/loss for the year

€ thousand		**31 December 2022**			31 May 2022		
Exchange rate	Foreign currency	Net exposure	depreciates by 10 %	appreciates by 10 %	Net exposure	depreciates by 10 %	appreciates by 10 %
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting)	CNY	-	19,721	-24,103	-	18,407	-22,498
	CZK	-	-11,927	14,577	-	-10,938	13,369
	JPY	-	-3,609	7,404	-	-4,875	6,147
	MXN	-	-11,314	13,829	-	-11,346	13,868
	RON	-	-13,925	17,019	-	-14,004	17,116
	USD	-	11,117	-13,588	-	8,859	-10,828
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	160,192	-14,563	17,799	137,333	-12,485	15,259
	CZK	-118,706	10,791	-13,190	-92,022	8,366	-10,225
	JPY	-17,667	1,606	-1,963	-23,943	2,177	-2,660
	MXN	-64,654	5,878	-7,184	-51,477	4,680	-5,720
	RON	-149,660	13,605	-16,629	-93,558	8,505	-10,395
	USD	57,603	-5,237	6,400	25,999	-2,364	2,889

The following table shows the nominal values and measurements of the hedging instruments, aggregated for all currencies, as well as their balance sheet category and the change in ineffectiveness.

Nominal values and measurements of hedging instruments

€ thousand	**Nominal amount of the hedging instrument**	Carrying amount of the hedging instrument		**Line items in the statement of financial position that include the hedging instrument**
Cash flow hedges		Assets	Liabilities	
Exchange rate risk as at 31.12.2022	1,128,935	31,430	-54,312	Other assets/liabilities
Exchange rate risk as at 31.05.2022	905,818	14,631	-77,110	Other assets/liabilities

The following tables contain quantitative disclosures on the hedging instruments used in each category, broken down by the most important currencies:

Hedging instruments per risk category

	Nominal amount in € thousands		
	<1 year	1-5 years	>5 years
Exchange rate risk as at 31.12.2022	818,812	134,946	175,177
Exchange rate risk as at 31.05.2022	614,114	116,526	175,177

Average hedging rates

Exchange rate risk	Average prices over the entire term of the hedging instruments as at 31.12.2022	Average prices over the entire term of the hedging instruments as at 31.05.2022
EUR/USD	1.07	1.14
EUR/CZK	25.70	26.06
EUR/JPY	135.98	131.37
EUR/RON	5.27	5.18
EUR/CNY	7.28	7.65
USD/MXN	21.99	21.74

The following table contains information about designated hedged items in each risk category. HELLA only uses cash flow hedges for currency risks.

Since the hedged items consist of planned cash flows that have not (yet) been recognised in the financial statements, only the carrying amount of the hedging instrument portfolio is reported.

Designated hedged items per risk category

€ thousand		Cash flow hedge reserve	
Cash flow hedges	Change in value for calculation of hedge ineffectiveness	Ongoing hedging activities	Hedging activities that no longer qualify for hedge accounting
Exchange rate risk for forecast transactions			
as at 31 December 2022	-	-7,510	-
as at 31 May 2022	-	-49,890	-

Gains and losses from cash flow hedges are as follows:

Profits and losses from cash flow hedges

Cash flow hedges in € thousand	Hedging instrument gains/ losses recognised in OCI in hedge accounting	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from the CFH reserve to the income statement
Exchange rate risk as at 31/12/2022	-7,510	-	-3,533
Exchange rate risk as at 31/05/2022	-49,890	-	-10,396

Line items in the consolidated statement of comprehensive income, including hedge ineffectiveness, are recognised in cost of sales. The amount from the reclassification of the cash flow hedge reserve is also included in cost of sales.

The following table reconciles the equity items relating to currency risks in other comprehensive income (OCI):

Reconciliation of equity items from currency risks

	2022			2021/2022		
€ thousand	**Reserve for financial instruments to secure payment flows**	**Hedging costs**	**Total**	**Reserve for financial instruments to secure payment flows**	**Hedging costs**	**Total**
As at 1 June	**-37,305**	**-13,268**	**-50,572**	**-87,776**	**7,116**	**-80,660**
Profits or losses from effective hedging relationships	-14,742	56,727	41,985	-51,385	91,869	40,484
Reclassifications due to being recognised in profit or loss	25,591	-29,123	-3,533	101,857	-112,253	-10,396
As at 31 May/ 31 December	**-26,456**	**14,336**	**-12,120**	**-37,305**	**-13,268**	**-50,572**

Currency derivatives not presented in accordance with hedge accounting showed changes in the market value of currency derivatives recognised in the income statement:

Currency derivatives without hedge accounting

€ thousand	**Fair values** **31 December 2022**	31 May 2022	Change
Currency derivatives	419	-383	803

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of derivative contracts and other financial assets measured at fair value. As at 31 December 2022, interest rate-sensitive net financial debt stood at €1,135,405 thousand (prior year: €571,941 thousand).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of interest rate derivatives. The derivative financial instruments used are usually interest rate swaps. Interest rate derivatives are generally used to minimise cash flow risks.

As with currency derivatives, interest rate derivatives are settled mainly by HELLA GmbH & Co. KGaA. The use of interest rate derivatives is also always associated with underlying transactions. Interest rate derivatives used to hedge interest rate risks from non-derivative financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show how a one percentage point movement in the respective market interest rate would change equity and the net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the balance sheet date. The calculation method used is the net present value method.

Effects of a 1% fluctuation in the market interest rate on equity and net profit/loss for the year

€ thousand	**31 December 2022**		31 May 2022	
Market interest rate	rises by 1 percentage point	falls by 1 percentage point	rises by 1 percentage point	falls by 1 percentage point
Change in equity owing to fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	-4,998	8,113	-2,358	9,004
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	11,354	-11,354	5,719	-5,719

Management of commodity price risks

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of commodity price risks by means of offsetting effects from purchasing and sales, and through the targeted use of derivatives. The derivatives used are commodity swaps. As at 31 December 2022, there were commodity derivatives with a market value of -€162 thousand (market value prior year: €0 thousand). The nominal amount of the hedging instruments is €1,371 thousand. The hedging instruments are reported under other assets/liabilities. Of the hedging instruments, €967 thousand mature within one year and €404 thousand mature between one and five years. The average hedging rate is €95.20.

Commodity (net) exposure for 2023 is expected to amount to €26,088 thousand (prior year: €22,430 thousand).

The following sensitivity analysis shows what effects fluctuations of 10% in the market prices of underlying commodities would have had on the net profit/loss for the year (before taxes):

Effects of a 10% fluctuation in the price on equity and net profit/loss for the year

€ thousand	**31 December 2022**		31 May 2022	
Commodity price	rises by 10 %	falls by 10 %	rises by 10 %	falls by 10 %
Change in net profit/loss for the year owing to fluctuations in the market value of hedged items and commodity derivatives used	-2,754	2,431	-2,243	2,243

Management of other price risks

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as "hold and sell" or "held for trading" and therefore measured at fair value through profit or loss.

Debt capital instruments, derivatives and equity instruments are classified and reported differently under IFRS 9. The cash flow characteristics test (SPPI) is also essential for classifying financial instruments.

There are two key criteria for determining whether the SPPI test is passed. The instrument passes the SPPI test wherever

- the assets were acquired for the purpose of holding them and collecting the related cash flows, and
- the cash flows consist solely of payments of principal and interest.

Debt capital instruments

The business model for the debt capital instruments is "held for trading" and has to be subjected to the SPPI test. Debt capital instruments that fail the SPPI test are recognised and measured at FVPL.

If the contractual cash flows are solely payments of principal and interest (SPPI test passed), the debt capital instruments are measured at FVOCI with recycling to profit or loss. HELLA therefore no longer measures debt capital instruments at amortised cost.

Equity instruments

IFRS 9 requires all equity instruments to be accounted for at fair value through profit or loss. Fair value changes are taken to the income statement. There is an exception to this rule: it is possible to irrevocably elect to measure an equity instrument at fair value on initial recognition and present value changes in other comprehensive income as long as the instrument is not held for trading. If this option is exercised, the OCI is not reclassified to the income statement upon recognition (FVOCI without recycling). HELLA does not make use of this option, as there is an intention to trade. Therefore, all equity instruments, with the exception of strategic investments, are recognised at fair value through profit or loss.

These items are shown in the following table. Investments measured at acquisition cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not shown in the table.

Presentation of equity instruments at fair value (FVPL)

€ thousand	**31 December 2022**	31 May 2022
Price risk positions of the non-derivative assets	0	55,282

HELLA actively manages the price risks. By continuously observing and analysing the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of 10 % in the market values of non-derivative financial instruments would have had on equity or on the net profit/loss for the year (before taxes). The analysis is based on the respective volumes on the balance sheet date.

Effect of a 10% fluctuation in the price on equity and net profit/loss for the year

€ thousand	**31 December 2022**		31 May 2022	
Securities price	rises by 10 %	falls by 10 %	rises by 10 %	falls by 10 %
Change in equity owing to changes in prices of unimpaired securities and investments in public funds	0	0	5,528	-5,528
Change in net profit/loss for the year owing to changes in prices of impaired securities	0	0	6	-6

Management of default risks

Default risks arise for the HELLA Group from its operations and from financial investments and financial derivatives with positive fair values. Default risks from trade receivables, contract assets or other financial assets pose the risk that the receivables will be collected significantly late or not at all if a customer or another contracting party fails to satisfy its contractual commitments.

The Company considers the probability of default when initially recognising an asset as well as whether the credit risk has continually increased significantly in every reporting period. To determine whether the credit risk has increased significantly, the Company compares the default risk of the asset on the balance sheet date to the default risk at the time of initial recognition. The Group makes this assessment based on quantitative and qualitative information that is reasonable and appropriate, including past experience and/or forward-looking information that can be obtained without excessive effort or expense. The default risk largely depends on the characteristics of the customers and their industry and is thus monitored by central and regional financial officers. The credit ratings and payment practices of contracting partners are regularly analysed.

Regardless of the outcome of the above assessment, the Group presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and appropriate information that proves otherwise.

A financial asset is in default or credit impaired if any of the following criteria have been met:

- Insolvency or similar event indicating significant financial difficulties and a probable default on the part of the counterparty
- Probable debt waiver
- Other reasons for credit managers to assume that it is more likely that the receivables are not collectible

In addition, all past-due trade receivables are tested for impairment during the year.

Financial assets are written off if there is no reasonable expectation of settlement. The residual value of these written-off financial assets can still be recovered, possibly with the involvement of legal counsel, if the customer enters insolvency. No residual value was recovered from the written-off receivables in the past fiscal year, as was the case in the prior year. Any amounts collected are recognised in profit or loss.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Collateral is accepted in individual cases as described below, which means that the actual default risk is smaller.

The HELLA Group's derivative transactions are typically concluded by HELLA GmbH & CO. KGaA and internally passed on to HELLA subsidiaries. HELLA GmbH & Co. KGaA buys and sells all derivatives involving external counterparties on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). DRV versions used in the past generally did not meet the requirements for offsetting since the offsetting of outstanding amounts would only have been legally enforceable following future events, such as a contracting partner's insolvency. However, most current versions of the DRV now contain offsetting options, which makes it likely that they will be instituted in existing contract versions in future. If local regulations prohibit internal forwarding of derivatives, a HELLA subsidiary can conduct transactions directly with a bank under an individual contract, which will generally be based on the Master Agreement of the International Swaps and Derivatives Association (ISDA) with compensation possibilities. The following table shows the offsetting potential for derivatives taken out by HELLA GmbH & Co. KGaA that are subject to the aforementioned agreements.

Potential for offsetting derivatives

31 December 2022

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	32,284	-	32,284	11,976	20,308
Liabilities – derivatives	-52,108	-	-52,108	11,976	-40,132

31 May 2022

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	16,908	-	16,908	6,359	10,549
Liabilities – derivatives	-69,747	-	-69,747	6,359	-63,388

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Debt capital instruments at FVOCI
- Other financial assets at amortised cost

Trade receivables

The Group's credit risk is mainly influenced by the individual characteristics of individual customers. However, management also considers the factors that affect the credit risk of the broader customer base, including the default risk associated with the industry and country where the customer is located. HELLA has established a process in which it individually assesses the creditworthiness of every new customer before offering the Group's customary payment and delivery terms. In conducting the review, the Group considers external ratings (if available), financial statements, credit reports, industry information and, in some cases, bank references.

Operational risk is mainly managed by continuously monitoring receivables. Specific default risks are addressed upon identification by recognising corresponding impairments.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees and advance payment guarantees. HELLA has drawn up internal rules for accepting collateral. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Many shipments to customers are also subject to retention of title clauses. The HELLA Group holds no collateral as at 31 December 2022.

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry.

The recoverability of all the receivables, which do not include past-due or impaired financial assets, is considered very high. This assessment is primarily based on ratings issued by large rating agencies and the fact that the HELLA Group maintains long-standing business relationships with most of its customers. The historical default rate of these trade receivables is extremely low.

The current general economic conditions created both by the coronavirus pandemic and the Ukraine - crisis generally do not change this estimation. As at 31 December 2022, there were no significant defaults on receivables attributable to the impact of the coronavirus pandemic or the Ukraine crisis. It was not possible to identify any increased credit risk for the major customers in the automotive sector or the majority of customers in the Aftermarket or Special Applications segments, which means that no significant defaults on receivables are currently expected. For this reason, no specific effects have been factored into the approach to calculating credit losses, described below. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

An impairment analysis is carried out at each balance sheet date based on the age structure of the receivables. In this case, the receivables are impaired depending on their age structure. Portfolios older than 6 months are taken into account; impairment rates range from 25% to 100% depending on the portfolio.

Individual transactions that have either already been individually impaired or are not classified as being at risk of default are not taken into account in the calculation of the ECL. The maximum credit risk on the balance sheet date is the carrying amount (cf. Note 24).

Using this as a basis, the value adjustment for trade receivables as of 31 December 2022 and 31 May 2022 (applying IFRS 9) was calculated as follows:

Detailed overview of value adjustment for trade receivables

31 December 2022

€ thousand	Regions	Gross carrying amount	Value adjustment: ECL	Value adjustment: Specific value adjustments	Net carrying amount	Probability of default in %
Trade receivables	Germany	157,613	198	95	157,320	0.17 %
	Europe excluding Germany	160,629	147	1,240	159,242	0.11 %
	North Central and South America	260,784	302	0	260,482	0.13 %
	Asia / Pacific / RoW	444,900	308	9,269	435,323	0.08 %
Total		**1,023,926**	**955**	**10,604**	**1,012,367**	

31 May 2022

€ thousand	Regions	Gross carrying amount	Value adjustment: ECL	Value adjustment: Specific value adjustments	Net carrying amount	Probability of default in %
Trade receivables	Germany	235,419	46	553	234,820	0.02 %
	Europe excluding Germany	278,135	399	1,318	276,418	0.15 %
	North Central and South America	227,240	175	0	227,065	0.08 %
	Asia / Pacific / RoW	343,367	959	8,736	333,671	0.28 %
Total		**1,084,161**	**1,579**	**10,608**	**1,071,974**	

Value adjustments for trade receivables carried at amortised cost as at 31 December 2022 are shown below and reconciled with the value adjustments for opening losses.

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

Reconciliation of value adjustments for financial assets

€ thousand	31 December 2022	31 May 2022
As at 1 June	**12,187**	**4,852**
Additions	1,729	21,135
Utilisation	-515	-771
Reduction	-1,539	-13,477
Other	-303	448
As at 31 May/31 December	**11,559**	**12,187**

Apart from business growth, there were no material changes in the gross amounts of the trade receivables that affected the estimation of the value adjustment.

Debt investments

The Group solely invests in listed debt instruments that carry very little credit risk. All of the Group's debt instruments at fair value through OCI are listed bonds that have received investment-grade (very good and good) ratings from rating agencies and are thus considered to be low-risk investments.

The Group recognises lifetime ECLs if the credit risk has significantly increased since initial recognition. However, if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss allowance for this financial instrument using the 6-month CDS or the 12-month CDS. The expected credit losses (ECLs) for securities consider the exposure at default (EaD), the probability of default in the next 12 months (12m PD) and the loss given default (LGD) and are calculated as follows: ECL = EaD x 12m PD x LGD. The expected loss for individual cases is based on the spreads of the corresponding credit default swaps (CDSs).

In the fiscal year 2022, the Group recognised a value adjustment of €221 thousand (prior year: €250 thousand) for expected credit losses for its debt instruments measured at fair value through OCI.

The maximum exposure as at 31 December 2022 is the carrying amount of these investments of €154,791 thousand (31 May 2022: €263,045 thousand).

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

The loss allowance for debt instruments at FVOCI changed as follows during the short fiscal year 2022:

Development of value adjustment for expected credit losses measured at FVOCI for the fiscal year 2021/2022

	2021/2022				
€ thousand	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI – financial assets	Total
As at: 1 June 2021	**-576**	**0**	**0**	**0**	**-576**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	297	0	0	0	297
Value adjustments/utilisation of value adjustments	0	0	0	0	0
Value recovery/dissolution of existing value adjustments	30	0	0	0	30
Other effects	0	0	0	0	0
As at: 31 May 2022	**-250**	**0**	**0**	**0**	**-250**

Development of value adjustment for expected credit losses measured at FVOCI for the short fiscal year 2022

	2022				
€ thousand	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI – financial assets	Total
As at: 1 June 2022	**-250**	**0**	**0**	**0**	**-250**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	0	0	0	0	0
Value adjustments/utilisation of value adjustments	199	0	0	0	199
Value recovery/dissolution of existing value adjustments	-169	0	0	0	-169
Other effects	0	0	0	0	0
As at: 31 December 2022	**-221**	**0**	**0**	**0**	**-221**

Notes on the abbreviations used:
POCI: Purchased or originated credit-impaired financial assets.

The Group's credit risk exposure to debt capital instruments at FVOCI can be summarised as follows:

Summary of credit risk exposure for debt capital instruments measured at FVOCI

	2022				
€ thousand	12-month ECL	LifetimeECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**154,791**	0	0	0	**154,791**
Value adjustments OCI	-221	0	0	0	-221

	2021/2022				
€ thousand	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	**Total**
Gross carrying amounts	**263,045**	0	0	0	**263,045**
Value adjustments OCI	-250	0	0	0	-250

Financial assets at fair value through profit or loss

The Company is also exposed to credit risk in connection with financial assets measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments amounting to €95,494 thousand (prior year: €219,832 thousand).

Other financial assets at amortised cost

The value adjustments for other receivables as at 31 December 2022 are shown in the table below.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue their business activities. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

Reconciliation of value adjustments for other receivables

€ thousand	**2022**	2021/2022
As at 1 June	**259**	**436**
Additions	0	0
Utilisation	0	0
Reduction	-50	-177
As at 31 May/31 December	**209**	**259**

43 Contractual commitments

There were contractual commitments to purchase or use property, plant and equipment amounting to €196,904 thousand as at the balance sheet date (prior year: €108,239 thousand). Contractual commitments for the acquisition of intangible assets amounted to €1,560 thousand at the end of December 2022 (prior year: €682 thousand).

44 Contingent liabilities

As at 31 December 2022, there were no contingent liabilities within the HELLA Group, as was the case in the prior year.

45 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

HELLA has entered into lease agreements for various assets and includes leases for buildings, vehicles and office equipment in the accounting accordingly. Leases are usually fixed for a particular period – generally 4 years for motor vehicles and between 5 and 15 years for buildings – but may include extension options. Some leases for buildings and office equipment include extension and termination options for the Group as a whole. These terms are utilised to maximise operational flexibility. Most extension and termination options can only be exercised by the Group, not by the lessor.

Leases are negotiated individually and cover a wide range of different terms and contract conditions. The HELLA Group is not subject to any obligations or restrictions from leases.

Usufructuary rights to assets:

€ thousand	Land and buildings	Machinery	Operating and office equipment	Total
As at: 1 June 2021	**90,332**	**4,662**	**10,115**	**105,109**
Additions	50,371	132	5,102	55,605
Depreciation/amortisation	-22,235	-1,589	-5,339	-29,162
Changes in the scope of consolidation	-897	0	-980	-1,877
Disposals	-86	-8	-16	-110
Changes in classification	0	-571	571	0
Currency translation	7,817	115	150	8,082
As at: 31 May 2022	**125,303**	**2,741**	**9,604**	**137,648**
As at: 1 June 2022	**125,303**	**2,741**	**9,604**	**137,648**
Additions	25,764	738	4,366	30,868
Depreciation/amortisation	-18,837	-768	-3,226	-22,831
Disposals	-4,337	0	-67	-4,404
Reversal of impairment losses	23,788	0	0	23,788
Changes in classification	-98	0	98	0
Currency translation	112	9	-34	87
As at: 31 December 2022	**151,695**	**2,721**	**10,741**	**165,156**

The right-of-use assets are measured at amortised cost and so do not require additional notes on remeasurement.

Lease liabilities:

€ thousand	**31 December 2022**	31 May 2022
Up to 1 year	33,626	32,521
Between 1 and 5 years	94,452	97,854
More than 5 years	42,223	33,558
Total	**170,301**	**163,934**

Amounts recognised in profit or loss:

€ thousand	**2022**	2021/2022
Interest expenses for lease liabilities	-2,480	-3,301
Variable lease payments that are not included in the valuation of the lease liability	-1,509	-2,332
Expenses from current leases	-5,256	-10,342
Expenses from leases in which the underlying assets are low in value	-1,386	-896

Interest expenses for lease liabilities are reported within financing costs in the income statement and other comprehensive income.

Payments of €22,279 thousand (prior year: €34,852 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases is identical to the portfolio "up to one year". There are no additional lease liabilities.

There are no leases with residual value guarantees or pending leases that the Group has committed to.

The HELLA Group as lessor

In the Aftermarket segment, HELLA concludes finance lease agreements with workshops for its portfolio of diagnostic testing equipment and workshop equipment. These agreements generally have five-year terms. All lease agreements are concluded in euros and relate exclusively to business within the EU.

To reduce the risk associated with the transactions, HELLA conducts a credit check for each potential customer and, if needed, obtains bank guarantees for the full term of the lease. There are no variable lease payments that depend on an index or rate. Financial income from net capital expenditure in lease arrangements for the period amounts to €1,606 thousand.

Distribution of minimum lease payments (not discounted):

€ thousand	**31 December 2022**	31 May 2022
Up to 1 year	20,507	20,073
Between 1 and 2 years	15,632	17,494
Between 2 and 3 years	10,034	15,664
Between 3 and 4 years	4,616	5,837
Between 4 and 5 years	800	1,346
More than 5 years	0	0
Future interest income under finance leases	-5,797	-10,842
Total	**45,792**	**49,572**

Distribution of the present values of minimum lease payments:

€ thousand	**31 December 2022**	31 May 2022
Up to 1 year	17,937	17,409
Between 1 and 5 years	27,855	32,163
More than 5 years	0	0
Total	**45,792**	**49,572**

As at 31 December 2022, impairments for unrecoverable receivables from leases amounted to €231 thousand (prior year: €262 thousand).

46 Events after the balance sheet date

In January 2023, another factoring agreement was concluded for the revolving sale of trade receivables in Mexico. For the receivables sold under the agreement, essentially all opportunities and risks are transferred to the buyer of the receivables; the receivables are consequently derecognised in full.

In the same month, part of the loans within the subsidiary in Mexico totalling USD 125 million was repaid. This leaves financial liabilities to banks in the amount of USD 75 million.

47 Audit fees

The total fees for the services of the auditor PricewaterhouseCoopers GmbH invoiced for the short fiscal year 2022 amounts to €1,565 thousand (prior year: €1,213 thousand), of which €352 thousand relates to prior years, and includes the fees and expenses for the audit of financial statements. An additional €2 thousand (prior year: €16 thousand), of which €2 thousand related to prior years, was recognised in expenses for tax advisory services, and €234 thousand (prior year: €221 thousand), of which €20 thousand related to prior years, was recognised in expenses for other assurance services. Other services include €9 thousand (prior year: - T€) relating to the previous year.

The auditing services relate to the audit of the annual and consolidated financial statements of the parent company. The other assurance services mainly include the audit of the remuneration report, the non-financial report and other assurance services related to the half-year financial statements for the Faurecia Group. The tax advisory services almost exclusively pertain to the tax implications of intragroup settlements.

Lippstadt, 08 March 2023

The General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH

Michel Favre
(Chair)

Yves Andres

Dr. Lea Corzilius

Bernard Schäferbarthold

Björn Twiehaus

Scope of consolidation short fiscal year 2022

Affiliated companies included in the consolidated financial statements:

No.	Company	Country	City	Investment in %	Investment in
1	HELLA GmbH & Co. KGaA	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH*	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Electronics Engineering GmbH*	Germany	Regensburg	100.0	1
7	HELLA Aglaia Mobile Vision GmbH*	Germany	Berlin	100.0	1
8	HELLA Distribution GmbH*	Germany	Erwitte	100.0	1
9	RP Finanz GmbH*	Germany	Lippstadt	100.0	1
10	HELLA Finance International B.V.	The Netherlands	Nieuwegein	100.0	1
11	Docter Optics SE*	Germany	Neustadt an der Orla	100.0	1
12	Docter Optics Inc.	USA	Gilbert, AZ	100.0	11
13	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	11
14	Docter Optics s.r.o.	Czech Republic	Skalice u Ceské Lípy	100.0	11
15	Docter Optics Asia Ltd.	South Korea	Seoul	100.0	11
16	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
17	HELLA Werkzeug Technologiezentrum GmbH*	Germany	Lippstadt	100.0	1
18	HELLA Corporate Center GmbH*	Germany	Lippstadt	100.0	1
19	HELLA Gutmann Holding GmbH*	Germany	Ihringen	100.0	1
20	HELLA Gutmann Solutions GmbH*	Germany	Ihringen	100.0	19
21	HELLA Gutmann Anlagenvermietung GmbH	Germany	Breisach	100.0	19
22	HELLA Gutmann Solutions A/S	Denmark	Viborg	100.0	19
23	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	22
24	TecMotive GmbH	Germany	Berlin	100.0	19
25	HELLA OOO	Russia	Moscow	100.0	1
26	HELLA Geschäftsführungsgesellschaft mbH*	Germany	Lippstadt	100.0	1
27	UAB HELLA Lithuania	Lithuania	Kaunas	100.0	1
28	HELLA Holding International GmbH*	Germany	Lippstadt	100.0	1
29	HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100.0	28
30	HELLA Changchun Tooling Co., Ltd.	China	Changchun	100.0	28
31	HELLA Corporate Center (China) Co., Ltd.	China	Shanghai	100.0	28
32	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	28
33	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	28
34	HELLA Asia Pacific Pty Ltd	Australia	Mentone	100.0	28
35	HELLA Australia Pty Ltd	Australia	Mentone	100.0	34
36	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	34
37	HELLA Asia Pacific Holdings Pty Ltd	Australia	Mentone	100.0	34
38	HELLA Korea Inc.	South Korea	Seoul	100.0	37
39	HELLA India Automotive Private Limited	India	Gurgaon	100.0	37

No.	Company	Country	City	Investment in %	in
40	HELLA Emobionics Pvt Ltd.	India	Delhi	100.0	39
41	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	28
42	HELLA Limited	Great Britain	Banbury	100.0	41
43	HELLA Corporate Center USA, Inc.	USA	Plymouth, MI	100.0	28
44	HELLA Electronics Corporation	USA	Plymouth, MI	100.0	43
45	HELLA Automotive Sales, Inc.	USA	Peachtree City GA	100.0	43
46	HELLA Ventures, LLC	USA	Delaware	100.0	43
47	HELLA España Holdings S. L.	Spain	Madrid	100.0	28
48	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	47
49	HELLA S.A.	Spain	Madrid	100.0	47
50	HELLA Handel Austria GmbH	Austria	Vienna	100.0	28
51	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	50
52	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	28
53	HELLA Engineering France S.A.S.	France	Toulouse	100.0	52
54	HELLA Benelux B.V.	The Netherlands	Nieuwegein	100.0	28
55	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	28
56	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	28
57	HELLA Hungária Kft.	Hungary	Budapest	100.0	28
58	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	28
59	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	28
60	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	28
61	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	60
62	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100.0	60
63	HELLA A/S	Denmark	Aabenraa	100.0	28
64	Hella India Lighting Ltd.	India	New Delhi	82.7	28
65	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100.0	28
66	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100.0	65
67	HELLA Slovakia Holding s.r.o.	Slovakia	Kocovce	100.0	28
68	HELLA Slovakia Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100.0	67
69	HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100.0	28
70	HELLA do Brazil Automotive Ltda.	Brazil	São Paulo	100.0	28
71	HELLA Automotive South Africa (Pty) Ltd	South Africa	Uitenhage	100.0	28
72	HELLA Middle East FZE	United Arab Emirates	Dubai	100.0	28
73	HELLA Middle East LLC	United Arab Emirates	Dubai	49.0	72
74	HELLA China Holding Co., Ltd.	China	Shanghai	100.0	28
75	HELLA (Xiamen) Electronic Device Co., Ltd.	China	Xiamen	100.0	74
76	Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100.0	74
77	HELLA Vietnam Company Limited	Vietnam	Ho Chi Minh City	100.0	28

** As in the prior year, the Company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).*

Associates / joint ventures:

				Investment	
No.	Company	Country	City	in %	in
78	Behr-Hella Thermocontrol GmbH	Germany	Lippstadt	50.0	1
79	Behr-Hella Thermocontrol (Shanghai) Co., Ltd.	China	Shanghai	100.0	78
80	Behr-Hella Thermocontrol Inc.	USA	Wixom, MI	100.0	78
81	Behr-Hella Thermocontrol India Private Limited	India	Pune	100.0	78
82	Behr-Hella Thermocontrol Japan K.K.	Japan	Tokyo	100.0	78
83	Behr-Hella Thermocontrol EOOD	Bulgaria	Sofia	100.0	78
84	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	78
85	BHTC Finland OY	Finland	Tampere	100.0	78
86	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	24.5	37
87	Changchun Hella Faway Automotive Lighting Co., Ltd.	China	Changchun	49.0	29
88	Chengdu Hella Faway Automotive Lighting Co., Ltd.	China	Chengdu	100.0	87
89	Faway Hainuo Automotive Technology (Changzhou) Co., Ltd.	China	Changzhou	61.0	87
90	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
91	Hella Pagid GmbH	Germany	Essen	50.0	1
92	Beijing Hella BHAP Automotive Lighting Co., Ltd.	China	Beijing	50.0	74
93	Hella BHAP (Sanhe) Automotive Lighting Co., Ltd.	China	Sanhe	100.0	92
94	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd.	China	Tianjin	100.0	92
95	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd., Changzhou Branch	China	Changzhou	100.0	94
96	Hella BHAP Electronics (Jiangsu) Co., Ltd.	China	Zhenjiang	50.0	28
97	HELLA Evergrande Electronics (Shenzhen) Co.,Ltd.	China	Shenzhen	49.0	28
98	HELLA MINTH Jiaxing Automotive Parts Co., Ltd.	China	Jiaxing	50.0	28
99	HELLA Evergrande Electronics (Yangzhou) Co.,Ltd.	China	Yangzhou	100.0	97

The companies listed below were not consolidated as they are of minor significance for the Group's financial position, financial status and results of operations. For this reason, the other disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's investments in these companies were recognised at fair value.

Companies not included in the consolidated financial statements:

No.	Company	Country	City	Investment in %	Investment in
100	Electra Hella's S.A.	Greece	Athens	73.0	28
101	HELLA Japan Inc.	Japan	Tokyo	100.0	28
102	CMD Industries Pty Ltd.	Australia	Mentone	100.0	37
103	Tec-Tool S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	60
104	Hella-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
105	FWB Kunststofftechnik GmbH	Germany	Pirmasens	100.0	1
106	H+S Verwaltungs GmbH i.L.	Germany	Pirmasens	50.0	1
107	INTEDIS GmbH & Co. KG i.L.	Germany	Würzburg	50.0	1
108	INTEDIS Verwaltungs-GmbH i.L.	Germany	Würzburg	50.0	1
109	The Drivery GmbH	Germany	Berlin	100.0	7
110	HELLA Fast Forward Shanghai Co., Ltd.	China	Shanghai	100.0	74
111	avitea GmbH	Germany	Lippstadt	100.0	1
112	avitea Industrieservice GmbH	Germany	Lippstadt	100.0	111
113	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
114	The Drivery Holding GmbH	Germany	Berlin	100.0	7

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments:

No.	Company	Country	City	Investment in %	Investment in
115	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
116	TecAlliance GmbH	Germany	Ismaning	7.0	1
117	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
118	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1
119	Brighter AI Technologies GmbH	Germany	Berlin	10.8	1
120	Breezometer Ltd.	Israel	Haifa	2.2	46
121	Gapwaves AB (publ)	Sweden	Gothenburg	10.0	28

Independent auditor’s report

To HELLA GmbH & Co. KGaA, Lippstadt

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 HELLA GmbH & Co. KGaA, Lippstadt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the short fiscal year from June 1, 2022 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of HELLA GmbH& Co. KGaA, which is combined with the Company’s management report, for the short fiscal year from June 1, 2022 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the short fiscal year from June 1, 2022 to December 31, 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor's report. We are independent of the group entities in accordance with the requirements of 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 group 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 short fsical year from June 1, 2022 to December 31, 2022. 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 our view, the matters of most significance in our audit were as follows:

1 **Recoverability of goodwill and impairment of property, plant and equipment and intangible assets with finite useful lives**

2 **Provisions for expected losses from supply and selling obligations**

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue
2 Audit approach and findings
3 Reference to further information

Hereinafter we present the key audit matters:

1 **Recoverability of goodwill and impairment of property, plant and equipment and intangible assets with finite useful lives**

1 In the consolidated financial statements of the Company, goodwill amounting to EUR 4.8 million and intangible assets with finite useful lives amounting to EUR 472.7 million are reported under the "Intangible assets" balance sheet item, and property, plant and equipment amounting to EUR 2,267.3 million is reported under the "Property, plant and equipment" balance sheet item (together accounting for 37.5% of total assets). Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment tests are only carried out on property, plant and equipment and intangible assets with finite useful lives if there are indications that these assets may be impaired. The impairment tests are carried out at the level of the cash-generating units or groups of cash-generating units – in the case of impairment tests on goodwill, including the respective allocated goodwill. The carrying amount of the relevant cash-generating units is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units or groups of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the Group's five-year financial plan prepared by the Management Board and approved by the Shareholder Committee forms the starting point for future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units or groups of cash-generating units. Macroeconomic developments affecting the automotive industry and the associated projections of the managing directors have changed since relevant impairment losses were recognized in fiscal year 2019/2020, with an improvement in 2022 and further growth forecast for 2023. The impairment tests determined that it was necessary to recognize EUR 278.2 million in reversals of write-downs on property, plant and equipment and intangible assets with finite useful lives. No material impairment was identified. The outcome of this valuation is dependent to a large extent on the estimates made by the Managing Directors with respect to the future cash inflows from the respective cash-generating units or groups of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore generally subject to considerable uncertainty. Against this back-

ground and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit, we assessed the methodology used by the Company for the purposes of performing the impairment test, among other things, with the involvement of our internal enterprise valuation specialists. After matching the future cash inflows used for the calculation against the five-year business plan of the Group, as prepared by the Management Board and approved by the Shareholder Committee, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied or the growth rate used can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied and the growth rate used, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to cash-generating units or groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill as well as for the calculated impairment losses. Overall, the valuation parameters and assumptions used by the managing directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company's disclosures on impairment testing and the balance sheet items "Intangible assets" and "Property, plant and equipment" are contained in sections 6, 28 and 29 of the notes to the consolidated financial statements.

1 **Provisions for expected losses from supply and selling obligations**

1 In the consolidated financial statements of HELLA GmbH & Co. KGaA, the "Provisions" balance sheet item includes EUR 359.6 million for expected losses from supply and selling obligations. This relates primarily to the "Lighting" Business Group and is connected with macroeconomic developments and the fact that inflation-related cost increases cannot be passed on to customers. The expected losses from supply and selling obligations are recognized in the amount of the unavoidable costs of performing the contract. These costs are calculated based on past experience and expectations as to their future development. This factors in estimates as regards external factors such as inflation and market development, as well as internal aspects such as production conditions and costs. The sales planning underlying the calculation takes into account the contractually agreed delivery period for series production. Assets that can be allocated directly to the contracts are written down first. Both the recognition and the subsequent measurement of provisions for expected losses from supply and selling obligations are dependent to a large extent on the estimates and assumptions made by the Managing Directors as regards the unavoidable costs of performing contracts and the discount rate used for non-current provisions. Against this background and due to the amounts involved, we consider this matter to be of particular significance in the context of our audit.

2 With the knowledge that the measurement of provisions is primarily based on estimates made by the managing directors and that these have a significant effect on consolidated net profit/loss, we assessed in particular the reliability of the data used as well as the appropriateness of the assumptions underlying the measurement. As part of our audit of the provisions for expected losses from supply and selling obligations, among other things we considered the underlying supply and service agreements (master agreements, nominations, price arrangements), assumptions as regards the quantity and timing of the obligations (delivery quantities), and assumptions about cost developments and the passing on of cost increases to customers. Furthermore, we verified that the discount rates for non-current obligations were properly derived. We evaluated the entire calculation model (including discounting) for the provisions for expected losses from supply and selling obligations using the applicable measurement parameters, and scrutinized the planned timetable for utilization. We were able to satisfy ourselves that the estimates and assumptions made by the managing directors for the recognition and measurement of provisions for expected losses from supply and selling obligations were sufficiently substantiated.

3 The Company's disclosures relating to provisions are contained in sections 6 and 35 of the notes to the consolidated financial statements.

Other Information

The Managing Directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the declaration on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Declaration on HELLA GmbH & Co. KGaA corporate governance" of the group management report

- the subsection "Statement on adequacy and effectiveness" in section "Risk management and internal control system" of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

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

The managing directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the managing 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 managing 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 managing directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the managing directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and 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 group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

- Evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.

- Conclude on the appropriateness of the managing directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 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 group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the managing directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the managing 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 asumptions 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 also 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, actions taken to eliminate threats or safeguards applied.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file HELLA_KA_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the short fiscal year from June 1, 2022 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Managing Directors and the Supervisory Board for the ESEF Documents

The managing directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the managing directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

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 Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance 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 electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group 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 date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on September 30, 2022. We were engaged by the supervisory board on December 14, 2022. We have been the group auditor of HELLA GmbH & Co. KGaA, Lippstadt, without interruption since the fiscal year 2018/ 2019.

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).

Reference to an 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 group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Hanover, March 14, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	Thomas Gerlach
German Public Auditor	German Public Auditor

Responsibility statement

on the consolidated financial statements, annual financial statements, Group management report and management report of HELLA GmbH & Co. KGaA dated 31 May 2022

To the best of our knowledge, the consolidated financial statements and annual financial statements give a true and fair view of the financial position, financial status and results of operations of the Group and the Company in accordance with applicable accounting principles, and the Group management report and management report include a fair review of the development and performance of the business and the position of both the Group and the Company, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Lippstadt, 08 March 2023

Michel Favre
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)

Yves Andres
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Lea Corzilius
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Bernard Schäferbarthold
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Björn Twiehaus
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Corporate bodies of HELLA GmbH & Co. KGaA

Supervisory Board

Klaus Kühn
Since 26 September 2014 until
30 September 2022,
former Chair of the Supervisory Board,
Independent business consultant,
former CFO of Bayer AG

Andreas Renschler
Since 30 September 2022,
Chair of the Supervisory Board, independent
management consultant, former member of
the Board of Management of Volkswagen AG

Tatjana Bengsch
Since 9 February 2022,
Head of Legal, North Europe, Faurecia

Michaela Bittner
14 October 2009 until 30 June 2022,
Senior executive

Judith Buss
Since 30 September 2022,
Independent business consultant

Paul Hellmann
Since 27 September 2019,
Member of technical staff, works council member

Gabriele Herzog
Since 9 February 2022,
Managing Director, Faurecia
Automotive GmbH, Chief Integration Officer,
Faurecia

Susanna Hülsbömer
Since 14 October 2009,
Member of commercial staff,
works council member

Rupertus Kneiser
Since 9 February 2022,
Freelance management consultant

Oliver Lax
Since 23 July 2022,
Technical employee, works council member

Andreas Marti
Since 9 February 2022,
Director of Faurecia Automotive GmbH, Group
Country Director Human Resources Germany,
Netherlands and Austria,
Faurecia

Manfred Menningen
14 October 2009 until 8 June 2022,
Trade union secretary on the Executive Board
of the German Metalworkers' Union (IG Metall)

Thorsten Muschal
Since 9 February 2022,
Executive Vice President Sales & Program
Management, Faurecia

Britta Peter
Since 27 September 2019,
Deputy Chairperson of the Supervisory Board,
First authorised signatory and treasurer
of IG Metal Hamm-Lippstadt

Christian van Remmen
Since 23 July 2022,
Counsel of the German Metalworkers' Union
(IG Metall) North Rhine-Westphalia

Christoph Rudiger
Since 1 October 2018,
Member of commercial staff,
works council member

Dr. Michaela Schäfer
1 July 2022 until 31 January 2023,
Senior executive

Christophe Schmitt
9 February 2022 until 30 September 2022
Executive Vice President Group Operations,
Faurecia

Franz-Josef Schütte
Since 27 September 2019,
Member of technical staff, works council member

Kirsten Schütz
Since 9 February 2022,
Vice President Head of Human Resources
Germany, Siemens Energy,
Self-employed lawyer

Shareholder Committee

Dr. Wolfgang Ziebart
Since 30 September 2022,
Chairman of the Shareholder Committee,
Independent business consultant, among other
things, carried formerly
CEO of Infineon Technologies AG

Carl-Peter Forster
27 September 2019 until 30 September 2022,
former Chair of the Shareholder Committee, independent business consultant and investor, former
Chair of the Executive Board of Adam Opel AG

Patrick Koller
Since 4 February 2022, Deputy Chairman of the
Shareholder Committee, Chief Executive Officer,
Faurecia

Judith Buss
Since 30 September 2022,
Independent business consultant

Nolwenn Delaunay
Since 4 February 2022,
Executive Vice President, Group General Counsel
& Board Secretary, Faurecia

Olivier Durand
Since 14 July 2022, Executive Vice President,
Chief Financial Officer, Faurecia

Michel Favre
4 February 2022 until 30 June 2022,
Chief Financial Officer of the Faurecia Group (until
30 June 2022), Chairman of the Management
Board of HELLA Geschäftsführungsgesellschaft
mbH, Purchasing, Quality, Legal and Compliance
Division (since 1 July 2022)

Klaus Kühn
19 November 2010 until 30 September 2022,
Independent business consultant,
Former CFO of Bayer AG

Andreas Renschler
Since 30 September 2022,
Independent business consultant,
former CFO of Volkswagen AG

Christophe Schmitt
Since 4 February 2022,
Executive Vice President, Group Operations,
Faurecia

Jean-Pierre Sounillac
Since 4 February 2022,
Executive Vice President, Group Human
Resources, Faurecia

Management Board

Hella Geschäftsführungs-gesellschaft mbh
General Partner

Michel Favre
Since 1 July 2022,
CEO,
Purchasing, Quality, Legal and Compliance

Dr. Rolf Breidenbach
1 February 2004 until 30 June 2022,
CEO,
Purchasing, Quality, Legal and Compliance

Yves Andres
Since 15 April 2022,
Business Group Lighting

Dr. Lea Corzilius
1 October 2020 until 30 April 2023,
Human Resources,
Business Group Lifecycle Solutions

Dr. Frank Huber
1 April 2018 until 30 June 2022,
Business Group Lighting

Bernard Schäferbarthold
Since 1 November 2016,
Finance, Controlling, Information Technology and
Process Management

Björn Twiehaus
1 April 2020 until 31 March 2023,
Business Group Electronics

Glossary

AFLAC (American Family Life Assurance Company)
US insurance company specialised in health and life insurance

AfS (available-for-sale)
Available-for-sale financial assets

Asia/Pacific/RoW
The Asia/Pacific/Rest of World region comprises the countries of Asia as well as Australia and New Zealand. "Rest of world" (RoW) is the term used to cover all other countries outside of those regions mentioned specifically

Associates
Associates are companies over which the Group exercises significant influence but no control

At equity
Inclusion in the consolidated financial statements using the equity method with proportional equity

Adjusted EBIT
Earnings before interest and income taxes (EBIT) reported in the consolidated financial statements, adjusted for special effects

Adjusted EBIT margin
Ratio of adjusted EBIT to portfolio-adjusted consolidated sales

Adjusted EBITDA
Earnings before interest, income taxes, depreciation, and amortisation, adjusted for extraordinary expenses, income or payments

Adjusted EBITDA margin
Ratio of adjusted EBITDA to portfolio-adjusted consolidated sales

Adjusted free cash flow from operating activities
Net cash flow from operating activities after capital expenditure, excluding company acquisitions, adjusted for extraordinary expenses, income or payments

Cash-generating unit (CGU)
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or other groups of assets

Capital expenditures
Payments for the acquisition of property, plant and equipment and intangible assets less cash receipts from the sale of property, plant and equipment and intangible assets as well as payments received for series production

CCBS (Cross Currency Basis Spread)
Unit to measure how well a currency is performing; results in additional hedging costs that have an impact on both currencies

CDS (Credit Default Swap)
Credit default swap is a credit derivative in which the risk of defaults from credits, bonds or borrowers is negotiated (credit default insurance)

Compliance
Adherence to statutory and internal Company regulations

Currency and portfolio-adjusted consolidated sales
Consolidated sales without considering effects due to exchange rates and portfolio changes

DBO (Defined Benefit Obligation)
Value of obligations arising from the Company pension scheme

EaD (Exposure at Default)
Exposure at default quantifies the amount of the credit claim that exists at the time of a borrower's default

EBIT (earnings before interest and taxes)
Earnings before interest payments and income taxes

EBIT margin
Earnings before interest payments and income taxes in relation to the consolidated sales reported

EBITDA (earnings before interest, taxes, depreciation and amortisation)
Earnings before interest, income taxes, depreciation and amortisation

EBITDA margin
Earnings before interest payments, income taxes, depreciation and amortisation in relation to the consolidated sales reported

EBT (earnings before taxes)
Earnings before income taxes

ECL (Expected Credit Losses)
Measurement of expected credit losses from financial instruments

Europe excluding Germany
This region comprises all countries in Europe including Turkey and Russia but excluding Germany

FLAC (financial liabilities at amortised cost)
Financial liabilities measured at amortised cost

Free cash flow from operating activities
Net cash flow from operating activities after capital expenditure, excluding Company acquisitions

FVOCI (Fair Value through other Comprehensive Income)
Financial instrument measured at fair value with changes in value recognised in other comprehensive income

FVPL (Fair Value through Profit or Loss)
Financial instrument measured at fair value with changes in value in profit or loss

HfT (held for trading)
Financial assets and financial liabilities held for trading

IFRS (International Financial Reporting Standards)
International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements

IT
IT stands for information technology and refers to all types of computer expertise including software and hardware

Joint ventures
Joint ventures are joint arrangements in which HELLA exercises joint control together with other partners and also has rights to the arrangement's equity

KGaA (Kommanditgesellschaft auf Aktien)
The KGaA combines the elements of a stock corporation with those of a limited partnership

LaR (loans and receivables)
Loans and receivables

LGD (Loss Given Default)
Loss given default is the expected percentage loss in the event of insolvency

n.a. (not applicable)
Not applicable

Net cash flow
Reported free cash flow from operating activities including interest payments

Net cash flow in relation to sales
Net cash flow in relation to reported sales

Net financial debt
Net financial debt is the balance of cash and cash equivalents and current financial assets and current and non-current financial liabilities

North, Central and South America
The North, Central, and South America region comprises all the countries on the continents of North and South America

Operating Income
Adjusted earnings before interest and taxes (EBIT) reported in the consolidated financial statements excluding the contribution to earnings of associates and joint ventures

Operating Income margin
Operating Income in relation to portfolio-adjusted sales

PD (Probability of Default)
Probability of default is the likelihood of default on receivables and thus describes the possible loss incurred by a credit institution or from a business relationship

POCI (Purchased or originated credit impaired financial assets)
Financial assets with a credit rating already impaired at the time of acquisition or origination

Rating
In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis

Return on equity
Return on equity is a ratio calculated by dividing net income by shareholders' equity

RoIC (return on invested capital)
The ratio of operating income before financing costs and after taxes to invested capital

R&D
Research and development

Segment sales
Sales with third-party entities and other business segments

Segment sales of the business division
Sales with third-party entities, other business segments and other business divisions of the same business segment

SOE, Special OE (Special Original Equipment)
Designation of "special original equipment" at HELLA. In this division, HELLA systematically taps customer target groups outside the automotive original equipment market, such as manufacturers of caravans, agricultural and construction vehicles and machinery, as well as municipalities

SPPI (Solely Payments of Principal and Interest)
Contractual cash flows that represent solely principal and interest payments on the outstanding principal amount

Tier-1 supplier
First-level supplier

Legal notice

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Credits

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Comparison of key performance indicators over three years

	2022	**2021/2022**	2020/2021
Currency and portfolio-adjusted sales (in € million)	4,261	6,326	6,380
Adjusted EBIT margin	5.0 %	4.4 %	8.0 %

In € million	**2022**	**2021/2022**	2020/2021
Sales	4,410	6,326	6,380
Adjusted earnings before interest and taxes (adjusted EBIT)	222	279	510
Earnings before interest and taxes (EBIT)	383	278	454
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	474	703	917
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	369	703	894
Earnings for the period	352	184	360
Earnings per share (in €)	3.15	1.63	3.22
Adjusted free cash flow from operating activities	83	-213	217
Free cash flow from operating activities	246	-267	74
Research and development (R&D) expenses	458	693	603
Capital expenditures	392	560	630

	2022	**2021/2022**	2020/2021
EBIT margin	8.7 %	4.4 %	7.1 %
Adjusted EBITDA margin	10.7 %	11.1 %	14.4 %
EBITDA margin	8.4 %	11.1 %	14.0 %
R&D expenses in relation to sales	10.4 %	11.0 %	9.5 %
Investments in relation to sales	8.9 %	8.9 %	9.9 %

	31 December 2022	**31 May 2022**	31 May 2021
Net financial liquidity / net financial debt (in € million)	43	-387	103
Equity ratio	41.9 %	42.5 %	40.6 %
Return on equity (12 months)	13.6 %	6.7 %	13.7 %
Employees	36,280	36,008	36,500

Development of the HELLA share (in €)	**2022**	**2021/2022**	2020/2021
Closing price	76.05	67.05	56.50
Highest price	82.10	67.24	57.10
Lowest price	63.65	52.96	35.00
Dividend per share (2022: proposed dividend incl. special dividend)	2.88	0.49	0.96

HELLA has changed its fiscal year to the calendar year with effect from 1 January 2023. Therefore, a one-off short fiscal year 2022 has been inserted on a transitional basis from 1 June to 31 December 2022, which includes a seven-month period. Comparability with the previous year's periods, which comprise twelve months, is therefore limited.

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