

Six-month financial report  
for the short fiscal year 2022

30 November 2022

**FORVIA**



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# Key performance indicators

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2022	2021/2022	Change	2022	2021/2022	Change
Currency and portfolio-adjusted sales (in € million)	3,669	3,037	+20.8%	1,956	1,564	+25.1%
Adjusted EBIT margin	5.3%	5.1%	+0.2pp	5.5%	4.1%	+1.3pp

In € million	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2022	2021/2022	Change	2022	2021/2022	Change
Sales	3,818	3,037	+25.7%	2,026	1,564	+29.6%
Adjusted earnings before interest and taxes (adjusted EBIT)	202	156	+29.5%	110	64	+71.7%
Earnings before interest and taxes (EBIT)	162	149	+8.9%	87	70	+24.9%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	427	354	+20.7%	219	166	+32.0%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	388	348	+11.4%	196	173	+13.6%
Earnings for the period	135	104	+30.2%	85	47	+80.5%
Earnings per share (in €)	1.21	0.92	+30.5%	0.76	0.42	+81.7%
Adjusted free cash flow from operating activities	-9	-203	--	74	-172	--
Free cash flow from operating activities	77	-226	--	83	-185	--
Capital expenditures	357	287	+24.7%	170	143	+18.8%
Research and development (R&D) expenses	391	338	+15.8%	205	175	+17.5%

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2022	2021/2022	Change	2022	2021/2022	Change
EBIT margin	4.3%	4.9%	-0.7pp	4.3%	4.5%	-0.2pp
Adjusted EBITDA margin	11.2%	11.7%	-0.5pp	10.8%	10.6%	+0.2pp
EBITDA margin	10.2%	11.5%	-1.3pp	9.7%	11.0%	-1.4pp
Capital expenditure in relation to sales	9.4%	9.4%	0.0pp	8.4%	9.1%	-0.7pp
R&D expenses in relation to sales	10.2%	11.1%	-0.9pp	10.1%	11.2%	-1.0pp

	30 November 2022	31 May 2022	Change
Net financial debt / net financial liquidity (in € million)	-392	-387	-5
Equity ratio	41.8%	42.5%	-0.7pp
Return on equity (last 12 months)	7.6%	6.7%	+0.9pp
Employees	36,363	36,008	+1.0%

As HELLA is changing its fiscal year to the calendar year with effect from 1 January 2023, a transitional short fiscal year is being inserted from 1 June to 31 December 2022.

- **Automotive industry** recovers after massive component shortages in the prior year: global light vehicle production rises by 18.4% in the first half of the fiscal year
- **Currency and portfolio-adjusted sales** improves by 20.8% to €3,669 million, reported sales grew by 25.7% to €3,818 million
- **Adjusted EBIT** improves to €202 million; adjusted EBIT margin rises to 5.3%
- **Lighting** increases sales by 27.6% to €1,839 million, among other things due to higher production volumes after series launches in the prior year, for example in China
- **Electronics** records sales increase of 30.1% to €1,654 million, for example due to high demand for solutions for energy management, body and steering electronics
- **Lifecycle Solutions** with sales growth of 6.5% to €500 million due to positive business development in relevant country markets and target groups
- **Free cash flow from operating activities** improves to €77 million; adjusted free cash flow stands at €-9 million
- **The company outlook** for the period 1 June 2022 to 31 May 2023 as published in the annual report 2021/2022 is confirmed

# HELLA on the capital market

## Liquidity of HELLA shares

The average daily XETRA trading volume in the reporting period was around 20,200 shares the equivalent of around €1.4 million (prior year: around 143,000, approx. €8.7 million). The significantly limited liquidity of the share is due to the acquisition of the majority shares by Faurecia on 31 January 2022. With the number of issued shares remaining unchanged, the market capitalisation at the six-month reporting date came to €8.91 billion (prior year: €6.84 billion).

Despite the reduced free float, the market capitalisation relevant for the index listing has increased significantly as of the relevant reporting date due to the significantly increased share price. For this reason, the HELLA share has been listed in the MDAX again since September 2022.

## Inflation and a weak economic outlook: Equity markets record losses

In the first six months of the short fiscal year 2022 (1 June to 30 November 2022), the capital markets declined overall in the context of a dynamic, volatile market environment. The MDAX, for example, fell by about 14%, while the shares of German automotive stocks, the DAXsector Automobile (hereafter: Prime Automotive), recorded a decline of about 2%. This was primarily due to high inflation, associated monetary policy measures and an uncertain economic outlook.

In the first quarter, high rates of consumer and producer price inflation in the USA and the eurozone caused prices to fall significantly. In the course of this, the interest rate turnaround initiated by central banks also dampened the mood on the stock markets. Weak economic data and further rising inflation fore-

casts caused the MDAX and Prime Automotive to fall significantly time and again in the course of the first quarter. Consequently, the MDAX ended this period with a minus of around 16%, the Prime Automotive shares closed the quarter with a decline of just under 12%.

At the beginning of the second quarter, the capital markets continued to be burdened by the prospect of persistently rising interest rates amid increasing risks of recession. Further increases in energy prices and the possibility of a gas shortage have also affected the capital markets. It was not until the middle of the second quarter that the mood on the stock markets brightened. This was supported, among other things, by hopes for an easing of the strict coronavirus rules in China as well as better-than-expected labour market and inflation data in the US, which signalled the prospect of a more moderate interest rate policy. Thus, the MDAX was able to make up for its initial losses in the quarter and end the period with a slight gain of around 2%. The Prime Automotive closed the quarter up around 11%, supported on the one hand by prospects of a possible departure from the coronavirus regulations in China and on the other hand by stabilisation in global supply chains.

## Outperformance: the development of the HELLA share

The HELLA share ended the first half of the fiscal year with a price increase of around 20% and a closing price of €80.20. The share price development in the first half of the year 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. Nevertheless, the HELLA share outperformed both the benchmark Prime Automotive index and the MDAX with the price gain achieved.

In the first quarter, the HELLA share initially reacted robustly to news on inflation and interest rate decisions by central banks. It also outperformed both the MDAX and the Prime Automotive following the publication of the results for the 2021/2022 fiscal year and the company outlook. Overall, the HELLA share closed the first quarter with a plus of around 5%.

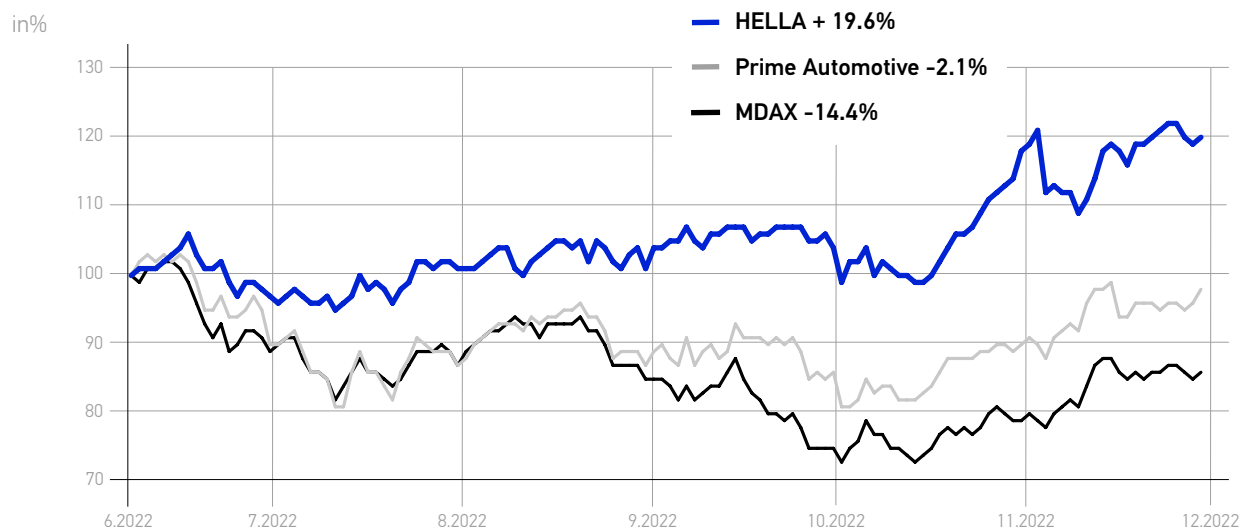
In the second quarter, the HELLA share posted a significant gain of around 14% in a market environment that remained volatile, primarily supported by positive industry news on possible Covid relaxations in China as well as potential improvements within global supply chains. Towards the end of the second quarter, the share reached its all-time high of €82.10.

## HELLA bonds

Currently, HELLA has two bonds issued: a 1.000% EURO bond (WKN A19HBR) for € 300 million, with a seven-year term running until 17 May 2024 and a 0.5% 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.

**Price performance of HELLA shares**

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

**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	€	First half of 2022	First half-year 2021/2022
Closing price	€	80.20	61.60
Highest price	€	82.10	67.24
Lowest price	€	63.65	55.70
Number of shares issued (30 November)	Number of units	111,111,112	111,111,112
Market capitalisation (30 November)	€ billion	8.91	6.84
Daily trading volume (average, XETRA trading)	€ million / no. of shares	1.42 / 20,230	8.65 / 143,283
Earnings per share	€	1.21	0.92

**Current rating**

01 February 2022

**Rating agency**

Moody's

**Rating**

Baa3 / P-3

**Outlook**

negative

# Interim Group management report

## Economic development

- Global economy grows only moderately in calendar year 2022: Global gross domestic product up 3.2% according to IMF estimates, following 6.0% growth in the prior year
- Multiple influencing factors, including the Ukraine war, inflation and coronavirus measures, lead to significantly weakening 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 October 2022, the global gross domestic product grew by only 3.2%. Compared to the prior year, which was also characterised by catch-up effects, growth rates have thus almost halved (2021: 6.0%).

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, significant coronavirus restrictions and tensions on the real estate market had a negative impact, especially in the first half of the calendar year.

In the eurozone, economic growth is only 3.1% overall (prior year: 5.2%), while in Germany it is much weaker at 1.5% (prior year: 2.6%). In the USA, gross domestic product is also growing only very moderately at 1.6% (prior year: 5.7%), in China the rate is 3.2% (prior year: 8.1%).

## Industry development

- Automotive economy recovers in the half-year period: global light vehicle production rises by 18.4% (IHS as of December 2022)
- In the prior year, industry development was affected by massive shortages of electronic components
- Market recovery is taking place on a global scale with double-digit growth in all regions

In the six-month period of the short fiscal year 2022 (1 June to 30 November 2022), global automotive production recovered significantly from the losses of the same period last year. According to the market research institute IHS Markit (as of December 2022), production of passenger cars and light commercial vehicles rose by 18.4% to 43.6 million units (prior year: 36.8 million units), after massive supply shortages of certain electronic components in particular had weighed heavily on global automotive production in the prior year. In the second business quarter, global light vehicle production increased by 14.8%.

The market recovery has taken place on a global basis and with double-digit growth rates in all regional automotive markets. For example, production in the European market increased by 14.2% to 8.1 million units in the six-month period (prior year: 7.1 million units); in the second quarter growth was 15.6%. In the German individual market, which was particularly affected by the slumps in the prior year, market growth was 33.4% during the first six months and 40.8% in the second quarter. In North, Central and South America region, light vehicle production increased by 17.6% to 8.9 million units in the six-month period (prior year: 7.6 million units) and by 16.9% in the second quarter. The US market increased by 17.2% in the six-month period and by 18.3% in the



second quarter. In Asia/Pacific/Rest of World, the number of new vehicles produced increased by 20.0% to 26.5 million units in the first six months (prior year: 22.1 million units), with growth of 13.8% in the second quarter. China, the region's largest country market, grew by 19.8% in the half year and 7.0% in the second quarter.

**Production of passenger cars and light commercial vehicles during first six months**

in thousands	1st Fiscal half year 2022	+/-	1st Fiscal half-year 2021/2022
Europe	8,088	+14.2%	7,082
<i>of which Germany</i>	<i>1,912</i>	<i>+33.4%</i>	<i>1,434</i>
North, Central and South America	8,944	+17.6%	7,608
<i>of which USA</i>	<i>5,097</i>	<i>+17.2%</i>	<i>4,350</i>
Asia / Pacific / RoW	26,531	+20.0%	22,116
<i>of which China</i>	<i>14,409</i>	<i>+19.8%</i>	<i>12,024</i>
<b>Worldwide</b>	<b>43,563</b>	<b>+18.4%</b>	<b>36,806</b>

Source: IHS Light Vehicle Production Forecast, December 2022

## Business development of the HELLA Group

- Currency and portfolio-adjusted sales improves by 20.8% to €3,669 million, reported sales grew by 25.7% to €3,818 million
- Lighting and Electronics businesses benefit from higher demand due to increased global light vehicle production; Lifecycle Solutions also records positive business development in relevant country markets and target groups
- Adjusted EBIT improves to €202 million; adjusted EBIT margin rises to 5.3%
- Increase in profitability due to slower rise in expenses for research and development, distribution and administration; however, rising energy, material and logistics prices continue to lead to burdens
- Free cash flow from operating activities improves to €77 million; adjusted free cash flow stands at €-9 million
- Second quarter sales up 29.6% reported and 25.1% adjusted; adjusted EBIT margin increases to 5.5%

## 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 transitional short fiscal year is therefore being inserted from 1 June 2022 to 31 December 2022. In addition, HELLA has been reporting in the three business groups Lighting, Electronics and Lifecycle Solutions since 1 June 2022.

In the six-month period of the short fiscal year 2022, reported sales for the HELLA Group increased by

25.7% to €3,818 million (prior year: €3,037 million). Without consideration of exchange rate effects the currency and portfolio-adjusted consolidated sales improved by 20.8% to €3,669 million (prior year: €3,037 million). There were no portfolio effects that required adjustment. In the second quarter of the fiscal year, reported sales increased by 29.6% to €2,026 million (prior year: €1,564 million) and by 25.1% on an adjusted basis to €1,956 million (prior year: €1,564 million). Sales growth was primarily supported by the worldwide increase in light vehicle production, which recovered significantly in both the half-year and quarterly periods and led to significant sales growth in the Lighting and Electronics segments. Sales in the Lifecycle Solutions segment also improved as a result of positive business development in relevant country markets and target groups. The segments also benefited from passing-through part of the price increases.

In the course of this, all regions also developed positively in the first half of the fiscal year. In Europe, sales increased by 15.0% to €2,004 million (prior year: €1,742 million); in the German market, sales growth was 12.8%. In North, Central and South America, sales increased by 33.0% to €813 million (prior year: €612 million). The Asia/Pacific/Rest of World region recorded the largest company-wide growth in sales with an increase of 46.3% to €1,000 million as a result of large-volume production ramp-ups (prior year: €683 million). In the second quarter, sales growth in Europe was 25.3% (Germany: 31.0%), in the Americas at 31.9% and in Asia/Pacific/Rest of World at 37.5%.

In the first six months of the fiscal year, the adjusted earnings before interest and taxes (adjusted EBIT) increased by 29.5% to €202 million (prior year: €156 million); the adjusted EBIT margin thus improved to 5.3% (prior year: 5.1%). Although the gross profit margin is below the level of the prior year, the cost ratios for research and development as well as for distribution and administration in particular have been significantly reduced as a result of the higher sales volume. In the second quarter, adjusted EBIT stands at €110 million (prior year: €64 million), the EBIT margin thus amounts to 5.5% (prior year: 4.1%).

### Reported sales of the HELLA Group

for the first six months (in € million) and change compared to prior year (in%)

2020/2021	3,100 (-6.4%)
2021/2022	3,037 (-2.0%)
<b>2022</b>	<b>3,818 (+25.7%)</b>

**Consolidated income statement**

in € million	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2022	+/-	2021/2022	2022		2021/2022
<b>Sales</b>	<b>3,818</b>	<b>+25.7%</b>	<b>3,037</b>	<b>2,026</b>	<b>+29.6%</b>	<b>1,564</b>
Cost of sales	-2,934		-2,293	-1,553		-1,201
<b>Gross profit</b>	<b>883</b>	<b>+18.6%</b>	<b>745</b>	<b>473</b>	<b>+30.6%</b>	<b>363</b>
Ratio of gross profit to sales	23.1%		24.5%	23.4%		23.2%
Research and development expenses	-391		-338	-205		-175
Distribution expenses	-182		-163	-93		-83
Administrative expenses	-138		-111	76		-56
Other income and expenses	4		9	2		5
Earnings from investments accounted for using the equity method	25		14	10		11
Other income from investments	0		0	0		0
<b>Adjusted earnings before interest and taxes (adjusted EBIT)</b>	<b>202</b>	<b>+29.5%</b>	<b>156</b>	<b>110</b>	<b>+71.7%</b>	<b>64</b>
Ratio of adjusted EBIT to sales	5.3%		5.1%	5.5%		4.1%

For better comparability, the operating figures are presented in an adjusted form. The reported figures can be found in the condensed interim consolidated financial statements; for additional information, please also refer to the Further Notes section.

In the six-month period, the earnings before interest and taxes were adjusted in the amount of €39 million (prior year: €7 million). Taking these effects into account, the reported EBIT improved to €162 million (prior year: €149 million), corresponding to a reported EBIT margin of 4.3% (prior year: 4.9%). In the second quarter, EBIT amounted to €87 million (prior year: €70 million) and the EBIT margin amounts to 4.3% (prior year: 4.5%).

Gross profit increased to €883 million in the first six months of the year (prior year: €745 million), the gross profit margin decreased to 23.1% (prior year: 24.5%). Although gross profit benefited from higher production volumes in connection with the improved business development. Significantly increasing burdens due to high costs for energy, materials and logistics have however led to an overall slower development of gross profit. In the second quarter, gross profit was €473 million (prior year: €363 million), the gross profit margin was thus 23.4% (prior year: 23.2%).

Research and development expenses increased to €391 million (prior year: €338 million); as a result of the significantly higher sales volume, the R&D ratio thus decreased to 10.2% (prior year: 11.1%). Expenses for research and development were incurred in particular against the background of the high order backlog and for the realisation of new series projects.

In the second quarter, R&D expenses amounted to €205 million (prior year: €175 million), with an R&D ratio of 10.1% (prior year: 11.2%).

Distribution and administrative expenses as well as the balance of other income and expenses add up to €316 million in the first six months (prior year: €265 million), reducing the ratio of these expenses and income to 8.3% (prior year: 8.7%). In the second quarter, expenses for distribution and administration as well as the balance of other income and expenses amounted to €168 million (prior year: €135 million), equating to a ratio of 8.3% (prior year: 8.6%).

The contribution of the associates and joint ventures to group-wide adjusted EBIT improved to €25 million (prior year: €14 million), which corresponds to a relative share of 12.6% (prior year: 8.7%). This is mainly due to the improved business development of major joint ventures, also in connection with the higher global light vehicle production. In the second quarter, the contribution to earnings amounted to €10 million (prior year: €11 million), with the share in the adjusted EBIT for the HELLA Group coming to 9.0% (prior year: 17.0%). The main reason for the lower contribution to earnings in the second quarter is the sale of the shares in the associated company HBPO held by HELLA, which was agreed on 29 July 2022 and completed after the half-year balance sheet date on 12 December 2022.

**Regional market coverage by customer**

	First half-year 2022		First half-year 2021/2022	
	Absolute (in € million)	Relative (in %)	Absolute (in € million)	Relative (in %)
Europe	2,004	53	1,742	57
North, Central and South America	813	21	612	20
Asia / Pacific / RoW	1,000	26	683	22
<b>Total</b>	<b>3,818</b>	<b>100</b>	<b>3,037</b>	<b>100</b>

The net financial result was €-21 million in the six-month period (prior year: €-7 million) and €-12 million in the second quarter (prior year: €-3 million). Income tax expenses amounted to €6 million (prior year: €38 million), with income of €9 million in the second quarter (prior year: expenses of €20 million).

Earnings of the period for the six-month period of the short fiscal year 2022 are thus €135 million (prior year: €104 million), with the second quarter accounting for €85 million of such (prior year: €47 million). The earnings per share amount to €1.21 in the half-year period (prior year: €0.92) and €0.76 in the second quarter (prior year: €0.42).

**Financial status**

In the six-month period of the short fiscal year 2022, net cash flow from operating activities increased by €373 million to €434 million (prior year: €61 million) compared to the same period of the prior year. This development is due to the higher earnings before taxes (EBT), after depreciation, amortisation and provisions, as well as a lower build-up of working capital. Working capital was 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 made themselves known in the new increase in inventories over the reporting period. The change in receivables includes a positive effect of €113 million from the sale of receivables as part of the introduc-

tion of the factoring programme, which took place in the reporting period. In the second quarter, net cash flow from operating activities increased by €295 million to €252 million (prior year: €-42 million).

Cash investing activities excluding payments or cash receipts for the acquisition or sale of company shares or capital increases/repayments and securities amounted to €357 million (prior year: €287 million) in the six-months period and €170 million (prior year: €143 million) in the second quarter. These mainly included capital expenditures towards the long-term expansion of the worldwide development, administration and production network. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. In relation to higher sales, investments in the first half-year remained at the prior year's level of 9.4%; in the second quarter there was a reduction to 8.4% (prior year: 9.1%).

As part of the active management of the liquid funds available to the Group, €215 million (prior year: €16 million) was received from securities in the first six months and €40 million (prior year: €420 million) in the second quarter. 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.

**Adjusted earnings before interest and taxes**

(adjusted EBIT; in € millions and as a % of sales) for the first six months

2020/2021	269 (8.7%)
2021/2022	156 (5.1%)
<b>2022</b>	<b>202 (5.3%)</b>

Reported free cash flow from operating activities improved to €77 million in the first six months (prior year: €-226 million). In the second quarter, reported free cash flow was €83 million (prior year: €-185 million).

Adjusted for structural measures (€23 million) and venture capital activities (€4 million), free cash flow from operating activities was €104 million (prior year: €-203 million) and in the second quarter €90 million (previous year: €-172 million). In the previous year, the free cash flow from operating activities was mainly adjusted for payments for structural measures (€22 million).

Excluding cash inflows (€113 million) due to the factoring programme introduced in June 2022, adjusted free cash flow from operating activities improved overall to €-9 million in the six-month period (prior year: €-203 million). In the second quarter, the adjusted free cash flow from operating activities improved to €74 million (prior year: €-172 million).

Total cash outflows from financing activities came to approximately €27 million (prior year: €129 million). Net borrowing amounted to €40 million (prior year: net borrowing decrease of €13 million), mainly due to financial liabilities to a factoring company of €54 million (prior year: €0 million), arising from receivables paid by customers under the newly launched factoring programme.

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.

The liquidity portfolio consisting of cash and cash equivalents increased in comparison to the end of the prior fiscal year 2021/2022 by €265 million to €841 million (31 May 2022: €576 million). Together with current financial assets, essentially comprising securities of €204 million (31 May 2022: €427 million), the available funds increased to €1,046 million (31 May 2022: €1,003 million).

In September 2022, HELLA negotiated a new syndicated credit facility with a volume of €450 million and an increase option of €150 million. The previous syndicated credit facility of €450 million and a term until June 2023 was terminated by HELLA in September 2022. The new facility was concluded with a consortium 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 jeopardised and it remains 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.

On this basis, the Management Board is of the opinion that HELLA is able to satisfy its payment obligations.

### Financial position

Compared to the balance sheet date in the prior fiscal year 2021/2022, total assets increased by €339 million to €6,784 million (31 May 2022: €6,445 million). The equity ratio stood at 41.8% and was thus below the level on the balance sheet date of 31 May 2022 (42.5%). The equity ratio relative to total assets adjusted for liquidity comes to 49.5% (31 May 2022: 50.3%).

Current and non-current financial liabilities increased by €49 million to €1,438 million (31 May 2022: €1,390 million). Net financial debt as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of €5 million to €392 million (31 May 2022: €387 million).

As at the reporting date (30 November 2022), the corporate rating by Moody's rating agency remained unchanged at the level of Baa3 with a negative outlook, according to the update made on 1 February 2022. This means that the Company's investment grade rating continues to be confirmed.

### Reported free cashflow from operating activities

for the first six months (in € million)



## Human Resources

At the six-month reporting date of 30 November 2022, HELLA had 36,363 permanent employees worldwide (prior year: 35,800 employees). This corresponds to an increase in staff of 1.6%, which took place in particular in the development area in view of the high order backlog.

### Permanent workforce in the HELLA Group

(30 November each)

2020	35,754 (-5.5%)
2021	35,800 (+0.1%)
<b>2022</b>	<b>36,363 (+1.6%)</b>

In Germany, the number of employees decreased to 7,969 (prior year: 8,330), also as a result of the implementation of structural measures. In the other European countries, the number of employees remained largely constant at 14,557 (prior year: 14,473). Especially in Asia and America, staff was increased due to the positive business development: In Asia/Pacific/Rest of World, HELLA had a total of 6,547 employees as of the reporting date (prior year: 6,091); in North, Central and South America, the core workforce comprised 7,290 employees (prior year: 6,906).

## Further events in the second quarter

### ■ 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 is 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% to over €9.4 bn. 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 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 three basic strategic pillars: firstly, technology and market leadership; secondly, global presence and broad customer portfolio; thirdly, operational excellence.

### ■ 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 a computing 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 a 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.

### ■ 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 have already 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.

### ■ CES 2023 Innovation Award

HELLA is awarded the prestigious CES 2023 Innovation Award in the category "Vehicle Tech & Advanced Mobility" as "Honoree" for its digital, chip-based headlamp system "Solid State Lighting | High Definition" (SSL | HD). The SSL | HD technology represents the evolutionary advancement of LED matrix systems: The light source has been further miniaturised so that up to 25,000 LED pixels per chip are arranged in the smallest possible space. This not only provides better road illumination, but also enables new lighting functionalities such as the projection of safety distances or lane markings onto the road. Since at the same time the installation space required for the light module is reduced by up to 75%, completely new possibilities for integrating the headlamp into the vehicle architecture are opened up. Serial production of the world's first SSL | HD headlamp started at HELLA last summer.

### ■ Annual General Meeting

The shareholders of HELLA GmbH & Co. KGaA approved all agenda items with a large majority at the Annual General Meeting on 30 September 2022. Among other things, it was decided to pay a dividend of €0.49 per share for the 2021/2022 business year. The total distribution to the shareholders thus amounts to about €54 million. Furthermore, the Annual General Meeting followed the election proposals for the Shareholder Committee and the Supervisory Board. In meetings following the Annual General Meeting, Prof. Dr. Wolfgang Ziebart was elected Chairman of the Shareholder Committee and Andreas Renschler was elected Chairman of the Supervisory Board. On the Supervisory Board, Judith Buss takes over the chair of the Audit Committee. After the Annual General Meeting was held in purely virtual form in the past two years due to the coronavirus pandemic, it was held again this year as a physical event at the company's headquarters in Lippstadt. At the time of the vote, 91.82% of the share capital was represented.

## Business development of the segments

### Lighting

- Lighting increases sales by 27.6% to €1,839 million, mainly due to higher production volumes after series launches in the prior year, for example in China
- EBIT rises to €37 million, EBIT margin improves to 2.0%, among other things due to sales growth and operational improvements; burdens due to significant price increases for materials, logistics and energy

In the six-month period of the short fiscal year 2022, sales in the Lighting Segment grew by 27.6% (adjusted for currency effects: +22.0%) to €1,839 million (prior year: €1,442 million). This is primarily due to a significant increase in customer demand, partly in connection with the improved market development. In particular, the lighting business in the Chinese

market developed very positively, also in the wake of significantly increased production volumes following production launches that took place in the previous fiscal year and continued to ramp up in the short fiscal year 2022.

Earnings before interest and taxes (EBIT) of the Lighting Segment rose from a low level to €37 million (prior year: €26 million), corresponding to an EBIT margin of 2.0% (prior year: 1.8%). The main factors for this were higher production volumes and operational improvements, although gross profit improved disproportionately less than sales due to significant price increases in materials, logistics and energy. Lower cost ratios for R&D expenses and distribution costs in relation to higher sales also contributed to the increased profitability.

### Income statement for the Lighting segment

in € million	First half-year 1 June to 30 November		
	2022	+/-	2021/2022
Sales with third-party entities	1,808		1,420
Intersegment sales	31		22
<b>Segment sales</b>	<b>1,839</b>	<b>+27.6%</b>	<b>1,442</b>
Cost of sales	-1,582		-1,224
<b>Gross profit</b>	<b>258</b>	<b>+18.2%</b>	<b>218</b>
Ratio of gross profit to sales	14.0%		15.1%
Research and development expenses	-141		-132
Distribution expenses	-37		-33
Administrative expenses	-57		-44
Other income and expenses	2		2
Earnings from investments accounted for using the equity method	13		15
Other income from investments	0		0
<b>Earnings before interest and taxes (EBIT)</b>	<b>37</b>	<b>+41.4%</b>	<b>26</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	2.0%		1.8%



## Electronics

- Sales in the Electronics segment increase by 30.1% to €1,654 million, mainly due to high demand for different product solutions, for example for energy management, body and steering electronics
- EBIT rises significantly to €113 million, EBIT margin at 6.8%; higher profitability mainly due to improved business development

In the Electronics segment, sales increased by 30.1% (currency-adjusted: +25.3%) in the period of the first six months of the short fiscal year 2022 to €1,654 million (prior year: €1,272 million). This is primarily due to high demand for different product solutions, for example for energy management, body and

steering electronics. The recovery of the global automotive market with rising production figures worldwide also contributed to this development. Increased pass-through of price increases, for example in material costs, also had a positive impact on sales development.

The EBIT of the segment increased significantly compared to the prior year to €113 million (prior year: €65 million), the EBIT margin amounts to 6.8% (prior year: 5.1%), which, together with the significantly improved business development, can be attributed, among other things, to a slower rise in R&D expenses and distribution costs. The result of the joint ventures in the Electronics segment also improved compared to the prior year.

### Income statement for the Electronics segment

in € million	First half-year 1 June to 30 November		
	2022	+/-	2021/2022
Sales with third-party entities	1,508		1,150
Intersegment sales	146		122
<b>Segment sales</b>	<b>1,654</b>	<b>+30.1%</b>	<b>1,272</b>
Cost of sales	-1,232		-945
<b>Gross profit</b>	<b>422</b>	<b>+29.4%</b>	<b>326</b>
Ratio of gross profit to sales	25.5%		25.7%
Research and development expenses	-228		-187
Distribution expenses	-34		-31
Administrative expenses	-59		-46
Other income and expenses	0		5
Earnings from investments accounted for using the equity method	12		-2
Other income from investments	0		0
<b>Earnings before interest and taxes (EBIT)</b>	<b>113</b>	<b>+73.3%</b>	<b>65</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	6.8%		5.1%

## Lifecycle Solutions

- Lifecycle Solutions with sales growth of 6.5% to €500 million due to positive business development in relevant country markets and target groups
- EBIT declines to €53 million, EBIT margin falls to 10.6%, mainly due to shifts in the product mix and cost burdens in distribution and logistics

In the Lifecycle Solutions segment, sales in the six-month period of the short fiscal year increased by 6.5% (adjusted for currency effects: +6.4%) to €500 million (prior year: €469 million). Both the independent spare parts business and the business for commercial vehicle manufacturers contributed to this development. For example, the spare parts business performed well, especially in key country markets such as Turkey, the USA and Mexico; in addition, sales benefited from the pass-through of price increases. In the commercial vehicle business, all rele-

vant customer segments recorded a very positive development compared to the prior year, for example the business for agricultural machinery manufacturers, trucks, trailers and buses, among others due to high order call-offs, newly launched products, additionally acquired new business and an overall favourable industry environment. In the workshop business, sales decreased due to the strong business development in the comparable period, which was characterised by the market launch of a new diagnostic device.

The EBIT of the Lifecycle Solutions segment decreased to €53 million compared to the previous half year (prior year: €66 million). Consequently, the EBIT margin falls to 10.6% (prior year: 14.0%). This is due to shifts in the product mix, a significantly higher distribution cost ratio caused in particular by higher logistics costs as well as an increase in personnel in this area.

### Income statement for the Lifecycle Solutions segment

in € million	First half-year 1 June to 30 November		
	2022	+/-	2021/2022
Sales with third-party entities	494		467
Intersegment sales	5		2
<b>Segment sales</b>	<b>500</b>	<b>+6.5%</b>	<b>469</b>
Cost of sales	-297		-269
<b>Gross profit</b>	<b>203</b>	<b>+1.3%</b>	<b>201</b>
Ratio of gross profit to sales	40.7%		42.8%
Research and development expenses	-21		-18
Distribution expenses	-112		-99
Administrative expenses	-20		-20
Other income and expenses	2		3
Earnings from investments accounted for using the equity method	0		0
Other income from investments	0		0
<b>Earnings before interest and taxes (EBIT)</b>	<b>53</b>	<b>-19.2%</b>	<b>66</b>
Earnings before interest and taxes in relation to segment sales (EBIT margin)	10.6%		14.0%

## Opportunity and risk report

In the reporting period, the company's short- and long-term risk position has not changed significantly compared to the statements in the annual report 2021/2022. Therefore, please refer to the risk report contained in that document for further details of the significant opportunities and risks.

That said, the general economic and market environment continues to be characterised by very high risks and uncertainties. These are, firstly, in connection with the Russian attack on Ukraine. HELLA does not have its own production or development sites in these two countries. Nevertheless, the war has already led to significantly higher prices for energy, raw materials and logistics, affecting the economies in Europe in particular. At the same time, it is not foreseeable at this point in time whether, despite considerable savings measures on the part of industry and private households, there will be a gas shortage and what consequences this would have for inflation as well as further macroeconomic and sector-specific developments.

Secondly, there are still risks associated with the further development of the corona virus, currently especially with regard to the Chinese market. In particular as a result of the recently eased corona protection measures, inefficiencies may arise along the entire value chain, for example due to staff absences or production interruptions at HELLA as well as on the customer and supplier side.

Thirdly, it can be assumed that the shortages of electronic components that have existed since the beginning of 2021 will continue according to current estimates. Although the supply situation has stabilised again in parts, bottleneck situations 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.

## Forecast report

### Economic outlook

- Russian war of aggression in Ukraine, high inflation and consequences of the coronavirus pandemic weigh on global economy
- IMF revises 2023 forecast downwards: Global economic growth of 2.7% expected
- Low growth in eurozone and USA; recession forecast in Germany; China with relatively moderate growth

According to estimates by the International Monetary Fund (IMF), the global economy will continue to deteriorate in the current calendar and fiscal year 2023, thus continuing the trend of 2022. Accordingly, in its forecast published in October of this year, the IMF assumes that global gross domestic product will only grow by 2.7%; in July 2022, the IMF had still expected growth of 2.9% for 2023. Above all, the Russian war of aggression in Ukraine, high inflation and the consequences of the Covid-19 pandemic are burdening the development of the global economy. According to the IMF, with the exception of the global financial crisis and the acute phase of the coronavirus pandemic, there has not been a weaker economic outlook in just under 20 years of the recent past.

The IMF forecast for the various regions and countries is therefore correspondingly cautious. For the eurozone, the IMF is currently assuming marginal growth of 0.5% in 2023, and a recession of 0.3% is even expected for Germany. The growth forecast for the USA in 2023 will be 1.0% according to the IMF. In China, GDP is expected to grow by 4.4%, improving again compared to 2022. However, economic growth is clearly below the level of prior years.

### Industry outlook

- According to IHS estimates (as of December 2022), global light vehicle production will increase by 12.4% in the period from 1 June 2022 to 31 May 2023
- Market recovery expected in all regions

In the period from 1 June 2022 to 31 May 2023, global light vehicle production will increase by a total of 12.4% to 85.2 million units (prior year: 75.8 million units), according to the latest figures from the market research institute IHS Markit (as of December 2022). This would mean that the global automotive economy would recover from the consequences of shortages of electronic components, pandemic-related lockdowns in China and the negative influences of the Russian war in Ukraine. Nevertheless, with the currently expected production figures, the global market volumes would still be significantly below the pre-coronavirus level.

With regard to the forecast development in the respective automotive markets, IHS Markit currently assumes that the production of passenger cars and light commercial vehicles in the European region will increase by 9.2% to 16.2 million units (prior year: 14.8 million units). For the German market, growth of 24.7% is expected, coming from a lower basis of comparison. According to current forecasts, light vehicle production in North, Central and South America is expected to increase by 12.4% to 17.7 million units (prior year: 15.8 million units), with the US market accounting for 13.1% growth. With regard to the Asia/Pacific/Rest of World region, IHS is currently forecasting growth of 13.4% to 51.2 million units (prior year: 45.2 million units), according to which light vehicle production in China will increase also by 13.4%.

### Expected production of passenger cars and light commercial vehicles and change compared to the prior year (in %)

in thousands	1 June 2022 to 31 May 2023	+/-	1 June 2021 to 31 May 2022
Europe	16,181	+9.2%	14,817
of which Germany	3,880	+24.7%	3,112
North, Central and South America	17,747	+12.4%	15,794
of which USA	10,171	+13.1%	8,994
Asia / Pacific / RoW	51,228	+13.4%	45,176
of which China	27,314	+13.4%	24,087
<b>Worldwide</b>	<b>85,156</b>	<b>+12.4%</b>	<b>75,787</b>

Source: IHS Light Vehicle Production Forecast, December 2022

## Company outlook

The Company's outlook for the period from 1 June 2022 to 31 May 2023 remains in line with the forecast published in the Annual Report 2021/2022. Accordingly, HELLA expects to generate currency and portfolio-adjusted Group sales in the range of approximately €7.1 billion to €7.6 billion in this period; it expects to achieve a value at the upper end of this range. The EBIT margin adjusted for structural measures and portfolio effects is expected to be at the lower end of the forecast range of around 5.5% to 7.0%. Until May 2023, the Company currently assumes that profitability in the Lighting and Electronics segment will continue to develop based on the level of the first six months of the short fiscal year 2022.

The company's outlook assumes a lower volume increase in global vehicle production compared to the IHS forecast and is therefore based on the company's expected global car production of 80 to 84 million vehicles. Furthermore, the Company continues to expect that the general industry environment will be characterized by multiple market uncertainties. In this context, following more extensive easing meas-

ures implemented since the end of last year, there are uncertainties in connection with the further course of the Corona pandemic in the Chinese market. Accordingly, a high dynamic of the infection figures there can possibly cause inefficiencies along the entire value chain, for example through staff absences or production interruptions.

Furthermore, the outlook is based firstly on the assumption that there will be no significant impact on HELLA's business as a result of component shortages. Secondly, it is based on the basic assumption that there will be no further significant adverse effects in connection with the war in Ukraine, which may be caused primarily by possible gas shortages and further cost increases.

# Condensed interim consolidated financial statements

Consolidated income statement of  
HELLA GmbH & Co. KGaA

€ thousand	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2022	2021/2022	2022	2021/2022
<b>Sales</b>	<b>3,817,514</b>	<b>3,037,137</b>	<b>2,025,976</b>	<b>1,563,655</b>
Cost of sales	-2,937,622	-2,302,084	-1,552,936	-1,206,591
<b>Gross profit</b>	<b>879,891</b>	<b>735,053</b>	<b>473,040</b>	<b>357,064</b>
Research and development expenses	-394,181	-333,719	-205,407	-167,138
Distribution expenses	-182,978	-164,725	-93,497	-84,452
Administrative expenses	-138,376	-117,357	-74,702	-57,844
Other income	16,343	30,133	3,186	23,296
Other expenses	-44,212	-11,822	-25,489	-9,780
Earnings from investments accounted for using the equity method	25,500	11,161	9,902	8,494
Other income from investments	374	352	374	352
<b>Earnings before interest and taxes (EBIT)</b>	<b>162,360</b>	<b>149,076</b>	<b>87,407</b>	<b>69,993</b>
Financial income	15,547	7,165	2,108	-683
Financial expenses	-36,601	-14,519	-13,977	-2,089
<b>Net financial result</b>	<b>-21,053</b>	<b>-7,354</b>	<b>-11,869</b>	<b>-2,772</b>
<b>Earnings before income taxes (EBT)</b>	<b>141,307</b>	<b>141,722</b>	<b>75,538</b>	<b>67,221</b>
Income taxes	-6,393	-38,123	9,392	-20,169
<b>Earnings for the period</b>	<b>134,914</b>	<b>103,599</b>	<b>84,929</b>	<b>47,053</b>
of which attributable:				
to the owners of the parent company	133,978	102,680	84,282	46,385
to non-controlling interests	936	919	647	668
<b>Basic earnings per share in €</b>	<b>1.21</b>	<b>0.92</b>	<b>0.76</b>	<b>0.42</b>
<b>Diluted earnings per share in €</b>	<b>1.21</b>	<b>0.92</b>	<b>0.76</b>	<b>0.42</b>

# Consolidated statement of comprehensive income

(after-tax analysis) of HELLA GmbH & Co. KGaA

€ thousand	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
	2022	2021/2022	2022	2021/2022
<b>Earnings for the period</b>	<b>134,914</b>	<b>103,599</b>	<b>84,929</b>	<b>47,053</b>
Currency translation differences	-14,364	76,446	-80,779	55,628
Changes recognised in equity	-14,364	76,446	-80,779	55,628
Profits (-) / losses (+) reclassified to profit or loss	0	0	0	0
Financial instruments for cash flow hedging	23,070	-8,409	10,769	-4,038
Changes recognised in equity	16,434	-7,489	17,782	-5,378
Profits (-) / losses (+) reclassified to profit or loss	6,636	-920	-7,013	1,340
Change in fair value of debt capital instruments held	-986	-2,268	357	-3,450
Changes recognised in equity	-1,024	-1,991	338	-3,177
Profits (-) / losses (+) reclassified to profit or loss	38	-277	19	-272
Share of other comprehensive income attributable to associates and joint ventures	-3,778	9,067	-8,366	9,458
<b>Items that were or can be transferred to profit or loss</b>	<b>7,720</b>	<b>65,769</b>	<b>-69,653</b>	<b>48,140</b>
Remeasurements of defined benefit plans	10,563	-6,976	899	-19,538
Share of other comprehensive income attributable to associates and joint ventures	0	0	-15	0
<b>Items never transferred to profit or loss</b>	<b>10,563</b>	<b>-6,976</b>	<b>899</b>	<b>-19,538</b>
<b>Other earnings for the period</b>	<b>18,283</b>	<b>58,793</b>	<b>-68,754</b>	<b>28,602</b>
<b>Comprehensive income for the period</b>	<b>153,197</b>	<b>162,392</b>	<b>16,175</b>	<b>75,655</b>
of which attributable:				
to the owners of the parent company	152,581	162,344	15,830	76,020
to non-controlling interests	616	48	345	-365

# Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	30 November 2022	31 May 2022	30 November 2021
Cash and cash equivalents	841,389	576,129	636,113
Financial assets	204,412	426,611	440,341
Trade receivables	1,266,924	1,071,974	1,018,259
Other receivables and non-financial assets	216,931	227,617	177,079
Inventories	1,185,488	1,136,391	1,060,120
Current tax assets	34,300	27,669	20,698
Contract assets	44,391	42,179	40,547
Assets held for sale	31,471	0	0
<b>Current assets</b>	<b>3,825,304</b>	<b>3,508,570</b>	<b>3,393,157</b>
Intangible assets	436,736	391,111	343,872
Property, plant and equipment	1,970,398	1,956,470	1,765,905
Financial assets	101,195	119,358	93,603
Investments accounted for using the equity method	203,020	224,182	209,537
Deferred tax assets	106,456	89,778	108,342
Contract assets	57,082	77,060	49,236
Other non-current assets	83,459	78,444	83,692
<b>Non-current assets</b>	<b>2,958,344</b>	<b>2,936,404</b>	<b>2,654,189</b>
<b>Assets</b>	<b>6,783,648</b>	<b>6,444,973</b>	<b>6,047,346</b>
Financial liabilities	277,006	215,602	87,655
Trade payables	1,264,338	1,081,829	839,427
Current tax liabilities	56,538	34,875	48,159
Other liabilities	450,531	482,939	423,330
Provisions	157,616	144,281	165,527
Contract obligations	122,092	79,614	97,887
<b>Current liabilities</b>	<b>2,328,121</b>	<b>2,039,140</b>	<b>1,661,984</b>
Financial liabilities	1,161,068	1,173,923	1,283,575
Deferred tax liabilities	59,317	47,771	5,839
Other liabilities	57,884	75,290	103,823
Provisions	339,366	369,710	475,821
<b>Non-current liabilities</b>	<b>1,617,635</b>	<b>1,666,693</b>	<b>1,869,059</b>
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,612,203	2,514,066	2,292,252
<b>Equity before non-controlling interests</b>	<b>2,834,425</b>	<b>2,736,288</b>	<b>2,514,474</b>
Non-controlling interests	3,468	2,852	1,829
<b>Equity</b>	<b>2,837,893</b>	<b>2,739,140</b>	<b>2,516,303</b>
<b>Equity and liabilities</b>	<b>6,783,648</b>	<b>6,444,973</b>	<b>6,047,346</b>



# 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
<b>As at: 01 June 2021</b>	<b>222,222</b>	<b>250,234</b>	<b>-112,202</b>	<b>-56,283</b>	<b>1,052</b>
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	77,317	-8,409	-2,268
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>77,317</b>	<b>-8,409</b>	<b>-2,268</b>
Distributions to shareholders	0	0	0	0	0
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at: 30 November 2021</b>	<b>222,222</b>	<b>250,234</b>	<b>-34,884</b>	<b>-64,692</b>	<b>-1,215</b>
<b>As at: 01 June 2022</b>	<b>222,222</b>	<b>250,234</b>	<b>14,337</b>	<b>-32,724</b>	<b>-11,063</b>
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-14,043	23,070	-986
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-14,043</b>	<b>23,070</b>	<b>-986</b>
Distributions to shareholders	0	0	0	0	0
<b>Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at: 30 November 2022</b>	<b>222,222</b>	<b>250,234</b>	<b>294</b>	<b>-9,654</b>	<b>-12,049</b>

See also Chapter 16 for notes on equity.

# Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

€ thousand	Remeas- urements of defined benefit plans	Other retained earnings/ profit carried forward	Reserves and unappropriated surplus	Equity before non-controlling interests	Non-controlling interests	Equity
<b>As at: 01 June 2021</b>	<b>-114,069</b>	<b>2,267,842</b>	<b>2,236,574</b>	<b>2,458,797</b>	<b>1,781</b>	<b>2,460,578</b>
Earnings for the period	0	102,680	102,680	102,680	919	103,599
Other earnings for the period	-6,976	0	59,664	59,664	-871	58,793
<b>Comprehensive income for the period</b>	<b>-6,976</b>	<b>102,680</b>	<b>162,344</b>	<b>162,344</b>	<b>48</b>	<b>162,392</b>
Distributions to shareholders	0	-106,667	-106,667	-106,667	0	-106,667
<b>Transactions with shareholders</b>	<b>0</b>	<b>-106,667</b>	<b>-106,667</b>	<b>-106,667</b>	<b>0</b>	<b>-106,667</b>
<b>As at: 30 November 2021</b>	<b>-121,045</b>	<b>2,263,855</b>	<b>2,292,252</b>	<b>2,514,474</b>	<b>1,829</b>	<b>2,516,303</b>
<b>As at: 01 June 2022</b>	<b>-49,153</b>	<b>2,342,436</b>	<b>2,514,066</b>	<b>2,736,288</b>	<b>2,852</b>	<b>2,739,140</b>
Earnings for the period	0	133,978	133,978	133,978	936	134,914
Other earnings for the period	10,563	0	18,604	18,604	-321	18,283
<b>Comprehensive income for the period</b>	<b>10,563</b>	<b>133,978</b>	<b>152,581</b>	<b>152,581</b>	<b>616</b>	<b>153,197</b>
Distributions to shareholders	0	-54,444	-54,444	-54,444	0	-54,444
<b>Transactions with shareholders</b>	<b>0</b>	<b>-54,444</b>	<b>-54,444</b>	<b>-54,444</b>	<b>0</b>	<b>-54,444</b>
<b>As at: 30 November 2022</b>	<b>-38,591</b>	<b>2,421,969</b>	<b>2,612,203</b>	<b>2,834,425</b>	<b>3,468</b>	<b>2,837,893</b>

See also Chapter 16 for notes on equity.

# Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 30 November

€ thousand	2022	2021/2022
<b>Earnings before income taxes (EBT)</b>	<b>141,307</b>	<b>141,722</b>
Depreciation and amortisation	225,383	199,092
Change in provisions	17,429	-17,541
Other non-cash income and cash flows not attributable to operating activities	-21,832	-37,446
Losses / profits from the sale of property, plant and equipment and intangible assets	1,076	2,953
Net financial result	21,053	7,354
Change in trade receivables and other assets not attributable to investing or financing activities	-167,293	-39,604
Change in inventories	-54,204	-139,333
Change in trade payables and other liabilities not attributable to investing or financing activities	288,894	-61,916
Tax refunds received	5,398	25,387
Taxes paid	-34,635	-29,482
Dividends received	11,710	9,864
<b>Net cash flow from operating activities</b>	<b>434,287</b>	<b>61,049</b>
Cash receipts from the sale of intangible assets and property, plant and equipment	8,800	10,785
Payments for the purchase of intangible assets and property, plant and equipment	-366,281	-297,381
Change in financing receivables and liabilities from investments	-2,583	-4,989
Payments for capital increases in investments	-3,015	-6,816
Acquisition of investments and companies	-364	-18,084
Cash receipts from the sale of investments	3,213	13,259
Net payments made for the purchase and sale of securities	215,036	15,755
Interest received	5,969	4,061
<b>Net cash flow from investing activities</b>	<b>-139,226</b>	<b>-283,410</b>
Payments for the repayment of financial liabilities	-22,216	-18,311
Cash receipts from changes in financial liabilities	62,447	5,686
Interest paid	-13,072	-9,932
Dividends paid	-54,497	-106,667
<b>Net cash flow from financing activities</b>	<b>-27,339</b>	<b>-129,225</b>
<b>Net change in cash and cash equivalents</b>	<b>267,722</b>	<b>-351,586</b>
Cash and cash equivalents as at 1 June	576,129	979,495
Effect of exchange rate changes on cash and cash equivalents	-2,463	8,204
<b>Cash and cash equivalents as at 30 November</b>	<b>841,389</b>	<b>636,113</b>

# Further notes

## 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, joint-venture companies produce complete vehicle modules and climate control systems. 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 Commercial Register B of Paderborn district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies. HELLA GmbH & Co. KGaA is included in the higher-level consolidated financial statements of Faurecia S.E., Nanterre (Hauts-de-Seine), France.

HELLA GmbH & Co. KGaA has by resolution of the Extraordinary General Meeting of 29 April 2022 changed its fiscal year with effect from 1 January 2023 to the period from 1 January until 31 December of the respective year. For the period from 1 June 2022 until 31 December 2022 a short fiscal year will be formed in 2022. On 8 September 2022, the change in the fiscal year was entered in the commercial register. In the following tables, the short fiscal year is referred to as 2022.

This interim report has been prepared as a condensed interim report in accordance with the requirements of the International Financial Reporting Standards (IFRS) applicable as at 30 November 2022 and as

adopted by the European Union. The interim report was created in accordance with IAS 34 Interim Financial Reporting. Income taxes are recognised based on the estimate of the weighted average income tax rate expected for the full year. The tax effects of certain significant matters that are only attributable to the respective reporting period are taken into account. The interim financial statements are accompanied by an interim management report. The comparative prior year values have been determined according to the same principles. The condensed interim consolidated financial statements and the interim group management report have neither been reviewed pursuant to Section 37w (5) WpHG nor audited in accordance with Section 317 HGB.

The interim financial statements are prepared in euros (€). Amounts are stated in thousands of euros (€ thousand). The interim financial statements are prepared using accounting policies 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 statement of financial position. 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 statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

## 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 consolidated. Material joint ventures are included in the consolidated financial statements using the equity method of accounting.

Number	30 Nov 2022	31 May 2022	30 Nov 2021
Fully consolidated companies	78	78	81
Companies accounted for using the equity method	46	46	46

In the current fiscal year 2022, the company The Drivery Holding GmbH was newly founded. This company is not included in the consolidated financial statements.

## 03 Accounting policies and measurement methods

The accounting policies and measurement methods used in the interim report are the same as those used in the consolidated financial statements as at 31 May 2022. These accounting policies and measurement methods were explained in the annual report 2021/2022.

Application of the other IFRS amendments that are mandatory as at 30 November 2022 does not materially influence the presentation of the condensed interim consolidated financial statements.

To simplify interim reporting, IAS 34.41 allows greater use of estimates and assumptions than in the annual financial statements, provided all material financial information that is relevant for understanding the net assets, financial position and results of operations is appropriately disclosed.

## 04 Currency translation

Currency translation differences arising from the translation of earnings and balance sheet items of all Group companies which have a functional currency deviating from the euro are reported within the currency translation differences reserves.

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

	Average 1st Fiscal half-year (1 June to 30 November)		Reporting date		
	2022	2021/2022	30 November 2022	31 May 2022	30 November 2021
€1 = US dollar	1.0136	1.1737	1.0376	1.0713	1.1363
€1 = Czech koruna	24.5575	25.4730	24.3380	24.7140	25.5260
€1 = Japanese yen	141.4055	130.5308	144.2800	137.3600	128.2000
€1 = Mexican peso	20.2958	23.7400	20.0111	20.9870	24.5059
€1 = Chinese renminbi	7.0226	7.5599	7.3437	7.1402	7.2395
€1 = Romanian leu	4.9211	4.9361	4.9245	4.9408	4.9510
€ 1 = Indian rupee	81.2927	87.0770	84.4215	83.2310	85.3274

## 05 Notable events

The conclusion of a factoring agreement in June 2022 was reported in the financial statement for the first quarter of the short fiscal year 2022. The sale of receivables under the programme has already begun in the first half of the short fiscal year 2022 and will take place in Germany, Slovakia, Romania, Czech Republic and Slovenia. 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 present six-month financial report, a provision of the equivalent of €14,601 thousand was formed. The background to this is a legal dispute relating to a past property transaction, which may have to be reversed. The Group has decided to appeal against the judgement. Until a decision is made, no payments will be made to the plaintiff.

## 06 Sales

Sales for the first half of fiscal year 2022 amounted to €3,817,514 thousand (prior year: €3,037,137 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	3,652,598	2,878,416
Sales from the rendering of services	164,915	158,721
<b>Total sales</b>	<b>3,817,514</b>	<b>3,037,137</b>

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

€ thousand	2022	2021/2022
Europe	2,004,293	1,742,139
North, Central and South America	813,400	611,795
Asia / Pacific / RoW	999,821	683,203
<b>Consolidated sales</b>	<b>3,817,514</b>	<b>3,037,137</b>

## 07 Income taxes

€ thousand	30 Nov 2022	30 Nov 2021
Effective income tax expense	-45,402	-40,064
Deferred income tax expense	39,009	1,940
<b>Total income taxes</b>	<b>-6,393</b>	<b>-38,123</b>

A statement on the reported income taxes is provided in the interim reporting period on the basis of the best estimate of the weighted average annual income tax rate which is expected for the full fiscal year. This takes into account that deferred tax assets are recognised only to the extent that the use of the underlying temporary differences and loss carryforwards against future taxable profits is probable based on the Group's planning.

The income tax rate applied for the reporting period ending 30 Nov. 2022 takes into account the sale of the shares in HBPO, which was successfully implemented on 12 December. The income tax effect of the share sale is already taken into account in the estimated annual income tax rate applied to the interim reporting period.

## 08 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.

Basic earnings per share amounted to €1.21 (prior year: €0.92) and correspond to the diluted earnings.

of units	30 Nov 2022	30 Nov 2021
<b>Weighted average number of shares in circulation during the period</b>		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
<b>€ thousand</b>		
Share of profit attributable to owners of the parent company	133,978	102,680
<b>€</b>		
<b>Basic earnings per share</b>	<b>1.21</b>	0.92
<b>Diluted earnings per share</b>	<b>1.21</b>	0.92



## 09 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. 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.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for management of the Group. 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.

Costs of €9,076 thousand (prior year: €9,442 thousand) for structural measures have been adjusted out of reported earnings before interest and taxes in the reporting period. This includes, in particular, performance-related or unexpected expenses for the strategy programme initiated in August 2020. Expenses in the amount of €11,521 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 €17,831 thousand (prior year: income of €6,457 thousand), which are 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 €2,192 thousand (prior year: €7,817 thousand).

In addition, expenses of €14,601 thousand were adjusted in the six-month period for expected costs in connection with a legal dispute (see Note 5).

The corresponding reconciliation statement for the first half of fiscal year 2022 is as follows:

€ thousand	2022 as reported	Adjustment	2022 adjusted
Sales	3,817,514	0	3,817,514
Cost of sales	-2,937,622	3,393	-2,934,230
<b>Gross profit</b>	<b>879,891</b>	<b>3,393</b>	<b>883,284</b>
Research and development expenses	-394,181	2,961	-391,221
Distribution expenses	-182,978	642	-182,336
Administrative expenses	-138,376	799	-137,577
Other income	16,343	-4,431	11,912
Other expenses	-44,212	35,952	-8,260
Earnings from investments accounted for using the equity method	25,500	0	25,500
Other income from investments	374	0	374
<b>Earnings before interest and taxes (EBIT)</b>	<b>162,360</b>	<b>39,316</b>	<b>201,676</b>

The corresponding reconciliation statement for the first half of fiscal year 2021/2022 is as follows:

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Sales	3,037,137	0	3,037,137
Cost of sales	-2,302,084	9,458	-2,292,626
<b>Gross profit</b>	<b>735,053</b>	<b>9,458</b>	<b>744,511</b>
Research and development expenses	-333,719	-4,148	-337,867
Distribution expenses	-164,725	1,691	-163,034
Administrative expenses	-117,357	6,207	-111,150
Other income	30,133	-17,337	12,796
Other expenses	-11,822	8,370	-3,452
Earnings from investments accounted for using the equity method	11,161	2,449	13,610
Other income from investments	352	0	352
<b>Earnings before interest and taxes (EBIT)</b>	<b>149,076</b>	<b>6,689</b>	<b>155,765</b>

## 10 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 measurement of profitability.

As already explained in the annual report 2021/2022, the segment reporting has been changed with the beginning of the short fiscal year: the former Aftermarket and Special Applications segments are combined in the newly formed Lifecycle Solutions business group. At the same time, the Group will, in future, stop combining the Lighting and Electronics segments into the Automotive reporting segment and will report 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.

Sales as well as adjusted earnings before interest and taxes (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 princi-

ples as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

**The segment information for the first six months (1 June to 30 November) of the fiscal years 2022 and 2021/2022 is as follows:**

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2022	2021/2022	2022	2021/2022	2022	2021/2022
Sales with third-party entities	1,508,336	1,149,688	1,808,181	1,420,002	494,438	467,377
Intersegment sales	145,590	121,864	31,212	21,697	5,315	1,882
<b>Segment sales</b>	<b>1,653,926</b>	<b>1,271,552</b>	<b>1,839,393</b>	<b>1,441,699</b>	<b>499,753</b>	<b>469,259</b>
Cost of sales	-1,231,664	-945,351	-1,581,656	-1,223,585	-296,587	-268,631
<b>Gross profit</b>	<b>422,262</b>	<b>326,201</b>	<b>257,736</b>	<b>218,114</b>	<b>203,166</b>	<b>200,629</b>
Research and development expenses	-228,381	-187,236	-141,277	-131,534	-21,106	-18,114
Distribution expenses	-33,994	-30,578	-36,774	-32,926	-112,088	-99,497
Administrative expenses	-58,966	-46,382	-57,385	-44,452	-20,025	-20,451
Other income	2,751	6,593	5,203	4,933	3,445	3,003
Other expenses	-2,494	-1,245	-3,598	-3,331	-985	-502
Earnings from investments accounted for using the equity method	11,999	-2,036	13,257	15,472	244	174
Other income from investments	0	0	0	0	374	352
<b>Earnings before interest and taxes (EBIT)</b>	<b>113,176</b>	<b>65,317</b>	<b>37,162</b>	<b>26,277</b>	<b>53,024</b>	<b>65,593</b>
Additions to property, plant and equipment and intangible assets	137,536	103,748	125,101	106,996	18,223	16,881

**Sales with external third parties for the first six months of fiscal years 2022 and 2021/2022 are as follows:**

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2022	2021/2022	2022	2021/2022	2022	2021/2022
Sales from the sale of goods	1,430,514	1,092,693	1,756,553	1,345,676	465,531	440,047
Sales from the rendering of services	77,823	56,995	51,628	74,326	28,907	27,330
<b>Sales with third-party entities</b>	<b>1,508,336</b>	<b>1,149,688</b>	<b>1,808,181</b>	<b>1,420,002</b>	<b>494,438</b>	<b>467,377</b>

**Sales reconciliation:**

€ thousand	2022	2021/2022
<b>Total sales of the reporting segments</b>	<b>3,993,072</b>	<b>3,182,510</b>
Sales in other divisions	6,659	28,077
Elimination of intersegment sales	-182,217	-173,451
<b>Consolidated sales</b>	<b>3,817,514</b>	<b>3,037,137</b>

**Reconciliation of the segment results with consolidated net profit:**

€ thousand	2022	2021/2022
<b>EBIT of the reporting segments</b>	<b>203,362</b>	<b>157,187</b>
EBIT of other divisions	-1,686	-1,422
EBIT adjustments	-39,316	-6,689
<b>Consolidated EBIT</b>	<b>162,360</b>	<b>149,076</b>
Net financial result	-21,053	-7,354
<b>Consolidated EBT</b>	<b>141,307</b>	<b>141,722</b>

The EBIT of the reporting segments already 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 9.

## 11 Financial assets

€ thousand	30 November 2022		31 May 2022	
	Non-current	Current	Non-current	Current
Securities	28,042	179,256	39,902	396,719
Other investments	73,010	0	79,291	0
Loans	129	12,110	129	12,052
Other financial assets	14	13,046	36	17,840
<b>Total</b>	<b>101,195</b>	<b>204,412</b>	<b>119,358</b>	<b>426,611</b>

## 12 Other receivables and non-financial assets

€ thousand	30 November 2022	31 May 2022
Other current assets	8,968	12,651
Receivables from finance leases	17,839	17,409
Insurance receivables	5,492	5,794
Positive market value of currency hedges	33,982	14,946
<b>Subtotal other financial assets</b>	<b>66,281</b>	<b>50,801</b>
Advance payments for services	6,275	6,789
Advance payments for insurances	11,263	10,157
Advance payments for licences	16,649	13,977
Other advance payments	32,672	31,717
Receivables for partial retirement	444	484
Advance payments to employees	2,292	1,989
Other tax receivables	81,055	111,703
<b>Total</b>	<b>216,931</b>	<b>227,617</b>

## 13 Other non-current assets

€ thousand	30 November 2022	31 May 2022
Receivables from finance leases	28,167	32,163
Other non-current assets	836	2,724
<b>Subtotal of other financial assets</b>	<b>29,003</b>	<b>34,887</b>
Advance payments	46,906	33,719
Credit balances for insolvency protection of partial retirement schemes	7,550	9,839
<b>Total</b>	<b>83,459</b>	<b>78,444</b>

## 14 Other liabilities

€ thousand	30 November 2022		31 May 2022	
	Non-current	Current	Non-current	Current
Derivatives	45,018	16,241	57,706	15,929
Other financial liabilities	12,851	213,544	17,567	225,099
<b>Subtotal other financial liabilities</b>	<b>57,869</b>	<b>229,785</b>	<b>75,274</b>	<b>241,029</b>
Other taxes	15	58,110	16	45,405
Accrued personnel liabilities	0	162,636	0	196,506
<b>Total</b>	<b>57,884</b>	<b>450,531</b>	<b>75,290</b>	<b>482,939</b>

## 15 Financial liabilities

Current financial liabilities with a maturity of less than one year amount to €277,006 thousand (31 May 2022: €215,602 thousand) and include a loan of €120,470 thousand denominated in US dollars (31 May 2022: €116,681 thousand) maturing on 29 January 2023. Also included are financial liabilities to a factoring company of €54,479 thousand (31 May 2022: €0), and a current portion from finance leases of €32,848 thousand (31 May 2022: €32,521 thousand).

Non-current financial liabilities come to €1,161,068 thousand (31 May 2022 year: €1,173,923 thousand) and comprise two bonds. The first bond of €299,718 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 €498,913 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 €83,172 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 €79,440 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 €72,282 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: to €5,000 thousand) and finance lease liabilities amounting to €122,217 thousand (31 May 2022: €131,412 thousand) are also recognised.

In September 2022, HELLA negotiated a new syndicated credit facility with a volume of €450 million and an increase option of €150 million. The previous syndicated credit facility of €450 million and a term until June 2023 was terminated by HELLA in September 2022. The new facility was concluded with a consortium 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 remains 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	30 November 2022	31 May 2022
Cash and cash equivalents	841,389	576,129
Financial assets	204,412	426,611
Current financial liabilities	-277,006	-215,602
Non-current financial liabilities	-1,161,068	-1,173,923
<b>Net financial debt</b>	<b>-392,274</b>	<b>-386,785</b>

## 16 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 income after taxes of €10,563 thousand was recognised during the six-month-period (prior year: losses after taxes of €6,976 thousand). The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate of 3.14% used here as at the end of November 2022 (May 2022: 2.63%).

The owners of the parent company will receive a dividend of €54,444 thousand for the fiscal year 2021/2022 (1 June 2021 to 31 May 2022), which has already been distributed in full (prior year: €106,667 thousand). This corresponds to €0.49 per no-par value share (prior year: €0.96 per no-par value share).

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 for a ratio of less than 1.0 for net financial debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.5 on 30 November 2022 (prior year: 0.3).

## 17 Notes to the cash flow statement

As was the case in the prior year, the cash funds comprise exclusively cash and cash equivalents.

Within the six-month-period, the change in trade receivables and other assets that cannot be allocated to investing or financing activities includes cash inflows from the sale of receivables due to the introduction of the factoring programme in the amount of €112,563 thousand, but is nevertheless characterised by an operational increase in receivables.

The increase in cash receipts from borrowings is mainly due to financial liabilities to a factoring company in the amount of €54,442 thousand, which arose from receivables paid by customers within the framework of the above-mentioned factoring arrangement. This amount is related to the €112,563 thousand received through the factoring programme and represents a short-term payment obligation to the contracting partner within the factoring programme. In total, the Group thus received €167,005 thousand in cash, of which €112,563 thousand was reported as a reduction in receivables and €54,442 thousand as an addition to current financial liabilities.

The current six-month-period includes cash inflows from the sale of securities in the amount of €215,036 thousand (prior year: €15,755 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 past reporting period, dividends of €106,667 thousand (€0.96 per no-par value share) were paid to owners of the parent company. Dividends received only include dividends from associate companies.

In the six-month-period, amortisation, depreciation and impairment in the amount of €225,383 thousand (prior year: €199,092 thousand) were recorded, of which €189,830 thousand (prior year: €165,551 thousand) on property, plant and equipment and €35,552 thousand (prior year: €33,541 thousand) on intangible assets.

In the past six-month-period, payments in the amount of €18,084 thousand were made to acquire 10% of the shares in the technology company Gapwaves. Furthermore, disposals of shares as part of venture capital activities resulted in sales of €13,259 thousand.



## 18 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. Rather, it is 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 the operating activities – adjusted for special effects – in a more transparent form and facilitates a better 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.

In the six-month-period, the free cash flow from operating activities was adjusted for payments and receipts of payments amounting to €-85,438 thousand (prior year: €22,326 thousand). These are outlined in detail below.

In the current six-month-period, the cash inflow from the sale of receivables due to introducing the factoring programme was not included, but is adjusted in the free cash flow from operating activities due to its special influence in the amount of €112,563 thousand (prior year: €0 thousand).

Likewise, in this six-month-period, free cash flow from operating activities was adjusted for payments made for restructuring measures amounting to €23,186 thousand (prior year: €22,326 thousand).

In recent years, HELLA has invested in start-ups that are a good strategic fit for HELLA via a corporate venture company. The business transactions have expanded significantly in the current fiscal year, so that a decision was made to consolidate the company. As these transactions are related to the acquisition and disposal of investments, the components included in the result 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 €3,939 thousand (prior year: €0 thousand).

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal year 2022 is shown in the following table:

€ thousand	2022 as reported	Adjustment	Sub total	Factoring	2022 adjusted
<b>Earnings before income taxes (EBT)</b>	<b>141,307</b>	<b>39,316</b>	<b>180,623</b>	<b>0</b>	<b>180,623</b>
Depreciation and amortisation	225,383	0	225,383	0	225,383
Change in provisions	17,429	-823	16,606	0	16,606
Other non-cash income and cash flows not attributable to operating activities	-21,832	-15,242	-37,074	0	-37,074
Losses / profits from the sale of property, plant and equipment and intangible assets	1,076	0	1,076	0	1,076
Net financial result	21,053	0	21,053	0	21,053
Change in trade receivables and other assets not attributable to investing or financing activities	-167,293	3,213	-164,080	-112,563	-276,643
Change in inventories	-54,204	0	-54,204	0	-54,204
Change in trade payables and other liabilities not attributable to investing or financing activities	288,894	661	289,556	0	289,556
Tax refunds received	5,398	0	5,398	0	5,398
Taxes paid	-34,635	0	-34,635	0	-34,635
Dividends received	11,710	0	11,710	0	11,710
<b>Net cash flow from operating activities</b>	<b>434,287</b>	<b>27,125</b>	<b>461,412</b>	<b>-112,563</b>	<b>348,849</b>
Cash receipts from the sale of intangible assets and property, plant and equipment	8,800	0	8,800	0	8,800
Payments for the purchase of intangible assets and property, plant and equipment	-366,281	0	-366,281	0	-366,281
<b>Free cash flow from operating activities</b>	<b>76,806</b>	<b>27,125</b>	<b>103,931</b>	<b>-112,563</b>	<b>-8,632</b>

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal year 2021/2022 is shown in the following table:

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
<b>Earnings before income taxes (EBT)</b>	141,722	6,689	148,411
Depreciation and amortisation	199,092	-969	198,123
Change in provisions	-17,541	13,776	-3,765
Other non-cash income and cash flows not attributable to operating activities	-37,446	3,722	-33,725
Losses / profits from the sale of property, plant and equipment and intangible assets	2,953	0	2,953
Net financial result	7,354	0	7,354
Change in trade receivables and other assets not attributable to investing or financing activities	-39,604	0	-39,604
Change in inventories	-139,333	0	-139,333
Change in trade payables and other liabilities not attributable to investing or financing activities	-61,916	-892	-62,808
Tax refunds received	25,387	0	25,387
Taxes paid	-29,482	0	-29,482
Dividends received	9,864	0	9,864
<b>Net cash flow from operating activities</b>	<b>61,049</b>	<b>22,326</b>	<b>83,375</b>
Cash receipts from the sale of intangible assets and property, plant and equipment	10,785	0	10,785
Payments for the purchase of intangible assets and property, plant and equipment	-297,381	0	-297,381
<b>Free cash flow from operating activities</b>	<b>-225,547</b>	<b>22,326</b>	<b>-203,221</b>

## 19 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 30 November 2022 and 31 May 2022 are set out below.

€ thousand	Measurement category under IFRS 9	Carrying amount 30 Nov 2022	Fair value 30 Nov 2022	Carrying amount 31 May 2022	Fair value 31 May 2022	Fair value hierarchy
Cash and cash equivalents	Amortised cost	841,389	841,389	576,129	576,129	
Trade receivables	Amortised cost	1,266,924	1,266,924	1,071,974	1,071,974	
Financial assets						
Equity instruments	FVPL	0	0	133,674	133,674	Level 1
Debt capital instruments	FVOCI	179,256	179,256	263,045	263,045	Level 1
Loans	Amortised cost	12,110	12,110	12,052	12,052	
Other bank balances	Amortised cost	13,046	13,046	17,840	17,840	
Other financial assets						
Derivatives used for hedging	n.a.	32,878	32,878	14,601	14,601	Level 2
Derivatives not used for hedging	FVPL	1,104	1,104	345	345	Level 2
Other receivables associated with financing activities	Amortised cost	32,299	32,299	35,855	35,855	
<b>Current financial assets</b>		<b>2,379,005</b>	<b>2,379,005</b>	<b>2,125,515</b>	<b>2,125,515</b>	
Financial assets						
Equity instruments	FVPL	73,010	73,010	79,291	79,291	Level 3
Debt capital instruments	FVPL	28,042	28,042	39,902	39,902	Level 2
Loans	Amortised cost	129	129	129	129	Level 2
Other receivables associated with financing activities	Amortised cost	14	14	36	36	Level 2
Other financial assets						
Trade receivables	Amortised cost	29,003	29,003	34,887	34,887	Level 2
<b>Non-current financial assets</b>		<b>130,198</b>	<b>130,198</b>	<b>154,245</b>	<b>154,245</b>	
<b>Financial assets</b>		<b>2,509,203</b>	<b>2,509,203</b>	<b>2,279,759</b>	<b>2,279,759</b>	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	244,158	244,158	183,081	183,081	
Trade payables	Amortised cost	1,264,338	1,264,338	1,081,829	1,081,829	
Other financial liabilities						
Derivatives used for hedging	n.a.	14,586	14,586	13,680	13,680	Level 2
Derivatives not used for hedging	FVPL	1,558	1,558	2,250	2,250	Level 2
Other financial liabilities	Amortised cost	213,544	213,544	225,099	225,099	
<b>Current financial liabilities</b>		<b>1,738,183</b>	<b>1,738,183</b>	<b>1,505,939</b>	<b>1,505,939</b>	
Financial liabilities						
Financial liabilities to banks	Amortised cost	156,935	180,056	156,609	186,091	Level 2
Bonds	Amortised cost	881,916	783,309	885,902	824,584	Level 1
Other financial liabilities						
Derivatives used for hedging	n.a.	30,269	30,269	49,102	49,102	Level 2
Derivatives not used for hedging	FVPL	14,749	14,749	8,604	8,604	Level 2
Other financial liabilities	Amortised cost	12,851	12,851	17,567	17,567	
<b>Non-current financial liabilities</b>		<b>1,096,720</b>	<b>1,021,234</b>	<b>1,117,784</b>	<b>1,085,948</b>	
<b>Financial liabilities</b>		<b>2,834,903</b>	<b>2,759,417</b>	<b>2,623,723</b>	<b>2,591,887</b>	

€ thousand	Carrying amount 30 Nov 2022	Fair value 30 Nov 2022	Carrying amount 31 May 2022	Fair value 31 May 2022
<b>Of which aggregated under IFRS 9 measurement categories:</b>				
Financial assets				
FVPL	102,156	102,156	253,212	253,212
Amortised cost	2,194,912	2,194,912	1,748,902	1,748,902
FVOCI	179,256	179,256	263,045	263,045
Financial liabilities				
Amortised cost	2,773,741	2,698,255	2,550,087	2,518,251
FVPL	16,307	16,307	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 covering assets for pension provisions and loans. The fair values of these shares of equity measured at acquisition costs could not be determined as no stock exchange or market prices were available. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised as FVPL and measured at cost because the fair values cannot be reliably determined. In isolated cases, the investments can be valued by way of stock exchange listings.

## 20 Information on leases

### The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

HELLA has concluded leasing contracts for various assets and accordingly accounts for leases for buildings, vehicles and office equipment. 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
<b>As at: 1 June 2021</b>	<b>90,332</b>	<b>4,662</b>	<b>10,115</b>	<b>105,109</b>
Additions	29,150	124	2,537	31,810
Depreciation/amortisation	-11,160	-939	-2,777	-14,876
Disposals	-44	0	-15	-59
Reclassifications	0	-267	267	0
Currency translation	4,122	35	64	4,222
<b>As at: 30 November 2021</b>	<b>112,400</b>	<b>3,615</b>	<b>10,190</b>	<b>126,205</b>

€ thousand	Land and buildings	Machinery	Operating and office equipment	Total
<b>As at: 1 June 2022</b>	<b>125,303</b>	<b>2,741</b>	<b>9,604</b>	<b>137,648</b>
Additions	4,281	739	3,414	8,434
Depreciation/amortisation	-11,580	-661	-2,738	-14,979
Disposals	-1,835	0	-99	-1,934
Reclassifications	-99	0	99	0
Currency translation	1,447	42	13	1,501
<b>As at: 30 November 2022</b>	<b>117,517</b>	<b>2,861</b>	<b>10,293</b>	<b>130,670</b>

The right-of-use assets are measured at amortised cost and so do not require additional notes on remeasurement.

**Lease liabilities:**

€ thousand	30 November 2022	31 May 2022
Up to 1 year	32,848	32,521
Between 1 and 5 years	88,948	97,854
More than 5 years	33,270	33,558
<b>Total</b>	<b>155,066</b>	<b>163,934</b>

**Amounts recognised in profit or loss:**

€ thousand	30 November 2022	30 November 2021
Interest expenses for lease liabilities	-2,010	-1,634
Variable lease payments that are not included in the valuation of the lease liability	-1,716	-1,474
Expenses from current leases	-4,768	-7,606
Expenses from leases of low-value assets	-1,016	-315

Interest expenses for lease liabilities are reported within financing costs in the income statement and other comprehensive income.

Payments of €18,913 thousand (prior year: €17,638 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases, low-value assets and variable lease payments 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 has not entered into any sale-and-lease back transactions.

In order to simplify how lessees account for lease agreements over the coronavirus pandemic, the International Accounting Standards Board (IASB) extended IFRS 16 to include an option. This option permits the lessee, in the event of changes to the lease resulting from the coronavirus pandemic, to remeasure the agreement or to apply relief. HELLA opted not to exercise this option.

**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. The term of the contracts is usually four and five years. 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 leasing for the period amounts to €1,381 thousand (prior year: €1,509 thousand).

**Distribution of minimum lease payments (not discounted):**

€ thousand	30 November 2022	31 May 2022
Up to 1 year	20,424	20,073
Between 1 and 5 years	31,423	40,340
More than 5 years	0	0
Future financing costs under finance leases	-5,842	-10,842
<b>Total</b>	<b>46,005</b>	<b>49,572</b>

**Distribution of the present values of minimum lease payments:**

€ thousand	30 November 2022	31 May 2022
Up to 1 year	17,839	17,409
Between 1 and 5 years	28,167	32,163
More than 5 years	0	0
<b>Total</b>	<b>46,005</b>	<b>49,572</b>

As at 30 November 2022, impairments for unrecoverable receivables from leases amounted to €282 thousand (31 May 2021: €262 thousand).

## 21 Events after the balance sheet date

Following approval by the responsible regulatory authorities, the 33.3% share in the associate HBPO Beteiligungsgesellschaft mbH was transferred to the majority shareholder Plastic Omnium on 12 December 2022. The sales price amounted to €281.7 million and consists of a fixed amount of €290.0 million less a dividend of €8.3 million.

Against the background of the decision to exit the HBPO associated company, the Management of HELLA GmbH Co. KGaA has decided to suggest to the Annual General Meeting to be held on 28 April 2023 the payment of a special dividend in the amount of €2.61 per share. The special dividend corresponds approximately to the agreed purchase price of €290 million (including dividend) that HELLA achieved through the sale of the HBPO stake.

In December 2022, 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.



Lippstadt, 05 January 2023

The Managing General Partner of HELLA GmbH & Co. KGaA


Hella Geschäftsführungsgesellschaft mbH



**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)

# Responsibility statement

on the interim consolidated financial statements and interim Group management report of HELLA GmbH & Co. KGaA as at 30 November 2022

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with applicable accounting principles and the interim Group management report includes a true and fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Lippstadt, 5 January 2023



**Michel Favre**  
(President and CEO of  
Hella Geschäftsführungsgesellschaft mbH)



**Yves Andres**  
(Director of  
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**Dr. Lea Corzilius**  
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