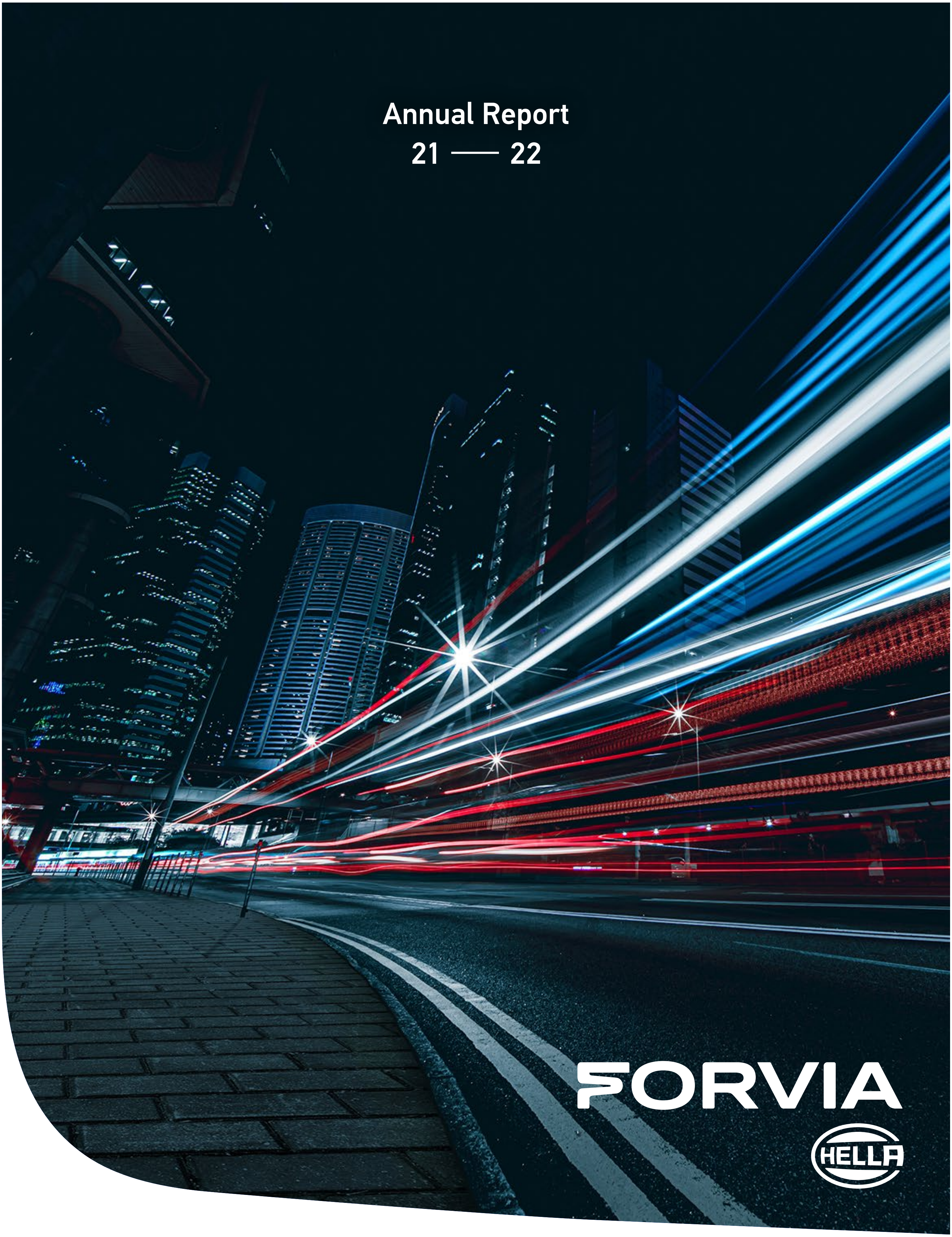
Annual Report
21 —— 22



Key performance indicators

Key performance indicators in € million or %	**2021/2022**	2020/2021	Change
Currency and portfolio-adjusted sales	**6,229**	6,380	-2.4%
Reported sales	**6,326**	6,380	-0.8%
Adjusted earnings before interest and taxes (adjusted EBIT)	**279**	510	-45.4%
Adjusted EBIT margin	**4.4%**	8.0%	-3.6pp
Earnings before interest and taxes (EBIT)	**278**	454	-38.6%
EBIT margin	**4.4%**	7.1%	-2.7pp
Earnings for the period	**184**	360	-48.9%
Earnings per share (in €)	**1.63**	3.22	-49.4%
Adjusted free cash flow from operating activities	**-213**	217	--
Free cash flow from operating activities	**-267**	74	--
Research and development expenses	**693**	603	+14.9%
R&D ratio	**11.0%**	9.5%	+1.5pp
Capital expenditures	**560**	630	-11.1%
Capital expenditure ratio	**8.9%**	9.9%	-1.0pp
Net financial debt / liquidity	**-387**	103	--
Equity ratio	**42.5%**	40.6%	+1.9%
Proposed dividend (in €)	**0.49**	0.96	-49.0%
Permanent employees (as at 31 May)	**36,008**	36,500	-1.3%

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HELLA at a glance

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

Currency and
portfolio-adjusted consolidated sales

€ 6.2 billion

Reported sales

€ 6.3 billion

Adjusted EBIT margin

4.4%

Research and
development ratio

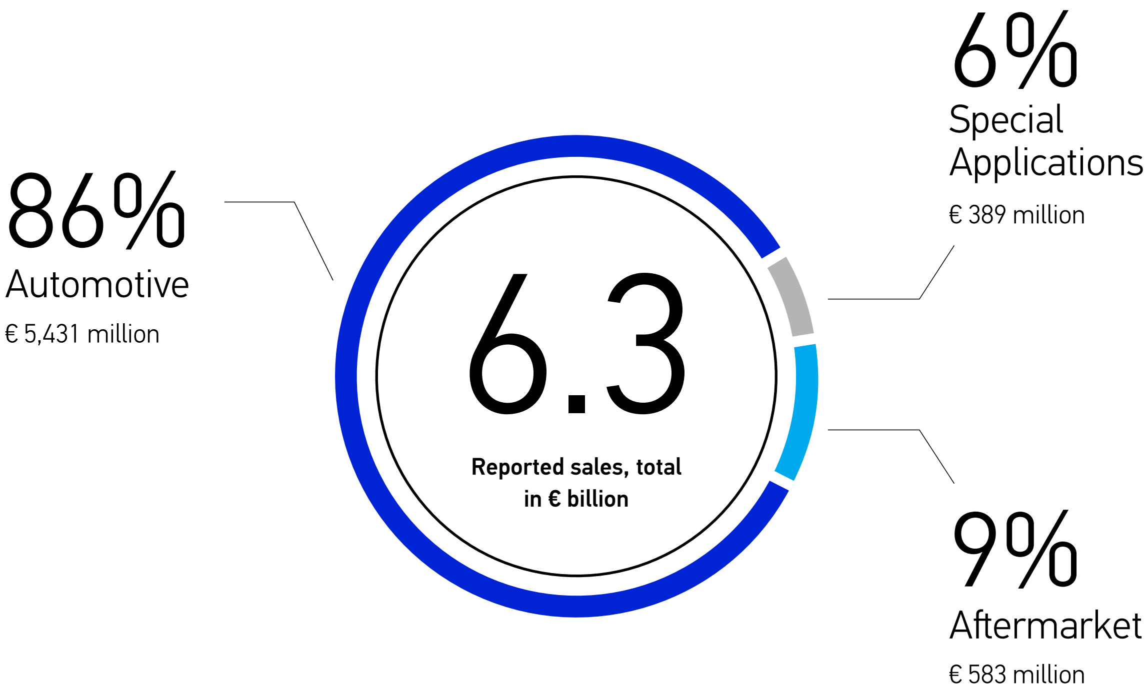
11.0%

**Employees worldwide
in the permanent workforce**

36,008

Business segments

Segment sales before consolidation; deviation from 100% due to commercial rounding



Automotive

The segment comprises the Lighting and Electronics Business Groups. In the lighting area, HELLA develops and produces headlamps, rear combination lamps and also solutions for car body and interior lighting. The Electronics portfolio makes a major contribution to ensuring that driving is safer, more efficient and more comfortable. The range comprises innovative product solutions for driver assistance, energy management, body electronics and power steering, sensors and actuators, and also lighting electronics.

Aftermarket

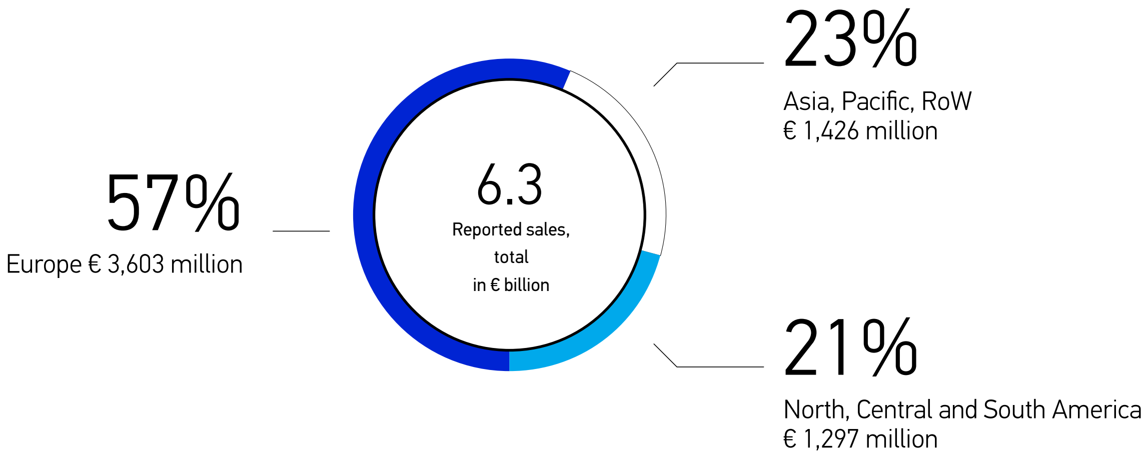
Aftermarket is part of the Business Group Lifecycle Solutions. With a selection of around 42,000 spare parts, wear parts and accessory parts as well as a comprehensive range of services, HELLA is one of the most important partners for spare parts retailers and independent workshops in this area in Europe. These activities are supplemented by a comprehensive range of products focussing on high-quality equipment for diagnostics, exhaust gas testing, lighting adjustment, calibration, system testing and the appropriate measuring instruments for vehicle workshops, car dealerships and vehicle testing organisations.

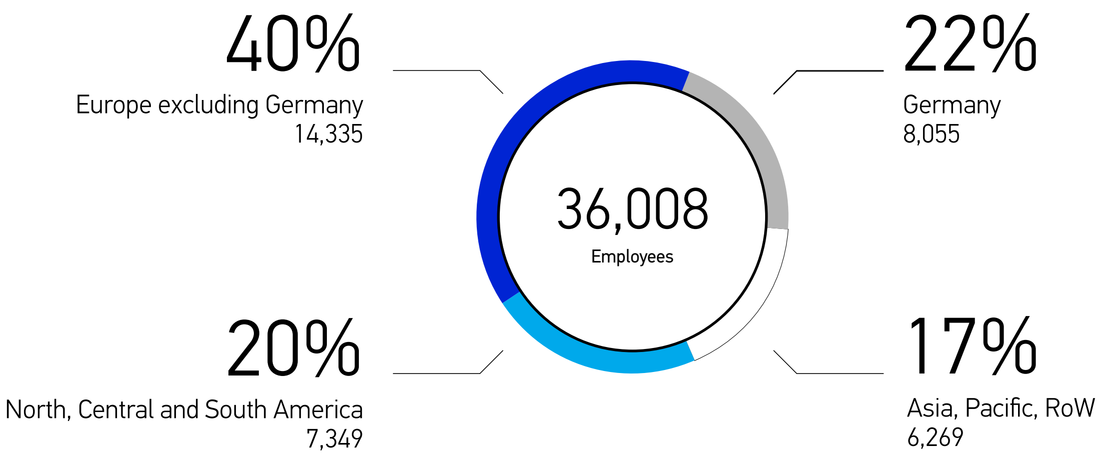
Special Applications

In the Special Applications segment, which is also part of the Lifecycle Solutions Business Group, HELLA develops and manufactures lighting and electronics products for special-purpose vehicles such as construction and agricultural vehicles, buses, trailers and motorhomes, as well as products for the marine sector. In doing so HELLA transfers its high level of technological expertise from the core automotive business to these target groups, whilst also developing standalone product solutions for these customer groups.

Regional positioning

Deviation from 100% due to commercial rounding





Foreword

Ladies and Gentlemen,

Global automobile production should have recovered in fiscal year 2021/2022. At the beginning of the fiscal year, leading market research institutes forecasted growth of around 3.7 percent to just over 86 million passenger cars and light commercial vehicles. Things have turned out differently: the market has slumped by almost nine percent compared to the prior year. This means that around 10 million fewer vehicles were produced in the past fiscal year than originally expected.

The reasons for this were manifold: massive shortages of semiconductors and other materials, corona-related lockdowns in China, war in Ukraine, increasing inflation. All of these unexpected influences have taken their toll on the automotive industry. HELLA mitigated these developments, but was not able to achieve all the targets that had been set at the beginning of the fiscal year.

In view of the extremely adverse market environment, we can nevertheless be satisfied with our performance in fiscal year 2021/2022.

First, we again significantly outperformed the market: While global vehicle production slumped by 8.8 percent in the reporting period, our currency and portfolio-adjusted sales declined by only 2.4 percent to € 6.2 billion. This emphasizes the strength of HELLA's business model.

Second, despite the unexpected additional cost burdens resulting from lower market volumes, higher inefficiencies due to component shortages, consistent investments in the future, and rising prices for energy and materials, we were able to achieve a solid financial result. Last year, for example, we generated adjusted EBIT of € 279 million, corresponding to an adjusted EBIT margin of 4.4 percent.

Third, we were able to acquire a large number of high-volume customer projects, thus laying the foundation for further growth. At over € 10 billion, order intake in our Automotive segment in the last fiscal year was higher than ever before. This shows that we are addressing the right issues and that our products are in demand.

Fourth, we further expanded our technology leadership. We invested 11 percent of our sales in research and development, the majority for customer projects already acquired. Within the next two to three years, for example, we will be launching the next generation of our SSL|HD digital headlamp system, the latest 77 GHz radar sensors, battery management systems and the world's first large-volume brake-by-wire pedal sensor, among other things.

Fifth, we have successfully closed the business combination with Faurecia. Since February 2022, both companies have been operating under the overarching umbrella brand FORVIA. In terms of technologies, customers and markets, we complement each other perfectly. The collaboration is already bearing fruit: starting with a wide range of synergies such as joint purchasing activities or the exchange of best practices, to the distribution of Faurecia products via the HELLA aftermarket network. Together, we are even stronger.

This shows that HELLA is well positioned - strategically, financially and technologically. This is not least thanks to our more than 36,000 employees worldwide. In the past year, they have shown unparalleled commitment to HELLA and fought against the numerous market challenges. I would also like to thank Dr. Rolf Breidenbach in particular, who not only chaired the company as CEO last year, but has also successfully guided HELLA's fortunes over the past 18 years.

Based on our annual results and our proven dividend policy, we have decided to propose to the Annual General Meeting the payment of a dividend of € 0.49 per share for fiscal year 2021/2022. This would correspond to a total payout of around € 54 million.

Although we expect a significant increase in sales and earnings in the coming year, the market environment remains uncertain, not least due to possible intensifying geopolitical conflicts, rising inflation and further effects of the Corona pandemic. However, in view of our well-filled order books and our good positioning along automotive topics of the future such as electromobility, automated driving and digital light, we are ideally placed to continue strongly outperforming the market in the future. At the same time, we will gradually increase our profitability on the basis of the expected volume growth, numerous new ramp-ups and further cost optimization measures. Synergies that HELLA will realize with Faurecia under the FORVIA umbrella brand will also significantly contribute to this.

We at HELLA are setting the course to continue to be at the forefront of shaping the mobility of tomorrow - together with our customers, suppliers and shareholders.

Yours faithfully,

Michel Favre
Chief Executive Officer

The Management Board

HELLA GmbH & Co. KGaA

Michel Favre
CEO, Purchasing, Quality, Legal and Compliance

Yves Andres
Business Group Lighting

Dr. Lea Corzilius
Human Resources, Business Group Lifecycle Solutions

Bernard Schäferbarthold
Finance, Controlling, Information Technology and Process Management

Björn Twiehaus
Business Group Electronics

HELLA on the capital market

Stock markets record losses

In the fiscal year 2021/2022 (1 June 2021 to 31 May 2022), capital markets declined overall in a volatile market environment. The MDAX, for example, recorded a decline of 10%, and German automotive shares, the DAXsector Automobile (hereafter: Prime Automotive), fell by around 6%. In the second half of the fiscal year in particular, the MDAX suffered considerable losses due to the war of aggression in Ukraine and the associated political and economic consequences. Despite these negative influences, the values of the Prime Automotive have been able to remain stable during this period, mainly due to good figures and the earnings prospects of automotive manufacturers.

The performance of capital markets in the first quarter of the fiscal year was determined by positive economic data from the USA, significantly higher corporate profits and the ongoing expansive monetary policy of the European Central Bank (ECB). This caused the MDAX to rise by around 8%. Prime Automotive shares, on the other hand, declined, mainly due to significantly reduced production volumes as a result of market bottlenecks in semiconductors and other electronic components. The Prime Automotive therefore closed the first quarter with a decline of just under 7%.

In the second quarter, the European capital markets were mainly burdened by increasing inflation risks as well as potential faster changes in the course of the ECB's monetary policy. In contrast, the publication of positive quarterly results by various automotive manufacturers initially led to a rise in the Prime Automotive. With the discovery of the new Omicron coronavirus variant towards the end of the quarter, the MDAX slumped in the wake of worldwide sell-offs and closed the second quarter down around 6%. Automotive stocks also largely gave up their gains and ended the quarter up just under 1%.

While positive consumer sentiment led to price increases on the stock markets at the beginning of the third quarter, the further course of the quarter saw, in addition to the prospect of rising interest rates in the USA and the eurozone, the war of aggression in Ukraine in particular causing significant uncertainty on the markets. In the period before the war began, the MDAX had already fallen by around 9% and lost a total of around 6% in the third quarter. The Prime Automotive also suffered losses as a consequence of the war , but was stabilised by sporadic favourable company reports and announcements from German automotive manufacturers. The Prime Automotive ended the third fiscal quarter with a slight increase of around 1%.

In the fourth fiscal quarter, share prices continued to be influenced by the war in Ukraine. In the further course of the quarter, increasing inflation and recession concerns as well as the further trajectory of the coronavirus pandemic also determined price developments on the stock exchanges, especially in China. This led to a fall in the MDAX by around 6%. In contrast, the Prime Automotive closed with a more moderate decrease of 1%, supported by positive announcements and reports from individual stocks.

Clear outperformance by HELLA share

Following the fiscal year 2021/2022, the HELLA share posted a gain of around 19%, with a closing price of € 67.05, thus significantly outperforming both the Prime Automotive benchmark index and the MDAX.

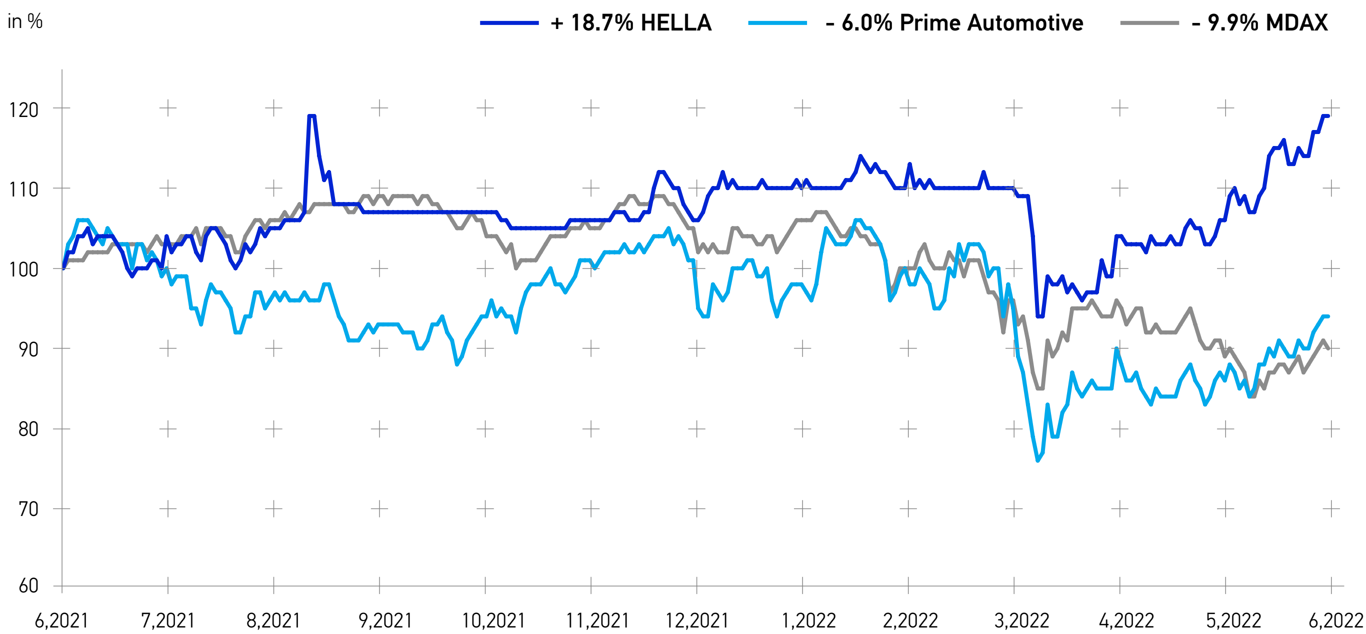
In the first quarter of the past fiscal year, the HELLA share price recorded a gain of around 7% despite a high starting level of over € 56, which was primarily due to previous takeover speculation. This increase was related in particular to the announcement on 14 August 2021 that the technology company Faurecia S.E. would take over the 60 percent share package of HELLA pool shareholders and thus become HELLA's new majority shareholder. In the further course of the quarter, the share settled at the level of the offer price of € 60.00.

In the second quarter, in a difficult market environment with declining light vehicle production, the HELLA share recorded a further price gain of around 2%, thus proving to be relatively robust compared to general capital market trends. This was mainly due to the term of the acceptance period for the voluntary takeover bid, which ended on 11 November, and the subsequent announcement of the new shareholder structure. Consequently HELLA shares remained largely unaffected by the necessary adjustments to the company outlook as well as the slump in the automotive market.

The shares were also largely stable in the third quarter, with a rise of just under 1%. The publication of the half-year figures and the continued commitment to the adjusted forecast supported share performance. In addition, the performance of HELLA shares, which proved themselves largely independent of negative factors in the capital market environment, continued to be determined by the takeover process.

Price performance of HELLA shares

indexed to 1 June 2021, compared to MDAX and Prime Automotive



At the beginning of the fourth quarter, the share price reacted disproportionately negatively to sell-offs on the stock market. HELLA shares, for example, lost around 15% of their value in the first week of March. In contrast, in the further course of the fiscal year, especially towards its end, the share price then recovered disproportionately. Overall, HELLA shares performed much more positively than the general market with a price increase of 8%.

Liquidity of HELLA shares

The average daily XETRA trading volume in the reporting period was around 102,000, the equivalent of around € 6.2 million (prior year: around 140,000, approx. € 6.4 million). The significantly reduced liquidity is due to the share's sharply reduced free float. While trading activity had increased in connection with the takeover by Faurecia, below-average numbers of shares were traded on the market, especially in the second half of the fiscal year, since investors other than Faurecia have held larger blocks of shares. With the number of issued shares remaining unchanged, the market capitalisation at the end of the fiscal year reporting date came to € 7.45 billion (prior year: € 6.84 billion).

Due to the takeover by automotive supplier Faurecia, the free float relevant to listing on the MDAX was also significantly reduced according to the definition of the German Stock Exchange. HELLA shares have consequently been listed in the SDAX since March 2022.

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 confirms the company's investment grade rating overall. Previously, Moody's had announced on 19 August 2021 that it would review HELLA's rating for a possible downgrade after it had been announced that Faurecia would take over the 60 percent share package of HELLA pool shareholders.

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	SDAX (until March 2022: MDAX)

HELLA share KPIs	€	2021/2022	2020/2021
Closing price	€	67.05	56.50
Highest price	€	67.24	57.10
Lowest price	€	52.96	35.00
Number of shares issued (31 May)	Number of shares	111,111,112	111,111,112
Market capitalisation (31 May)	€ billion	7.45	6.28
Daily trading volume (average, XETRA trading)	€ million / no. of shares	6.18 / 102,230	6.40 / 139,833
Earnings per share	€	1.63	3.22
Dividend per share	€	0.49*	0.96

** Subject to approval by the Annual General Meeting on 30 September 2022*

Current rating
1 February 2022

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

Highlights

Innovative solutions for e-mobility

Electromobility offers HELLA a wide range of opportunities, as demonstrated by the new Mercedes EQA, for example. This applies firstly to the area of sophisticated battery electronics, and secondly because the classic engine cooling system is no longer required and the vehicle front can be redesigned. HELLA delivers a characteristic appearance with a light strip, LED headlamps and illuminated logo; the battery management system also ensures safe and reliable functioning of the lithium-ion battery with just under 70 kWh capacity.

1

— 1

Successful trade fair presence

The IAA Mobility takes place in Munich for the first time in 2021. HELLA's exhibit there features a 400 square metre stand and a new digital communications platform. It can be used to present product solutions in detail; at the same time, it offers the opportunity to talk to business partners virtually. In total, over 85 meetings will take place over the five days of the IAA, around 60 percent of which will be at top management level.

Partnerships for topics of the future

HELLA is strengthening its position on automotive topics of the future with joint development projects. Firstly, HELLA will integrate waveguide technology from Swedish company Gapwaves into its own 77 GHz radar sensors, presumably from 2024 onwards, on the basis of an exclusive licence and development agreement. Secondly, HELLA is developing a battery management platform for electric vehicles with battery manufacturer Farasis Energy Europe. Here, too, the market launch is planned for 2024.

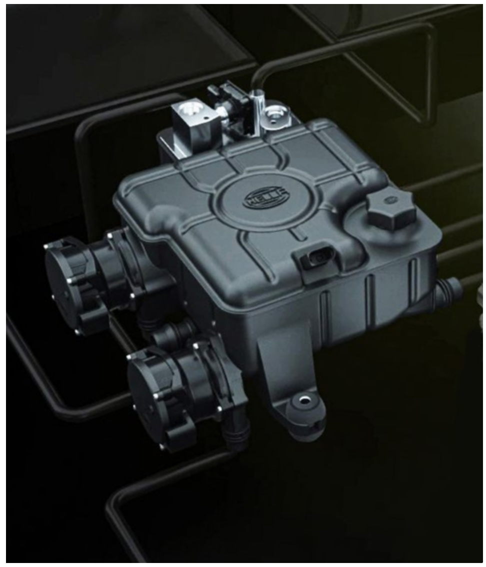
Intelligent automation

HELLA continues to forge ahead with automation in its 15 lighting plants worldwide. To this end, the company is investing a high double-digit million euro sum, primarily to introduce collaborative robots (cobots) and artificial intelligence methods. A total of 1,000 such cobots are to be deployed, more than half of which are already in use. The remaining cobots are to be implemented by mid-2023.

Aid for Ukraine

The war in Ukraine is devastating people – and HELLA employees are providing help worldwide: For example, numerous aid campaigns were carried out at HELLA locations in Germany, Slovakia, the Czech Republic, Romania and Lithuania. HELLA also made a donation to UN refugee aid.

1



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— 1

Innovation award for digital access system

HELLA wins a renowned innovation prize for its Smart Car Access, a digital, smartphone-based vehicle access system. The system enables completely hands-free vehicle access as well as the implementation of additional personalisable comfort functions. Thanks to integrated ultra-wideband technology (UWB), it meets the highest security standards.

— 2

Unique crystal effect

Together with Škoda, HELLA launches a comprehensive lighting package for the Enyaq iV. One major highlight is the dynamic illumination of the radiator grille – the “Crystal Face”, which gives Škoda’s first all-electric SUV a striking appearance. The illuminated radiator grille is achieved with 131 individual LEDs, which light the vertical ribs as well as a horizontal band of the grille. Together with the surface texture of the ribs, this creates the characteristic crystal effect.

— 3

Revolution in thermal management

With the Coolant Control Hub, HELLA is revolutionising thermal management in electric vehicles. For the first time, the system solution combines all thermal management functions in one product. This firstly reduces the number of components required in the overall system. And secondly, centralisation leads to optimisation of the distribution of thermal energy in the vehicle and thus to an improved range. The Coolant Control Hub is expected to go into series production in 2024.

— 1

Digital FlatLight

Minimising installation space, increasing efficiency, design freedom and the degree of individualisation – HELLA has set its sights on these goals for rear lighting. For example, HELLA is presenting the innovative Digital FlatLight rear light technology: This allows, for example, new signatures to be programmed easily and efficiently. At the same time, more complex animations, graphics and, later on, even fonts for communication between the vehicle and the environment can be mapped. New business models are also conceivable, such as the installation and customisation of graphics using apps.

Expansion in China

HELLA continues to expand its network in the Chinese market. For example, capacities at the Shanghai location are being doubled. With a total surface area of around 50,000 square metres, it is now HELLA's largest electronics plant worldwide. At the same time, the joint venture HELLA MINTH Jiaxing is commencing operations at a second plant. This primarily serves the ongoing increase in demand for permeable radar covers.

1

FORVIA
A new global market leader

Facts & figures

Seventh largest automotive supplier in the world

7

150,000
employees

77
R&D centres

6
Business Groups

35,000
engineers

300
locations

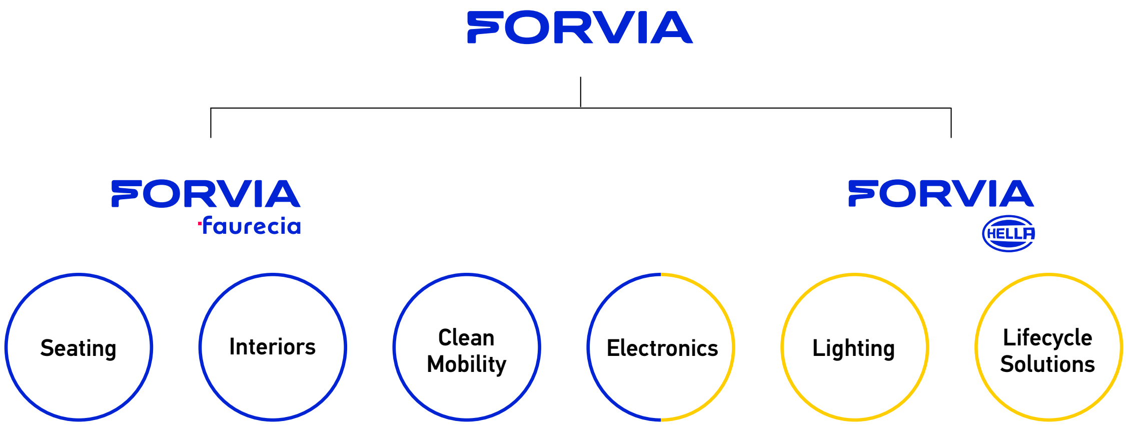
1,000
projects in 2021

150
nationalities

42
countries

1 in 2
vehicles worldwide with a FORVIA product

FORVIA's six business groups



FORVIA highlights

31 January 2022
New majority shareholder
The takeover of the HELLA pool shareholders' 60 percent package and additional shares in the course of the public takeover bid is successfully completed.

April 2022
Cooperation in the spare parts business
Workshops and wholesalers benefit from an expanded product range: exhaust systems from Faurecia are now also distributed through the aftermarket organisation of HELLA.

May 2022
First FORVIA trade fair exhibit
HELLA and Faurecia appear together for the first time under the umbrella brand FORVIA at an automotive trade fair – the Automotive Engineering Exposition in Japan.

7 February 2022
Into the shared future
Cooperation begins on Day One. At the same time, the name of the overarching umbrella brand of the world's seventh largest automotive supplier is announced: **FORVIA**.

May 2022
"We are FORVIA" day
HELLA and Faurecia have been operating under the FORVIA brand for around 100 days – another milestone and a reason to celebrate. To mark the occasion, information events, team challenges and barbecues take place at many locations around the world.

June 2022
Joint series order
An electrically heated catalytic converter from Faurecia is supplied with the required voltage by a HELLA converter. Together, this is a key component for compliance with the Euro 7 standard.

Sustainability at **FORVIA**

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

Three **milestones** to CO_2 neutrality

as the first automotive technology company with SBTi certification

→ By **2025** — **CO_2 neutral for all the Company's own emissions** (Scope 1 and 2)

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

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

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

Fiscal year 2021/2022

Group management report

- **Bottlenecks, coronavirus lockdowns in China and Ukraine war weigh on industry development:** global light vehicle production posts decline of 8.8% in the fiscal year 2021/2022
- **Currency and portfolio-adjusted consolidated sales decrease** by 2.4% to € 6,229 million; reported by 0.8%
- **Adjusted earnings before interest and taxes fall to € 279 million;** adjusted EBIT margin is 4.4%
- **Adjusted free cash flow from operating activities** is at € -213 million particularly due to lower earnings and higher inventories
- **Automotive sales decline** by 2.1% to € 5,431 million due to lower light vehicle production
- **Aftermarket segment sees sales increase** by 15.6% to € 583 million
- **Sales in the Special Applications segment increase** by 8.3% to € 389 million
- **The company outlook already adjusted on 29 November 2021 is maintained**
- **Company management proposes payment of dividends in the amount € 0.49 per share**
- **For the period from 1 June 2022 to 31 May 2023**, currency and portfolio-adjusted sales in the range of around € 7.1 to 7.6 billion and an adjusted EBIT margin of around 5.5 to 7.0% are expected; business performance continues to entail much uncertainty

General information on the HELLA Group

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

Business model

HELLA is a listed, internationally positioned automotive supplier. After the technology company Faurecia acquired a majority stake in HELLA, including the 60 percent share package of the HELLA pool shareholders and further shares from the public takeover offer that ended on 11 November 2021, HELLA is now included in Faurecia's consolidated financial statements as a fully consolidated subsidiary.

HELLA and Faurecia work together as a de facto group under the overarching umbrella brand FORVIA. Under this umbrella brand, they will continue to operate as two legally independent companies and work closely together. Within the de facto group, HELLA stands for high-performance lighting technology and automotive electronics. At the same time, the Company covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special-purpose vehicles with its Lifecycle Solutions Business Group. HELLA has 36,008 employees (as of the balance sheet date of 31 May 2022) at more than 125 locations worldwide and generated currency and portfolio-adjusted sales of € 6.2 billion in the fiscal year 2021/2022 (reported: € 6.3 billion).

In February 2022, the Shareholder Committee of HELLA decided to organise the Company in line with the three Business Groups – Lighting, Electronics and Lifecycle Solutions – in the future. This organisational change was largely implemented after the end of the past fiscal year 2021/2022 and was virtually complete by 1 June 2022. Internal reporting and internal processes remained unchanged as of the balance sheet date. From the short fiscal year 2022 (1 June to 31 December 2022) onwards, financial reporting will be aligned with the Lighting, Electronics and Lifecycle Solutions Business Groups.

The change of the fiscal year to the calendar year was resolved by the Extraordinary General Meeting of HELLA GmbH & Co. KGaA on 29 April 2022. In this context, a one-off short fiscal year is to be established from 1 June to 31 December 2022. The entry in the commercial register for the change to the fiscal year is still pending at this point in time. In the meantime the underlying resolution of the Extraordinary General Meeting of HELLA GmbH & Co. KGaA of 29 April 2022 has been challenged. However, the Company expects that the entry applied for will be

HELLA at a glance

Sales in fiscal year 2021/2022: € 6.2 billion adjusted* (reported: € 6.3 billion) • employees: 36,008 (as at: 31 May 2022)

Automotive Business segment	**Aftermarket Business segment**	**Special Applications Business segment**
Sales: € 5.4 billion • employees: 29,438	Sales: € 0.6 billion • employees: 1,648	Sales: € 0.4 billion • employees: 2,507

**Currency and portfolio-adjusted*

implemented in due time and that the change will take place in accordance with the resolution of the General Meeting.

Automotive

With a share of group-wide sales of more than 80%, the Automotive segment is the largest segment of the HELLA Group. This segment combines HELLA's business activities in original equipment for automotive applications and the corresponding original replacement part business. In the Automotive segment, HELLA develops, produces and markets vehicle-specific solutions worldwide both for automotive manufacturers and other automotive suppliers.

The product portfolio of the Lighting Business Group (sales: € 2.9 billion) comprises four product lines: headlamps, rear combination lamps, car body lighting (including radomes, illuminated logos and panels) and interior lighting. HELLA supplies both the premium and the volume segment; in particular, HELLA has built up a strong market position in the field of sophisticated lighting technologies through many years of cooperation with almost all renowned original equipment manufacturers worldwide.

Product solutions from the Electronics Business Group (sales: € 2.5 billion) help to make mobility safer, more efficient and more comfortable. The portfolio consists of the product lines Automated Driving (radar sensors and steering electronics), Sensors and Actuators, Body Electronics (including lighting electronics and access systems) and Energy Management. The Global Software House, founded in July 2020, is also located organisationally in the Electronics business group. It has global responsibility for coordinating software activities across the company and works on new, software-based business models.

Aftermarket

The Aftermarket reporting segment is made up of two pillars: the independent aftermarket business and the business insophisticated workshop equipment. With a current portfolio of around 42,000 products, HELLA offers an extensive range of vehicle-specific parts, universal parts and accessories in the independent workshop business. As part of the cooperation between the HELLA and Faurecia, Faurecia exhaust systems have also been distributed via HELLA's aftermarket organisation since April 2022. Furthermore, HELLA is a service partner for wholesalers and workshops. The activities are rounded off by the range of high-quality workshop equipment which is provided by subsidiary Hella Gutmann Solutions. The product and service portfolio for vehicle workshops, car dealerships, and vehicle testing organisations focuses primarily on vehicle diagnostics, exhaust gas testing, lighting adjustment, calibration, system testing and the corresponding measuring instruments. The goal is to build a holistic ecosystem in the aftermarket that covers the process chain from diagnostics and the distribution of spare parts through to 'one-stop' services.

Special Applications

In the Special Applications segment, HELLA develops, manufactures, and distributes lighting technology and electronic products for a range of different special-purpose vehicles such as construction and agricultural machinery, buses, mobile homes and marine vessels, as well as for various small-volume manufacturers. The segment is predominantly based on the transfer of established technologies from the automotive core business. In addition, specific product solutions are also newly developed in a targeted manner for manufacturers of special-purpose vehicles.

International position and sales markets

Customer focus is a key success factor for HELLA. It allows the Company to optimally anticipate changes in the industry and also offer targeted regional or customer-specific solutions in addition to its range of universal solutions available worldwide. Accordingly, HELLA has a presence in around 35 countries and a global network of more than 125 locations. This means that the Company is represented in all major core markets of the automotive industry, which are grouped into three regions: Europe (including Germany); North, Central and South America (including the USA); and Asia / Pacific / Rest of World (including China). The Company's global presence is also reflected in the distribution of sales by region. Accordingly, HELLA generated around 57% of its sales in Europe, 23% in the Asian markets and 21% in the American markets in the past fiscal year 2021/2022.

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

Corporate structure

Legal corporate structure

The parent company of the HELLA Group, and at the same time its largest operating company, is HELLA GmbH & Co. KGaA, which has its registered office in Lippstadt, Germany. As the parent company, it holds an interest – either directly or indirectly – in 145 companies, of which 78 were fully consolidated in the 2021/2022 consolidated financial statements. Since 2003, the Company has been a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA) under German law. This legal form reflects the key guiding principle of autonomous entrepreneurship, as it combines the flexibility of a partnership with the capital market access of a stock corporation.

The nominal capital of HELLA GmbH & Co. KGaA amounts to €222,222,224 and is divided into 111,111,112 no-par value shares. In August 2021, HELLA and the technology company Faurecia announced that Faurecia will take over the HELLA family shareholders' 60 percent share package. For this purpose, both companies have signed a corresponding "Business Combination Agreement". This agreement is intended to allow the partnership to open up additional growth potential. At the same time, Faurecia announced a voluntary public takeover offer to acquire the remaining HELLA shares, the acceptance period for which expired on 11 November 2021. Faurecia currently holds 81.59% of the shares in HELLA (according to Faurecia, as at 1 June 2022). Based on this ownership structure, both companies will continue to operate as independent, listed entities with their own supervisory bodies and management teams. The remaining shares are held by institutional investors and private shareholders.

The shares of HELLA GmbH & Co. KGaA have been traded in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since November 2014 and were included in the MDAX share index until March 2022. Due to the acquisition of the majority shareholding by Faurecia, the free float relevant to listing on the MDAX was significantly reduced according to the definition of the German Stock Exchange. The HELLA share has therefore been listed in the SDAX since March 2022.

Collaborations and partnerships

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

Firstly, HELLA maintains a large number of joint ventures that primarily focus on addressing the Chinese automotive market. In the fiscal year 2021/2022, a total of six joint ventures were included in the consolidated financial statements, which are reported on using the equity method of accounting. They generated total sales of € 3.1 billion and earnings before interest and taxes (EBIT) effective for HELLA of € 26 million. This corresponds to a share of HELLA's group-wide adjusted earnings before interest and taxes (adjusted EBIT) of 9.4%.

at equity

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

Secondly, HELLA also builds on open alliances, as these enable it to advance selected focal topics quickly and flexibly as well as to exploit opportunities for further growth in line with trends in the automotive market. In that connection, HELLA entered into agreements for two strategic development partnerships in the past fiscal year. For example, HELLA is strengthening its position in the field of electromobility through its cooperation with the battery manufacturer Farasis Energy Europe. The aim of this collaboration arrangement is to develop a new, scalable platform for battery management systems for electric vehicles by 2024. As part of the collaboration, HELLA will contribute, in particular, its many years of expertise in battery electronics and system integration. The initial target markets are Europe and the Americas. In addition, HELLA signed an exclusive licence and development agreement with Swedish technology company Gapwaves and acquired a 10% stake in this company in this context. Gapwaves is one of the world's leading providers of waveguide-based antennas. HELLA will implement this technology in the next-generation 77 GHz radar sensors. The start of series production is planned for 2024.

In view of changing market conditions and the development of each partnership, the cooperation network of the HELLA Group is subject to regular review and further development. Hence, firstly, the activities of the joint venture HELLA Evergrande Electronics, which HELLA had previously founded with the Chinese real estate developer Evergrande, were suspended in the past fiscal year. The joint venture had been primarily involved in the development of battery management systems for the Chinese automotive market. In the course of the discontinuation of operations, around 50 employees of the joint venture have been taken over, primarily by the HELLA development centre in Nanjing. Various assets have also been transferred to HELLA. Secondly, HELLA has reached an agreement with Plastic Omnium on 28 July 2022 on the sale of the 33.33 percent stake in the joint venture Hella Behr Plastic Omnium. Subject to regulatory approvals by the competent authorities, the transaction ("closing") is expected to be completed in the fourth quarter of 2022. In addition, following Faurecia's acquisition of a majority stake in HELLA, discussions are being held with the partners of the joint ventures Behr-Hella Thermocontrol as well as the Chinese joint ventures HELLA MINTH Jiaxing, Beijing Hella BHAP Automotive Lighting and HELLA BHAP Electronics with regard to the further continuation and focus of business activities.

Portfolio changes

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

At present, the integration and future direction of the Special Applications activities are still being clarified. For this reason, the Management Board and the Shareholder Committee of HELLA GmbH & Co. KGaA decided on 29 April 2022 to evaluate how these activities can be best positioned over the long term. To this end, various strategic options, including a sale, are being pursued, and in this context the relevant market and other factors are being explored. No decision has been taken at this stage.

Goals and strategies

Corporate strategy

Profitable growth is the overarching goal of the HELLA Group. In order to achieve this goal, the Company follows four central approaches. First is the safeguarding and sustainable expansion of the Company's technological leadership. Second is securing a position as market leader in high-priority business fields. Third is maintaining a stable, resilient and low-risk business model. Fourth is continuously improving operational excellence.

1. Technological leadership

By consistently positioning itself in line with central market trends of the automotive industry, HELLA is pushing to safeguard and expand its technological leadership. In doing so, HELLA is prioritising – in par-

ticular – autonomous driving, efficiency and electrification, connectivity/digitalisation and individualisation. The foundation for this technological leadership is consistent expenditure on research and development, which amounts to around 10% of sales each year.

In order to realise growth opportunities, nuanced strategic approaches are pursued in the segments and business groups. In the Lighting Business Group, for example, HELLA offers a full range of lighting technology products and systems for vehicles. In the Electronics Business Group, HELLA focuses on selected product fields, based on its core competencies as well as regional or global focuses.

In the Aftermarket segment, HELLA is active in the independent aftermarket and in the field of workshop equipment, offering solutions that specifically address the target group in question. Independent aftermarket business activities focus primarily on core competencies in the fields of lighting and electrics/electronics. In the Company's workshop equipment business, the focus is on pioneering technological solutions for diagnostics, calibration, lighting adjustment and exhaust gas analysis. In the future, these two areas of the Aftermarket segment are to be even more closely interlinked and a holistic ecosystem for Lifecycle Solutions is to be established, covering the entire process chain from diagnostics and the distribution of spare parts through to 'one-stop' services.

To a large extent, the Special Applications segment transfers and applies technological concepts, innovations and competencies from the Automotive segment to the respective needs of manufacturers of special vehicles. In addition, new lighting and electronics solutions are increasingly being developed in this segment specifically for these target groups and markets.

2. Market leadership

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

In relation to the Automotive segment, HELLA strives to attain a position among the three leading providers in the respective market segments. The most important regional markets of the segment are Europe, China, India and North/Central America. HELLA also strives to attain a leading market position in the Aftermarket and Special Applications segments in each of the relevant target group markets and sales regions. Business activities in the aftermarket are mainly focused on the European market. HELLA has a strong market position here. Added to this is international business in the Asia/Pacific region and North, Central and South America. Europe is the core market of the Special Applications business segment. In this highly fragmented market, HELLA holds a leading market position primarily based on its automotive expertise in lighting technology and select vehicle electronics.

3. Resilient business model

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

The objective of the resilient business model is pursued firstly by positioning the Company internationally and diversifying the customer portfolio, which makes it possible to compensate in part for fluctuations in demand by customers or individual regions. Secondly, the newly formed Lifecycle Solutions Business Group can contribute to stable business development. The Aftermarket business, for example, is in general subject to counter-cyclical logic: if demand for new vehicles decreases, the need for repair and spare parts tends to increase. Business activities in the Special Applications segment are also sometimes subject to different demand cycles than the automotive business due to the fundamentally different nature of the segment as well as the very heterogeneous product and customer landscape.

4. Operational excellence

Fourthly, HELLA pushes continuous improvement of operational excellence with regard to all levels, functions and processes within the business. The initiatives include, among others, optimisation and focusing of global production and development capacities, investment in automation and digitalisation, process standardisation and systematic investment in and needs-based staff training.

In July 2020, Company management introduced a long-term programme for the sustained improvement of competitiveness. Firstly, this envisages further consistent capital expenditures in automotive market trends, automation, digitalisation and software know-how. Secondly, the number of development and administrative positions at the Company's headquarters in Lippstadt will be reduced by around 900 by the end of 2023; the corresponding arrangements were concluded in the past fiscal year. In addition, the plan is to maintain the existing measures for ongoing improvement at both the German and, depending on the market, international HELLA locations within the framework of the program. If all structural measures are successfully implemented in Germany, the Company projects an annual EBIT contribution of around € 140 million (in relation to fiscal year 2019/2020). Most of this will very likely take effect from 2023/2024 onwards. In the past fiscal year 2021/2022, the programme resulted in an effective EBIT contribution of around € 35 million. Most of the funds released will be used to further strengthen the Company's innovative strength and competitiveness in the long term. →

→ **For further information** regarding the implementation of the programme to increase competitiveness in the long term, please refer to the presentation on human resources development in this chapter of the management report.

Cooperation with Faurecia

Following Faurecia's successful acquisition of a majority shareholding in HELLA on 31 January 2022, the two companies form the seventh largest automotive supplier in the world with a total of around 150,000 employees. On 7 February 2022 they also announced the new, overarching umbrella brand of their de facto group, FORVIA, under which they will continue to cooperate closely with each other as legally independent companies.

The goal of both companies is to jointly shape safe, sustainable, advanced and customised mobility. They complement each other in terms of customers, markets and technologies and represent one of the global market leaders in high-growth future fields. Against this background, a total of ten focus projects have been identified, covering around 95% of the synergy and cooperation potential identified in advance. Accordingly, a key lever is the bundling of direct and indirect purchasing activities; further relevant advantages are to be realised in the areas of digitalisation, information management and production, among others. On the sales side, potential was identified in improved access to key customers and markets as well as in the aftermarket business. For example, since April 2022 it has been possible to purchase exhaust systems from Faurecia through sales channels of HELLA's aftermarket organisation. The plan is to gradually expand the existing range and to tap further cooperation potential in the aftermarket business.

Sustainability strategy

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

For example, by 2025, all HELLA production, development, distribution and administration locations worldwide are henceforth to manufacture and operate in a carbon-neutral manner. This is to be achieved in particular by improving energy efficiency in production and converting energy supplies to renewable energy sources. The plan is to meet the Company's electricity demand solely from renewable energy sources by 2025. By 2030, electricity consumption in relation to sales is also to be reduced by at least 10% compared to 2019. In addition, any remaining unavoidable emissions are to be offset by investments in high-quality certified climate protection projects. HELLA also wants to ensure a climate-neutral supply chain by no later than 2050 and to consistently supply customers with carbon-neutral products. In the past fiscal year 2021/2022, HELLA adopted interim targets for the upstream and downstream value chain for the first time. HELLA plans to reduce these carbon emissions by 38% by 2030 and by 90% by 2045. With its ambitious climate targets, HELLA aims to contribute to compliance with the 1.5 degree target of the Paris Climate Agreement.

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

→ **For further information,** see the non-financial report of HELLA GmbH & Co. KGaA in this annual report.

Financial strategy

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

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

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

M&A strategy

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

Furthermore, within the scope of M&A activities, necessary divestment projects are also being followed up as part of ongoing portfolio management. At present, this primarily involves examining strategic options for the Special Applications business segment, including a sale.

Management systems

Management of the HELLA Group

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

- the three business segments – Automotive, Aftermarket and Special Applications – with strategic business fields,
- the regions of North, Central and South America, Asia / Pacific (including Rest of the World) and Europe as well as
- the central functions.

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

In the global HELLA network, the Company's registered office in Lippstadt in particular plays a leading role as a central location for control and governance as well as being an important development location. At the same time, regional market weightings have changed in recent years; the requirements for global corporate management have also increased significantly. For this reason, HELLA is continuously developing its global administrative network and, in the process, is also strengthening the responsibility of its other international administrative locations. For example, certain globally required administrative tasks are bundled and standardised at four competence centres in Romania, India, China and Mexico. The centres assume global or regional responsibility for the administrative activities assigned to them. In particular, selected sales functions as well as HR, logistics and finance functional divisions were relocated from the company headquarters in Lippstadt to the administrative location in Romania over the course of the past fiscal year. Certain development and application activities are also being successively allocated to international locations.

Group management is carried out by the Management Board of Hella Geschäftsführungsgesellschaft mbH. In February 2022, the Shareholder Committee of HELLA GmbH & Co. KGaA decided to reorganise HELLA's business activities in line with the three Business Groups of Lighting, Electronics and Lifecycle Solutions. In this process, certain central functions are being integrated into the individual Business Groups. This organisational change has already been largely completed with effect from 1 June 2022.

Dr. Lea Corzilius has taken over the management of the newly formed Lifecycle Solutions Business Group, in which the Aftermarket and Special Applications reporting segments have been bundled, in addition to her role as Managing Director Human Resources. Furthermore, the Shareholder Committee has appointed Yves Andres to the Management Board as Managing Director for the Lighting Business Group with effect from 15 April 2022. He has taken over the area of responsibility from Dr. Frank Huber, who left the company by mutual agreement on 30 June 2022. Also leaving the Management Board on 30 June 2022 is Dr. Rolf Breidenbach, whose CEO contract was terminated by mutual agreement after 18 years as President and CEO. He is succeeded by Michel Favre, who was appointed to the Management Board by the Shareholder Committee with effect from 1 July 2022.

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

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

Strategic planning and operational budget planning are significant internal control instruments for the Company. The HELLA Group's Management Board, the Executive Boards and the newly created Economic and Financial Committee of the Shareholder Committee discuss the results with reference to the budget and the prior year's performance in detail on

HELLA GmbH & Co. KGaA

Corporate structure	**Michel Favre** (CEO)			
	Business Segment Automotive		**Business Segment Aftermarket**	**Business Segment Special Applications**
	Business Group Lighting Yves Andres	**Business Group Electronics** Björn Twiehaus	**Business Group Lifecycle Solutions** Dr. Lea Corzilius	
Finance, Controlling, Information Technology and Process Management Bernard Schäferbarthold **Human Resources** Dr. Lea Corzilius **Purchasing, Quality, Legal and Compliance** Michel Favre	**Executive Board:** Stefanie Brettin Boštjan Furlan Christian Göke Dr. Christof Hartmann Didier Keskas Dr. Michael Kleinkes Silke Krome Svenja Laurie Peter Neuhoff Ludger Rembeck Michael Sohn Dr. Tobias Sprute Barnabas Szabo Alexander Werner	**Executive Board:** Binyi Bai Heiko Berk Dr. Naveen Gautam Jens Grösch Jens Hunecke Gerold Lucas Andreas Lütkes Karsten Müller David Schajer Guido Schütte Jörg Weisgerber Joachim Ziethen	**Executive Board:** Stefan van Dalen Inga Haßenewert Saskia Schumacher Christoph Söhnchen Ulf Steinberg Daniel Wehsarg	

International HELLA companies

Managing Partner
Hella Geschäftsführungsgesellschaft mbH

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

Chairman of the Supervisory Board
Klaus Kühn

Shareholder Committee
Carl-Peter Forster (Chair), Patrick Koller, Nolwenn Delaunay, Olivier Durand, Klaus Kühn, Christophe Schmitt, Jean-Pierre Sounillac

As at 28 July 2022

a monthly basis. The Supervisory Board is informed of outcomes. Furthermore, six month reports and quarterly reports are prepared.

Performance indicators

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

Financial performance indicators

The four key financial performance indicators are currency and portfolio-adjusted sales growth, the EBIT margin adjusted for structural measures and portfolio effects (adjusted EBIT margin), return on invested capital (ROIC) and adjusted free cashflow from operating activities (adjusted OFCF). In this context, the key performance indicators of currency and portfolio-adjusted sales growth and adjusted EBIT margin take on great importance in the management of the Group. Accordingly, they are the Company's most important performance indicators.

These key performance indicators are not stipulated in the international accounting standards. Their use derives from the Company’s guiding principle of using key performance indicators that provide a transparent and comparable picture of the Company’s operational performance, independent of extraordinary effects that can impair an assessment of the Company's performance. Extraordinary effects can arise, for example, from portfolio changes or structural measures. Accordingly, the aforementioned key performance indicators are presented as additional information to the reported comparative figures.

Non-financial performance indicators

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

HELLA GmbH & Co. KGaA

Because the risks and opportunities of HELLA's parent company HELLA GmbH & Co. KGaA, the forecast performance and key research and development activities are inseparable from the Group, the position of the parent company is in line with that of the Group. For this reason, this report contains information about the Group as a whole and about the financial situation of HELLA GmbH & Co. KGaA. Unless otherwise stated, the information that follows relates to the Group.

HELLA is managed as an integrated group from the parent company, which is itself involved in global activities as an operational unit. Due to this deep integration, the Company is mainly managed on the basis of the Group's aggregated performance indicators. In order to manage the parent company HELLA GmbH & Co. KGaA as an operational unit, the reported sales and (adjusted) EBIT according to IFRS are of particular importance. Revenue in accordance with IFRS differs from sales in accordance with the German Commercial Code (HGB), in particular with regard to recognition of project revenue. Conceptually, the EBIT in accordance with IFRS corresponds essentially to the operating result in accordance with the German Commercial Code (earnings before tax on income and net financial result). The annual financial statements of the Company HELLA GmbH & Co. KGaA have been prepared in accordance with the provisions of the German Commercial Code (HGB).

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

Research and development

Along with operational performance, research and development are key components of the Company's corporate strategy and provide the foundation for its competitive ability and technological and market leadership in many product divisions. Consequently, in the medium to long term, HELLA aims to invest around 10% of consolidated sales in research and development annually.

In the fiscal year 2021/2022, HELLA spent a total of € 693 million (prior year: € 603 million) on research and development (adjusted). This equates to a ratio of expenses to portfolio-adjusted consolidated sales of 11.0% (prior year: 9.5%). The increase is based firstly on the significantly higher volume of acquired cus-

Research and development expenditures
in € million and % of portfolio-adjusted sales

Most significant financial performance indicators

Currency and portfolio-adjusted sales growth

Percentage change in consolidated sales adjusted for effects due to exchange rates and portfolio changes

Adjusted EBIT margin

Earnings before interest and taxes (EBIT) reported in consolidated financial statements in relation to portfolio-adjusted sales, adjusted for extraordinary effects

Significant financial performance indicators

Adjusted free cash flow from operating activities

Operating net cash flow after investments without company acquisitions, adjusted for extraordinary effects

Return on invested capital

The ratio of operating income before financing costs and after taxes to invested capital tomer projects. Secondly, R&D activities were expanded again in the past fiscal year to include pre-development, fundamental research and other fields, after these had continued to be subject to extensive cost control in the prior year. The ratio of capitalised development expenses to development expenses in accordance with the consolidated income statement came to 19.1% (prior year: 20.3%).

Around 70% of research and development costs can be attributed to specific customer projects with booked business; the remaining 30% are invested in pre-development, fundamental research, software and tools. In addition, HELLA filed 277 new patents in the past fiscal year, around 24% more than in the prior year (prior year: 224 applications). The comparatively lower prior year's figure is due to reduced pre-development activities as a result of cost control management.

HELLA maintains a comprehensive international network of almost 40 research and development facilities (excluding the R&D locations of joint ventures). HELLA also maintains a venture capital arm in Silicon Valley, an independently operating marketplace for mobility innovation in Berlin ("The Drivery") and a separate innovation centre in Shanghai, which oversees, among other things, new innovations for the Chinese market, collaborations with local start-up companies and other venture capital activities. In addition, at the Lippstadt location HELLA maintains two research laboratories for automotive lighting technology and electronics, as part of which long-term topics, in particular around the future of automobiles, are investigated at an academic level. The number of employees in research and development increased to 7,787 compared to the year before (prior year: 7,554 employees). This means more than 21% of all employees in the permanent workforce are involved in research and development.

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

In order to increase customer proximity in major regional markets, react flexibly to local market requirements and ensure efficient distribution of development resources, HELLA has initiated and implemented significant further structural developments in the global R&D network in the course of the programme adopted in July 2020 to increase long-term competitiveness. This primarily includes the continuous strengthening of regional or local development centres, the transfer of certain development and application activities to other international development locations and the associated relocation of some corresponding personnel resources. For example, as at the balance sheet date of 31 May 2022, 375 new employees had been hired in research and development at the Eastern European locations, while at the company headquarters in Lippstadt a lesser number of R&D positions were cut during this period.

Automotive

Particularly in the Automotive segment, the research and development activities throughout the entire Group help to strategically align the HELLA business portfolio with key automotive market trends and to exploit opportunities for further profitable growth. More than 90% of the R&D expenses are accounted for by this segment.

Firstly, HELLA has powerful research and development departments that safeguard its innovative power over the long term. Secondly, HELLA maintains – in the Automotive segment in particular – various open, strategic alliances with other industry partners and companies to enable the rapid and flexible advancement of relevant focal and future-oriented topics.

Automotive Lighting

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

In the headlamp area, one major focus in the past fiscal year 2021/2022 was on preparing the first series production of the new "Digital Light SSL | HD" headlamp technology. With this technology, up to 25,000 pixels per chip can be intelligently and individually switched to realise new high-resolution lighting functions such as optical lane marking or welcome scenarios. At the same time, this technology can reduce weight and installation space and improve the energy efficiency of the headlamp compared to other high-resolution systems on the market. The series development of the SSL | HD headlamp system generation is currently in the final qualification phase; series production for a German premium manufacturer is scheduled to start this calendar year.

21%

of all HELLA employees worldwide
work in research and development.

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

In the field of rear combination lamp technologies, HELLA provides targeted support for the styling and design requirements of automotive customers. In this connection, HELLA has primarily focused on the further development of highly efficient lighting systems. For example, with FlatLight technology, which HELLA had already presented for the first time in the prior fiscal year, HELLA fulfils various statutory light functions for automotive manufacturers with optics that are only a few micrometres in size. Since new styling options for indicators, brake lights and tail lights can be implemented in this way, FlatLight technology also opens up significant advantages in terms of energy efficiency. The first series production of a FlatLight variant is expected to take place in 2024 for an international automotive manufacturer. In the context of FlatLight technology, HELLA also presented the "Digital FlatLight" concept in the past fiscal year 2021/2022. This uses a SmartGlass display to further enhance the functionality of the rear combination lamp. For example, new software-based functions or signatures can be programmed using software. New business models such as the installation and customisation of graphics via an app or software update can also be implemented in this context. HELLA is currently pushing ahead with the FlatLight concept as part of various pre-development projects; a possible market launch is envisaged for 2025.

In car body lighting technologies, a major development focus is on radiator grille illumination solutions and panel technologies. In this context, HELLA brought a comprehensive package for grille lighting to series production readiness in the past fiscal year and uses it to supply various vehicles of a German premium car manufacturer. The technological concept is largely based on a cost- and performance-optimised refinement of the illuminated radiator grille that HELLA implemented for the BMW X6. Here, LEDs embedded in the upper frame of the grille illuminate the vertical struts of the radiator grille downwards, creating a characteristic light effect. HELLA is supplying the customer in a total of three series projects. Two projects are already in series production, a third production is expected to start at the end of this calendar year.

HELLA is also working on new panel technologies for the front of the vehicle. The main focus of the development is on integrated, multifunctional panels for electric vehicles, which use radar-transparent covers (radar domes, abbreviated to radomes), sensors and lighting technology. The Company's first highly integrated panel went into series production at a European vehicle manufacturer in the third quarter of the 2021 calendar year. HELLA is also currently working on a panel over one metre wide for a European e-vehicle brand, which is expected to go into series production in the third quarter of 2022. In this context, HELLA is also working on new, self-healing panel technologies. By means of the polyurethanes used, these can return to their original state under the influence of heat after minor deformations, for example as a result of weather influences or stone impacts. HELLA could launch such a new generation of front panels in 2025.

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

Smart Lights from HELLA support communication between the vehicle and its occupants. Smart Lights can be used both for safety functions in the car and for comfort while driving, for example by having a light strip in the door strip flash red when an object is in the blind spot. A precise optical design ensures optimal colour mixing and high daytime visibility. In addition to these and other warning functions, Smart

SSL

Solid State Lighting

Research and development

	2021/2022	2020/2021	+/-
R&D employees (as at 31 May of each year)	7,787	7,554	+3.1%
R&D expenses in € million			
Automotive	656	567	+15.7%
Aftermarket	20	19	+6.4%
Special Applications	18	17	+3.4%
Total	**693**	**603**	**+14.9%**
in % of sales	11.0%	9.5%	

Where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

Lights also enable other dynamic lighting effects with a high degree of personalisation.

As part of the development partnership with Faurecia, which the two companies entered into in October 2018, a joint pre-development project for a German car manufacturer, among others, was completed in the past fiscal year. Within the framework of this project, an interior concept was developed that combines the indirect backlighting of a large-scale decor with a communication light. In addition, a first Slim Light series project for a German premium manufacturer was jointly won.

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

Automotive Electronics

As part of its research and development activities in the Electronics Business Group, HELLA focuses primarily on the key market trends of efficiency and electrification, automated driving, connectivity and digitalisation.

With regard to efficiency and electrification, HELLA supports automotive manufacturers holistically with product solutions for all stages of electrification. For example, HELLA develops products that support the energy efficiency of vehicles independently of the powertrain or are specially designed for the requirements of fully electric or hybrid vehicles.

Based on many years of expertise in the field of high-voltage battery management systems, the focus in the past fiscal year was on the development of low-voltage battery management systems. For example, a 12-volt battery management system is currently in series development for a German automotive manufacturer. It can be used with all types of drives and is expected to be launched in 2024. In electric vehicles, it is used for quiescent current as well as redundant power supply. Especially in vehicles with an internal combustion engine or with a hybrid drive, it can replace the lead-acid battery, which may potentially be banned in the future. The market launch will take place in cooperation with a cell manufacturer. At the same time, HELLA is also developing battery solutions for 48-volt mild hybridisation with cell manufacturers as part of several customer projects. This firstly includes a 48-volt battery management system that implements essential carbon-reducing functionalities. These include, in particular, the recovery of energy during braking (recuperation), stronger acceleration (boosting) and gliding along at idle with the engine switched off (sailing). Secondly, HELLA has received a series order for a system solution comprising power electronics and battery management. The market launch for both projects will take place in 2024 and 2025, respectively. In the area of high-voltage battery management systems, the focus of development was on expanding the customer portfolio, including in cooperation with the cell manufacturer Farasis Europe, as well as on new approaches to designing a modular construction system.

With regard to power electrical components, HELLA started the series development of a new, innovative voltage converter concept for the needs-based power supply of an electrically heated catalytic converter in the past fiscal year. The catalytic converter developed by Faurecia uses electrical energy to reach efficiency temperature in less than 10 seconds and reduce emissions by up to 85%. This system approach of voltage converter and electrically heated catalytic converter represents the first collaborative project acquisition since Faurecia acquired a majority stake in HELLA and is expected to be launched on the market in 2025. It supports automotive manufacturers in achieving the Euro 7 emissions standard and will continue to be marketed as a system solution, among other things.

In addition to these battery and power electronics, HELLA is also paving the way for electromobility with product solutions for efficient thermal management. The key product in this context is the Coolant Control Hub (CCH), which is a subsystem that connects three cooling circuits in the vehicle: for the battery, the electric motor and the vehicle interior. This reduces the number of components required in the overall system and thus also the weight and assembly work, in some cases significantly. At the same time, the CCH ensures optimal distribution of thermal energies in the vehicle, which can increase the efficiency of the electric car and thus lead to shorter charging times and a longer range. The CCH is based on a modular approach and integrates actuators and sensors, distribution systems, electronic circulation pumps, expansion tanks and heat exchangers as well as innovative valve solutions in one product. In the market, it is offered as a customised system solution that can be configured according to the respective customer specifications. The Coolant Control Hub is expected to go into series production for the first time in 2024. Towards the end of the fiscal year 2021/2022, HELLA also started the development of a new electric valve actuator and the second generation of the media pump.

In the past fiscal year 2021/2022, following the successful market launch of the 77 GHz sensor technology in spring 2020 HELLA started to develop new product generations in the area of radar technology, in addition to implementing further series start-ups. This includes the iterative further development of the second 77 GHz generation, which will have the latest generation of radar chips as well as waveguide-based antennas. The antennas are contributed by Swedish technology company Gapwaves as part of a development partnership. Based on this antenna and chip technology, the detection ranges of the radar sensors can be further increased, the field of view extended and the measuring capability at close range improved. Production start for a German premium manufacturer is planned for 2024. HELLA has also started to develop further product generations, which could probably be launched on the market from 2025 onwards. Firstly, HELLA is developing a 77 GHz radar sensor in this context, in which the sensor is primarily responsible for environmental perception, but the sensor's other functionalities are performed by central computers. Secondly, HELLA is working on a higher-resolution and cost-optimised radar sensor for the vehicle corners that will be used for higher levels of autonomous driving. In the past fiscal year, HELLA also entered into development partnerships with Chuhang Tech and NVIDIA. The cooperation with Chuhang Tech addresses the requirements of the local Chinese market, and HELLA is working with NVIDIA on approaches to simplify the integration of radar sensors into the vehicle architecture, for example through standardised interfaces.

As the second key component for automated driving, HELLA is intensively involved in the development of steering electronics in fail-operational design. These optimise fuel efficiency by providing electric steering assistance as needed, as was already the case with previous product generations. In addition, as components structured with redundant capacity, they primarily represent an essential prerequisite for the implementation of highly automated driving functionalities. Current development activities are focused, among other things, on the preparation of major series launches in the coming calendar year. HELLA is also working together with various original equipment manufacturers and tier 1 suppliers on the development of new steer-by-wire functionalities, in which steering commands are transmitted exclusively electrically and without mechanical connections. This is being carried out using test vehicles, among other methods. On the basis of steer-by-wire applications, flexible concepts for the engine and vehicle interior can be implemented, which, in addition to simplified crash safety, also enable new types of cockpit designs as well as cost advantages through modularisation and reduction of the number of variants. HELLA could bring such steer-by-wire technology to market in the next two to three years.

In the past fiscal year, HELLA was also commissioned with the development and production of the world's first large-volume brake pedal sensor with by-wire technology; series production for a German automotive manufacturer is scheduled to start in 2025. Unlike conventional braking systems, brake-by-wire technology transmits the braking commands exclusively electronically. This firstly supports functionalities of automated driving and the customised setting of the brake function. Secondly, the use of lightweight materials reduces the component weight. While maintaining high performance and functional safety, this can help to increase the range of electric cars and reduce the carbon emissions of vehicles with internal combustion engines or hybrid drives. In addition, installation costs and the number of variants are reduced; in the long term, the elimination of hardware components also opens up new possibilities for designing the vehicle interior of the future.

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

In the field of body electronics, HELLA is also continuing its many years of experience with central control units in the development of so-called zonal modules. These special control units combine the functionalities that were previously handled by individual control units into two to three overarching control units, thus significantly reducing the complexity of vehicle architectures. In this context, HELLA is already working at an early stage on control units that bundle the functionalities in the rear of the vehicle and integrate luggage compartment closing functions, for example. The series launch is planned for the calendar year 2023. Safe power distribution in future autonomous vehicles is another challenge in modern vehicle architectures. HELLA has expanded the concept of zone control units to include this aspect with the development of intelligent power distribution modules. Series production for a German OEM is expected to start in 2025.

Aftermarket

In the Aftermarket segment, research and development expenses are being incurred particularly in the area of complex workshop equipment. HELLA is mapping the entire innovation, development and production process through its subsidiary HELLA Gutmann Solutions. In the past fiscal year, the main focus was on the further development of the diagnostics and exhaust portfolio as well as expansions for digital products. A key focus here was primarily on providing Hella Gutmann Solutions' customers with future technologies for sustainability, alternative drives, digital networking as well as knowledge transfer and preparing them for all relevant trends in the aftermarket.

For instance, Hella Gutmann added the newly developed "MT-HV" measuring technology module to its existing mega macs product portfolio in the past fiscal year 2021/ 2022. This features permanently integrated high-voltage measurement technology (up to 1,000 V) and ensures that insulation resistance measurements, equipotential bonding measurements on HV components and resistance measurements can be performed safely and accurately. The sustainable and modular MT-HV product concept allows customers to continue using existing Hella Gutmann low-voltage measuring technology and to integrate it into the high-voltage measuring device.

In addition, the development of a particle counter for the exhaust emission test on modern diesel vehicles was another focal point in the past fiscal year. The device is expected to supplement the existing mega compaa HG4 exhaust gas measurement system before the legal obligation to measure diesel particulate as part of exhaust emission testing comes into force for Germany from 1 January 2023, thus completing the corresponding portfolio of Hella Gutmann Solutions in the field of exhaust emission testing.

Furthermore, Hella Gutmann pushed ahead with the expansion of the macsDS data service offering in the past fiscal year. This is a data-driven software solution that analyses and interprets vehicle information and finally provides it to customers and partners in an integrable interface. In addition to technologies such as artificial intelligence, Hella Gutmann's many years of vehicle and repair expertise, in particular, will be deployed here. Hella Gutmann has also entered into strategic partnerships in the area of data use, telematics and direct networking in this context. In the past fiscal year, the data and software offering was continuously expanded and new partners were integrated into the macsDS solution.

Special Applications

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

In this context, HELLA completed the series development of the Compact LED rear lamp and the S series work lamp at the beginning of the fiscal year 2021/2022 and launched the corresponding series production. Further model and illumination variants of the S series are already in development. HELLA also launched the second generation of the RokLUME 280N work lamp mid-calendar year 2022. This has six different illumination variants; the illumination properties were further improved in the course of further development and adapted to specific work scenarios. At the same time, an intelligent version of this heavy-duty work lamp is under development with a planned market launch in mid-2023 and is planned to have functionalities such as colour change, dimming or failure detection. HELLA has developed a 5.75" LED headlamp especially for the Special Applications segment in the automotive market in India, which has been in series production for various manufacturers of electric scooters since the middle of this calendar year.

At the same time, a start was made in the past fiscal year on further expanding the electronics competence in the Special Applications segment. Firstly, a key focus is on building up expertise in the application of intelligent battery sensors for heavy duty and highway customers with a potential ramp-up from the calendar years 2024/2025 onwards. Secondly, HELLA has been working on the development of a new inductive sensor for accelerator pedal sensors. Compared to the previous generation, the new sensor is cost-optimised and can be adapted more flexibly to the respective requirements of different customers on the basis of a modular concept. A possible market launch, also in the heavy duty sector, is planned for 2024.

Human Resources

As at the reporting date of the fiscal year 2021/2022 (31 May 2022), HELLA had a global core workforce of 36,008 employees (prior year: 36,500 employees). This corresponds to a decrease of 1.3% in permanent staff; the headcount has fallen especially in the global direct production workforce. This is primarily due to lower production volumes worldwide, which were mainly caused by significant supply shortages of electronic components and other materials.

Thus the number of employees in Germany decreased to 8,055 (prior year: 8,657 employees), also in connection with the programme adopted in July 2020 to increase competitiveness in the long term. In the other European countries, permanent employees decreased to 14,335 employees (prior year: 14,563 employees). In North, Central and South America, staffing levels remained stable to a great extent at 7,349 employees (prior year: 7,386 employees). In Asia/Pacific/Rest of World, on the other hand, human resources were increased to 6,269 employees (prior year: 5,894 employees), mainly in connection with large-volume series launches, especially in the first half of the fiscal year.

As part of the programme to increase competitiveness in the long term, it has been decided to reduce the number of development and administrative positions at the Lippstadt location by 900 jobs and at the

Reporting staff in the HELLA Group

(as at 31 May)

same time to continue the existing programmes for continuous improvement at both the German and, depending on the market, the international HELLA locations. This is achieved through a partial retirement and severance programme as well as through natural fluctuation; the necessary job cuts were resolved in a socially acceptable manner by means of these levers in the past fiscal year and the operational implementation of the programme was started. In this connection, around 460 employees have already left the company. The remaining staff reduction at the company headquarters in Lippstadt should be completed by the end of 2023.

HELLA GmbH & Co. KGaA

At HELLA GmbH & Co. KGaA, the number of employees fell to 4,905 due to ongoing capacity adjustments and improvement programmes (prior year: 5,364 employees). The main reason for this is the reduction of jobs as part of the programme to increase competitiveness in the long term.

Further information on employee matters can be found in the non-financial report section.

Permanent employees in the HELLA Group by region

	31 May 2022	+/-	Share
Germany	8,055	-7.0%	22%
Europe excluding Germany	14,335	-1.6%	40%
North, Central and South America	7,349	-0.5%	20%
Asia / Pacific / RoW	6,269	+6.4%	17%
Permanent employees worldwide	**36,008**	**-1.3%**	**100%**

Economic report

Economic development

- Global economy recovers from the consequences of the coronavirus pandemic; according to IMF estimates, global gross domestic product in the calendar year 2021 will grow by 6.1%
- Economic growth in all regions, especially in China with significant increases; economic situation in Germany improves only moderately

In the past calendar year 2021, the global economy has largely recovered from the pandemic-related losses of the prior year. According to data published by the International Monetary Fund (IMF) in April 2022, global gross domestic product rose by a substantial 6.1% in 2021, following the prior year's economic slump of 3.1%.

This normalisation has taken place worldwide, but has been subject to region-specific fluctuations. According to the data of the Statistical Office of the European Union (Eurostat), the gross domestic product (GDP) in the eurozone increased by 4.0% in the third calendar quarter compared to the prior year and by 4.7% in the fourth quarter. In the first quarter of the calendar year 2022, economic growth was 5.4%. No economic data was available for the second quarter of the current calendar year at the time of publication of this annual report. However, it can be assumed that the economic development in the eurozone has deteriorated significantly due to the Russian war of aggression against Ukraine that commenced on 24 February 2022.

Within the euro area, the German economy has recovered only moderately. According to the Federal Statistical Office (Destatis), in the third quarter of the calendar year 2021, GDP increased by 2.5% year-on-year after price and calendar adjustments; in the fourth quarter, growth subsequently weakened to 1.4%. This is due firstly to supply and material bottlenecks, which also had a considerable impact on automotive production in Germany, and secondly to a renewed tightening of coronavirus protection measures towards the end of the year. In the first three months of the calendar year 2022, GDP in Germany improved by 3.8% compared to the same quarter of the prior year, although negative economic effects are also expected in Germany in the second quarter as a result of the Ukraine war.

In the US, according to the Bureau of Economic Analysis, GDP rose by 2.3% on an annualised basis in the third quarter of 2021 and by 6.9% in the fourth quarter. In contrast, GDP in the USA declined at the beginning of the year with an annualised fall of 1.6%. This decline was primarily caused by high inflation in the country, which stood at 8.5% in March 2022, the highest increase since the early 1980s.

According to the Beijing-based National Bureau of Statistics, the Chinese economy grew by 4.9% in the third quarter and by 4.0% in the fourth quarter. In the first quarter of the new calendar year, economic growth was 4.8%. The influences of the coronavirus lockdowns in parts of the country are only partially reflected in these economic indicators. Since a strict lockdown was not imposed until 28 March 2022, especially in the economic metropolis of Shanghai, a noticeable slowdown in economic development in China can be expected, especially in the second quarter of the fiscal year.

Industry development

- According to IHS data, global light vehicle production posted a decline of 8.8% in the fiscal year 2021/2022
- Industry development burdened by supply bottlenecks, coronavirus-related lockdowns in China and the Ukraine war
- Across all regions, production volumes see negative development; in particular, the European market is disproportionately affected (-19.9%)

Over the period of the HELLA fiscal year 2021/2022 (1 June 2021 to 31 May 2022), development in the automotive market environment was decidedly negative. According to data of the IHS market research institute (July 2022), global production of passenger cars and light commercial vehicles declined by 8.8% to 75.8 million units (prior year: 83.1 million units). At the beginning of the fiscal year, IHS had still expected growth of 3.7% (IHS forecast: July 2021).

The fact that global production volumes have fallen significantly instead is due to various factors. For example, since the beginning of the 2021 calendar year, there have already been considerable resource bottlenecks for certain electronic components, such as semiconductors and microchips, but these have been exacerbated further, particularly in the second half of the year, due to pandemic-related production stoppages at some chip suppliers in the Asian region. As a result, global light vehicle production fell significantly, above all in the second quarter (-18.7%). In the third quarter of the fiscal year, the market situation improved in relative terms, with largely stagnating production figures (-0.3%), while a decline of up to 9.5% had previously been forecast for this period. However, this slight market stabilisation was completely slowed down again in the fourth quarter, first by the war in Ukraine and then, above all, by the pandemic-related lockdowns in China. Instead of the expected growth of 5.7%, as forecast by IHS as recently as February 2022, global light vehicle production fell significantly again this quarter (-7.0%).

In the reporting period, the declining market environment impacted all regions worldwide. For example, light vehicle production in the overall European market declined by 19.9% to 14.8 million units (prior year: 18.5 million units). In addition to the semiconductor bottlenecks, the war in Ukraine had a particularly negative impact on automotive production in the fourth quarter; production figures slumped by 16.0% in this period (IHS forecast February 2022: +3.5%). In the German market seen separately, production volumes fell by 21.9% to 3.1 million units (prior year: 4.0 million units).

In North, Central and South America, the production figures decreased by 8.8% to 15.8 million units (prior year: 17.3 million units); the US market represents a decline of 8.4% to 9.0 million units (prior year: 9.8 million units).

In Asia/Pacific/Rest of World, light vehicle production decreased by 4.5% to 45.2 million units (prior year: 47.3 million units); the automotive market in India in particular developed positively in this region. In China, in contrast, production figures fell by 7.1% to 24.1 million units (prior year: 26.0 million units). This was primarily due to restrictive measures to contain the coronavirus Omicron variant in the fourth quarter, which included production stoppages and restrictions in supply and logistics chains. This means that, according to IHS data, light vehicle production in the Chinese market slumped by 16.1% in the fourth quarter.

Production of passenger cars and light commercial vehicles during the fiscal year 2021/2022

in thousands	1st quarter	2nd quarter	3rd quarter	4th quarter	Total	+/-
Europe	3,198	3,884	3,913	3,815	**14,810**	-19.9%
of which Germany	*654*	*780*	*825*	*855*	***3,114***	*-21.9%*
North, Central and South America	3,746	3,861	3,792	4,407	**15,806**	-8.8%
of which USA	*2,139*	*2,212*	*2,135*	*2,523*	***9,008***	*-8.4%*
Asia / Pacific / RoW	10,340	11,783	12,520	10,537	**45,181**	-4.5%
of which China	*5,240*	*6,784*	*6,917*	*5,183*	***24,123***	*-7.1%*
Worldwide	**17,284**	**19,529**	**20,225**	**18,759**	**75,797**	**-8.8%**
Change on the same period of the prior year	-7.4%	-18.7%	-0.3%	-7.0%	**-8.8%**	

Source: IHS Light Vehicle Production Forecast, 18 July 2022 (change on prior year in percent)

Business development of the HELLA Group

- Consolidated currency and portfolio-adjusted sales in the fiscal year 2021/2022 contracted by 2.4% to € 6,229 million; as reported by 0.8% to € 6,326 million
- Automotive segment is burdened by declining light vehicle production, but clearly outperforming the market; Aftermarket and Special Applications post very positive business development
- Adjusted earnings before interest and taxes fall to € 279 million; adjusted EBIT margin slips to 4.4%
- Lower profitability mainly results from lower production volumes, production inefficiencies and higher material and logistics costs due to component shortages, higher R&D expenses and increased energy costs
- Adjusted free cashflow from operating activities is at -€ 213 million particularly due to the significantly lower earnings and higher inventories

Results of operations

At the beginning of the prior fiscal year 2020/2021, HELLA introduced a long-term programme for the sustained improvement of competitiveness. The expenses required for the overall measures in this context that, according to current estimates, are expected to come to around € 210 million, were to a large extent already incurred in the prior fiscal year 2020/2021 (€ 172 million). To ensure comparability with the reporting period in this context, the following operative comparators are presented in an adjusted form. The reported values and additional information are provided in the consolidated annual financial statements and the notes to those financial statements.

In the fiscal year 2021/2022, the currency and portfolio-adjusted sales for the HELLA Group fell by 2.4% to € 6,229 million (prior year: € 6,380 million). In consideration of exchange rate effects (€ 97 million; 1.6 percentage points) reported consolidated sales declined by 0.8% to € 6,326 million (prior year: € 6,380 million). In the reporting period, there were not any portfolio effects that required adjustment.

The decrease in sales is attributable to the worldwide decline in light vehicle production, which fell primarily in the first half of the fiscal year as a result of massive bottlenecks with certain electronic components, such as semiconductors and microchips. Towards the end of the fiscal year, the restrictive measures aimed at containing the coronavirus in the Chinese market, which led to production shutdowns or reduced production volumes both at HELLA and on the customer side, also impaired business development. This negative market environment had a particular effect on the Automotive segment, although in terms of sales, the segment posted significantly better development than the automotive market due to large-volume series launches in China. At the same time, the supply bottlenecks are leading to higher burdens on the cost side: firstly, due to lower capacity utilisation and inefficiencies in the production process and secondly due to rising costs for materials and logistics. Higher energy prices have also had a negative impact on earnings, especially since the second half of the fiscal year; furthermore, the Company incurred higher expenses for the development of new automotive technologies in the prior fiscal year. The Aftermarket and Special Applications segments achieved positive business development in the reporting period.

In Europe, sales in the fiscal year 2021/2022 fell by 7.1% to € 3,603 million (prior year: € 3,880 million). The market-related burdens, mainly due to semiconductor bottlenecks, had a particularly negative impact on business development in Germany; here, sales declined by 11.5%, while in the other European countries they only fell by 2.4%. In North, Central and South America, sales decreased by 3.6% to € 1,297 million (prior year: € 1,345 million). In Asia/Pacific/Rest of World, on the other hand, sales rose by 23.5% to € 1,426 million (prior year: € 1,154 million), primarily due to large-volume series launches in China. This was partially offset by coronavirus-related lockdowns in Shanghai and other Chinese cities in the Asian market at the end of the fiscal year.

In the past fiscal year, the adjusted earnings before interest and taxes (adjusted EBIT) fell to € 279 million (prior year: € 510 million); the adjusted EBIT margin thus drops to 4.4% (prior year: 8.0%). The lower profitability was primarily due to a lower gross profit margin, higher expenses for research and development as well as higher distribution and administrative costs. In the reporting period, the earnings before interest and taxes were adjusted by a total of € 0.5 million (prior year: € 57 million). Taking these effects into account, the earnings reported before interest and taxes (EBIT) decreased to € 278 million (prior year: € 454 million); the reported EBIT margin is at 4.4% (prior year: 7.1%).

In the reporting period, gross profit dropped to € 1,477 million (prior year: € 1,563 million), with gross profit

Consolidated income statement*

in € million	2021/2022	+/-	2020/2021
Sales	**6,326**	**-0.8%**	**6,380**
Cost of sales	-4,849		-4,817
Gross profit	**1,477**	**-5.5%**	**1,563**
Ratio of gross profit to sales	23.3%		24.5%
Research and development expenses	-693		-603
Distribution expenses	-329		-315
Administrative expenses	-219		-208
Other income and expenses	16		40
Earnings from investments accounted for using the equity method	26		35
Other income from investments	1		-1
Adjusted earnings before interest and taxes (adjusted EBIT)	**279**	**-45.4%**	**510**
Ratio of adjusted EBIT to sales	4.4%		8.0%

** In order to ensure better comparability of the results of operations between the fiscal year 2021/2022 and the prior year, the presentation of operating figures has been adjusted. The reported figures can be found in the consolidated financial statements of HELLA GmbH & Co. KGaA, for more detailed information please refer to the notes contained in these consolidated financial statements.*

margin at 23.3% (prior year: 24.5%). This deterioration is firstly due to the global bottlenecks in electronic components such as semiconductors and microchips, which had a negative impact on HELLA's business performance, especially in the first half of the fiscal year. This development led to a reduced capacity utilisation as a result of the significant decline in global light vehicle production. They also give rise to inefficiencies in the production process and higher costs for logistics and materials. In addition, charges due to higher costs for energy and raw materials reduced gross profit in the second half of the fiscal year.

Research and development expenses increased to € 693 million in the reporting period (prior year: € 603 million). Accordingly, the R&D ratio rose to 11.0% (prior year: 9.5%). Firstly, the increase in R&D expenses can be attributed to the volume of acquired customer projects, which significantly exceeded that of the prior year. Secondly, in the prior year, the R&D activities underwent extensive cost control and were gradually extended again to pre-development, fundamental research and other fields in the reporting period.

Expenses for distribution and administration and the balance of other income and expenses increased to € 532 million (prior year: € 483 million). Accordingly, the ratio of these items rose to 8.4% (prior year: 7.6%). On the one hand, significant cost-cutting measures and short-time working arrangements were implemented in the same period last year. On the other hand, the balance of other income and expenses in the prior year benefited from a reversal of an impairment loss for a joint venture (€ 19 million).

The contribution of the associated companies and joint ventures to the Group-wide adjusted EBIT decreased to € 26 million in the reporting period (prior year: € 35 million). This is due on the one hand to the generally poor market environment with declining

Reported sales of the HELLA Group in € million
(currency and portfolio-adjusted growth compared to the prior year in %)

Fiscal year 2021/2022: Quarterly business development

	1st quarter	2nd quarter	3rd quarter	4th quarter
Currency and portfolio-adjusted sales growth	+9.5%	-11.9%	+2.4%	-6.2%
Reported sales (in € million)	1,473	1,564	1,616	1,673
Adjusted earnings before interest and taxes (in € million)	91	64	82	41
Adjusted EBIT margin	6.2%	4.1%	5.1%	2.4%
Reported earnings before interest and taxes (in € million)	79	70	76	53
Reported EBIT margin	5.4%	4.5%	4.7%	3.2%

production volumes and on the other hand to the sale of the shares in the joint venture Mando Hella Electronics, which was completed in the prior year. In relation to the lower adjusted EBIT, the ratio of the earnings contribution of the associated companies and joint ventures increased to 9.4% (prior year: 6.8%), also due to relatively good business development of individual joint ventures in China. In the past fiscal year as well as in the same period of the prior year, reversals of impairment losses of € 7 million each were made for a Chinese joint venture.

The net financial result for the reporting period is -€ 24 million (prior year: -€ 6 million). The low prior year's figure is due in particular to higher income from financial investments. Expenses relating to income taxes amount to € 70 million (prior year: € 88 million).

The fiscal year 2021/2022 closed with earnings for the period totalling € 184 million (prior year: € 360 million). Earnings per share is thus € 1.63 (prior year: € 3.22).

HELLA GmbH & Co. KGaA

In the fiscal year 2021/2022, sales of HELLA GmbH & Co. KGaA decreased by 1.7% to € 2,134 million (prior year: € 2,171 million). Reported sales under IFRS amount to € 1,952 million (prior year: € 2,048 million).

This decline is mainly due to bottlenecks in electronic components such as semiconductors. The adjusted EBIT under IFRS declined to € 58 million (prior year: € 84 million). The adjusted EBIT margin thus amounts to 3.0% (prior year: 4.1%).

In the past fiscal year, around 41.2% of sales were generated by affiliated companies (prior year: 39.0%). These mainly related to the global supply of modular products in the area of original equipment. Alongside this, the parent company ensured the supply of the international HELLA trade network as part of its central distribution system. Exports accounted for 67.8% of sales (prior year: 67.6%).

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

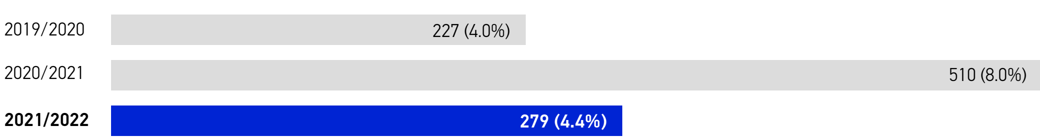
Other operating income increased to € 112 million (prior year: € 95 million), mainly due to the increased on-charging of services to affiliated companies. The material expenses ratio (material expenses in relation to overall performance) rose to 48.8% (prior year: 47.8%). The increase in the material expenses ratio is mainly due to higher material costs and changes in the product mix.

At € 457 million, personnel expenses were largely at the prior-year level (prior year: € 453 million). In the reporting year, the personnel expenses ratio (personnel expenses in relation to overall performance) remained constant at 20.8% (prior year: 20.7%).

Miscellaneous operating expenses decreased by 1.8% to € 728 million (prior year: € 742 million). The

Adjusted earnings before interest and taxes

(adjusted EBIT; in € million and as a % of portfolio-adjusted sales)



Regional market coverage by customer – HELLA Group

	2021/2022		2020/2021	
	Absolute (in € million)	Relative	Absolute (in € million)	Relative
Europe	3,603	57%	3,880	61%
North, Central and South America	1,297	21%	1,345	21%
Asia / Pacific / RoW	1,426	23%	1,154	18%
Consolidated sales	**6,326**	**100%**	**6,380**	**100%**

main reason for this is the burden of the prior year due to the costs incurred as part of the structural programme (-€ 92 million). Expenses for development services (+€ 53 million), as well as other factors, developed in the opposite direction.

Cumulatively, this leads to an improvement in the operating result to -€ 34 million (prior year: -€ 46 million).

On balance, earnings from investments as well as profit and loss transfers stands at € 109 million, which is lower than the figure for the prior year (€ 113 million). This decrease results from an increase in income from investments (+€ 12 million), from a decrease in expenses for loss transfer (+€ 22 million) and a reduced profit transfer (-€ 38 million).

Financial income, including the aforementioned income from investments, increased by 45.4 % after deduction of financial expenses, which were additionally burdened by depreciation of € 28 million in the prior year. This results in a financial result of € 84 million (prior year: € 58 million). Taxes on income fell to € 13 million (prior year: € 48 million).

As a result, the net income for the fiscal year 2021/2022 rose significantly to € 35 million (prior year: -€ 37 million).

Financial status

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

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

- **Capital market bonds**
  At the balance sheet date, HELLA had two outstanding capital market bonds with terms of approximately seven years each. These comprise a bond of € 300 million maturing in 2024 and a bond of € 500 million issued in September 2019 that matures in January 2027.

- **Private placement**
  A total of JPY 22 billion with a 30-year term was raised in 2002 and 2003. This foreign currency liability is fully hedged against exchange rate fluctuations. The value of the liability on 31 May 2022 was € 169 million.

- **Bilateral credit lines**
  In addition to short-term bilateral loans in individual companies, a Mexican subsidiary took out a bank credit with a volume of USD 200 million in 2018. One tranche of USD 75 million ran until January 2021 and was extended at the same amount until 2026, and the second tranche of USD 125 million will run until 2023.

- **Syndicated credit facility**
  In August 2021, HELLA signed an additional agreement to extend the term of a syndicated credit facility amounting to € 450 million by one year. The term of the credit facility will now run until June 2023. The facility was originally agreed in June 2015 with a consortium of international banks and a five-year term (including the possibility for two one-year extensions). In December 2021, the agreement was reached with the consortium of banks to waive the existing change of control clause. In return, the banks have the right to cancel their pledged line in the event of loss of investment grade rating. The syndicated credit line with a volume of € 500 million and a term until June 2022, which was closed in May 2020 as a precautionary measure in view of the economically challenging environment, was terminated prematurely

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

Regional market coverage by customer

	Automotive		Aftermarket		Special Applications	
	2021/2022	2020/2021	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Europe	55%	59%	73%	75%	65%	66%
North, Central and South America	22%	23%	14%	11%	13%	12%
Asia / Pacific / RoW	24%	18%	13%	14%	22%	22%

and amicably with the banks in January 2022 (at the closing of the acquisition of the majority shares in HELLA by Faurecia).

The net cash flow from operating activities deteriorated during the fiscal year 2021/2022 to € 292 million (prior year: € 704 million). This decrease is firstly due to lower earnings and secondly the significant build-up of inventories in the course of supply shortages of electronic components, for example, semiconductors and microchips (change in inventories compared to the prior year: -€ 160 million).

The reported cash investing activities, excluding cash payments or receipts for the purchase or sale of Company shares or capital increases or repayments and securities, come to € 560 million (prior year: € 630 million). These mainly included expenditure on the long-term expansion of the worldwide development, administration and production networks. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. Relative to sales, investments fell to 8.9% (prior year: 9.9%).

As part of the active management of the liquid funds available to the Group, € 20 million were gained from securities in the reporting period (prior year: € 21 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market so the funds can be made available for potential operating requirements at short notice.

The adjusted free cashflow from operating activities decreased to -€ 213 million in the fiscal year 2021/2022 (prior year: € 217 million). This is largely due to the reduced earnings as well as the build-up of inventories in connection with the global resource bottlenecks.

In the reporting period, the free cashflow from operating activities was adjusted mainly for payments in connection with structural measures amounting to € 54 million. In the prior year, the free cashflow from operating activities was adjusted for structural measures and tax payments, transaction costs and further payments for personnel liabilities in connection with the sale of the front camera business. In addition, adjustments were made in the prior year for a dividend attributable to the period in connection with the sale of the joint venture company Behr Hella Service, which was received in the form of a subsequent purchase price adjustment, and for tax payments in connection with the sale of the shares in the joint venture company Mando HELLA Electronics. The total value of these adjustments in the prior year was € 143 million.

After taking account of these special effects, the reported free cashflow from operating activities fell in the fiscal year to -€ 267 million (prior year: € 74 million).

Total cash outflows from financing activities came to approximately € 149 million (prior year: € 483 million). Net drawn credit stood at € 18 million (prior year: € 456 million).

Compared to the end of the prior year, liquidity from cash and cash equivalents decreased by € 403 million to € 576 million (31 May 2021: € 979 million). Including current financial assets, essentially comprising securities of € 427 million (31 May 2021: € 442 million), the available funds fell to €1 ,003 million (31 May 2021: € 1,422 million). 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 2020/2021, total assets increased by € 387 million to € 6,445 million (31 May 2021: € 6,058 million). The equity ratio stood at 42.5% and was thus above the level on the balance sheet date of 31 May 2021 (40.6%). The equity ratio relative to total assets adjusted for liquidity comes to 50.3% (31 May 2021: 53.1%).

Current and non-current financial liabilities increased by € 71 million to € 1,390 million (31 May 2021: € 1,319 million). Net financial liabilities as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of € 490 million to € 387 million (31 May 2021 net financial liquidity: € 103 million).

On 1 February 2022, the rating agency Moody's announced that it was downgrading HELLA's rating to Baa3 with a negative outlook. However, this confirms the company's investment grade rating overall. Moody's had previously announced that it would review the HELLA rating for a possible downgrade after the acquisition of the majority shareholding in HELLA by Faurecia was announced.

HELLA GmbH & Co. KGaA

The total assets of HELLA GmbH & Co. KGaA decreased to € 3,412 million (prior year: € 3,501 million). This is mainly due to the decrease in current assets (-€ 314 million), which was offset by an increase in non-current assets (+€ 223 million).

Property, plant and equipment rose to € 350 million (prior year: € 329 million). In addition, financial assets increased by 9.6% to € 1,364 million (prior year: € 1,244 million). This increase is mainly due to the higher loans to affiliated and associated companies (+€ 213 million) as well as the effect from the netting of securities held as non-current assets with the provisions for partial retirement (+€10 million).

Trade receivables rose to € 187 million in the fiscal year (prior year: € 173 million).

Amounts owed by affiliated companies increased by 12.9% to € 647 million (prior year: € 573 million). This development is mainly due to a decrease in intragroup trade receivables (-€ 37 million) and the increase in loans and cash pooling receivables from domestic and foreign subsidiaries (+€ 110 million). Receivables from companies in which participating interests are held increased to € 8 million (prior year: € 6 million).

The net financial debt of the Company (other securities plus cash on hand and bank balances less bonds, other financial liabilities and amounts owed to credit institutions) increased by € 372 million to € 501 million (prior year: € 129 million). This development is mainly due to cash outflows from operating activities.

Compared to the prior year, equity fell by 5.6% to € 1,203 million (prior year: € 1,275 million). This is mainly due to the distributions for the prior fiscal year as well as the net income for the year of €35 million.

The equity ratio decreased to 35.3% (prior year: 36.4%). For details of the composition of the subscribed capital, please refer to the annual financial statements of HELLA GmbH & Co. KGaA.

The annual financial statements of HELLA GmbH & Co. KGaA are available on the Company website at **www.hella.com/cfs** and are also announced in the electronic federal gazette.

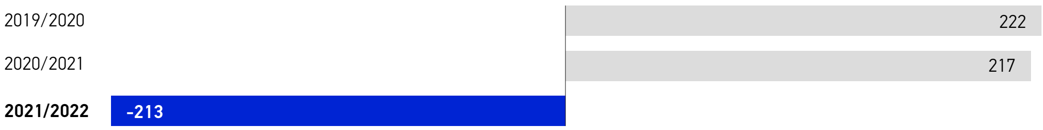
Further events in the fiscal year

- **A new de facto group: FORVIA**
  Faurecia successfully completed the acquisition of a majority shareholding in HELLA on 31 January 2022 after receiving all necessary regulatory clearances. As a de facto group, with a total of around 150,000 employees, the two companies form the world's seventh largest automotive supplier and a global market leader in high-growth technology fields. On the basis of the current shareholding of 81.59% (as at 1 June 2022), both companies will continue to operate as independent, listed entities with their own supervisory bodies and management teams and will operate together under the new, overarching umbrella brand FORVIA.

- **Extraordinary General Meeting**
  HELLA GmbH & Co. KGaA resolved at its Extraordinary General Meeting (29 April 2022) to change the fiscal year to the calendar year with effect from 1 January 2023. For this purpose, a transitional short fiscal year will be established for the period from 1 June 2022 to 31 December 2022. Firstly, the changeover increases comparability with other companies as well as with macroeconomic and sector-specific key figures. Secondly, HELLA has been included in Faurecia's financial reporting as a fully consolidated subsidiary since the successful acquisition of the majority shareholding by Faurecia on 31 January 2022. Faurecia already follows the rhythm of the calendar year. By also bringing the fiscal year in line with the calendar year, HELLA is now standardising accounting dates and thus significantly reducing the reporting effort required. The entry in the commercial register for the change to the fiscal year is still pending at this point in time. In the meantime the underlying resolution of the Extraordinary General Meeting of HELLA GmbH & Co. KGaA has been challenged. However, the Company expects that the entry applied for will be implemented in due time and that the change will take place in accordance with the resolution of the General Meeting.

- **Characteristic light signature**
  Together with the automotive manufacturer Stellantis, HELLA has developed a characteristic light signature for the new Peugeot 308 for

Adjusted free cashflow from operating activities
(in € million)



both the front and rear lighting. The central design element is located in the centre of the radiator grille: the radome, a transparent cover for radar systems, sporting the new brand logo of Peugeot. On the Peugeot 308, for example, the radome hides the ACC automatic speed controller with stop & go function, including lane assist. In addition, vertical LED daytime running lights in the form of illuminated saber teeth underline the brand's type in the front of the vehicle. The distinctive light signature remains unchanged in the rear lighting. This is characterised by narrow LED rear lamps, where the classic three claws can be found. With the implementation of EdgeLight technology, a 3D effect is created, which makes sure that the vehicle is highly recognisable on the road.

- **Radar sensor cooperation**
  HELLA is further expanding its position as a leading radar technology provider for automated driving functions. In June 2021, HELLA signed an exclusive licence and development agreement with the Swedish technology company Gapwaves and acquired a 10% shareholding in the company. Gapwaves is one of the world's leading providers of waveguide-based antennas. HELLA will deploy this technology in the next generation of 77 GHz-based corner radar sensors, thus further increasing the performance of HELLA's own sensors. Production launch of this product generation for a German manufacturer of premium vehicles is planned for 2024.

- **Development partnership for high-voltage battery management**
  HELLA strengthens its position in the field of electromobility through a strategic partnership with battery manufacturer Farasis Energy Europe. The aim of this collaboration arrangement is to develop a new, scalable platform for battery management systems for electric vehicles by 2024. As part of the collaboration, electronics specialist HELLA will contribute, in particular, its many years of expertise in the areas of battery electronics and battery management systems. Farasis will contribute its extensive know-how in the field of battery production and be responsible for integrating the battery management system into the high-voltage battery. The initial target markets are Europe as well as North and South America.

- **Thermal management in electric vehicles**
  With its Coolant Control Hub, HELLA has introduced an innovative subsystem for thermal management of electric vehicles. It is based on a modular principle and connects three circuits in the vehicle with one another: the battery circuit, the interior circuit as well as the power electronics and electric motor circuit. This firstly reduces the number of components required in the overall system by up to 50%, whilst also reducing logistics costs and overall costs for the vehicle's installation. Secondly, centralisation leads to the distribution of thermal energy in the vehicle being optimised and thus to an improved range of the electric vehicle. HELLA's coolant control hub is expected to first go into series production in 2024 on the basis of an initial customer nomination.

- **Electronics plant in Shanghai**
  In view of the continuing increase in demand for electronics solutions, HELLA doubled its production capacities at the Shanghai location. In this context, the electronics plant there had a new building added on, and the existing area was completely restructured. With a total surface area of around 50,000 square metres, it is now the largest electronics plant in the global HELLA network. The capital expenditures for these measures overall amounted to an amount in the high double-digit millions of euros. At present, the Shanghai location which is also home to a research and development centre has around 1,600 employees active in its workforce. Within the next three years, this number is expected to increase to 2,200 employees.

Business development of the segments

Automotive

- Sales in the Automotive segment fall by 2.1% to € 5,431 million as a result of the significant declines in light vehicle production caused primarily by semiconductor bottlenecks
- Business development of the segment nevertheless significantly outperforms the automotive market, mainly due to large-volume series launches
- Earnings before interest and taxes fall to € 160 million; EBIT margin drops to 3.0%
- Lower profitability mainly results from massive component shortages, which lead to lower production volumes, inefficiencies and higher material and logistics costs; higher R&D expenses and rising energy prices also have a negative impact on earnings

In the Automotive segment, sales fell by 2.1% to € 5,431 million (prior year: € 5,545 million). Considerable resource bottlenecks in electronic components such as semiconductors and microchips namely had a negative impact on business development. Specifically over the first half of the fiscal year, these dynamics continued to intensify as a result of pandemic-related production stoppages at some chip suppliers in Asia and resulted in a decline in global light vehicle production. In addition, towards the end of the fiscal year, the development of the Automotive segment was impaired by pandemic-related lockdowns in China, which led to production shutdowns or reduced production volumes at HELLA as well as at customers and suppliers. All in all, the Company has continued to develop better than the global automotive market. This is mainly due to large-volume series launches in China as well as relatively high demand for lighting and electronics products.

In the reporting period, the earnings before interest and taxes (EBIT) of the Automotive segment decreased to € 160 million (prior year: € 393 million); the EBIT margin decreased to 3.0% (prior year: 7.1%). This is mainly due to shortages of electronic components, which have led to reduced capacity utilisation, production inefficiencies and higher costs for logistics and materials as a result of declining global light vehicle production. Since the second half of the fiscal year, the costs for energy and raw materials have also continued to rise. As these cost increases could only be partially offset by customers, they also had a negative

Income statement for the Automotive segment

in € million	2021/2022	+/-	2020/2021
Sales with third-party entities	5,364		5,489
Intersegment sales	67		56
Segment sales	**5,431**	**-2.1%**	**5,545**
Cost of sales	-4,351		-4,353
Gross profit	**1,080**	**-9.4%**	**1,192**
Ratio of gross profit to sales	19.9%		21.5%
Research and development expenses	-656		-567
Distribution expenses	-124		-136
Administrative expenses	-177		-151
Other income and expenses	13		22
Earnings from investments accounted for using the equity method	26		33
Other income from investments	-2		-1
Earnings before interest and taxes (EBIT)	**160**	**-59.2%**	**393**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	3.0%		7.1%

impact on gross profit. At the same time, increased expenses for research and development in connection with acquired customer projects, for example for radar sensor technology, energy management or other safety-relevant technologies, also affected the profitability of the Automotive segment.

Aftermarket

- Sales in the Aftermarket segment increase by 15.6% to € 583 million
- Independent aftermarket, in particular, develops positively due to successful business in various country markets; business with workshop equipment also records an increase in sales due to high demand for mega macs X
- Earnings before interest and taxes amount to € 60 million; EBIT margin drops to 10.2%
- Profitability burdened mainly by rising material and logistics prices as well as product mix effects

In the Aftermarket segment, sales rose by 15.6% to € 583 million (prior year: € 504 million). This growth was mainly driven by a successful aftermarket business, which recorded a positive business development in various national markets worldwide, including in the German and US markets. In total, sophisticated workshop equipment business also saw positive developments, owing largely to high demand for the recently launched mega macs X diagnostic device.

The segment's earnings before interest and taxes fell to € 60 million (prior year: € 68 million); the EBIT margin consequently falls to 10.2% (prior year: 13.4%). This was mainly caused by a significantly lower gross profit margin, which was firstly negatively affected by significant cost increases, for example in materials and logistics, especially in the second half of the fiscal year. Secondly, the corresponding product mix had a negative impact on the segment's gross profit. In addition, distribution costs have also increased.

Income statement for the Aftermarket segment

in € million	**2021/2022**	+/-	2020/2021
Sales with third-party entities	566		502
Intersegment sales	17		3
Segment sales	**583**	**+15.6%**	**504**
Cost of sales	-341		-278
Gross profit	**242**	**+6.6%**	**227**
Ratio of gross profit to sales	41.4%		44.9%
Research and development expenses	-20		-19
Distribution expenses	-147		-126
Administrative expenses	-20		-21
Other income and expenses	5		5
Earnings from investments accounted for using the equity method	0		2
Other income from investments	0		0
Earnings before interest and taxes (EBIT)	**60**	**-11.7%**	**68**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	10.2%		13.4%

Special Applications

- Sales in the Special Applications segment increase by 8.3% to € 389 million
- Growth primarily driven by agricultural and construction machinery business; other customer groups also recovered
- EBIT increases to € 60 million, EBIT margin improves to 15.5%
- Higher earnings are primarily the product of increased volumes and product mix effects

Sales in the Special Applications segment rose in the reporting period by 8.3% to € 389 million (prior year: € 359 million). This growth was largely achieved as a result of the continued positive business for the manufacturers of agricultural and construction machinery, and also due to good general economic conditions within these market segments. In addition, growth was also achieved in business with other customer groups, for example buses, trucks and trailers, whose market has partially recovered after the pandemic-related losses in the prior year.

The earnings of the Special Applications segment rose to € 60 million (prior year: € 46 million), corresponding to an EBIT margin of 15.5% (prior year: 12.8%). The improved profitability is mainly the result of a higher gross profit margin, which improved due to increased volumes as well as product mix effects. This also more than compensated for rising material prices, which had a negative impact on gross profit, especially in the fourth quarter. At the same time, successful management, especially in administrative expenses, also contributed positively to the segment's EBIT margin.

Income statement for the Special Applications segment

in € million	**2021/2022**	+/-	2020/2021
Sales with third-party entities	384		352
Intersegment sales	5		7
Segment sales	**389**	**+8.3%**	**359**
Cost of sales	-233		-220
Gross profit	**156**	**+12.5%**	**138**
Ratio of gross profit to sales	40.0%		38.6%
Research and development expenses	-18		-17
Distribution expenses	-59		-54
Administrative expenses	-23		-24
Other income and expenses	4		2
Earnings from investments accounted for using the equity method	0		0
Other income from investments	0		0
Earnings before interest and taxes (EBIT)	**60**	**+31.2%**	**46**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	15.5%		12.8%

Achievement of objectives and overall statement

- The corporate outlook for the fiscal year 2021/2022, which was already further adjusted on 29 November 2021, is achieved
- Company management proposes a dividend payment of € 0.49 per share

The fiscal year 2021/2022 has been characterised by considerable market volatility. Resource bottlenecks for electronic components in particular continued to worsen in the first half of the fiscal year and led to considerable burdens in the general industry environment: While the market research institute IHS was still forecasting 3.7% growth in global light vehicle production in July 2021, production figures ultimately fell by 8.8% in the past fiscal year. Instead of the originally expected 86.2 million new units, only 75.8 million new passenger cars and light commercial vehicles were produced in the fiscal year 2021/2022. In addition to the massive shortages of electronic components towards the end of the fiscal year, the coronavirus lockdowns in China and the war in Ukraine also contributed to this market slump.

HELLA has also been affected by this deterioration in industry-specific market conditions over the course of the fiscal year 2021/2022 . In this context, the Company initially anticipated currency and portfolio-adjusted consolidated sales of between around € 6.6 to € 6.9 billion and an EBIT margin adjusted for structural measures and portfolio effects of around 8%. In view of the significantly declining market environment, this corporate outlook was further lowered, first on 23 September 2021 and then on 29 November 2021. In light of such, HELLA now expected currency and portfolio-adjusted sales of between around € 5.9 and € 6.2 billion (adjusted from previously: around € 6.0 to € 6.5 billion) and an adjusted EBIT margin of around 3.5% to 5.0% (adjusted from previously: around 5.0% to 7.0%). With currency and portfolio-adjusted sales of € 6,229 million and an adjusted EBIT margin of 4.4%, these adjusted targets for the past fiscal year 2021/2022 were achieved overall.

In view of these results, the Company management of HELLA GmbH & Co. KGaA will propose to the Annual General Meeting on 30 September 2022 that a dividend of € 0.49 per share be paid for the fiscal year 2021/2022. The distribution would thus amount to a total of € 54 million.

HELLA GmbH & Co. KGaA

The reported revenues of HELLA GmbH & Co. KGaA in accordance with IFRS amounted to € 1,952 million in the fiscal year 2021/2022 (prior year: € 2,048 million) and stand at the lower end of the forecast range of around € 2.0 to € 2.2 billion. The adjusted EBIT under IFRS declined to € 58 million (prior year: € 84 million). Accordingly, the adjusted EBIT margin is 3.0%, which is within the forecast range of 2.5% to 3.5%.

Internal control in accounting

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

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

Opportunity and risk report

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

Opportunity management

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

Firstly, the industry environment, as well as the key market trends of autonomous driving, efficiency and electrification, digitalisation and connectivity, and individualisation, present HELLA with significant opportunities. In order to take advantage of these in a sustainable manner, HELLA has been proactive in shaping its product portfolio systematically in line with these trends. Secondly, opportunities arise for HELLA due to the Company’s global positioning. HELLA is represented in all major core markets. In order to take advantage of profitable growth opportunities in the relevant markets and to best meet the needs of customers on a local level, HELLA is pursuing a number of region-specific strategies.

Risk management

Organisation of risk management

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

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

Recording, evaluating and reporting risks

The process of risk management is coordinated and managed centrally by a risk management officer. The position functions as a bridge between responsible specialists in the operational units and the Management Board. Another task of the risk management officer is to develop and provide methods and tools for risk management, to monitor the risk portfolio, to ensure the plausibility of risk information, to consolidate risks and to report on them accordingly. The risk management officer reports to the head of Corporate Legal, Compliance & Audit on an administrative level and to the Management Board and the Audit Committee of the Company on a technical level.

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

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

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

Furthermore, the risk management system and the Group's general development are regularly reviewed in close consultation with the Shareholder Committee and the Supervisory Board. The risk management system and the underlying methodology for identifying, evaluating, managing and reporting risks are also subjected to continuous development.

Methodology for evaluating and documenting risk

In order to measure and manage identified risks effectively, HELLA quantifies them according to the dimensions of probability of occurrence and economic impact in the event of occurrence. The respective measures taken by the HELLA Group to mitigate risks are included in the evaluation (net review). Due to the multi-layered nature of the risk management system and the stringent requirements of data security, the risks are documented using a risk management tool developed specifically for this purpose. To detect in good time possible “developments threatening the existence of the company as a going concern” (see section 91(2) German Stock Corporation Act) due to the combined effects of several individual risks, the overall risk is calculated using a Monte Carlo simulation.

Business risks in the HELLA Group – overall situation

In the past fiscal year 2021/2022, the general economic and market environment was characterised by very high risks and uncertainties. This means there are still shortages of certain electronic components such as semiconductors. Firstly, these factors lead to a decline in or reduced production volumes; secondly, they result in considerable additional costs for materials and logistics as well as inefficiencies in the production process.

In addition, there are still significant risks associated with the coronavirus pandemic. For instance, in the Chinese market in particular, the restrictive measures being implemented to contain the Omicron variant result, firstly, in production shutdowns which could potentially impact not only HELLA but also its customers and suppliers. Secondly, the containment measures are also accompanied by additional burdens for global supply chains, for example due to closures and bottlenecks at important ports and other logistical hubs.

Furthermore, the Russian attack on Ukraine has given rise to additional risks for the Company. HELLA does not have production or development sites of its own in Russia or Ukraine. However, the acts of war have resulted in a reduction in light vehicle production, especially in the European automotive market, in particular due to interruptions in the supply chains and associated production stoppages at various automotive manufacturers. Also as a result of the Ukraine war, the costs of energy, certain raw materials and logistics have already increased significantly, especially since further price increases are to be expected here and the economic consequences of possible interruptions to the gas supply, especially for the economy in Europe, cannot be fully predicted.

These factors lead to a significantly increased short-term risk for the Company; however, HELLA's long-term calculated overall risk remained at a level comparable to the prior year as at the balance sheet date. Thus, HELLA is not currently aware of any actual or potential developments that could seriously jeopard-

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

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

* *Excluding opportunities*
** *Based on 95% confidence level per category on the basis of the risk inventory as at the balance sheet date. Aggregation is not appropriate.*
*** *Since the fiscal year 2020/2021, certain strategic risks have in some cases only been recorded qualitatively. This includes, among other things, risks from changes in the industry environment as well as risks from changes of control.*

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

ise its going-concern status in the foreseeable future. From the current perspective, the calculated average overall risk would not result in overindebtedness or insolvency.

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

Business risks of the HELLA Group

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

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

The overview depicted in this risk report maps the Company's identified overall risk portfolio and presents the risk scope by category. This risk scope can be interpreted as a realistic extreme risk, in relation to all identified topics in the respective risk category.

The following description of individual risks of the combined management report only depicts the risks which the Company has assessed as material as at the balance sheet date.

Strategic risks

Strategic risks at HELLA essentially arise from the business model, from the Company's global positioning and from changes in the industry environment.

Risks from the business model

As an automotive supplier, HELLA operates in a cyclical market environment and relies on a relatively limited number of customers. This is accompanied by risks arising either from a slump in demand on the overall market or from an impaired business situation among individual customers. In the past fiscal year, various factors, in particular semiconductor bottlenecks, comprehensive lockdown measures, especially in China, and the war in Ukraine, have led to a significantly lower market demand at times, which also affected HELLA. In addition, the war in Ukraine in particular is also associated with certain inflation risks to which HELLA is exposed as an automotive supplier. This includes, among other things, the need to partially pass on rising prices, for example of energy, logistics or raw materials, to the Company's customers. In order to reduce risks from the business model as far as possible, HELLA is pursuing the goal of a balanced, resilient corporate strategy. For instance, HELLA has a broad and diversified portfolio in the automotive segment, with customers in all of the major core markets, so that individual fluctuations on the market or in demand can be partially offset. Secondly, the Lifecycle Solutions Business Group – with its specific customer groups and market cycles – contributes to a balanced business portfolio. This risk-reducing approach is further strengthened by the cooperation with Faurecia, as both companies have complementary technologies, customers and markets.

Risks arising from changes in the industry environment

The automobile industry is currently undergoing a profound transformation. Although there are great opportunities for HELLA in this transformation process, it is also associated with various strategic and economic risks. Among other things, these consist of increasing innovation dynamics and higher technological complexities as well as a further increase in price and competitive pressure. As a result, the demands on the strategy and management processes to forecast changes in the industry environment, to maintain leading market positions and to occupy new, relevant topic areas at an early stage are also increasing. By way of example of such, an incorrectly aligned product and technology portfolio can negatively affect the development of sales and earnings of the Company and lead to business goals not being met. In order to reduce these risks, HELLA maintains a regular and systematic strategy process as well as a logical approach to opportunity management. Additional market opportunities also arise from the cooperation with Faurecia.

Risks arising from the Company's international positioning

As an integral part of corporate strategy, HELLA is represented in all major core markets of the automotive industry. Thanks to this international positioning, the Company is able to realise growth opportunities in regional automotive markets. At the same time, it contributes to a balanced and risk-reduced business strategy, as local or regional volatilities on market or customer level can be balanced out with positive business development in other core regions. Nevertheless, HELLA is exposed to certain risks with regard to local or regional business activities as a result of this internationalisation. These can be caused by macroeconomic, regional or local market fluctuations, for example as a result of lockdown measures in China or the war in Ukraine. Trade restrictions or disruptions in global supply and logistics chains can also have a negative impact on the Company's business development. In order to reduce these risks, whilst also leveraging growth opportunities, HELLA is pursuing various region-specific business strategies, which are anchored, inter alia, in the annual strategy process and are continuously implemented and further developed throughout the year. HELLA is thus able to anticipate changes in the regional industry environment at an early stage and, in addition to offering standardised solutions worldwide, also to offer regional or customer-specific solutions in a targeted fashion.

Risks due to change of control

On 31 January 2022, the takeover of HELLA by the technology company Faurecia was successfully completed. As a de facto group, HELLA and Faurecia form the world's seventh largest automotive supplier with a total of around 150,000 employees. The complementary outlook in terms of customers, markets and technology fields opens up significant potential for further profitable growth. At the same time, there are various risks associated with the change of control. Firstly, this includes the possibility that the business activities of individual joint venture companies could be terminated on the basis of change of control clauses through the joint venture partner. Secondly, it can also not be ruled out that the change of control could mean a greater degree of unintended fluctuation of employees in key positions.

Financial risks

The operations of the HELLA Group pose a series of differing financial risks. Compared to the prior year, risks from exchange rates have been eliminated due to a lower relevance in relation to the Company's overall risk position.

Risks arising from disruption to liquidity

HELLA pursues the strategy of sound financial policy. Despite this, risks can arise from a potential disruption to the Company's liquidity situation. This can be attributed to the occurrence of a significant risk – e.g. costs resulting from possible product recalls, significant interruptions of production activities or the default of one or more customers. For this reason, the Group's liquidity situation is adequately secured by long-term credit, particularly euro-denominated bonds and yen-denominated bonds, as well as a credit line. All agreed financial covenants which, if breached, could lead to extraordinary termination rights for the lender with potentially accelerated payment obligations, are monitored continuously. In particular, the syndicated credit line with a volume of € 450 million includes a change-of-control clause, according to which the lenders can terminate the agreement and call in all disbursed amounts if the company loses its investment grade rating. As at the balance sheet date, the rating from Moody's was Baa3; the Company's investment grade rating is confirmed overall and HELLA's long-term, independent financing continues to be secured.

Risks arising from adjustments in value and depreciation of assets

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

Risks due to complexity in the transfer pricing strategy and tax framework

The business activities of HELLA as an internationally positioned company are subject to numerous financial and tax framework conditions. Both country-specific and international laws and regulations in commercial and tax law are constantly changing and becoming increasingly complex. The tax transfer pricing rules for deliveries and services within the Group, the general accounting and tax requirements and thus also the internal transaction processing are becoming increasingly demanding. Accounting errors, process inefficiencies or conflicting interpretations of tax regulations can thus lead to financial risks for HELLA. In order to reduce these risks and avoid errors in accounting or tax issues, the respective financial departments have internal networks of specialists and receive, as necessary, support from external consultants. Furthermore, regular coordination processes are carried out across departments in order to minimise risks due to shortcomings in the observation and correct application of existing internal and external regulations. In the vastly complex area of transfer pricing, HELLA also has a comprehensive and transparent tax transfer pricing policy and a global network of internal contact persons in place.

Compliance risks

At HELLA, top priority is given to the observance of laws and internal rules in order to avert any compliance breaches. Due to the increasing complexity of regulatory framework conditions, however, individual risks arising from unlawful behaviour on the part of individual employees cannot be completely excluded, despite comprehensive precautionary measures. At HELLA, these compliance risks are divided into two categories: risks arising from non-compliant products in the context of product safety, and miscellaneous compliance risks. Within this second sub-category, the risk in connection with violations of sanctions lists has been newly included as a significant individual risk, as the probability of occurrence has increased as a result of the war in Ukraine.

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

Risks due to non-compliant products in the context of product safety arise primarily as a result of the use of new, sophisticated technologies and the complex ways in which they interact with each other. Non-compliance may result in financial risks such as fines or damages, significant harm to the Company's reputation and personal liability for those involved. There is also the potential danger of not being able to meet new product safety requirements due to increasing technical complexity, leading to adverse consequences for the Company's sales performance. In order to minimise these risks, ensure product safety and meet high customer expectations, HELLA takes full account of the product safety requirements for both new and existing technologies. Alongside the established field of functional safety, which concerns the malfunctioning of safety-related functions, product safety also includes chemical, electrical and mechanical safety as well as product cyber security. The latter relates to risks arising from cyber attacks on vehicle infrastructures. In order to enable all safety measures to be implemented effectively and efficiently and to pool knowledge in this area, HELLA has grouped all of the product safety activities into the Product Safety Management department. When combined with procedural validation and participation in the international standardisation process in the automotive industry, this will minimise the product liability risks for the Company.

Risks due to non-compliance with antitrust law regulations

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

Patent risks

A key component of HELLA's corporate strategy is to position itself as a technological leader, as underscored by a number of initiatives including an appropriate number of patent registrations as well as extensive research and development activities. Various risks exist in this context. On the one hand, if new technologies are insufficiently protected with patents, this could lead to competitors imitating new technologies from HELLA. This would then weaken the Company's market position because it would eliminate its unique selling point, thus strengthening competitors who could simply copy the technology at reduced R&D expense. Potential violations of HELLA's intellectual property by other companies are identified as part of benchmarking activities and market observation of individual areas of R&D, after which these findings are reported to HELLA's patents office for further action. On the other hand, using new technologies also entails the risk of infringing upon patents of other companies. If such were to occur, it could have a financial impact as a result of claims for damages or loss of business income, as well as reputational damage. To minimise this risk, new ideas are thoroughly investigated to ensure they are not protected by the rights of any third parties.

Risks due to non-compliance with data protection requirements

Since HELLA processes personal data of employees, customers and suppliers as part of its business activities, compliance with data protection regulations must also be ensured. In particular, non-compliance with the EU General Data Protection Regulation can lead to legal consequences, including fines, as well as reputational damage. In order to minimise risks associated with the non-compliant handling of personal data, HELLA has established a data privacy office responsible for the central governance for data protection throughout the Group. The office is the first point of contact for all data protection-relevant questions in the HELLA Group and is responsible for devising and setting up the HELLA data protection system, developing suitable procedures for this task and preparing and coordinating further suitable data protection measures.

Risks from non-compliance with export control and sanctions regulations

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

Operational risks

As products and their procurement and production processes are becoming increasingly complex and demanding, operational risks arise, for example, in the areas of logistics, purchasing, production and employee training. At HELLA, they are divided into four subcategories: quality risks, risks in connection with manufacturing processes and procurement, risks due to downtime in the information management system, and human resources and other operational risks. As a result of an increased risk from acts of cybercrime, the individual risk from information management system failures has been newly included. Stresses in the supply chains have also increased certain logistical risks. Due to a relatively lower relevance, the risk from faulty third-party software has been removed as a subcategory.

Quality risks

Important features of HELLA's quality management system are ensuring compliance with market and customer-driven standards as well as the durability and reliability of the produced parts with a high degree of user benefits, whilst complying with all legal requirements throughout the world. Nevertheless, HELLA does have various quality risks: For instance, there is an increase in technological complexities in hardware and software, the speed of innovation in the market, customer-specific requirements for products and functionalities as well as the legal framework. This also entails new manufacturing processes and methods. At the same time, the requirements are ramping up due to extended warranty claims of customers of up to seven years and up to 15 years for systematic errors, as well as demands in connection with the functioning of autonomous driving functions and legislation on managing the supply chain. The responsibility assumed by HELLA in relevant joint ventures with regard to ensuring product quality is also increasing. In order to reduce quality risks to the greatest extent possible, HELLA is continually working to improve product and process maturity and is further introducing additional methods and safeguards. These are proving to be effective and constitute evidence that the Company manufactures and delivers its products in accordance with all requirements.

Procurement risks relating to supply bottlenecks
As an automotive supplier with significant external purchasing volumes, the Company is dependent on its supplier base. This gives rise to significant risks for HELLA within the global supply and logistics chains. These are currently mainly due to two different factors: Firstly, there are still bottlenecks in the supply of certain electronic components, for example microprocessors. On the one hand, these cause declining or reduced production volumes and, on the other, higher costs due to special freight, rising material prices and production inefficiencies. This also includes the risk of possible obligations to compensate damages should HELLA not be able to further service ongoing serial projects. Secondly, there are considerable supply bottlenecks in connection with the restrictive coronavirus protection measures in China, especially in Shanghai, as a large number of different HELLA suppliers have also had to shut down or reduce their production and there have been, and continue to be, further impairments in the transport logistics of necessary materials and intermediate products. The current risks in the global supply chains are to a large extent the result of external influences, for example general shortages in the procurement markets, which the Company can only control to a limited extent. In HELLA's estimation, these risks can also lead to changes in future customer-supplier relations. For example, automotive manufacturers could demand that existing contractual relationships be changed, for example by adding obligations to build up higher inventories at their suppliers. HELLA strives to minimise procurement risks to the greatest extent possible. To this end, the Company applies a forward-looking approach to procurement management. This includes, firstly, a multi-supplier strategy, insofar as this makes economic sense and can be implemented in the context of the available supplier base. Secondly, HELLA is continuously devising systems for promptly recognising potential changes in the market and supplier environment. This also includes automatically identifying risks related to supply chain interruptions and reacting quickly and efficiently to potential incidents, such as natural events or insolvency on the part of suppliers. In addition, HELLA is striving to achieve greater regionalisation in procurement (e.g. in China), as well as further optimisation of material usage and logistics.

Risks due to failures in information management
HELLA uses a complex IT structure in all areas of the Company. This results, among other things, from the international positioning of the Group and the cooperation with other industry partners. In this context, there is a particular risk of cyber attacks on the infrastructure and information or data of the HELLA Group. Not least against the background of the war in Ukraine, increased cyber attacks are to be expected. In addition, applications in the areas of development and production as well as in sales and administration are becoming more and more complex, while increasingly large amounts of data have to be processed and the dependence on IT systems is growing. Therefore, there is a risk from failures in the Company's information management. Such possible failures of IT systems can, in very rare exceptional cases, cause interruptions of business activities lasting from several days to several weeks. All state-of-the-art security measures are taken to minimise these risks in connection with information and data management. This includes, among other things, central monitoring and continual updating of the IT systems as well as regular measures to raise awareness among the Company's employees. In addition, continuous investments are made in IT infrastructure and security architecture, and special information security programmes are implemented to mitigate the risk of failures and data loss.

Risks from shortages of specialists
In order to maintain its position on the market and in terms of technological leadership, HELLA relies on qualified staff and management personnel. HELLA is therefore in a global competition for specialists. Therefore, risks for HELLA may arise from insufficient coverage of the required specialist and management personnel, which may result in business and production processes being impaired and in transactions not being performed. This risk increased in the past fiscal year also in connection with a higher unintentional attrition within the management and specialist staff: Firstly, this may be due to current transformation processes in the company, especially the acquisition of the majority shares in HELLA by Faurecia and the programme implemented at the company's headquarters in Lippstadt to increase competitiveness. Secondly, the effects of the Corona pandemic as well as strains in the automotive industry due to crises such raw material bottlenecks may

also have caused higher involuntary fluctuation. In order to reduce the risk from a shortage of skilled workers and to ensure the necessary staff coverage, HELLA pursues a systematic personnel recruitment and development strategy. This includes a dedicated and well-structured succession planning system for relevant staff and management personnel within the context of the annual global talent review process.

For more information on acquiring, integrating and training employees, HELLA also makes reference to the non-financial report.

Logistics risks

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

External risks

The external risks to which HELLA is exposed are mostly market risks, such as fluctuations in customer demand or slower global economic growth. For HELLA, external risks are normally difficult to predict and largely beyond its control.

Risks arising from fluctuations in general economic conditions

HELLA's economic situation is largely dependent on the performance of the automotive industry and on general and regionally specific economic conditions. As a result, HELLA is exposed to significant uncertainties and risks which result from both the macroeconomic and the industry-specific environment and which the Company has very limited ability to control – if any at all. Firstly, the restrictive measures to contain the coronavirus Omicron variant in China had a considerable impact on HELLA's business development in the fourth quarter of the past fiscal year, as both HELLA and customers and suppliers had to shut down or significantly reduce their production activities in some cases. Secondly, the war in Ukraine has led to a considerable strain on the European automotive market, as various automotive manufacturers have temporarily closed their plants or significantly reduced their production, also as a result of disruptions in the supply chains. At the same time, the Ukraine war has led to price increases, some of them significant, for energy, raw materials and logistics, which could increase further in the future. Also, an interruption to the gas supply cannot be ruled out at the current time. Possible negative consequences, both with regard to the economy in Europe and to HELLA in particular, cannot currently be fully predicted. Further external risk factors result, for example, from new regulatory requirements and the intensification of global trade conflicts, notably between the USA and China. This could lead to downturns in global economic activity as well as to heightened regionalisation of the economy with potentially different product or technology requirements. In order to meet these external risks, which are not easily influenced, HELLA makes use of a forward-looking planning and control process, an international positioning and a risk-diversified business model. In this model, the Aftermarket and Special Applications segments serve as a counterbalance to the automotive business, while the international positioning can help to compensate for selective weaknesses on the market side.

Forecast report

Economic outlook

- Ukraine war, inflation and coronavirus pandemic slow down recovery: Global economy to grow by only 3.2% in calendar year 2022 according to IMF estimates; growth of 2.9% currently expected for 2023
- IMF stresses high uncertainties for the world economy: global economic growth could slow down further

In the 2022 calendar year, the recovery of the global economy will weaken significantly, according to estimates by the International Monetary Fund (IMF). Thus, in its latest forecast published on 26 July 2022, the IMF assumes that the global economy will only grow by 3.2% this calendar year after the significant increases in the prior year. This means the IMF has continuously further lowered its economic outlook (January 2022 forecast: 4.2%, April 2022 forecast: 3.6%).

This is firstly due to the consequences of the Ukraine war as well as the accompanying additional acceleration of inflation, which will primarily affect the eurozone economy; the USA is also being affected by high inflation. At the same time, there are currently considerable uncertainties emanating from potential interruptions to the gas supply and the associated economic consequences. Secondly, the Chinese economy – and by extension the global economy – is being burdened by the consequences of the coronavirus lockdowns in Shanghai and other cities in the country. Global supply chain problems are also continuing, according to the IMF.

In view of these influences, economic growth will also continue to slow down in the calendar year 2023 according to current IMF forecasts. Accordingly, the IMF expects growth of only 2.9% for this period.

With regard to the different regions, the IMF currently expects the eurozone economy to grow by 2.6% in the calendar year 2022 and by 1.2% in 2023; Germany is expected to grow by 1.2% and 0.8%, respectively. For the US, the IMF forecasts economic growth of 2.3% in 2022 and 1.0% the following year. As a result of the coronavirus-related lockdowns, the IMF expects at this point in time that China will grow by 3.3% in 2022 and 4.6% in 2023.

Industry outlook

- According to IHS forecasts (as at 18 July 2022), global automotive production will grow by 12.6% in the period from 1 June 2022 to 31 May 2023
- Markets in Europe and the Americas in particular are expected to recover; light vehicle production in Asia, in contrast, will grow relatively moderately

In the period from 1 June 2022 to 31 May 2023, global production of passenger cars and light commercial vehicles will rise by 12.6% to 85.3 million units (prior year: 75.8 million units) according to estimates by the market research institute IHS (as at 18 July 2022).

Thus, according to current forecasts, global production volumes will recover in parts, after having been affected in particular by massive shortages of certain electronic components in the same period last year. However, at the time of publication of this industry outlook by IHS, there was no clarity as to whether there would be significant disruptions in the gas supply, particularly in the European Economic Area. Should this occur, a significantly worse industry development than currently forecast can be assumed.

According to current IHS estimates, production figures in the European market will increase by 18.6% to 17.6 million units in the period from 1 June 2022 to 31 May 2023 (prior year: 14.8 million units); growth of 41.6% is forecast for the German market. The North, Central and South American market is expected to

Expected production of passenger cars and light commercial vehicles

	1 June 2022 to 31 May 2023	
	in thousands	+/-
Europe	17,562	+18.6%
of which Germany	*4,411*	*+41.6%*
North, Central and South America	18,708	+18.4%
of which USA	*10,786*	*+19.7%*
Asia / Pacific / RoW	49,044	+8.6%
of which China	*26,048*	*+8.0%*
Worldwide	**85,315**	**+12.6%**

Source: IHS Light Vehicle Production Forecast, 18 July 2022
(change in comparison to prior-year period in per cent)

expand by 18.4% to 18.7 million units (prior year: 15.8 million units); the US market is expected to account for 19.7% of this growth. For the Asia/Pacific/Rest of World region, IHS expects production figures to grow by 8.6% to 49.0 million units (prior year: 45.2 million units); China is expected to see an increase of 8.0%.

Company outlook

- For the period from 1 June 2022 to 31 May 2023, HELLA expects currency and portfolio-adjusted consolidated sales in the range of approximately € 7.1 billion to € 7.6 billion; the adjusted EBIT margin is forecast to be approximately 5.5% to 7.0%
- Company outlook is based on expected global light vehicle production of 80 to 84 million units
- Risks result primarily from continuing supply bottlenecks, the further development of the coronavirus pandemic, the war in Ukraine and the associated potential interruptions to the gas supply

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

At present, forecasts by the market research institute IHS assume that global automotive production will be able to partially recover. However, this industry outlook is still subject to risks, which have already influenced HELLA's business development in the past fiscal year 2021/2022.

Thus, it can still be assumed that the shortages of electronic components will continue. This could result in lower production volumes in the global automotive market as well as rising costs caused by higher expenses for materials and logistics as well as inefficiencies in the production process.

Furthermore, there are still high uncertainties with regard to the further development of the coronavirus pandemic. This is primarily related to restrictive measures aimed at containing the coronavirus in the Chinese market. In the event of further widespread lockdowns, this could lead to production shutdowns not only at HELLA, but also at customers and suppliers, as well as to further impairments in the global supply and logistics chains.

Furthermore, there are high risks in connection with the war in Ukraine. Firstly, this may be accompanied by reduced production volumes, especially in the European market. Secondly, costs for energy, raw materials and logistics would be expected to continue to rise significantly. Moreover, should there be significant interruptions to the gas supply, this would have considerable consequences for the economy in general and the automotive industry in particular, as both the production of essential intermediate products, for example aluminium, and a large number of downstream production steps depend on the gas supply.

On 29 April 2022 the Extraordinary General Meeting of HELLA GmbH & Co. KGaA passed a resolution to change the fiscal year to the calendar year. The entry in the commercial register for the change is still pending at this point in time. In the meantime the underlying resolution of the Extraordinary General Meeting has been challenged. However, the Company expects that the entry applied for will be implemented in due time and that the change will take place in accordance with the resolution of the General Meeting.

Correspondingly, in the context of such projections for the macroeconomic and industry-specific market environments, HELLA assumes it will generate currency and portfolio-adjusted consolidated sales in the range of around € 7.1 to € 7.6 billion in the period from 1 June 2022 to 31 May 2023. The EBIT margin adjusted for structural measures and portfolio effects is forecast to be in the range of around 5.5% to 7.0%. This company outlook is based on a projected global light vehicle production of 80 to 84 million units, as anticipated by the Company.

In view of the high degree of unpredictability in the industry environment, this outlook is based firstly on the assumption that there will be no significant impact on HELLA's business as a result of component shortages or Covid-19 lockdowns. Secondly, the forecast is subject to the basic assumption that there will be no significant further impairments in connection with the war in Ukraine, which could be caused above all by potential gas shortages and further cost increases.

HELLA GmbH & Co. KGaA

EBIT according to IFRS and the operating result according to the German Commercial Code are strongly determined by the economic development of the Group as a whole. The results of operations of the parent company will be heavily influenced by earnings from profit and loss transfer agreements and investments pertaining to domestic and foreign subsidiaries and partnerships. Consequently, the results of operations of the parent company are subject to all the influences that need to be taken into account within the Group. As a result, the future outlook remains in line with the outlook for the Group.

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

Declaration on HELLA GmbH & Co.
KGaA corporate governance →

Declaration on HELLA GmbH & Co. KGaA corporate governance

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

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

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

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

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

The Company has four corporate bodies. These are:

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

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

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

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

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

More detailed information on the differences to a stock corporation and the legal form of the Company can be found in the Declaration of Conformity (Entsprechenserklärung) of the General Partner, the Shareholder Committee and the Supervisory Board as of 1 June 2022, which has been made available at **www.hella.com/declarationofconformity** and is shown below.

Information on the remuneration of the members of the Management Board, the members of the Shareholder Committee and the members of the Supervisory Board can be found in the remuneration report for the last fiscal year. This report will be submitted for approval to the Annual General Meeting on 30 September 2022, together with the audit report pursuant to Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG), and will then be made publicly available at **www.hella.com/remunerationreport**. There you will also find the applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 AktG for the members of the Management Board and the latest resolutions of the Annual General Meeting pursuant to Section 113 (3) AktG on the remuneration of the members of the Shareholder Committee and the members of the Supervisory Board.

1. Management by the General Partner

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

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

2. Shareholder Committee

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

Responsibilities of the Shareholder Committee

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

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

Corporate bodies

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

Shareholder Committee:
Supervises and advises the Management Board as an authoritative monitoring body; decides on measures of the Management Board requiring its consent

Supervisory Board:
Supervises and advises the Management Board; responsibilities are limited due to the legal form of the Company

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

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

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

- executing shareholders' resolutions;

- reviewing the annual financial statements and the consolidated financial statements, the management report, the Group management report as well as the non-financial (Group) report (CSR reporting) and the proposal for the appropriation of distributable profits (in accordance with the rules of procedure of the Shareholder Committee);

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

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

Functioning of the Shareholder Committee

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

In the past fiscal year, the Shareholder Committee held 13 ordinary meetings, seven of which were held by video conference. This included six meetings with the Management Board. It also held eight extraordinary conference call meetings, including six meetings with the Management Board. All members of the Shareholder Committee participated in the meetings mentioned above, with the exception of Klaus Kühn and Horst Binnig, who were both unable to attend two meetings, and Samuel Christ, who was unable to attend one meeting. In addition, the Shareholder Committee passed resolutions by way of written circular during the past fiscal year.

Committees of the Shareholder Committee

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

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

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

- passing resolutions regarding the conclusion, amendment and termination of the agreements with the General Partner and the employment contracts of the members of the Management Board of Hella Geschäftsführungsgesellschaft mbH.

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

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

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

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

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

Furthermore, the Shareholder Committee had temporarily set up an additional Project Committee in the past fiscal year in connection with the sale of the majority shareholding in the Company by the then pool shareholders. This committee consisted of the independent members of the Shareholder Committee Carl-Peter Forster (as chairman of the committee), Horst Binnig and Klaus Kühn. It was responsible for the coordination with the Management Board and the preparation of resolutions of the Shareholder Committee within the framework of the sales process described above. The temporary Project Committee did not exercise its own decision-making powers. The six meetings of the committee held between June and August 2021, all of which were conducted by telephone, were each attended by all of its members.

3. Supervisory Board

Responsibilities of the Supervisory Board

The role of the Supervisory Board is to advise and supervise the General Partner in its conduct of the Company's business. In this respect, the responsibilities of the Supervisory Board of HELLA GmbH & Co. KGaA are limited due to its legal form. As opposed to the Supervisory Board of a stock corporation, the KGaA Supervisory Board is not responsible for appointments and dismissals in relation to the Company's Management Board. Nor does it have any power to issue rules of procedure for the Company's Management Board or determine which legal transactions require its consent. The core duties of the Supervisory Board include the following:

- reviewing and approving the annual financial statements and the consolidated financial statements, including the management report and the Group management report;
- reviewing the dependency report;
- reviewing the non-financial (Group) declaration (CSR reporting);
- examining the proposal for the appropriation of distributable profits;
- submitting resolution proposals in respect of each agenda item on which the Annual General Meeting is to decide;
- reviewing and, if necessary, approving material transactions of the Company with related parties.

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

Functioning of the Supervisory Board

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

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

Committees of the Supervisory Board

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

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

Audit Committee: The Audit Committee consists of four Supervisory Board members elected by the Supervisory Board, of which two are limited liability shareholder representatives and two are employee representatives. The members of the Audit Committee are currently Klaus Kühn (Chairman), Paul Hellmann, Gabriele Herzog and Christian van Remmen. As a former Chief Financial Officer of a DAX40 company and long-standing Chairman of the Audit Committee, Klaus Kühn has particular knowledge and experience in the application of accounting principles, internal control and risk management systems as well as auditing. Mr Kühn has also been intensely involved with the audit of the non-financial statements that comprise HELLA's sustainability reporting since the introduction of this reporting requirement in 2017.

In addition, Gabriele Herzog has many years of experience in the field of finance. As Chief Financial Officer for the European activities of the Faurecia Group, she was responsible for the accounting of the European Faurecia companies until 2022. In addition, she dealt intensely with the audit of the financial statements of the companies in her regional area of responsibility.

As a member of the Management Board of Faurecia Automotive GmbH, she regularly reported to the Supervisory Board of Faurecia's German headquarters on the Company's individual financial statements and key financial figures. As a member of the HELLA Audit Committee, Ms Herzog has been involved with the contents and the auditing of the non-financial reporting since joining the Audit Committee in March 2022.

The Audit Committee has the following duties and responsibilities:

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

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

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

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

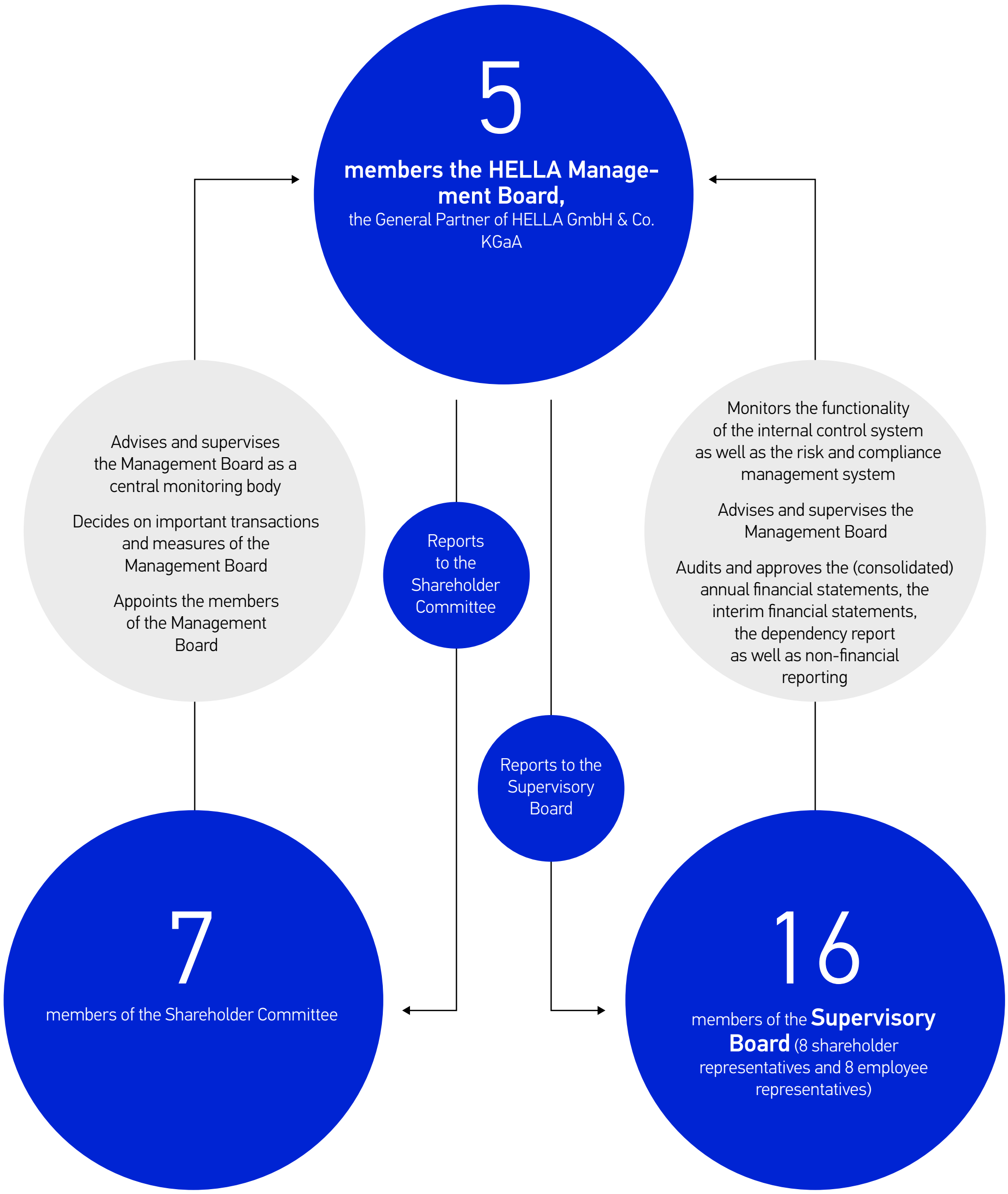
5. Objectives for the composition, diversity concept and long-term succession planning for the Management Board of the General Partner

A) Contents

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

The priority of these principles is professional and personal qualifications, especially with respect to educational and professional background. The areas of focus in terms of expertise of the individual directors should be included in a balanced way according to the respective regulation stipulating the allocation of duties and corporate governance regulations to represent the widest possible spectrum of professional knowledge, skills and experience. With regard to the composition of the Management Board, the Shareholder Committee shall also take into account the international activities of HELLA. For this reason,

Cooperation between the corporate bodies



As at 29 July 2022

several members of the Management Board should have relevant international experience, which means – for example – that they have worked abroad or have had significant interaction on an international level. In this context, the Shareholder Committee also takes into account additional diversity aspects such as the suitable participation of women and men related to subordinated selection criteria.

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

B) Status of implementation and attained results

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

C) Long-term succession planning

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

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

A) Contents

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

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

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

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

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

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

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

B) Status of implementation and attained results

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

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

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

According to Recommendation C.7 DCGK, a member is considered to be independent from the Company and its Management Board if they do not have any personal or business relationship with the Company or its Management Board which could give rise to a material and not merely temporary conflict of inter-

Shareholder Committee

	Management experience in international markets	Knowledge of automotive industry or other trades	Expertise in the field of accounting	Expertise in the field of auditing financial statements	Experience in legal areas relevant to HELLA	Expertise in sustainability issues of importance to HELLA
Carl-Peter Forster	X	X				X
Patrick Koller	X	X				X
Nolwenn Delaunay	X	X			X	X
Olivier Durand	X	X	X	X		X
Klaus Kühn	X	X	X	X	X	X
Christophe Schmitt	X	X				X
Jean-Pierre Sounillac	X	X			X	X

Supervisory Board

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

est. According to the assessment of the Shareholder Committee, all of its members (Carl-Peter Forster, Patrick Koller, Nolwenn Delaunay, Olivier Durand, Klaus Kühn, Christophe Schmitt and Jean-Pierre Sounillac) are independent within the meaning of Recommendation C.7 DCGK.

According to the assessment of the Supervisory Board, all shareholder representatives on the Supervisory Board (Klaus Kühn, Tatjana Bengsch, Gabriele Herzog, Rupert Kneiser, Andreas Marti, Thorsten Muschal, Christophe Schmitt and Kirsten Schütz) are independent within the meaning of Recommendation C.7 DCGK.

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

According to the assessment of the Shareholder Committee, the Chairman Carl-Peter Forster and Klaus Kühn are independent of the controlling shareholder within the meaning of Recommendation C.9 DCGK.

According to the assessment of the Supervisory Board, the shareholder representatives on the Supervisory Board, Klaus Kühn, Rupert Kneiser and Kirsten Schütz are independent within the meaning of recommendation C.9 DCGK.

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

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

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

II. Information under Sections 289a, 315a HGB

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

1. Composition of the subscribed capital

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

2. Shareholders' rights

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

The Annual General Meeting of HELLA GmbH & Co. KGaA is usually held in the first four months of the fiscal year at the Company's registered office or in another German city that has more than 50,000 inhabitants.

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

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

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

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

According to the voting rights notification received by the Company, Faurecia SE, with its registered office in Nanterre, France, has indirectly held a total of 80.59% of the voting rights of the Company as of 31 January 2022 through Forvia Germany GmbH, with its registered office in Hanover (formerly trading as Faurecia Participations GmbH, with its registered office in Frankfurt am Main).

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

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

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

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

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

6. Authorised capital/authorisation to buy back shares

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

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

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

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

- to be redeemed;
- to be sold via the stock exchange or via a public offer to all shareholders in proportion to their shareholding;
- to be sold excluding the shareholders' subscription rights, provided that this is for cash payment and at a price that is not significantly lower than the stock exchange price;
- to be offered and transferred, under exclusion of subscription rights, in return for payment in kind, in particular as part of the acquisition of companies, parts of companies, or shares in companies or other assets;
- to be used, under exclusion of subscription rights, to service acquisition rights or acquisition obligations on shares of HELLA GmbH & Co. KGaA from convertible or warrant bonds or similar instruments; or
- to be offered or transferred, under exclusion of subscription rights, as part of employee profit-sharing schemes.

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

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

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

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

- In addition, HELLA GmbH & Co. KGaA has been granted a syndicated credit line of € 450 million. This facility expires on 1 June 2023 and is also subject to a change-of-control clause. Under the change-of-control clause, the creditors may terminate the agreement and call in all paid amounts if a person or a group of persons acting jointly gains control of HELLA GmbH & Co. KGaA or the Company loses its investment grade rating.

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

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

- Together with Plastic Omnium Auto Exteriors S.A., HELLA GmbH & Co. KGaA operates a joint venture in the area of design, development, assembly and logistics of complete front-end modules. In the event of a change in control at one of the contracting parties, the joint venture agreement provides for the right of the other contracting party to exercise a call option in respect of its shares in the joint venture. A change of control occurs when a contracting party becomes directly or indirectly affiliated with a direct competitor. A direct competitor is defined as a person or company that offers to its customers products or services which at least partially overlaps with those of the contracting party not affected by the change of control. Whether such a case occurred with the takeover of HELLA GmbH & Co. KGaA by Faurecia was discussed with the joint venture partner. On 28 July 2022, HELLA and Plastic Omnium reached an agreement on the sale of HELLA's 33.33% stake in the joint venture to the co-shareholder Plastic Omnium. Subject to regulatory approvals by the competent authorities, the transaction is expected to close in the fourth quarter of 2022.

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

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

Moreover, agreements exist with the members of the Management Board which state that, in the event of a change of control, a Director may resign from his/her post and give notice on his/her employment contract for good cause until the end of the sixth calendar month after a change of control, with effect from the end of the ninth calendar month. The Company has entered into agreements with individual members of the Management Board under which the exercise period for the extraordinary termination right triggered by the acquisition of a majority stake in HELLA GmbH & Co. KGaA by Faurecia Participations GmbH on 31 January 2022 will be extended or postponed. These agreements are subject to the condition precedent that a correspondingly revised remuneration system is submitted to the Annual General Meeting of HELLA GmbH & Co. KGaA on 30 September 2022 for approval. Until the resignation has taken effect, the Director must support the Company in all matters relating to the change of control, acting to the best of his/her ability and working in the interests of the Company. Following his/her resignation, the Director shall be entitled to compensation in the amount of two times his/her annual remuneration or, if the residual term of the employment contract is less than two years, compensation reduced on a pro rata basis. Please refer to the remuneration report for more details.

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

III. Corporate governance and compliance

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

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

For more information on this sub-ject, please also refer to the non-financial report in the annual report.

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

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

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

These values – particularly “acting with integrity” and “being a role model” – give rise to basic rules of behaviour which HELLA has anchored in its Code of

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

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

The Compliance Office coordinates the Group-wide compliance organisation, further develops the HELLA compliance system and is responsible for the areas of antitrust law and corruption prevention as well as – in cooperation with the Group audit and security divisions – for the HELLA whistleblower system "tellUS!" and handling reports of possible misconduct at HELLA. The Compliance Office reports biannually to the Management Board and the Audit Committee of the Supervisory Board and as needed on an ad hoc basis. The head of the Compliance Office is subordinate to the Chief Compliance Officer on an administrative and technical level, who in turn reports on technical matters to the President & CEO of the Management Board. Local compliance officers such as the Compliance Officers in China and Mexico report to the Compliance Office on a technical level. For the other compliance topics defined in the Compliance Directive (occupational safety and environmental protection (EHS), occupational and social standards (HR Compliance), fraud prevention, data protection, export control/customs, information security, anti-money laundering, capital market law, product integrity, accounting, taxes, safety management), there are specialist functions in the HELLA Group as "central compliance departments", which perform these tasks in a proper and independent fashion with the support of the Compliance Office. The compliance organisation is supplemented by a central GRC (Governance, Risk & Compliance) Board and the local compliance boards in China and Mexico as well as local compliance officers, who are responsible for compliance measures within the individual companies.

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

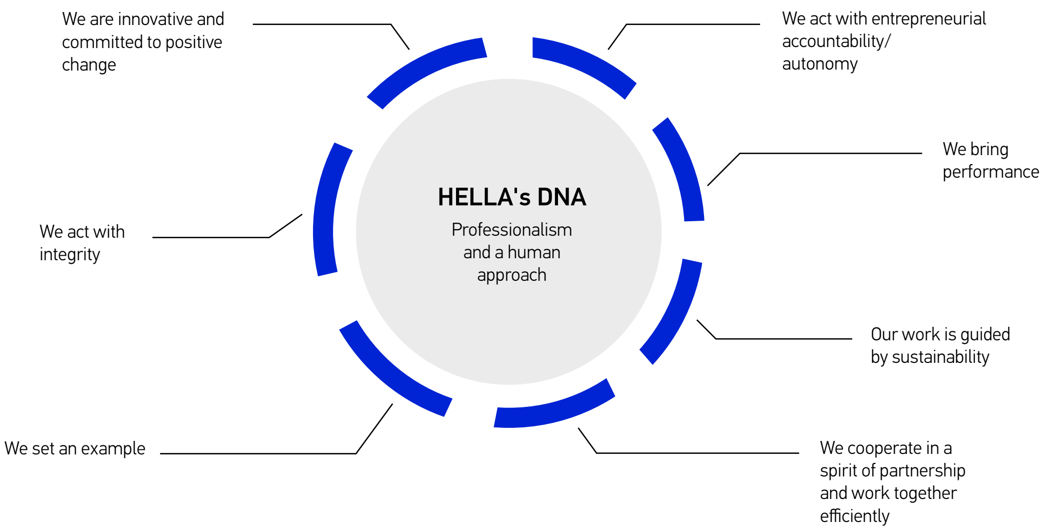
In order to strengthen the exchange between the individual central specialist compliance divisions on cross-divisional topics and to support the focus of these specialist divisions on the requirements of the compliance guidelines in developing and expanding the respective compliance programme, regular meetings are held regularly – a total of three times in the past fiscal year – between the heads of the central specialist compliance divisions, under the direction of the Compliance Office.

Through (i) worldwide in-person events, e-learning courses and other training formats, (ii) guidelines, process instructions and other documents, (iii) newsletters and other publications, together with (iv) advice in day-to-day operations, the central specialist compliance divisions ensure that all employees around the world are familiar with the correct way of handling statutory and internal rules, including the HELLA Code of Conduct. These measures are key preventative components of continuous compliance management.

Alongside the expansion of the HELLA compliance system and the HELLA compliance organisation, one focus of the Compliance Office in the past fiscal year was on the following activities:

- **Antitrust advice on the cooperation planning in the course of the acquisition of the majority shareholding in HELLA by Faurecia:** In the context of the acquisition of the majority shareholding in HELLA by the French technology company Faurecia, the Compliance Office, together with the legal departments of HELLA and Faurecia, acted as a clearing house in the process of information exchange for the purpose of preparing the integration in the phase between signing and closing of the transaction (14 August 2021 to 31 January 2022). This process, which also included the establishment of "clean teams", ensured that the exchange of data and information in the phase of preparing for cooperation was carried out in compliance with antitrust law throughout the Group in both companies. In addition, the Compliance Office, together with the Legal Department, coordinat-

HELLA Values



ed and monitored the worldwide merger control proceedings in the context of the acquisition from an antitrust perspective, which were successfully concluded with the approval of the transaction by the responsible authorities.

- **Group-wide roll-out of the new "Anti-Corruption" eLearning module:** The Group-wide roll-out of the new mandatory Anti-Corruption e-learning module, which was started in the previous fiscal year, was completed. Throughout the Group, participation in this module is mandatory for every new HELLA employee with a computer workstation as part of the onboarding process. In the web-based course, which is available in eight languages, the principles and guidelines, particularly in the areas of active and passive corruption, gifts and invitations and business partner auditing, are clearly conveyed through examples from everyday working life.

- **New "Antitrust Law" eLearning module:** In addition, the mandatory e-learning course on antitrust law was completely redeveloped and rolled out throughout the Group in the past fiscal year. It is currently available in four languages and is aimed at relevant employee groups (sales & marketing, programme management, purchasing, development, senior management). The content of the new course has been tailored even more specifically to the daily work situations of HELLA employees in which antitrust issues and challenges can arise – especially in contact with competitors.

- **Reminder management for compliance eLearning courses:** In order to achieve the fullest possible participation of employees in mandatory e-learning courses from the compliance departments, a Group-wide reminder management system was set up in the past fiscal year, which is linked to the automatic reminders of the HR training platform, and rolled out in spring 2022. The newly launched initiative aims at a quarterly review of non-completed eLearning courses at all sites, coordinated by the Compliance Office. All HELLA companies have access to a database in which the status of the completion of the compliance eLearning courses for the respective organisation can be tracked on a daily basis. Targeted communication measures can then be taken to further increase the completion rate of Compliance eLearning courses at each HELLA company. In addition to the Code of Conduct & Compliance Basics, Anti-Corruption and Antitrust Law eLearning modules, training on data protection, information security, export control, occupational safety, product conformity and tax (transfer pricing) are also included in this initiative.

- **Further development of corruption prevention:** Another focus in the past fiscal year was the evaluation of the HELLA anti-corruption programme, based on the requirements of the French "Loi Sapin 2" anti-corruption law, together with the majority shareholder Faurecia. After a comprehensive review of the legal and regulatory requirements – taking into account the anti-corruption programme implemented at Faurecia – a work plan for the further development of HELLA's anti-corruption measures was developed for each topic area of the Loi Sapin 2 anti-corruption law (including anti-corruption code of conduct & disciplinary measures, business partner audit, accounting controls, whistleblower system, training & awareness, risk analysis). On this basis, a concrete action plan is being drawn up – again for each topic area – the step-by-step implementation of which is to be started in the next fiscal year by the Management Board in accordance with the internal rules.

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

In regards to the German companies of the Group, the Management Board of HELLA GmbH & Co. KGaA had set the target for the proportion of women at the first management level below the Management Board at 9.5% and at the second management level below the Management Board at 6.0% in May 2017. It was decided that both targets were to be reached by 30 June 2022.

The target for the first management level below the Management Board was not reached at this date with a proportion of women of 6.5%. In contrast, the target for the second management level was exceeded with a proportion of women of 9.8%. In the automotive supply industry, the proportion of women is already disproportionately low for structural reasons, namely the still unsatisfactorily low number of female graduates in STEM subjects. In addition, the Company still has to increase its attractiveness in the recruitment market, especially for women, and improve the internal development opportunities for female specialists and managers. The Company has already taken numerous measures to improve in these areas, for example by improving networking opportunities for women at the Company and by increasing the participation rate of women in internal leadership development programmes. The Company sees the increase in key figures at the second management level as confirmation of this effort and plans to further intensify its efforts.

In regards to the German companies of the Group, the Management Board of HELLA GmbH & Co. KGaA has determined for the period from 1 July 2022 a new target level of 7.0% for female representation for the first management level below the Management Board. For the second management level below the Management Board, the new target level was set at 10.0%. It was decided that both targets were to be reached by 30 June 2027. No further determinations by the Supervisory Board pursuant to Section 111 (5) sentence 4 AktG have been made for reasons specific to the Company's legal form. In contrast to a stock corporation, the Supervisory Board of a KGaA does not have the authority to decide on the composition of the Management Board.

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

The composition of the Supervisory Board is governed by the mandatory requirement of Section 96 (2) AktG which specifies that at least 30% of its members must be women and at least 30% must be men. This requirement is met. Currently, six of the 16 Supervisory Board members (and three of the eight shareholder representatives) are women, which corresponds to a share of 37.5%. So far, neither the shareholder representative side nor the employee representative side has objected to the overall fulfilment of the quota requirement.

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

The General Partner as well as the Shareholder Committee and Supervisory Board of HELLA GmbH & Co. KGaA publishes an annual declaration in accordance with Section 161 AktG confirming conformity to the recommendations of the "Government Commission for the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official part of the Federal Gazette ("Bundesanzeiger") and discloses any recommendations which are or have not been conformed to, stating the reasons for this. The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA most recently published the declaration below in accordance with Section 161 AktG on 1 June 2022 on the Company's website:

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

Declaration regarding the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG)

The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA ("Company") declare, pursuant to Section 161 AktG that since the last time this declaration was made on 2 June 2021, and except for the deviations set out below, the Company has complied, and intends to comply in the future, with the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK), as amended on 16 December 2019, taking into account the special features of its legal form as set out below.

I. Special factors relating to legal form

The German Corporate Governance Code has been developed with companies organised as stock corporations or as European companies (SE) in mind and therefore does not take account of the special factors relating to the KGaA form. Accordingly, many of the recommendations of the German Corporate Governance Code can only be applied to HELLA GmbH & Co. KGaA in modified form. Material modifications are particularly required as a result of the following special factors relating to the Company's legal form:

1. Management Board

In contrast to a stock corporation whose affairs are managed by a board of directors, the management of a KGaA is the responsibility of the personally liable partners (Komplementär(e)) (General Partner(s)). They are not appointed or removed by the Supervisory Board but by the Annual General Meeting. The Company has one General Partner, Hella Geschäftsführungsgesellschaft mbH, which has its registered office in Lippstadt, and is represented by its Directors Dr Rolf Breidenbach (President and CEO), Yves Andres, Dr Lea Corzilius, Dr Frank Huber, Bernard Schäferbarthold and Björn Twiehaus.[1] In contrast to the management board of a stock corporation, the Directors of HELLA Geschäftsführungsgesellschaft mbH are appointed for an indefinite period of time. The shares in Hella Geschäftsführungsgesellschaft mbH are held by the Company. The resultant shareholder rights are exercised by the Shareholder Committee.

2. Shareholder Committee

The legal form of the KGaA, as opposed to that of a stock corporation, makes it possible to establish further optional corporate bodies. The Company took advantage of this opportunity. The Shareholder Committee, which has been created pursuant to the Articles of Association and is elected by the Annual General Meeting, supervises and advises the General Partner in the management of the Company's business and can issue rules of procedure for it. In addition, it determines which of the General Partner's transactions require its prior consent. It has management powers and power of representation for the legal relationship between the Company and the General Partner, and it represents the Company in legal disputes with the General Partner.

The Shareholder Committee exercises all the rights attached to the Company's shares in Hella Geschäftsführungsgesellschaft mbH. In particular, it appoints and removes the Directors and is responsible for deciding on their employment contracts. The Shareholder Committee is also responsible for executing shareholders' resolutions.

To the extent where the DCGK contains recommendations relating to the tasks and responsibilities of the Supervisory Board, which in the case of HELLA GmbH & Co. KGaA are performed by the Shareholder Committee under the terms of its Articles of Association, these recommendations are deemed to apply to the Shareholder Committee.

3. Supervisory Board

Compared to the Supervisory Board of a stock corporation, the Supervisory Board of a KGaA has limited powers. In particular, it is not responsible for appointments and dismissals in relation to the Company's Management Board. Nor does it have any power to issue rules of procedure for the Company's Management Board or determine which business decisions require its consent.

4. Annual General Meeting

The legal status of the Annual General Meeting is not materially different to that of a stock corporation. In particular, it elects the shareholder representatives of

[1] Dr Rolf Breidenbach and Dr Frank Huber will step down from the Management Board as planned on 30 June 2022. Michel Favre is to succeed Dr Rolf Breidenbach as President and CEO from 1 July 2022.

the Supervisory Board and the members of the Shareholder Committee. To the extent permitted by law, resolutions of the Annual General Meeting of HELLA GmbH & Co. KGaA are adopted by a simple majority. In contrast to a stock corporation, the Annual General Meeting of HELLA GmbH & Co. KGaA adopts legally binding resolutions approving the annual financial statements.

Under the Stock Corporation Act (Aktiengesetz – AktG), certain resolutions of the Annual General Meeting of a KGaA are subject to the approval of the General Partners (see Section 285 (2) and Section 286 (1) AktG). However, this consent requirement has been rendered inapplicable by the Articles of Association of HELLA GmbH & Co. KGaA to the extent legally permitted, in particular with regard to resolutions on amendments of the Articles of Association, fundamental and extraordinary business decisions, and the appointment and removal of General Partners. On the other hand, the annual financial statements cannot be approved by the Annual General Meeting without the General Partner's consent. According to the Articles of Association, the General Partner declares their consent when submitting their resolution proposals on the annual financial statements to the Annual General Meeting.

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

1. Time period from the last declaration of conformity on 2 June 2021

In the period since the last declaration of conformity was issued on 2 June 2021, the following recommendations of the DCGK were not complied with:

a Deviating from Recommendation C.4 DCGK, the Chairman of the Shareholder Committee had, until 31 August 2021, a total of four mandates on Supervisory Boards or comparable corporate bodies at non-Group listed companies, two of which are chairman mandates. The Shareholder Committee is confident that the Chairman has sufficient time for his duties on the Shareholder Committee despite the fact that the total number of mandates slightly exceeds the limit in the recommendation. Since 1 September 2021, the Chairman of the Shareholder Committee has only held three such mandates, two of which are chair mandates.

b Deviating from Recommendation D.4 sentence 2 DCGK, the Chairman of the Supervisory Board also chairs the Audit Committee. As the former CFO of a DAX company, he has particularly thorough knowledge and extensive experience of accounting principles and internal control procedures. The purpose of Recommendation D.4 sentence 2 DCGK can only be applied to HELLA to a limited extent, as the Shareholder Committee constitutes a second monitoring body. At HELLA, the Chairman of the Shareholder Committee undertakes key tasks which are the responsibility of the Chair of the Supervisory Board in a conventional stock corporation.

c Deviating from Recommendation G.4 DCGK, the Shareholder Committee has not considered the ratio of the remuneration of the Management Board to that of senior management and the staff overall. The responsibilities of the individual members of the Management Board, his/her personal performance, the economic situation and performance of the Group, and the remuneration levels at peer companies are considered more appropriate and meaningful benchmarks for determining the level of remuneration.

2. Forward-looking part

The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA intend to continue not applying the recommendations of DCGK set forth in clause 1 letters (b) and (c) in the future for the reasons outlined above.

In addition, the Shareholder Committee is not expected to complete the coordination process on business planning and financial targets for the new fiscal year until shortly after it begins on 1 June 2022. The Company will thereby deviate from recommendation G.7 sentence 1 DCGK, according to which the performance criteria for the upcoming fiscal year should be determined in advance for all variable remuneration components of the Board of Directors. Business planning is more demanding and therefore more time-consuming this year, partly due to the inclusion of a short fiscal year.

III. Further notes

According to Recommendation G.10 DCGK, the variable remuneration of the Board of Directors should be predominantly invested in shares of the Company or granted accordingly on a share-based basis. At HELLA, the recommendation is taken into account by linking the long-term variable remuneration component (LTI) for the Management Board to the development of HELLA's share price plus dividends granted (total shareholder return), in addition to other criteria. As a result of the acquisition of a large shareholding in HELLA by Faurecia at the beginning of the year, however, the development of HELLA's share price is only of limited significance. HELLA is therefore considering restructuring the LTI component in the future. However, no change has yet been decided or concretely planned.

VI. Proprietary transactions by executives

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

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

In the fiscal year 2021/2022, HELLA GmbH & Co. KGaA was a dependent company, as defined in Section 312 AktG, of Faurecia S.E., Nanterre, France, in the period from 31 January 2022 to 31 May 2022. The Management Board of HELLA GmbH & Co. KGaA has therefore prepared a management report on relations with affiliated companies pursuant to Section 312 (1) AktG, which contains the following final declaration:

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

Non-financial report of HELLA GmbH & Co. KGaA

Sustainable business activity that protects resources, the environment and health is a central challenge of this time and at the same time a driver of innovation in the automotive industry. The shift towards low-emission and zero-emission mobility is setting new standards and placing new demands on entrepreneurial action. For HELLA, this results in a wide range of economic opportunities and risks. To counteract these risks, the industry is taking on the challenge of gradually moving towards a climate-friendly circular economy. Responsible, fair and environmentally conscious action is therefore increasingly the focus of HELLA's operations. "Ensuring sustainability" is one of the seven HELLA values and anchors this claim in the corporate culture. In the non-financial report, HELLA reports annually on significant developments relating to the Company's sustainability performance.

About the non-financial report

In the following Chapter, HELLA publishes a separate combined non-financial report in accordance with Section 315c in conjunction with 289c through 289e of the German Commercial Code (Handelsgesetzbuch – HGB). This report contains non-financial information that is material to and necessary to understand HELLA GmbH & Co. KGaA's development, performance and current position as well as the impacts of its operations. For the first time, the non-financial report contains a section with the disclosures to be made in accordance with the EU Taxonomy Regulation (EU 2020/852 Art. 8 in conjunction with Art. 10 (2) of the Delegated Regulation 2021/2178).

HELLA focuses its reporting on aspects that are exclusively based on the definition of materiality and the content requirements of the German Commercial Code. In this reporting period, HELLA again did not apply a framework when drawing up this non-financial report, as priority was given to expanding the sustainability management. HELLA plans to focus on the expected EFRAG standards in line with the revised CSR Directive in the future. HELLA reviews this decision on a regular basis. The reporting period is the HELLA fiscal year 2021/2022 from 1 June 2021 to 31 May 2022. The fiscal year rhythm will be harmonised with the calendar year as of 1 January 2023. Therefore, sustainability targets and KPIs that have been newly determined are already stated for a calendar year period. This refers, for example, to CO2 emissions in the Scope 3 category.

Reference framework and audit report

Unless stated otherwise, the information relates to the HELLA Group (hereinafter referred to as "HELLA") as well as the parent company HELLA GmbH & Co. KGaA. Joint ventures are excluded. The subsidiaries Docter Optics and Hella Gutmann Solutions currently still manage their affairs independently and have therefore so far only been included in the EU taxonomy and employer attractiveness chapters. To improve the Group-wide management of sustainability targets and KPIs, HELLA plans to fully integrate Docter Optics and Hella Gutmann Solutions into its reporting from the next reporting period.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) conducted a voluntary audit of the non-financial report in accordance with ISAE 3000 (Revised) for limited assurance purposes.

Business model

HELLA agreed to combine the business with Faurecia, a leading automotive supplier, during the reporting period. In this context, Faurecia, as HELLA's majority shareholder, holds slightly more than 80 percent of HELLA shares at the reporting date. The transaction creates the seventh largest automotive supplier worldwide and a global market leader in high-growth technology fields. Together they operate under the overarching umbrella brand FORVIA. Within the de facto group, HELLA stands for innovative lighting technology and automotive electronics. At the same time, the Company covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special-purpose vehicles with its Lifecycle Solutions business group. HELLA has 36,000 employees at more than 125 locations worldwide and generated currency and portfolio-adjusted sales of € 6.2 billion in the fiscal year 2021/2022.

Other information
on the business model is provided in the group management report.

Sustainability management at HELLA

HELLA strives to always operate responsibly and sustainably. Therefore, in addition to the financial aspects, the Company also considers the environmental, social and governance (ESG) impact of its business activities. The aim is to effectively anchor sustainability into the processes as a central aspect of HELLA's operations and thus into the Company's day-to-day business and to manage it effectively. To this end, HELLA's Management Board determines the sustainability strategy, defines objectives in consultation with the respective departments and prioritises the resulting activities. Within the Management Board, the Chief Financial Officer is responsible for sustainability. He chairs the Sustainability Council, a cross-functional steering body. The Council ensures an intense, Company-wide exchange on a bi-weekly basis, in which key sustainability issues and trends as well as different stakeholder interests are identified, discussed and evaluated. This systematic consideration of non-financial issues makes it possible to identify opportunities and risks for business development at an early stage. In addition, the Council coordinates and monitors central projects for implementing the sustainability strategy, such as the implementation of HELLA's climate targets. Progress is regularly reported to the Management Board. The Council is involved in various corporate functions from all business divisions and in core projects. The Sustainability Office organises the Council and actively steers sustainability projects.

Responsibility for and implementation of the sustainability goals lies with the respective business divisions and corporate functions. Key management elements such as a global network of HR managers and environmental, health & safety managers have been implemented at all HELLA locations.

The reporting period was characterised in particular by the detailing of measures to achieve the climate targets and the efforts to effectively expand human rights due diligence within the Company and in the supply chain, among other things with regard to the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG).

The automotive supplier Faurecia and HELLA agreed their business combination during the reporting period. For this reason, the sustainability activities in the reporting period were also characterised by an intensive exchange of information and ideas between experts. In this way, employees from both companies network with each other on all sustainability matters in order to harmonise management systems and objectives in the medium term and to exchange best practices.

Key sustainability issues

HELLA identifies key sustainability aspects in order to set targeted priorities as part of its sustainability management. In the Sustainability Council, HELLA carried out a materiality analysis in 2020 in accordance with the German Commercial Code and evaluated sustainability aspects from internal and external sources for this purpose. In the reporting period, the Sustainability Council and the HELLA Management Board confirmed the validity of this materiality analysis. In this context, those responsible for the topics also represented the views of internal and external stakeholders such as employees, customers, investors and suppliers. The following eight reportable topics are therefore also valid for the fiscal year 2021/2022.

Issues according to the German Commercial Code (HGB)	Key non-financial issues for HELLA
Environmental matters	Product innovations Energy management and emissions
Social matters	Product innovations Product safety
Employee matters	Occupational safety and health protection Employer attractiveness Employee development
Respect for human rights	Social standards in the supply chain
Combating corruption	Compliance

Opportunity and risk assessment

As part of risk and opportunity management, HELLA identifies both current and potential risks and opportunities arising from its operations. New aspects have been included within the scope of HELLA Enterprise Risk Management. The opportunities and risks that arise in each case, including non-financial risks relating to the environment, social matters and corporate governance (ESG), are identified, assessed and managed by the relevant specialist departments in these fields. HELLA is obliged to report material risks arising from its own operations, the business relationships in the supply chain and with customers as well as from products if these are very likely to have or will have serious negative effects on the material non-financial issues (Section 289c (3), Nos. 3 and 4 HGB). For this purpose, the responsible specialist departments have carried out a risk assessment in accordance with the German Commercial Code and discussed the same in the Sustainability Council. No reportable risks were identified.

The coronavirus pandemic continued to affect the market environment in the past fiscal year 2021/2022. In China in particular, there were outages in HELLA production and at HELLA customers due to restrictive measures aimed at combating the spread of the virus. In addition, the impact of the pandemic put a strain on global supply chains.

In the reporting period, the Russian war against Ukraine also poses risks for the Company. HELLA has no production or development activities in Russia or Ukraine, but the war is having a negative impact on light vehicle production in Europe. In addition, the war has led to some sharp price increases, including for energy.

EU taxonomy

The EU taxonomy is used to identify sustainable economic activities and aims to channel capital flows into them. This is intended to support the EU's environmental goals and the Paris Climate Agreement. In accordance with the EU Taxonomy Regulation and the supplementary Delegated Acts (Art. 8 (EU) 2020/852 in conjunction with Art. 10 (2) of the Delegated Regulation (EU) 2021/2178), HELLA reports the share of taxonomy-eligible sales, investments and operating expenses for the first time in the non-financial report for the fiscal year 2021/2022. HELLA's activities are assigned to the EU environmental objective of "climate change mitigation". For this report, HELLA makes use of the exemptions and accordingly only reports taxonomy eligibility.

The first reporting period holds uncertainties for HELLA. The economic activities of automotive suppliers other than those of automotive manufacturers are currently hardly listed in the classification system of the EU taxonomy, as the taxonomy focuses on the production of technologies and largely excludes intermediate products. HELLA's economic activities are therefore only covered to a small extent by the EU taxonomy. Business activities and product sales that are not covered are reported on a general basis as not taxonomy-eligible. Nevertheless, HELLA activities could be in line with EU environmental objectives regardless of the EU taxonomy classification, for example by contributing to the electrification of mobility. The low taxonomy-eligible share of HELLA's sales reflects this.

In order to prepare the required disclosures, HELLA has identified the relevant economic activities throughout the Group that are classified as sustainable in accordance with the EU Taxonomy Regulation, the Delegated Acts and the statement on frequently asked questions published by the EU Commission. To this end, HELLA has carried out a central assessment of the entire product portfolio as well as capital expenditure and operating expenses using standardised interviews and templates.

Taxonomy-eligible share of sales

As a result, HELLA has assessed the business activities as taxonomy-eligible that are related to category 3.4 "Manufacture of batteries and battery components". This includes, among others, battery management systems, intelligent battery sensors and DC/DC voltage converters. HELLA's further product portfolio for climate-friendly electric and hybrid vehicles from automotive manufacturers is considered an indirect enabling activity and is not classified as taxonomy-eligible.

Further details are noted in the opportunity and risk report.

The sales for the fiscal year according to the income statement (in accordance with IFRS) represents the denominator according to section 1.1.1 of Annex I of the Delegated Regulation on disclosure requirements (EU) 2021/2178. Information on this is noted in the financial report. The numerator is composed of the sales allocated to activity 3.4. Due to the identification of only one economic activity and due to the determination of relevant sales based on the analysed products, double counting is avoided.

In the fiscal year 2021/2022, HELLA reports a taxonomy-eligible share of sales of 8.14%. Accordingly, 91.86% is classified as non-taxonomy-eligible.

Taxonomy-eligible portion of capital expenditure and operating expenses

HELLA assesses as taxonomy-eligible the capital expenditure and operating expenses that are associated with the business activities identified as taxonomy-eligible. Accordingly, the calculation was made as an allocation based on the taxonomy-eligible share of sales of the Group according to the consolidated financial statements. In addition, HELLA takes into account the rights of use from leases of the vehicle fleet and expenses in connection with buildings. When determining capital expenditure and operating expenses, double counting was avoided by allocating them according to the criteria described above. If further activities were taken into account, they were already separated from the total and considered individually. The allocations were then only applied to the remaining expenses.

According to section 1.1.2.1 of Annex I of the Delegated Regulation on disclosure requirements (EU) 2021/2178, capital expenditure (CapEx) comprises additions to property, plant and equipment and intangible assets as well as the related additions to rights of use from leases during the fiscal year. Accordingly, additions to financial assets were not included in the denominator. The numerator was broken down according to the sales allocated to activity 3.4. The other CapEx classified as taxonomy-eligible is the purchase of products from taxonomy-eligible economic activities and individual measures that enable certain target activities to become low carbon or lead to greenhouse gas reductions (category C). Activities 3.3 “Manufacture of low carbon technologies for transport” and 7.7 “Acquisition and ownership of buildings” are relevant in this context.

Further information on consolidated sales is presented in the notes to the consolidated income statement. Details of the Group’s capital expenditure can be found in Chapter 28 Intangible assets and Chapter 29 Property, plant and equipment in the consolidated financial statements.

Operating expenses (OpEx) include research and development expenses from the consolidated income statement from the financial report. In addition, the expenses of the other functional areas were analysed and the related expenses according to section 1.1.3.1 of Annex I of the Delegated Regulation on disclosure requirements (EU) 2021/2178 for maintenance and repair costs and short-term leases were identified and included in the denominator. The numerator was broken down according to the sales allocated to activity 3.4.

Product innovations

The increasing electrification of vehicles and the trend towards assisted or autonomous driving are key innovation drivers at HELLA. Another driver of innovation consists of products that make road traffic safer: for example, HELLA lighting technologies help to improve vision and visibility in road traffic and thus increase safety. HELLA assistance systems, in turn, warn of potential accidents and thus help to avoid them. In the development and production of new products, HELLA is also increasingly focusing on sustainability aspects in product design: In this way, HELLA wants to conserve resources and support customers in their efforts to improve the sustainability balance of their products. HELLA’s product range is to be climate-neutral by no later than 2050.

HELLA EU taxonomy KPIs: Sales, investments and operating expenses

Key performance indicator	EU taxonomy-eligible shares	Non-EU taxonomy-eligible shares
Sales	8.14%	91.86%
Capital expenditure (CapEx)	20.20%	79.80%
Operating expenses (OpEx)	11.72%	88.28%

Management concept

Based on intensive research and development activities, HELLA strives to be and remain the technology leader in the product fields in which it operates. To this end, HELLA is consistently aligning its own product range with the market trends of electrification, autonomous driving, individualisation and digitalisation. As part of an annual strategic planning process, known as the Strategy Check-Up, HELLA reviews the current strategic orientation of the individual business divisions or central functions and develops and decides on new strategic initiatives. The central Strategy department steers and moderates this process, which the business divisions and the members of the Management Board actively help to shape. The result is the HELLA technology roadmap, in which product developments are prioritised and budgeted. In this way, HELLA ensures that innovations are developed in line with market requirements.

The respective business segments are responsible for the exact design of the products from the product idea to series production. To this end, the employees of the worldwide HELLA development centres work closely with the customer-oriented product centres. This also ensures coordination and alignment with customer-specific requirements. The specialist departments support the product development projects with their respective expertise. The Executive Board is informed about progress at regular meetings.

Through Company-wide specifications and processes for product development, HELLA ensures consistent standards worldwide with regard to quality, product safety and environmental management. The HELLA environmental standard stipulates, among other things, that products are to be designed in a way that conserves resources, that waste and pollutants are to be avoided and that lightweight construction is to be promoted. Further production specifications ensure waste-avoiding manufacturing.

Selected measures in 2021/2022

The following product innovations are examples from the reporting period:

- HELLA has further optimised the energy-saving FlatLight rear lamp. It minimises installation space and weight and thus increases energy efficiency. The direction indicator light, stop light and tail light can be incorporated into just one optical element. Until now, individual chambers were required for this. For this purpose, HELLA uses micro-optics in the lamp that enable particularly homogeneously illuminated surfaces with a low module depth of only 5 millimetres. The energy saving compared to a conventional rear lamp is 80 per cent.

- With the new Coolant Control Hub (CCH), HELLA supports efficient thermal management for electric vehicles. The CCH connects the cooling circuits for the battery, electric motor and vehicle interior. The number of components required is reduced by up to 50% with this product solution. This reduces resources and weight and increases the range of electric vehicles. An innovative 7-way valve supports efficient heat recovery, helps distribute the heating or cooling demand for the vehicle's critical components as needed and increases efficiency.

- With the Smart Car Access System, HELLA is launching a digital car key onto the market. With this smartphone-based system, the end user can unlock and lock their car – completely hands-free – and start the engine without having hold a classic remote key or smartphone. Within the next two years, HELLA Smart Car Access will go into series production for the first time. The system is based on ultra-wideband technology and thus meets the highest security standards.

- With its multifunctional panels for the vehicle fronts of electric cars, HELLA integrates front radar covers, known as radomes, radar sensors, Lidar, cameras for driver assistance systems and headlamps into the covers. The panels perform important safety functions: for example, they serve as protection for sensitive systems such as parking assistants or automatic distance control. If desired, there is also a heating function that ensures reliable functioning even in bad weather. This aspect is becoming increasingly important, especially with regard to autonomous driving. The Company's first highly integrated panel went into series production at a European vehicle manufacturer in the reporting period.

Results and successes

HELLA strives to continuously expand its technological excellence and innovative leadership. To this end, HELLA invests significantly in researching and designing promising innovations. As at 31 May 2022, HELLA employed almost 7,800 people worldwide in research and development, which corresponds to 21% of the core workforce. In the reporting period, HELLA invested a total of € 693 million in research and development, equating to 11% of sales.

Disclosures according to the EU Taxonomy Regulation are shown in the EU taxonomy chapter of the non-financial report.

HELLA investment on research and development

Fiscal year	2018/2019	2019/2020	2020/2021	2021/2022
Number of employees in research and development	~ 7,700	~ 7,700	~ 7,500	**7,787**
as a percentage of the workforce	20%	21%	21%	**21%**

The information relates to the HELLA Group, the parent company HELLA GmbH & Co. KGaA according to the scope of consolidation included in the financial reporting as well as subsidiaries (including Docter Optics and HELLA Gutmann Solutions) without joint ventures.

Product safety

Vehicles must be safe and must not endanger people or the environment. Assistance systems in particular contribute to accident prevention and can thus protect lives. HELLA develops and manufactures products in accordance with the latest safety standards – always with the uncompromising claim that all products pose no danger to life, health or the environment.

Management concept

HELLA has established holistic systems for quality and product safety throughout the Company. In this way, the Company ensures that the products strictly comply with the current legal safety requirements of the sales markets as well as quality demands and fulfil customer requirements that go beyond these. The HELLA Code of Conduct formulates this voluntary commitment to fully guarantee quality and product safety. HELLA has an overview of the entire development and production processes and has established central testing and approval points. The responsibility for quality and product safety lies with the President and CEO of the Management Board.

The central function Quality steers the concept "SQ – Strategic Quality". In the reporting period, all HELLA production sites had certified quality management systems in accordance with the ISO 9001 standard and the IATF 16949 standard of the International Automotive Task Force (IATF) in place. Internally, a network of quality managers ensures Company-wide enforcement by means of uniform guidelines and processes. The HELLA quality policy provides the framework for this.

At HELLA, product safety is guaranteed by specifications established throughout the Company. HELLA products are developed and manufactured in accordance with current safety standards. The ISO 26262 standard for safety-relevant electrical and electronic systems in motor vehicles is an example of this. The independently organised central function monitors these specifications and measures, which are implemented by product safety officers. The Company aims to act in a legally secure manner and to avoid possible product recalls as well as resulting liability claims with loss of sales or reputation. Likewise, harm to people and the environment is to be avoided. In this context, HELLA is exposed to the risk of product warranty claims, which is described in detail in the opportunity and risk report. Product safety starts at the development stage and covers the entire life cycle up to monitoring performance in the market. Internal safety checks and tests in development and production must be successfully passed before HELLA products are created and delivered. Uniform methods are used and documented worldwide for this purpose. In addition, HELLA carries out monitoring in order to immediately remedy potential weaknesses in product safety when necessary, such as in the case of errors in the field, and to inform customers and authorities if required. Violations of product safety are consistently escalated to the responsible internal bodies (Product Safety Committee and the higher-level Product Safety and Conformity Committee). The HELLA Management Board nominates the representatives who are relevant to this case and is kept informed in regular meetings. The Company consistently follows up on information about the safety of HELLA products via defined escalation channels. Internal audits are conducted on an ongoing basis to monitor efficiency and global implementation of the processes. These focus in particular on development sites that work with safety-related products.

Selected measures in 2021/2022

Due to key industry trends such as autonomous driving and vehicle connectivity, HELLA is increasingly focusing on the topic of cyber security. Products are becoming increasingly complex and so are the safety requirements. HELLA has therefore further developed its internal guidelines on cyber security in the reporting period in consultation with customers and in compliance with legal regulations.

Results and successes

HELLA production sites with certified quality management systems

Fiscal year	2020/2021	2021/2022
% of HELLA production locations with a quality management system certified under ISO 9001 or IATF 16949	100% (35 of 35)	100% (35 of 35)
Production employees (as a %) at production locations which are covered by a certified quality management system	100%	100%

Energy management and emissions

Climate change and its associated impacts pose major challenges for humankind and the environment. HELLA is aware that its own operations and value chains have an impact on the environment. By conserving resources and implementing its own climate protection strategy, the Company is contributing to decarbonising the economy and protecting the planet for future generations.

Management concept

Climate protection is a central field of action within the HELLA sustainability strategy. In 2021, HELLA's Management Board set the following climate targets for the Company and added interim targets relating to Scope 3 in the reporting period.

- CO2-neutral HELLA locations: by 2025, HELLA will operate with CO2-neutral production (Scope 1 & 2 in accordance with the Greenhouse Gas Protocol, GHG). Remaining, unavoidable CO2 emissions are to be offset by certified climate protection projects. New in the reporting period was the decision to extend the target from production sites to administration, development and distribution sites. By no later than 2025, HELLA will exclusively source electricity from renewable sources worldwide (100%).

- Reduction of energy consumption: by 2030, the Company will reduce the specific electricity intensity (kWh in relation to € 1,000 of sales) in production by at least 10% (basis: fiscal year 2019/2020).

- Low-emission products and supply chains: by 2030, HELLA aims to reduce CO2 emissions in Scope 3 in accordance with GHG (excluding the product use phase) by 38% compared to the base year 2019. By no later than 2050, HELLA aims to achieve a climate-neutral supply chain.

The cross-divisional Sustainability Council coordinates the activities to implement the climate protection goals. This is also where the continuous reduction of greenhouse gas emissions from business operations is tracked and current developments are regularly reported to the Management Board. Project teams, which are staffed internationally and cross-functionally as needed, develop packages of measures that are implemented on site by technical experts. HELLA records, consolidates and analyses Company-wide energy consumption in the central Real Estate Management department. Specialists also manage the activities regarding the purchase and self-generation of renewable energies.

Selected measures in 2021/2022

HELLA further increased the transparency of CO2 emissions in the reporting period. Thus, the Scope 1 and Scope 2 CO2 emissions were determined for all locations. So far, the focus has been primarily on the production sites as the main driver of emissions. In addition, a project team has fully assessed the upstream and downstream carbon emissions (Scope 3) for the first time for the calendar years 2019 (basis for climate target) and 2021. Cross-functional working groups initiate measures on an ongoing basis to be able to take advantage of maximum leverage for reducing emissions.

HELLA also further expanded its own renewable electricity generation in the reporting period. During the year, photovoltaic systems were commissioned at the production sites in Kaunas (Lithuania) and Jiaxing (China). In the reporting period, these covered 7% and 6% of the electricity demand of the Lithuanian and Chinese sites, respectively.

Saving energy and thus also reducing emissions make a significant contribution to climate protection at HELLA. Against this background, the Company has intensified the "Think.Act.Save!" initiative for systematic energy saving. The initiative has created a network of specialists in manufacturing who identify and implement local energy saving measures. The measures are followed-up via the Company-wide tool for improvement projects. This ensures timely and efficient implementation as well as effective scaling and sharing of projects within the Company. In addition, HELLA also expanded transparency with regard to energy consumption in production during the reporting period. For example, a new digital energy monitoring system shows consumption based on location. In this way, potential is identified and measurability is further improved. Around three quarters of international plants were equipped with measuring instruments for this purpose during the reporting period, and more are planned.

Results and successes

In order to holistically consider and manage the environmental impacts and risks of its own operations, HELLA has established an environmental management system certified in accordance with the international standard ISO 14001 at all production sites worldwide.

HELLA production locations with certified environmental management system

Fiscal year	2018/2019	2019/2020	2020/2021	2021/2022
% of production locations certified under ISO 14001*	90% (38 of 42)	94% (34 of 36)	94% (33 of 35)	94% (33 of 35)
Employees (as a %) at production locations which are covered by a certified environmental management system	Not recorded	Not recorded	99%	99%

** Including locations where only the primary production site is certified*

HELLA calculates greenhouse gas emissions based on the requirements of the Greenhouse Gas Protocol. Accordingly, direct emissions (Scope 1) arise from energy sources owned by the Company. HELLA takes into account gas use for heating, emissions from combined heat and power plants and electricity generators, and fuel consumption for vehicle fleets. HELLA takes indirect emissions into account in the context of the use of purchased electricity and district heating (Scope 2).

Compared to the prior fiscal year, emissions were reduced, which is partly due to successful energy saving programmes as well as an increase in the share of electricity from renewable sources.

HELLA CO_2 emissions Scope 1 and Scope 2

Fiscal year	2019/2020	2020/2021	2021/2022[1]	Target 2025[2]
Scope 1 in tCO_2	54,731	49,651	48,451	0
Scope 2 in tCO_2	202,938	172,834	155,532	0

This year, HELLA is reporting the indirect CO_2 emissions generated along the value chain (Scope 3) for the first time. These include emissions caused, for example, by purchased materials and services, transport, during product use or at the end of a product's life. The calculation is based on the calendar year 2019 in order to exclude the effects caused by the coronavirus pandemic.

HELLA CO_2 emissions Scope 3

Calendar year	2021	Target 2030
Scope 3 in tCO_2	9,832,057	-38%, basis 2019

In order to reduce Scope 2 CO2 emissions as a priority, HELLA is continuously working on reducing energy consumption and increasing the proportion of electricity from renewable energy sources. The Company's goal is to supply 100% of its own production with green electricity in 2025. For this purpose, a roadmap was developed that provides for a country-based, step-by-step conversion of energy procurement to electricity from renewable sources as well as self-generation. In the reporting period, 26% of the purchased electricity demand was already covered by renewable energy.

Use of electricity in HELLA production

Fiscal year	2019/2020	2020/2021	2021/2022	Target 2025
kWh (absolute)	498,533,921	568,505,768	544,519,886	No target
% share of green energy	Not recorded	~25%	26%	100%

Specific energy consumption in HELLA production

Fiscal year	2019/2020	2020/2021	2021/2022	Target 2030
Specific energy consumption (kWh / € 1,000 in sales)	96.7	90.8	87.2	<86.4

[1] Consumption data from 1 June 2021 to 30 April 2022 available; consumption for May 2022 was extrapolated on the basis of the previous month. The calculation of the Scope 1 emissions is based – in accordance with the requirements of the GHG Protocol – on the gas consumption of the production sites as well as the diesel and petrol consumption of standby generators, including the fleet consumption of the Romanian and German companies, with the GHG Protocol Global Emission Factors (2011) applied. The Scope 2 emissions are calculated on the basis of the reported electricity use on the basis of the market-based method of the GHG Protocol using the AIB emission factors (2021) for Europe, the Climate Transparency Report G20 (2021) for China, India, Mexico and Brazil, Measuring emissions: A guide for organisations: 2022 detailed guide. Wellington: Ministry for the Environment (2022) for New Zealand, and the eGrid US Environmental Protection Agency (EPA eGRID, 2020) for the USA. The Scope 2 emissions from district heating are calculated on the basis of reported consumption data following the location-based method of the GHG Protocol, with the DEFRA emission factors (2019) applied. According to the location-based method, the Scope 2 CO2 emissions for the fiscal year 2021/2022 amount to 200,419 tonnes.

[2] including compensation for unavoidable CO_2 emissions

Occupational safety and health protection

HELLA strives to create safe and healthy jobs for its workforce. Economic activities therefore always focus on the protection of people and the integrity of their health.

Concept

Occupational safety and health protection is a high priority at HELLA. Compliance with legal requirements and the prevention of accident and health risks are therefore top priorities for the Company. After all, accidents not only endanger the health of employees, but can also result in interruptions to production, damage to property or loss of reputation.

In order to meet the high standards of safety and health protection, the central Environment, Health and Safety (EHS) function defines Group-wide standards and coordinates activities. It sets goals in close dialogue with the Management Board, revises guidelines and manages the exchange in the global occupational safety network. Here, for example, reportable accidents are carefully examined, causes of accidents are identified, measures to prevent accidents are discussed, and best practices are shared to achieve continuous improvements. At the local sites, depending on the number of employees, at least one EHS officer, who is technically assigned to the respective site manager, is responsible for implementing international requirements as well as any additional site-specific measures.

For all HELLA production sites with more than 200 employees, the aim is to implement an externally certified occupational safety and health protection management system in accordance with the internationally recognised ISO 45001 standard (formerly OHSAS 18001) by 2025. Occupational safety at HELLA aims to protect the health and well-being of employees in the best possible way by preventing accidents. The HELLA Health and Safety Policy describes the preventive approach and sets the framework for activities. A uniform process landscape defines global safety standards and reporting channels at HELLA. For example, there are detailed work instructions for handling machines in production or for the necessary personal protective equipment. These apply not only to employees, but also to temporary and agency workers or visitors. The effectiveness of the specifications and measures for occupational safety and health protection are monitored in internal audits and by external reviews.

HELLA employees are regularly trained on potential hazards in the workplace and the safe handling of risks – especially at technical workplaces in production. In this way, HELLA strengthens the employees' awareness and focuses on their own responsibility for the safe handling of risks. Through their official representatives, such as works councils, employees are involved in decisions such as the selection of personal protective equipment.

Selected measures in 2021/2022

The fiscal year 2021/2022 continued to be marked by the coronavirus pandemic. Ensuring healthy and safe working conditions during a pandemic and reducing the risk of falling ill at the workplace as much as possible were therefore the focus of activities. Thus, it was necessary for HELLA to effectively reduce the risk of infection through established operational health protection measures and to protect employees as best as possible from health risks, as well as to protect the Company from production outages and employee absences. Against this background, mobile working was further encouraged and facilitated during the reporting period. Personal contact and visits continued to be severely restricted. In the production areas, where mobile working is generally not feasible, appropriate health protection concepts such as distancing rules and mandatory masks were implemented. The Corporate Crisis Team paid great attention to continuously monitoring the events of the pandemic and prescribed corresponding specifications for hygiene concepts, which were supplemented and implemented by crisis teams at locations worldwide. In addition, HELLA provided extensive testing opportunities that took place close to the workplace and thus did not require much effort for employees. In Germany and Lithuania, HELLA provided voluntary vaccinations through medical professionals and administered a total of 4,000 doses to employees. Employees have great confidence in HELLA's response to the pandemic which is clear from the results of the global employee survey conducted in the summer of 2021: 94% of employees said they were satisfied with HELLA's management of the coronavirus pandemic.

Furthermore, increased exchanges on occupational safety between HELLA and Faurecia, the new majority owner of HELLA, emerged during the reporting period in order to understand the management systems and bring them closer together over the medium term.

Successes and results

HELLA was able to further expand occupational safety in the reporting year. For this purpose, the occupational safety officers measure the frequency of reportable accidents (accident rate) as well as the severity of accidents (lost-time rate). HELLA strives to constantly reduce the number of accidents and the resulting lost-time rate and therefore sets annual targets per location. These are based on the results of the prior year. From this, the Management Board has set Group-wide targets of an accident rate of 3.8 accidents and lost-time rate of 491 hours per 1 million working hours. The target for the accident rate was improved upon with 3.2 accidents; at 511 hours, lost-time rate is greater than the objective. There were no fatal accidents in the past fiscal year.

HELLA accident statistics

Fiscal year	**2018/2019**	**2019/2020 (Q1–Q3)**	**2020/2021[3]**	**2021/2022**
Accident rate (accidents per 1 million work hours)	5.2	4.7	4.0	3.2 (Target: < = 3.8)
Lost-time rate (work hours missed per 1 million work hours)	Not recorded	496	517	511 (Target: < = 491.2)

[3] excluding the locations HELLA Electronics Engineering GmbH and HELLA Lighting Finland Oy which were closed during the year

The occupational safety systems at other HELLA locations in Kaunas (Lithuania), San Jose Inturbide (Mexico), Ljubljana (Slovenia) and Flora (USA) have been successfully externally certified. As planned, HELLA is thus approaching the goal of having all production sites with more than 200 employees certified according to the ISO 45001 standard by 2025.

HELLA production locations with certified health and safety management system
As at 31 May 2022

Fiscal year	**2019/2020**	**2020/2021**	**2021/2022**	**Target 2025**
% of ISO 45001 certified HELLA production sites >200 employees[4]	38% (10 of 26)	62% (18 of 29)	76% (22 of 29)	100% (Target: 29 of 29)
Employees (as a %) at production locations with >200 employees which are covered by a certified health and safety management system	Not recorded	68%	85%	100%

[4] Including locations where only the primary production site is certified

Employer attractiveness

HELLA strongly believes that every employee in the Company contributes to the success of the business. To support this, HELLA strives to ensure an attractive and inspiring working environment that promotes fairness, team spirit and commitment, as well as helping to shape the specific corporate culture.

Management concept

The HELLA Code of Conduct and the seven HELLA values describe the cornerstones of cooperation and thus shape the working conditions and the way in which HR management works at HELLA. Among other things, the foundation is laid for respecting human rights and appreciative and constructive interaction with each other and with business partners.

HELLA corporate values

- Looking ahead with entrepreneurial spirit
- Working together effectively
- Ensuring sustainability
- Delivering top performance
- Striving toward innovation
- Doing business with integrity
- Setting an example

Strategic HR management at the Company is business and employee-oriented. The human resources organisation supports employees in fulfilling their respective roles and thus contributing to the success of the business. The Company's own strategy aims to recruit the right employees with the required skills for the Company and to retain them in the Company as well as to continuously provide them with training. Among other things, employees are to be proactively prepared for changes in the automotive industry and the constant change at HELLA.

The ultimate responsibility for human resources lies with the responsible member of HELLA's Management Board. Group, business division, country and site HR functions implement tools, processes, policies and operating agreements standardised across the Company. They report regularly to the Executive Board. This network of HR managers also ensures that the work is aligned with business needs. The exchange of information and ideas among each other takes place in regular meetings. The effectiveness of HR management and the implementation of Group-wide standards are regularly reviewed in internal audits.

HELLA creates transparent structures and processes in which employees can participate. To this end, the HR managers work together in a spirit of trust with the elected employee representatives, such as the group works council, in various committees. Feedback from employees is gathered through communication channels such as staff meetings, but also through regular staff surveys.

HELLA is internationally committed to social standards and the protection of human rights. Guidelines in this regard are set out, among other things, in the HELLA Code of Conduct and in the Human Rights Policy adopted in the fiscal year 2021/2022. This describes the requirements based on the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation, the United Nations Guiding Principles on Business and Human Rights and the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD). The Declaration of Principles corresponds to the required policy statement under the German Supply Chain Due Diligence Act. Among other things, it prohibits child labour and any form of forced labour and slavery. HELLA also respects the right to freedom of association and the right to employee representation within the framework of the applicable laws. Regulations on working hours and remuneration ensure fair and performance-related remuneration throughout the Group. The appropriate local classification of a position is carried out according to the job evaluation, for which HELLA uses regional benchmarks with salary data as well as collective agreements. At HELLA, the qualification for the requirements specific to the position is the decisive factor in HR decisions. Employees must not be discriminated against on the basis of their gender, origin, age, sexual orientation or religious beliefs. These principles are implemented worldwide by the HR managers based on the applicable national legal frameworks.

HELLA values diversity and considers this to be an innovation driver and thus an important key to business success. Therefore, the Company fosters an inclusive culture in which disparate employees, ideas and opinions are a driver for innovation and engaged collaboration increases the Company's success. Flexible working time models such as part-time arrangements or mobile working are encouraged at the Company. Site-specific regulations and company agreements apply in this regard.

Selected measures in 2021/2022

HELLA implements a wide range of measures worldwide to maintain and increase its attractiveness as an employer and employee satisfaction. For example, HELLA has expanded the possibilities for digital, international cooperation. This encouraged the necessary exchange of information and ideas between members of staff especially during the coronavirus pandemic.

Employee satisfaction is crucial for the success of the Company. HELLA therefore strives to continuously analyse the operational situation and to derive concrete starting points for improvements within the scope of operational possibilities. For this purpose, a global employee survey was conducted during the reporting period. Employees were invited to rate aspects such as company development, job satisfaction, working conditions, training opportunities and working atmosphere. Together with an external survey company, the feedback was evaluated anonymously with the utmost care. Around 18,000 of 36,000 of the employees invited worldwide took part in the survey. Work satisfaction at HELLA was given an average rating of 2.1 (from 1 meaning very good to 6 meaning inadequate). Employees showed a particularly high level of satisfaction with regard to their line managers, teamwork, corporate values and culture. With regard to aspects such as development opportunities and communication, however, the survey still showed potential for improvement. HELLA responds to employee suggestions with tailored packages of measures in the respective countries. In China, for example, the Company has launched the Learning Café, a series of events to better share internal knowledge. In Romania, HELLA is introducing regular communication channels such as staff meetings. Controlled from the global corporate communications department in Germany, there is a worldwide information series on the intranet in which the new majority owner Faurecia introduces itself and reports regularly on the cooperation between the two companies.

Results and successes

The number of employees at HELLA remained stable over the reporting period. The Company focuses on permanent employment as far as possible. In order to be able to react flexibly and quickly to periods of peak capacity, especially in production, temporary workers are also used flexibly at HELLA, as is usual in the volatile automotive industry.

Employees (number of people) by region and gender

Region	Gender Male	Female	Total
Germany	6,112	1,943	**8,055**
Europe excluding Germany	8,279	6,056	**14,335**
Asia, Pacific, ROW	4,221	2,048	**6,269**
North, Central and South America	4,081	3,268	**7,349**
Total	**22,693**	**13,315**	**36,008**

Employees (number of people) by age groups

Region	Age groups to 29 years	30-39	40-49	over 50	Total
Germany	433	1,814	2,062	3,746	**8,055**
Europe excluding Germany	2,929	4,995	3,801	2,610	**14,335**
Asia, Pacific, ROW	1,392	3,253	1,298	326	**6,269**
North, Central and South America	2,521	2,468	1,517	843	**7,349**
Total	**7,275**	**12,530**	**8,678**	**7,525**	**36,008**

The percentage of female employees in the entire HELLA workforce is 37%. In 2017, HELLA set itself the target of increasing the proportion of women at the first management level in its German companies to 9.5% by 30 June 2022. The Company has not been able to realise this goal. A target of 6% was set for the second management level at the same time. This target was exceeded. In the reporting period, the Management Board defined new goals. For example, the proportion of female employees at German companies is intended to be 7% at the first management level and 10% at the second management level in 2027. These new targets are accompanied by measures to empower women in leadership roles. These include opportunities to encourage skilled workers and managers through training courses and the formation of women's networks.

HELLA quota of women in management positions in German companies
As at the 30 June 2022 reporting date

Fiscal year	2021/2022	Target 31 May 2027
Women's quota first management level	6.5% (Target: 9.5%)	7%
Women's quota second management level	9.8% (Target: 6%)	10%

The uncontrolled turnover rate is used by HELLA as an indicator of competitiveness, working atmosphere and satisfaction with the Company. It measures the ratio of employees who voluntarily leave the Company against the average number of employees. In the reporting period, the turnover rate at HELLA Group-wide was 13.9%. Turnover is distributed differently across the regions. HELLA did not achieve the target of a 12.4% turnover rate. Reasons for the increased turnover rate include the announcement to sell the Company, the effects of the coronavirus pandemic as well as stress in the automotive industry due to crises such as the coronavirus pandemic or raw material shortages.

HELLA quota of women in management positions in German companies
As of the reporting date 30 June 2022

Fiscal year	2019/2020	2020/2021	2021/2022
Uncontrolled turnover rate	12.2%	10.5%	**13.9% (Target: 12.4%)**

Employee development

The skills and motivation of our employees play a key role in positioning HELLA at the forefront of global competition and successfully driving technological change in the automotive industry. HELLA's economic success is therefore inextricably linked to the qualifications and commitment of its employees. Against this backdrop, HELLA strives to provide employees with targeted support and continuous training so that they can fully exploit their potential. Training and talent management are therefore essential elements of forward-looking HR management and succession planning at HELLA.

Management concept

Training and education opportunities enable employees to develop their skills in line with current and future business needs. The Global Training Management Team at HELLA coordinates training and education programmes worldwide. The team is also a supporting partner and contact person for line managers and employees in case of training needs as well as for the design and introduction of new training opportunities. Training coordinators from the HR departments in the respective countries cooperate with the area managers on site and coordinate the local training activities. With the central My Talent Compass learning management system, HELLA offers a cloud-based platform on which online courses and in-person training can be booked and tracked. All employees with a computer connection have access to the platform. There, you can see assigned compulsory training measures as well as other available training. The courses on offer can be booked and carried out via the tool. HELLA offers a wide range of training. It covers both function-specific and overarching topics such as occupational safety, project management and soft skills. Line managers are responsible for assigning training to employees according to their role, personal needs and potential. Each training course ends with a learning success check. This ensures the training on offer is evaluated. The Management Board is involved through the Board member responsible for Human Resources.

HELLA specifically seeks and promotes employees from its own workforce in order to meet and expand the demand for talent. For this purpose, the talent management team specifies the processes and procedures, and implements various programmes together with the supervisors. At HELLA, the core of development planning consists of personal feedback meetings as part of the “Performance Review” assessment process, which takes place at least once a year between the manager and the office employee. In these discussions, performance and potential are reflected upon, training needs are identified and development measures are set out and agreed upon. HELLA strongly believes that feedback loops are an essential prerequisite for professional as well as personal development.

In the annual Group-wide Talent Review process, the HR department, together with the line managers, systematically identifies the potential of approximately 14,000 employees worldwide in accordance with a single set of rules. On this basis, the candidates for the corresponding development programmes are nominated at the same time. Talent conferences at different hierarchical levels ensure uniform standards and fairness. HELLA also offers numerous programmes and mentoring opportunities at local level to encourage talent. Through this, employees network with each other and further upgrade their qualifications in order to be systematically prepared for subsequent career steps. This approach also helps to retain talent within the Company.

Selected measures in 2021/2022

In the reporting period, HELLA resumed the L.E.A.D. programme (LEAD = learn, engage, accelerate, drive) after a break due to the coronavirus, among other things, to encourage talent. These target group-oriented development programmes for internal executives and experts aim to encourage and develop talent globally. At different hierarchical levels, these multi-day, focused programmes were offered worldwide and conducted in Mexico, Eastern Europe, China, India and Germany.

HELLA has run special training programmes for executives, including what are known as Leadership Thematic Cafés. These virtual learning modules focus on leadership topics such as setting goals, fostering global collaboration and developing employees.

The Covid-19 pandemic has further advanced digital learning at HELLA. Time and location-independent, flexible online training opportunities have been further expanded and updated in the reporting period and are now central components of the training on offer. Since spring 2022, HELLA employees have also had access to the online training platform of the new majority owner Faurecia. The Faurecia Learning Lab offers more than 2,000 training courses on topics such as communication, artificial intelligence, creativity, time management and sustainability.

Results and successes

In the reporting period, each HELLA employee completed an average of 22.7 hours of training. The increase compared to the prior year is due to the resumption of numerous training courses following the lockdowns during the coronavirus pandemic, as well as the expansion of online training opportunities, including access to the Faurecia Learning Lab.

Average training hours at HELLA

Fiscal year	2019/2020	2020/2021	2021/2022
Office workers (white collar)	13.4	11.5	**36.4**
Employees (blue collar)	Not recorded	11.8	**8.9**
Total	Not recorded	11.7	**22.7**

Compliance

Wherever HELLA operates, the employees and the Company are committed to acting in accordance with the law and with integrity. As an international, globally positioned company, HELLA acts in accordance with responsible, orderly corporate governance, which is based, inter alia, on a visible corporate and compliance culture as well as HELLA's corporate values. In this way, the Company promotes reliable business conduct, on which long-term economic success is based, and preserves its reputation.

Management concept

At HELLA, compliance aims at effectively anchoring and living compliance in everyday business. The Company expects its employees in all countries, regardless of hierarchy level, to comply with laws and internal regulations and to display integrity and exemplary behaviour. Upholding the virtues of compliance, adherence to rules and integrity also means acting responsibly in relation to employees, customers, suppliers and other business partners as well as society and the environment.

HELLA has established a compliance system throughout the Company that is based on the IDW AuS 980 audit standard and is designed to prevent systematic misconduct by employees. It aims to consistently record and observe compliance requirements worldwide by analysing risks and implementing preventive, detective and reactive measures. This is done by the compliance organisation. The central Compliance Office designs the framework of the compliance system on the basis of the compliance guidelines. In addition to general compliance topics including the Code of Conduct, the Compliance Office is responsible for the topics of corruption prevention and antitrust law. HELLA is committed to fair competition and does not tolerate violations of anti-corruption and antitrust laws. The other compliance topics are assigned to the respective divisions, which perform their tasks independently.

The Compliance Office also reports regularly to the Management Board and to the Audit Committee of the Company's Supervisory Board. Through central and additional local contact persons, the compliance organisation provides direct and expert consultation on compliance-related issues and in the implementation of compliance requirements (guidelines/processes) on site.

The HELLA Code of Conduct is a fundamental guide to the corporate and compliance culture at HELLA. It describes clear and binding principles for complying with rules and behaving with integrity at HELLA. Topics include, for example, labour and social standards, principles relating to the protection of data, information and the environment as well as fair business behaviour, including fair competition, combating corruption and handling conflicts of interest. The Code helps employees as a framework and guide to act in compliance with the law and with integrity. It provides guidance to make the right decision in case of doubt and to live the corporate values. Various divisional guidelines substantiate the requirements of the Code of Conduct, such as the guidelines on corruption prevention or the guidelines on gifts and invitations. In a risk-oriented approach, employees are trained, for example, on corruption prevention or other compliance topics.

Employees and business partners are encouraged to report violations of laws and rules of conduct. Various reporting channels are available to them for this purpose: they can report directly to their line manager, other managers, the HR department, the compliance contact persons or via the web-based tellUS! whistleblower portal. If desired, information can be submitted anonymously and in the national language. HELLA protects whistleblowers from disadvantages which could potentially result from a truthful report. A Group-wide organisation, including the Compliance Office, follows up all reports confidentially, objectively, diligently and consistently in accordance with internal rules. HELLA does not tolerate confirmed misconduct. Such misconduct can have consequences under labour law, including termination of the employment contract or business relationship, as well as criminal prosecution and claims for damages.

When working with business partners, HELLA relies on a trusting partnership and compliance with rules. The HELLA Code of Conduct for suppliers and service providers formulates this demand and is binding for the establishment and maintenance of business relationships with the Company. It stipulates that business partners must comply with applicable laws, including anti-corruption, as well as social and environmental standards. Further information on sustainable supply chain management is provided in the chapter entitled “Social standards in the supply chain”.

Further information on the compliance organisation and the compliance system are contained in the declaration on corporate governance.

Selected measures in 2021/2022

In the reporting period, HELLA in particular expanded its training activities, strengthened its compliance culture and further developed the compliance system as a whole through the following measures.

- The Group-wide roll-out of the new mandatory anti-corruption e-learning module, which started in the last reporting period, has been completed and has entered “regular operation”, i.e. is mandatory for new HELLA employees worldwide (as part of the onboarding process). In the web-based course, which is aimed at all HELLA employees with a computer workstation and is available in eight languages, the principles and guidelines, particularly in the areas of active and passive corruption, gifts and invitations and business partner checks, are clearly communicated through examples from everyday work.

- The Company has also completely redeveloped the mandatory e-learning module on antitrust law and rolled it out across the Group in early 2022. It is currently available in four languages and is aimed at relevant employee groups (sales & marketing, programme management, purchasing, development, senior management). The content of the new course has been tailored even more specifically to the daily work situations of HELLA employees, in which antitrust issues and challenges can arise – especially in contact with competitors. In addition, a face-to-face training series was started in the development area during the reporting period to make this group of employees specifically aware of the rules of antitrust law. This training series will be continued in the next reporting period.

- In order to achieve the fullest possible participation of employees in mandatory e-learning training courses from the Compliance divisions, HELLA has been using a Group-wide reminder management system since spring 2022, which links to the automatic reminders of the HR training platform. The newly launched initiative aims at a quarterly review of non-completed e-learning courses at all sites, coordinated by the Compliance Office. All HELLA companies have access to a database in which the status of the completion of the compliance e-learning courses for the respective organisation can be tracked on a daily basis. Targeted communication measures can then be taken to further increase the completion rate of compliance e-learning in each HELLA company. In addition to the Code of Conduct & Compliance Principles, Anti-Corruption and Antitrust Law e-learning modules, the training courses on Data Protection, Information Security, Export Control, Occupational Safety, Product Conformity and Tax (Transfer Pricing) are also included in this initiative.

- Another focus in the reporting period was the evaluation of the HELLA anti-corruption programme based on the requirements of the French “Loi Sapin 2” anti-corruption law together with the majority shareholder Faurecia. After a comprehensive review of the legal and regulatory requirements – taking into account the anti-corruption programme implemented at Faurecia – a work plan for the further development of HELLA’s anti-corruption measures was developed for each “Loi Sapin 2” topic area (including anti-corruption code of conduct & disciplinary measures, business partner checks, accounting controls, whistleblower system, training & awareness, risk analysis). On this basis, a concrete plan of action is drawn up – again for each topic area – the step-by-step implementation of which is to be started in the next reporting period by the Management Board in accordance with the internal rules.

Results and successes

HELLA commits employees to regular compliance training in order to make them aware of rule-compliant, exemplary and responsible behaviour. 3,001 employees completed the Code of Conduct and Compliance Principles e-learning modules during the reporting period, representing a completion rate of 89%. 6,189 employees completed the Anti-Corruption e-learning module (completion rate of 91%) and 6,287 employees completed the Antitrust e-learning module (completion rate of 88%).

In the reporting period, HELLA has not identified any indications of serious violations of antitrust law and corruption nor any in relation to human rights and environmental protection in the Company. A working group is following up a tip about possible debt bondage in the supply chain in an exchange with the supplier concerned; the investigation had not yet been completed at the time of reporting.

Social standards in the supply chain

As a globally active company, HELLA considers the protection of human rights and social standards within the Company and in the supply chain to be a significant aspect of corporate responsibility. HELLA strives to take on responsibility beyond the boundaries of the Company. Potential violations of human rights are to be prevented by systematically assessing risks in the supply chain and implementing corrective measures.

Management concept

The commitment to the protection of human rights is laid down in the HELLA Human Rights Policy and in the HELLA Code of Conduct for Suppliers and Service Providers. They include acting responsibly in accordance with applicable law and are based the principles described in international standards. These include in particular the standards of the International Labour Organisation (ILO), the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Guiding Principles for Human Rights and Business.

The HELLA Code of Conduct is an integral part of the General Terms and Conditions of Purchase. As part of this, directly contracted suppliers are also required to hold their sub-suppliers to account with regard to compliance with the provisions of the Code and to ensure this accordingly. The new HELLA Human Rights Policy specifies the expectations regarding human rights due diligence in accordance with the requirements of the German Supply Chain Due Diligence Act. It is to be rolled out to suppliers in the coming fiscal year.

HELLA uses a risk-based approach to identify potential sustainability risks and human rights violations in the supply chain. This includes a country-based risk filter based on external country rankings for human rights compliance. As a control mechanism, sustainability aspects, among others, are also monitored within the framework of external quality audits. Due to the coronavirus pandemic, only random on-site sustainability assessments were carried out at suppliers as part of the quality audits in the reporting period.

In the case of identified deviations, discussions are held with the suppliers to determine which corrections are to be implemented within an appropriate time window. These measures are followed up by HELLA. If necessary, escalations are made via the existing processes, first to the respective business division management and then to the HELLA Management Board. In the event of serious violations, HELLA reserves the right to terminate the business relationship.

In addition, HELLA offers suppliers and other external third parties as well as employees protected reporting channels to report information about violations. The web-based tellUS! whistleblower portal is available for this purpose in numerous languages worldwide. The Company ensures that this information is processed promptly by the internal audit, compliance and affected specialist departments in line with procedure. If necessary, appropriate escalation processes take effect in purchasing.

The activities are regularly reported to the Sustainability Council and the Executive Board. Status as well as challenges and progress in improvement measures are discussed.

For the responsible procurement of minerals, HELLA works to prevent corresponding raw materials from conflict and risk regions in the supply chain. For this purpose, HELLA surveys relevant suppliers in accordance with the Conflict Minerals Reporting Template of the Responsible Minerals Initiative. In the reporting period, HELLA also included Cobalt Reporting for the first time. The reports are made available to clients and business partners upon request.

Selected measures in 2021/2022

In order to further raise awareness among employees about the conscientious purchase of raw materials, HELLA has created a training course on Conflict Minerals Reporting and rolled it out to sales employees in a target group-specific manner. For the coming fiscal year, HELLA plans to extend reporting on the responsible procurement of minerals to include mica in accordance with templates of the Responsible Minerals Initiative.

HELLA has established a cross-functional working group with regard to the German Supply Chain Due Diligence Act (LkSG) and the further expansion of due diligence in the supply chain. It is assessing the impact of the legislation on HELLA and has developed a new approach to supply chain risk analysis and an expansion of supplier sustainability self-assessments. This approach has been reviewed for feasibility during the reporting period and will be rolled out in the coming fiscal year. Furthermore, HELLA formulated and published the HELLA Human Rights Policy in the reporting period.

Results and successes

HELLA aims to further increase the level of maturity for environmental protection and occupational safety in the supply chain. HELLA therefore encourages suppliers to have their own management systems certified in accordance with ISO 14001 (environmental management) and ISO 45001 (occupational health and safety). The proportion of suppliers with at least one location with certified management systems was increased in the reporting period. The target of the main suppliers being ISO 14001 certified was not achieved. This was due to audit activities being delayed on account of the coronavirus pandemic.

In the reporting period, HELLA received information about possible debt bondage in the supply chain. This allegation is being investigated by a working group with the supplier concerned; the investigation had not yet been completed at the time of reporting. HELLA is not aware of any other serious violations of human rights or environmental protection in the supply chain.

Proportion of HELLA suppliers with certified environmental and occupational safety management system

Fiscal year	2020/2021	2021/2022
% of key suppliers certified under ISO 14001 (Group view)[1]	70%	67.8% (Target: 71%)
% of key suppliers certified under ISO 45001 (incl. still valid OHSAS 18001) (Group view) [1]	13%	16.7% (Target: 15%)

[1] covers approx. 80% of the production-relevant purchasing volume at HELLA

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To HELLA GmbH & Co. KGaA, Lippstadt

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of HELLA GmbH & Co. KGaA, Lippstadt, (hereinafter the "Company") for the period from 01 June 2021 to 31 May 2022 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section EU Taxonomy of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive di-

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined separate non-financial report and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

rectors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU Taxonomy of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU Taxonomy of the Combined Separate Non-financial Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Reportt
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Assessing the presentation of the separate combined non-financial report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 01 June 2021 to 31 May 2022 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU Taxonomy of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt, 09 August 2022

PricewaterhouseCoopers GmbH
Audit firm

Nicolette Behncke ppa. Meike Beenken
Wirtschaftsprüferin
(German public auditor)

Report by the Supervisory Board

Ladies and Gentlemen,

In the fiscal year 2021/2022, the Supervisory Board closely followed the situation and development of HELLA GmbH & Co. KGaA. The Supervisory Board performed the tasks incumbent upon it as provided for by applicable law and the articles of association, and advised and supervised the Management Board.

Work with the Management Board

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

Focus of consultations of the Supervisory Board

In the fiscal year 2021/2022, the Supervisory Board met for four ordinary meetings, one of which took the form of a video conference, plus five extraordinary meetings in the form of video conferences.

The ordinary meetings were held on 1 June 2021, 18 August 2021, 4 November 2021 and on 8 February 2022. The meeting on 1 June 2021, the fourth ordinary meeting of the Supervisory Board for the fiscal year 2020/2021, was not held until the first day of the fiscal year 2021/2022 due to time constraints. Similarly, further time constraints meant that the fourth ordinary meeting of the Supervisory Board for the fiscal year 2021/2022, was not held until 2 June 2022, after the end of the fiscal year 2021/2022.

At the ordinary meeting on 1 June 2021, the Management Board reported to the Supervisory Board on the current business development of the business segments and the Group and, in this context, addressed in particular the supply situation, the current effects of the Covid-19 pandemic and the programme to increase competitiveness. Other topics discussed at the meeting included budget planning for the fiscal year 2021/2022 and sustainability activities at HELLA. The meeting also discussed and approved the joint declaration of compliance with the German Corporate Governance Code by the Management Board, the Shareholder Committee and the Supervisory Board in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG).

At the ordinary meeting on 18 August 2021, which was attended by representatives of the auditor, the annual financial statements of HELLA GmbH & Co. KGaA and the Group as well as the non-financial report of HELLA GmbH & Co. KGaA for the fiscal year 2020/2021 were presented and discussed in detail. Based on the initial review by the Audit Committee, the Supervisory Board approved both sets of financial statements and the non-financial report. It also endorsed the proposal of the General Partner for the appropriation of distributable profits. In addition, it addressed the report on the Supervisory Board's activities and it discussed and adopted the proposed resolutions for the Annual General Meeting on 30 September 2021. The Supervisory Board also approved the legal advisory activities of the law firm Hengeler Mueller for the Group. Dr. Thomas B. Paul, a member of the Supervisory Board who belongs to this law firm, did not participate in the vote. Furthermore, the Management Board presented the current situation of the Company as well as the status of the measures taken to deal with the supply situation and the Covid-19 pandemic and the status of the programme to increase the competitiveness of the HELLA Group.

In the ordinary meeting on 4 November 2021, the Management Board reported to the Supervisory Board on the current business development of the business segments and the Group and, in this context, addressed the current effects of the Covid-19 pandemic and the supply situation. Furthermore, the Supervisory Board obtained information on the current status of the ongoing activities in preparation for the merger between Hella GmbH & Co. KGaA and Faurecia S.E. and the programme to increase competitiveness.

The subject of the ordinary meeting of the Supervisory Board on 8 February 2022 was, among other things, the current status of considerations for cooperation and coordination with Faurecia S.E. in selected business activities after completion of the share acquisition. The Management Board also presented the current business situation as well as the impact of the Covid-19 pandemic and the supply situation on HELLA and explained the status of the programme to increase competitiveness.

The extraordinary meetings of the Supervisory Board were held on 10 August 2021, 14 August 2021, 7 October 2021, 16 December 2021 and 8 March 2022 and focused on the effects on and consequences for HELLA of the sale of shares by the pool shareholders and the takeover bid by Faurecia Participations GmbH (now trading as Forvia Germany GmbH).

At the extraordinary meeting on 10 August 2021, the Supervisory Board dealt with the implications of a possible sale of shares by the pool shareholders on the HELLA Group. The Board obtained information on the role of the Supervisory Board in a takeover procedure and the purpose of concluding a possible Business Combination Agreement (BCA) with potential acquirers. Furthermore, the Supervisory Board decided to commission the investment bank Jefferies as a precautionary measure to prepare what is known as a fairness opinion to assess the financial adequacy of a possible takeover bid.

On 14 August 2021, the Management Board informed the Supervisory Board in an extraordinary meeting about the intended conclusion of a BCA with Faurecia S.E. and outlined its contents. The Supervisory Board dealt with the key assumptions and preliminary findings of the investment bank Jefferies on the financial adequacy of a possible takeover bid. In addition, the Supervisory Board resolved to form a working group consisting of Klaus Kühn and Manfred Menningen for the preparation of the reasoned opinion to be submitted by the Supervisory Board pursuant to Section 27 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG) on the expected takeover bid.

On 7 October 2021, in an extraordinary meeting, the Supervisory Board intensely discussed the draft of the joint reasoned opinion of the General Partner and the Supervisory Board on the voluntary public takeover offer of Faurecia Participations GmbH dated 27 September 2021 and adopted it after reviewing and examining the fairness opinion prepared by the investment bank Jefferies. The Supervisory Board members who were also pool shareholders or who acted on their behalf in the context of the transaction, i.e. Michaela Bittner, Dr. Tobias Hueck, Stephanie Hueck, Claudia Owen, Dr. Thomas B. Paul, Charlotte Sötje and Christoph Thomas, abstained from voting.

On 16 December 2021, the Supervisory Board convened for an extraordinary meeting to deal with the expected personnel changes in the Supervisory Board following the completion of the share acquisition by Faurecia.

In an extraordinary meeting on 8 March 2022, the Supervisory Board dealt with the holding of the extraordinary general meeting on 29 April 2022 as a virtual general meeting and adopted the proposed resolution for the same. In addition, by-elections were held for vacant positions on the Audit Committee and the Nomination Committee.

The average attendance at the meetings of the Supervisory Board in the fiscal year 2021/2022 was 94%. Manfred Menningen, Christoph Rudiger and Dr. Dietrich Hueck were each unable to attend one meeting of the Supervisory Board, Paul Hellmann two and Heinrich-Georg Bölter three. The other members of the Supervisory Board attended all meetings during their term of office.

As part of a written resolution procedure, the Supervisory Board adopted the annual declaration of compliance with the German Corporate Governance Code in accordance with Section 161 AktG at the end of May 2022. This declaration was subsequently made publicly available on the Company's website at **www.hella.com/declarationofconformity**.

Work of the committees

The Supervisory Board has established an Audit Committee that is responsible for the initial review of the annual financial statements, the consolidated financial statements, the combined management report, the proposal for the appropriation of profits and the non-financial reporting. Since the fiscal year 2021/2022, the Audit Committee has also been involved in the preliminary audit of the General Partner's report on relationships with affiliated companies (dependent-company report). The Audit Committee decides on the agreements with the auditor, in particular the audit assignment, the determination of the main points of the audit, and the fee agreement. The Audit Committee also deals with the monitoring duties prescribed by Section 107 (3) sentence 2 AktG. Currently, the members of the Audit Committee are Klaus Kühn (Chair), Paul Hellmann, Gabriele Herzog and Christian van Remmen. The Audit Committee also included Dr. Thomas B. Paul until the expiry of 8 February 2022 and Manfred Menningen until the expiry of 8 June 2022.

The Audit Committee convened four times in the fiscal year 2021/2022. These meetings were held, as a video conference in each case, on 16 August 2021, 28 September 2021, 12 January 2022 and 6 April 2022. With the exception of Manfred Menningen, who was unable to attend one of the meetings, all members of the Audit Committee took part in the meetings. This corresponds to an average presence of 94%. Representatives of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), also attended the meetings. By resolution of the Audit Committee, representatives of the General Partner also attended the meetings.

At the meeting on 16 August 2021, the Audit Committee examined the initial review of the annual financial statements and the consolidated financial statements as at 31 May 2021, as well as the management reports, the proposal for the appropriation of profits and the non-financial report for the fiscal year 2020/2021. Furthermore, the Audit Committee received at the Supervisory Board meeting on 18 August 2021 an overview of the proposed resolutions for the Annual General Meeting to be addressed by the Annual General Meeting on 30 September 2021. Another topic of the meeting was the implications of the Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG) for the HELLA Group. As well as this, the annual reports from Internal Auditing, Compliance Management and Risk Management were presented and discussed by the representatives for the Group functions.

On 28 September 2021, the Audit Committee met, focusing on the three-month financial communication for the fiscal year 2021/2022. Furthermore, a concept for auditing the quality of the auditor was presented to the Audit Committee. The Audit Committee adopted updated appendices to the Approval Policy for Non-Audit Services on the occasion of new legal requirements. The Audit Committee was then informed about the status of ongoing activities in preparation for the merger between Faurecia S.E. and HELLA GmbH & Co. KGaA following the completion of the takeover bid.

At the meeting on 12 January 2022, the Management Board presented the half-year financial report for the fiscal year 2021/2022. In talks with the auditor, the Audit Committee defined the auditing priorities for the fiscal year 2021/2022. The agreement with the auditor for the audit of the annual financial statements for the fiscal year 2021/2022 was discussed. Pursuant to Article 15(1) of the Articles of Association, the Audit Committee commissioned PwC to conduct an audit (limited assurance) of the non-financial report for the fiscal year 2021/2022. In addition, the refinement of the approach to assessing the quality of the auditor was presented to the Audit Committee. Further topics of discussion at the meeting were the six-month reports by Internal Auditing, Compliance Management and Risk Management.

At the meeting on 6 April 2022, the nine-month financial announcement for the fiscal year 2021/2022 was discussed and the agreement with the auditor and the group auditor was discussed again. Furthermore, the Audit Committee dealt once again with concept for monitoring the quality of the auditor's work and specified the further action in this regard. Finally, the Audit Committee adopted the annual audit plan for the internal audit until 31 December 2023 and dealt with the question of the extent to which additional tasks are to be performed by the Audit Committee due to the acquisition of shares by Faurecia.

The Supervisory Board has also established a Nomination Committee to prepare the proposals of the Supervisory Board to the Annual General Meeting for the election of Supervisory Board members. Since 8 March 2022, the Nomination Committee has been composed of Klaus Kühn and Andreas Marti. The Nomination Committee met once in the past fiscal year 2021/2022 on 7 January 2022, with the two members of the Committee at that time, Klaus Kühn and Claudia Owen, both participating. In the telephone meeting, the candidate profiles of the potential successors to the seven shareholder representatives leaving after the completion of the share acquisition by Faurecia were examined in particular to determine whether the requirements for the candidates individually and for the composition of the Supervisory Board as a whole were met. In doing so, the Nomination Committee took as a basis the competence profile of the Supervisory Board and the objectives for its composition (including the diversity concept), the requirements arising from legislation and from the German Corporate Governance Code, as well as the BCA with Faurecia S.E. with its regulations on the composition of the Supervisory Board with independent members.

Auditing of the annual financial statements and consolidated financial statements and the separate non-financial report of the Company and Group

On 30 September 2021, the Annual General Meeting appointed PwC as auditor both for the annual financial statements and for the consolidated financial statements for the fiscal year 2021/2022. The annual financial statements and the management report of HELLA GmbH & Co. KGaA for the fiscal year 2021/2022 were prepared by the General Partner in accordance with the provisions applicable under the German Commercial Code (Handelsgesetzbuch, "HGB"); the consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and in accordance with the additional commercial law provisions as they apply under Section 315a HGB. The two sets of financial statements, including the combined management report, were audited by the auditor PwC, which issued an unqualified auditors' certificate for all documents. In addition, the non-financial report was created for HELLA GmbH & Co. KGaA and the Group for the fiscal year 2021/2022. This was audited by PwC on behalf of the Supervisory Board in accordance with the "limited assurance" standard and issued with an unqualified opinion. PwC has also issued an unqualified opinion for the remuneration report for the fiscal year 2021/2022 in accordance with Section 162 (3) AktG.

The Audit Committee of the Supervisory Board thoroughly reviewed the annual financial statements at its meeting on 15 August 2022. The representatives of the auditor, present at the meeting of the Audit Committee, reported on the result of their audits and gave additional information. In the course of its audit, the auditor did not find any material shortcomings in respect of the organisation and effectiveness of the internal control and risk management system. Furthermore, the Audit Committee discussed the initial review of the dependent-company report and the non-financial reporting. In this context, PwC presented and discussed in detail the results of the audit of the dependent-company report and the non-financial reporting. The meeting was also attended by representatives of KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), who advised the company on the preparation of the dependent-company report. In addition, the Audit Committee dealt with the remuneration report at the meeting on 15 August 2022.

Based on the preparatory initial review by its Audit Committee, the Supervisory Board, for its part, also reviewed the annual financial statements and the management report of HELLA GmbH & Co. KGaA, the consolidated financial statements and the Group management report as well as the dependent-company report, and the separate non-financial reporting for the fiscal year 2021/2022. Given the final result of the Supervisory Board's review, there are no objections to be raised against the annual financial statements, the consolidated financial statements, the Management Board declaration at the end of the dependent-company report or the non-financial reporting. At its meeting on 17 August 2022, which was also attended by the representatives of the auditor PwC and representatives of KPMG, which was consulted with regard to preparing the dependent-company report, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the separate non-financial reporting, and endorsed the proposal of the General Partner for the appropriation of distributable profits. Furthermore, after review and discussion, the Supervisory Board noted with approval the remuneration report prepared by the Management Board and the Shareholder Committee.

Composition of the Supervisory Board

On the shareholder representatives' side, there were the following changes in the reporting period: With effect from the expiry of 8 February 2022, i.e. a few days after the completion of the takeover of HELLA by Faurecia, Dr. Dietrich Hueck, Dr. Tobias Hueck, Stephanie Hueck, Claudia Owen, Dr. Thomas B. Paul, Charlotte Sötje and Christoph Thomas each resigned from office. At the request of the General Partner and the Chairman of the Supervisory Board, Paderborn Amtsgericht (Local Court) then appointed Tatjana Bengsch, Gabriele Herzog, Rupertus Kneiser, Andreas Marti, Thorsten Muschal, Christophe Schmitt and Kirsten Schütz as members of the Supervisory Board with effect from 9 February 2022. The appointment by the court was effective until the end of the next Annual General Meeting.

Gabriele Herzog was elected to replace Dr. Thomas B. Paul on the Audit Committee and Andreas Marti was elected to replace Claudia Owen on the Nomination Committee at the extraordinary meeting of the Supervisory Board on 8 March 2022.

On the employee representatives' side, there were the following changes in the reporting period: On 9 March 2022, the Deputy Chair of the Supervisory Board, Heinrich-Georg Bölter, passed away at the age of only 62. As the longest-serving member, Heinrich-Georg Bölter had been a member of the Supervisory Board without interruption since 2004 and his work with the committees was highly respected. The thoughts of the entire Supervisory Board are with his family and relatives, to whom we extend our deepest sympathy. Furthermore, Manfred Menningen resigned as a member of the Supervisory Board with effect from 8 June 2022. At the request of the General Partner and the Chairman of the Supervisory Board, Paderborn Amtsgericht (Local Court) therefore appointed Oliver Lax to succeed Heinrich Georg-Bölter and Christian van Remmen to succeed Manfred Menningen as employee representatives in July 2022. In addition, Michaela Bittner resigned from office as of 30 June 2022. Dr Michaela Schäfer succeeded her as a substitute member of the Supervisory Board.

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

HELLA GmbH & Co. KGaA accompanied the induction of the new members of the Supervisory Board with onboarding measures, in particular on aspects of corporate governance and the rights and duties of the members of the Supervisory Board.

In the past fiscal year, an information and training event was also held for the members of the Supervisory Board in August 2021 on financial reporting requirements and core reporting topics for the fiscal year 2020/2021.

In addition, the Management Board explained the impact of the war in Ukraine on the automotive industry and the HELLA Group at an information event in March 2022.

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

The Supervisory Board would also like to express its gratitude and appreciation to the members of the Management Board and to all HELLA employees worldwide for their commitment and successful achievements in the fiscal year 2021/2022, which was a year characterised by special challenges in connection with the global Covid-19 pandemic, the war in Ukraine and the tension in the energy markets, the persisting industry-wide shortage of electronic components and raw materials as well as the departure of the pool shareholders and the takeover of the HELLA Group by Faurecia.

Lippstadt, 17 August 2022

On behalf of the Supervisory Board

Klaus Kühn

Consolidated financial statements of HELLA GmbH & Co. KGaA

Fiscal year 2021/2022

Consolidated income statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 31 May

€ thousand	**Notes**	**2021/2022**	2020/2021
Sales	08	**6,326,116**	**6,379,734**
Cost of sales	09	-4,866,619	-4,846,776
Gross profit		**1,459,497**	**1,532,958**
Research and development expenses	10	-689,389	-670,372
Distribution expenses	11	-330,952	-319,190
Administrative expenses	12	-231,719	-225,238
Impairment of non-current assets		0	-30,268
Other income	13	72,091	183,688
Other expenses	13	-26,124	-46,658
Earnings from investments accounted for using the equity method	30	23,719	29,730
Other income from investments		1,198	-1,032
Earnings before interest and taxes (EBIT)		**278,321**	**453,618**
Financial income	14	23,490	45,206
Financial expenses	14	-47,790	-51,247
Net financial result	14	**-24,300**	**-6,041**
Earnings before income taxes (EBT)		**254,021**	**447,577**
Income taxes	15	**-70,028**	**-87,622**
Earnings for the period		**183,993**	**359,954**
of which attributable:			
to the owners of the parent company		181,261	358,276
to non-controlling interests		2,731	1,678
Basic earnings per share in €	17	**1.63**	**3.22**
Diluted earnings per share in €	17	**1.63**	**3.22**

Consolidated statement of comprehensive income

(after-tax analysis) of HELLA GmbH & Co. KGaA; for the period from 1 June to 31 May

€ thousand	2021/2022	2020/2021
Earnings for the period	**183,993**	**359,954**
Currency translation differences	125,213	-20,215
Changes recognised in equity	125,213	-17,731
Profits (-) / losses (+) reclassified to profit or loss	0	-2,483
Financial instruments for cash flow hedging	23,559	10,514
Changes recognised in equity	4,965	6,790
Profits (-) / losses (+) reclassified to profit or loss	18,593	3,724
Change in fair value of debt capital instruments held	-12,116	2,288
Changes recognised in equity	-12,332	3,460
Profits (-) / losses (+) reclassified to profit or loss	216	-1,172
Share of other comprehensive income attributable to associates and joint ventures	11,034	1,737
Items that were or can be transferred to profit or loss	**136,656**	**-7,412**
Remeasurements of defined benefit plans	64,915	1,731
Share of other comprehensive income attributable to associates and joint ventures	15	-42
Items never transferred to profit or loss	**64,915**	**1,731**
Other earnings for the period	**201,570**	**-5,682**
Comprehensive income for the period	**385,563**	**354,273**
of which attributable:		
to the owners of the parent company	384,158	353,305
to non-controlling interests	1,405	968

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA as at 31 May

€ thousand	Notes	31 May 2022	31 May 2021
Cash and cash equivalents	22	576,129	979,495
Financial assets	23	426,611	442,404
Trade receivables	24	1,071,974	958,507
Other receivables and non-financial assets	25	227,617	196,279
Inventories	26	1,136,391	900,416
Current tax assets		27,669	36,148
Contract assets	27	42,179	39,307
Current assets		**3,508,570**	**3,552,555**
Intangible assets	28	391,111	311,157
Property, plant and equipment	29	1,956,470	1,711,474
Financial assets	23	119,358	63,862
Investments accounted for using the equity method	30	224,182	199,170
Deferred tax assets	31	89,778	92,670
Contract assets	27	77,060	32,848
Other non-current assets	32	78,444	94,453
Non-current assets		**2,936,404**	**2,505,634**
Assets		**6,444,973**	**6,058,190**
Financial liabilities	36	215,602	77,934
Trade payables	33	1,081,829	939,836
Current tax liabilities		34,875	27,879
Other liabilities	34	482,939	433,439
Provisions	35	144,281	197,514
Contract obligations	27	79,614	94,899
Current liabilities		**2,039,140**	**1,771,501**
Financial liabilities	36	1,173,923	1,240,584
Deferred tax liabilities	31	47,771	9,429
Other liabilities	34	75,290	119,337
Provisions	35	369,710	456,762
Non-current liabilities		**1,666,693**	**1,826,112**
Subscribed capital	37	222,222	222,222
Reserves and unappropriated surplus	37	2,514,066	2,236,574
Equity before non-controlling interests	37	**2,736,288**	**2,458,797**
Non-controlling interests	37	2,852	1,781
Equity		**2,739,140**	**2,460,578**
Equity and liabilities		**6,444,973**	**6,058,190**

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA for the period from 1 June to 31 May

€ thousand	**2021/2022**	2020/2021
Earnings before income taxes (EBT)	**254,021**	**447,577**
Depreciation and amortisation	424,921	440,485
Change in provisions	-32,503	99,035
Other non-cash income / expenses and cash flows not attributable to operating activities	-58,720	-185,366
Profits / losses from the sale of property, plant and equipment and intangible assets	7,499	1,523
Net financial result	24,300	6,041
Change in trade receivables and other assets not attributable to investing or financing activities	-156,311	-372,034
Change in inventories	-191,066	-30,639
Change in trade payables and other liabilities not attributable to investing or financing activities	48,055	383,936
Tax refunds received	28,186	24,753
Taxes paid	-65,792	-112,132
Dividends received	9,881	650
Net cash flow from operating activities	**292,472**	**703,828**
Cash receipts from the sale of property, plant and equipment	14,379	8,603
Cash receipts from the sale of intangible assets	6,460	11,921
Payments for the purchase of property, plant and equipment	-435,586	-498,524
Payments for the purchase of intangible assets	-144,899	-152,095
Cash receipts from the loss of control of subsidiaries or other business units, less transferred cash	0	128,586
Repayments from loans granted to investments	127	2,050
Payments for loans granted to investments	-7,517	-7,800
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	-4,324	-24,772
Cash receipts from the sale of associate investments and joint ventures and from other investments	14,102	66,216
Payments made for acquiring non-consolidated subsidiaries and other investments	-32,597	-8,150
Net payments for the purchase and sale of securities	19,552	21,236
Interest received	7,644	8,158
Net cash flow from investing activities	**-562,658**	**-444,571**
Payments for the repayment of financial liabilities	-36,660	-485,432
Cash receipts from changes in financial liabilities	18,580	29,206
Interest paid	-24,242	-26,173
Dividends paid	-106,927	-367
Net cash flow from financing activities	**-149,249**	**-482,765**
Net change in cash and cash equivalents	**-419,435**	**-223,508**
Cash and cash equivalents as at 1 June	979,495	1,202,794
Effect of exchange rate changes on cash and cash equivalents	16,069	209
Cash and cash equivalents as at 31 May	**576,129**	**979,495**

See also chapter 38 for notes to the cash flow statement.

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for debt capital instruments
As at: 01 June 2020	**222,222**	**250,234**	**-92,701**	**-66,797**	**-1,236**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-19,501	10,514	2,288
Comprehensive income for the period	**0**	**0**	**-19,501**	**10,514**	**2,288**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 31 May 2021	**222,222**	**250,234**	**-112,202**	**-56,283**	**1,052**
As at: 01 June 2021	**222,222**	**250,234**	**-112,202**	**-56,283**	**1,052**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	126,538	23,559	-12,116
Comprehensive income for the period	**0**	**0**	**126,538**	**23,559**	**-12,116**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 31 May 2022	**222,222**	**250,234**	**14,337**	**-32,724**	**-11,063**

See also Chapter 37 for notes on equity.

€ thousand	Remeasurement from defined benefit plans	Other retained earnings/ profit carried forward	**Reserves and unappropriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
As at: 01 June 2020	**-115,796**	**1,909,565**	**1,883,270**	**2,105,492**	**1,180**	**2,106,672**
Earnings for the period	0	358,276	358,276	358,276	1,678	359,954
Other earnings for the period	1,727	0	-4,972	-4,972	-710	-5,682
Comprehensive income for the period	**1,727**	**358,276**	**353,305**	**353,305**	**968**	**354,273**
Distributions to shareholders	0	0	0	0	-367	-367
Transactions with shareholders	**0**	**0**	**0**	**0**	**-367**	**-367**
As at: 31 May 2021	**-114,069**	**2,267,842**	**2,236,574**	**2,458,797**	**1,781**	**2,460,578**
As at: 01 June 2021	**-114,069**	**2,267,842**	**2,236,574**	**2,458,797**	**1,781**	**2,460,578**
Earnings for the period	0	181,261	181,261	181,261	2,731	183,993
Other earnings for the period	64,915	0	202,897	202,897	-1,327	201,570
Comprehensive income for the period	**64,915**	**181,261**	**384,158**	**384,158**	**1,405**	**385,563**
Distributions to shareholders	0	-106,667	-106,667	-106,667	-333	-107,000
Transactions with shareholders	**0**	**-106,667**	**-106,667**	**-106,667**	**-333**	**-107,000**
As at: 31 May 2022	**-49,153**	**2,342,436**	**2,514,066**	**2,736,288**	**2,852**	**2,739,140**

See also Chapter 37 for notes on equity.

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the "Group") develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, the Group also produces complete vehicle modules and air-conditioning systems in joint venture companies. The Group's production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA and Asia, particularly South Korea and 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 Local Court (Amtsgericht) under number HRB 6857 and prepares the consolidated financial statements for the smallest 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. The consolidated financial statements of Faurecia S.E. (collectively the FORVIA Group) is published via the French online portal BODACC (Bulletin officiel des annonces civiles et commerciales) and also announced in the Germany's Federal Gazette (Bundesanzeiger).

The consolidated financial statements of the HELLA Group for the fiscal year 2021/2022 (1 June 2021 to 31 May 2022) were prepared on the basis of Section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In the consolidated financial statements, the HELLA Group has applied all standards and interpretations adopted by the IASB and endorsed by the EU the application of which was mandatory as at 31 May 2022.

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

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

The Management Board released the consolidated financial statements for submission to the Supervisory Board on 16 August 2022. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on 17 August 2022.

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.

Number	**31 May 2022**	31 May 2021
Fully consolidated companies	78	86
Companies accounted for using the equity method	46	46

Associate companies and joint venture companies are included in the consolidated financial statements using the equity method of accounting. Due to mergers and start-ups, the number of associate companies and joint venture companies remained constant.

In the current fiscal year 2021/2022, the Group has decided not to include the two wholly-owned subsidiaries avitea GmbH and hvs Verpflegungssysteme GmbH for reasons of materiality. Both subsidiaries

The most important subsidiaries are set out below:

			Share of equity (%)	
Company	Country	City	**31 May 2022**	31 May 2021
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100	100
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100	100
Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100	100
HELLA Electronics Corporation	USA	Plymouth, MI	100	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100	100
HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100	100
HELLA Innenleuchten-Systeme GmbH*	Germany	Wembach	100	100

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

primarily provide intra-group services. This does not have a significant impact on consolidated sales, earnings before tax or other key performance indicators relevant to management.

In recent years, HELLA has invested in start-ups that are a good strategic fit for the HELLA Group via a corporate venture company. HELLA Ventures LLC is the key player for these investments. The business transactions of HELLA Ventures have expanded significantly in the current fiscal year so that it was decided to fully consolidate the subsidiary. As these transactions are not common in the HELLA Group, the management has decided to adjust the related expenses and income in the non-operating effects.

These investments in the start-ups were made through the purchase of shares and convertible bonds and represent less than 25% of the start-ups' founding capital. Financial assets are valued monthly on the basis of the stock market price or the last available observable transactions, with changes in value recognised in profit or loss. These financial assets are reported under financial assets.

03 Principles of consolidation

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

Business combinations

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

Non-controlling interests

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

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

Subsidiaries

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

Investments accounted for using the equity method

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

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

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

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

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

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

Intra-Group transactions

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

04 Currency translation

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

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

Functional currency and reporting currency

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

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

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

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

2. Income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative effects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates).

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

Transactions and outstanding balances

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

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

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

	Average		Reporting date	
	2021/2022	2020/2021	**31 May 2022**	31 May 2021
€ 1 = US dollar	1.1400	1.1864	1.0713	1.2201
€ 1 = Czech koruna	25.1044	26.3212	24.7140	25.4540
€ 1 = Japanese yen	131.3158	126.0953	137.3600	133.7900
€ 1 = Mexican peso	23.1628	24.8291	20.9870	24.3131
€ 1 = Chinese renminbi	7.3316	7.9154	7.1402	7.7722
€ 1 = Romanian leu	4.9413	4.8727	4.9408	4.9195
€ 1 = Indian rupee	85.4263	87.6385	83.2310	88.5414

05 New accounting standards

The Group has applied the following amendments which were adopted by the EU as European law as at the balance sheet date for the first time in the fiscal year 2021/2022:

IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases": Interest Rate Benchmark Reform (Phase 2)
On 27 August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 upon the IASB's finalising the second phase of its IBOR reform project. They supplement the requirements from the project's first phase and generally start with the reference interest rate being replaced by another reference interest rate. In the event of changes in contractual cash flows, it may not be necessary to adjust or derecognise the carrying amount of financial instruments on the basis of the adjustments, but the effective interest rate may be adjusted under certain conditions to reflect the change in the alternative reference interest rate. No profit or loss is then directly recorded. Similarly, when accounting for hedges, under certain circumstances, it is not necessary to terminate a hedging relationship designated for hedge accounting purposes due to adjustments brought about by the IBOR reform. In addition, it is mandatory for companies to disclose information on new risks arising from the reform, as well as the handling of the transition to alternative reference rates. There are also necessary adjustments to IFRS 16 and IFRS 4. There was no material impact on HELLA's consolidated financial statements.

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

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

In October 2019, the IASB made amendments to IAS 16 "Property, plant and equipment". Accordingly, it will no longer be permissible to deduct proceeds from the sale of goods that are already being produced while property, plant and equipment is brought to the site and into the operational state intended by management from the acquisition or production costs of said property, plant and equipment. An example of such is samples produced in test runs. Instead, these proceeds are recognised in profit or loss. These amendments must be applied to fiscal years commencing on or after 1 January 2022. No material impact on the HELLA consolidated financial statements is expected.

IAS 37: "Provisions, Contingent Liabilities and Contingent Assets": Cost of Fulfilling a Contract

On 14 May 2020, the IASB published the amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" that clarify which costs are to be regarded as fulfilment costs.

According to IAS 37, a contract in which the unavoidable costs of fulfilling the contractual obligations are higher than the expected economic benefits is an onerous contract for which a corresponding provision must be recorded. With the amendment, the IASB clarifies that the cost of fulfilment includes costs directly related to the contract. These include, on the one hand, the additional costs incurred for the fulfilment of the contract ("incremental costs") and, on the other hand, an allocation of other costs that are directly attributable to the fulfilment of the contract – such as depreciation of property, plant and equipment used in the fulfilment of the contract.

These amendments must be applied to fiscal years commencing on or after 1 January 2022. No material impact on the HELLA consolidated financial statements is expected.

Improvements to IFRS 2018-2020

Amendments have been made to four standards as part of the annual improvement project. Adjustments to the wording of individual IFRS serve the purpose of clarifying the existing guidance. The standards affected are IFRS 9 "Financial Instruments", IFRS 16 "Leases", IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 41 "Agriculture". These amendments must be applied to fiscal years commencing on or after 1 January 2022. No material impact on the consolidated financial statements is expected.

IFRS 17 "Insurance Contracts"

On 18 May 2017, the IASB published IFRS 17 "Insurance Contracts". IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The new standard supersedes the current IFRS 4 "Insurance Contracts". Under IFRS 4, reporting entities currently have the option to apply a large number of financial reporting practices that are heavily influenced by national accounting laws and regulations. The new standard will therefore result in a standard and credible presentation of the accounting of insurance contracts. In June 2020, the IASB published a number of amendments and clarifications in eight areas of IFRS 17 with the aim of facilitating the application, implementation and transition, which are not intended to change the fundamental principles of the standard. The new standard must be applied to fiscal years commencing on or after 1 January 2023. The application of these amendments is not expected to have any impact on the consolidated financial statements.

IAS 1 "Presentation of Financial Statements" and "Practice Statement 2": Disclosure of Accounting Policies

On 12 February 2021, the IASB published amendments to IAS 1 according to which it is only necessary in future to present the "material" accounting methods in the notes and thus to emphasise company-specific instead of standardised execution. To be considered "material", the accounting policy must be related to material transactions or other events, and there must be an occasion for presentation. For example, the reason may be that the method has been changed, an option is involved, the method is complex or highly discretionary or it has been developed in accordance with IAS 8.10-11. These amendments must also be applied to fiscal years commencing on or after 1 January 2023. The initial application of these amendments is not expected to have any material impact on the consolidated financial statements.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates

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

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

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

IAS 1 “Presentation of Financial Statements”: Classification of Liabilities as Current or Non-current

On 23 January 2020, the IASB issued a narrow-scope amendment to IAS 1 “Presentation of Financial Statements” to clarify that liabilities are classified as either current or non-current, depending on the rights that exist for the entity on the balance sheet date. Accordingly, the classification no longer refers to unconditional rights. Rather, liabilities are classified as non-current if, at the end of the reporting period, the entity has a substantive right to defer settlement of the liability for at least 12 months after the balance sheet date. These amendments must be applied to fiscal years commencing on or after 1 January 2023, retrospectively. The initial application of these amendments is not expected to have any material impact on the consolidated financial statements.

IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

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

06 Basis of preparation and accounting

Revenue recognition

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

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

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

In the Automotive segment, vehicle-specific solutions are also developed, which are presented in Note 09 as income from the provision of services. The income is recognised in accordance with the terms of the contract in question, provided the service has been rendered and the expenses have been incurred. As the customers in these cases regularly first make payments only after the development work has been completed, this results in the contract assets reported in the Group.

Functional costs

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

Earnings per share

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

Property, plant and equipment

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

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

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

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

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

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

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

Government grants

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

Intangible assets Goodwill

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

Capitalised development expenses

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

amortisation charged on capitalised development expenses is recognised in the cost of sales and is applied in the Automotive segment.

Acquired intangible assets

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

Impairment of non-monetary assets

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

An impairment is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is either the fair value of the asset less the cost to sell or the value in use, whichever is higher. For the purposes of impairment testing, assets are aggregated at the lowest identifiable level for which cash flows can be generated by independent units (CGUs). The recoverable amount of a CGU is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on Management Board forecasts covering a period of three years. With the exception of goodwill, non-monetary assets for which an impairment has been recognised in prior periods are reviewed at each balance sheet date to test whether the impairment must be reversed. Impairments that are primarily triggered on the basis of internal information sources or causes are reported under cost of sales. Impairments resulting from external events, in particular for regulatory reasons or in relation to the sales market, are reported as impairment of non-current assets.

Contract assets and contract obligations

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

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

Inventories

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

Cash and cash equivalents

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

Equity

Subscribed capital

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

Capital reserve

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

Reserve for currency translation differences

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Severance
Severance payments arising from the termination of employment are made if an employee is dismissed by a Group company before normal retirement age. The Group recognises severance payments if it can be proven that it is under an obligation to terminate the

employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it can be proven that it is under an obligation to make severance payments in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the balance sheet date are discounted to calculate their present value.

Profit-sharing and other bonuses

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

Share-based payment

Obligations from share-based payments agreed for the first time in fiscal year 2019/2020 are recognised as a cash settled plan in accordance with IFRS 2. These cash settled plans are measured at fair value during their term. The fair value is determined using a recognised measurement procedure. The payment cost is distributed over the vesting period and shown under personnel expenses. Please refer to Chapter 41 for information on share-based payment.

Partial retirement

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

Provisions

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

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

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

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

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

Provisions for losses from supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

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

Contingent liabilities

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

Financial instruments

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

Financial assets

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

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

Financial instruments are assigned to the following measurement categories:

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

At amortised cost

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

At fair value through other comprehensive income (FVOCI)

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

At fair value through profit or loss (FVPL)

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

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

Impairment

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

Financial liabilities

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

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

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

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

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

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in fiscal year 2019/2020. For this reason, borrowing costs were recognised directly as expenditure within the period.

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

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

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

Leases in which the Group is the lessee

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

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

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

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

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

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

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

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

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

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

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

Leases in which the Group is the lessor

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

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

Dividend distributions

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

07 Discretionary decisions and management estimates

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

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

Discretionary decisions and critical accounting estimates

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

Estimated goodwill impairment

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

Recognition and estimated impairments of non-current assets

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

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

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

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

Provisions

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

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

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

Valuation of restructuring provisions

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

Income taxes

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

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

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

Fair value of derivative and other financial instruments

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

Impairments for financial assets

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

Patent risks

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

08 Sales

Sales in the fiscal year 2021/2022 amounted to €6,326,116 thousand (prior year: €6,379,734 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	2021/2022	2020/2021
Sales from the sale of goods	6,013,236	6,057,537
Sales from the rendering of services	312,881	322,197
Total sales	**6,326,116**	**6,379,734**

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

€ thousand	2021/2022	2020/2021
Europe	3,603,273	3,880,344
North, Central and South America	1,297,238	1,345,025
Asia / Pacific / RoW	1,425,605	1,154,364
Consolidated sales	**6,326,116**	**6,379,734**

09 Cost of sales

In the fiscal year, €4,866,619 thousand (prior year: €4,846,776 thousand) was recognised as expense under cost of sales.

Apart from directly attributable material and production costs, the cost of sales also comprises foreign currency gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets. In the reporting period, exchange rate gains amounted to €46,137 thousand (prior year: €38,552 thousand), exchange rate losses amounted to €33,326 thousand (prior year: €46,636 thousand). The recognised gains on the disposal of fixed assets amounted to €646 thousand (prior year: €2,271 thousand), the losses on disposal of fixed assets to €8,265 thousand (prior year: €4,088 thousand).

10 Research and development expenses

The research and development expenses serve to generate future sales and mainly consist of personnel expenses and material expenses. The reported expenses in the fiscal year were € 689,389 thousand (prior year: € 670,372 thousand).

11 Distribution expenses

The distribution expenses include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. The classification as distribution expenses is carried out at Group level as well as within individual companies. The reported expenses in the fiscal year were € 330,952 thousand (prior year: € 319,190 thousand).

12 Administrative expenses

The administrative expenses recognised cover all central functions that are not directly related to production, development or distribution. These essentially consist of the financial, human resources, IT and similar departments. The reported expenses in the fiscal year amounted to € 231,719 thousand (prior year: € 225,238 thousand).

13 Other income and expenses

The other income and expenses, totalling € 45,967 thousand (prior year: € 137,030 thousand), were made up of income amounting to € 72,091 thousand (prior year: € 183,688 thousand) and expenses amounting to € 26,124 thousand (prior year: € 46,658 thousand). This figure includes income relating to the sale of shares in the context of venture capital activities in the amount of € 6,213 thousand and income and expenses from evaluating investments totalling € 28,312 thousand.

In the prior-year reporting period, income amounting to € 126,277 thousand from the sale of the business with front camera software as well as the associated transaction costs of € 5,420 thousand was recorded. Income from the disposal of investments in the prior year is attributable to the sale of the joint venture company Mando HELLA Electronics in the amount of € 12,203 thousand as well as a subsequent purchase price adjustment regarding the sale of shares in the joint venture company Behr Hella Service in the amount of € 4,955 thousand.

In the current reporting period, other income includes € 12,618 thousand in income from cost recharging incurred in connection with the sale process to the FORVIA Group. The associated costs in the same amount are reported under other expenses.

In the reporting period of the prior year, an impairment loss of € 18,341 thousand was recognised in other expenses for financial assets relating to the investment in FWB Kunststofftechnik GmbH. Furthermore, in the prior year, other expenses included expenses for settling potential claims for damages in the amount of € 17,642 thousand.

Other income

€ thousand	2021/2022	2020/2021
Income from the measurement of investments	31,637	0
Income from the sale of investments	6,213	17,158
Government grants	5,655	9,789
Income from the reversal of provisions	4,961	1,230
Insurance refunds	1,440	903
Income from the reversal of value adjustments on trade receivables	702	4,674
Income from the sale of the front camera software business	0	126,277
Reversal of impairment for assets classified as held for sale	0	18,897
Other	21,483	4,762
Other income, total	**72,091**	**183,688**

Other expenses

€ thousand	2021/2022	2020/2021
Advisory expenses	11,293	5,635
Value adjustments on trade receivables	8,163	2,681
Impairment loss on investments	3,324	18,530
Losses from the sale of financial assets	141	0
Other	3,203	19,813
Other expenses, total	**26,124**	**46,658**

Aggregation of other income and expenses

€ thousand	2021/2022	2020/2021
Other income, total	72,091	183,688
Other expenses, total	-26,124	-46,658
Other income and expenses, total	**45,967**	**137,030**

14 Net financial result

Foreign currency gains of € 13,297 thousand (prior year: € 36,168 thousand) are mainly reported in other financial income and, in the same way, corresponding foreign currency losses of € 22,243 thousand (prior year: € 25,682 thousand) incurred in financial transactions are reported in other financial expenses.

€ thousand	2021/2022	2020/2021
Interest income	8,406	7,963
Income from securities and other loans	1,787	1,075
Other financial income	13,297	36,168
Financial income	**23,490**	**45,206**
Interest expenses	-25,547	-25,565
Other financial expenses	-22,243	-25,682
Financial expenses	**-47,790**	**-51,247**
Net financial result	**-24,300**	**-6,041**

15 Income taxes

€ thousand	**2021/2022**	2020/2021
Effective income tax expense	-54,358	-109,237
Deferred income tax expense/income	-15,670	21,615
Total income taxes	**-70,028**	**-87,622**

Of actual income taxes, -€ 2,900 thousand is attributable to prior years (prior year: -€ 7,032 thousand).

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

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

€ thousand	**2021/2022**	2020/2021
Earnings before tax	254,021	447,577
Expected income tax expense/income	**-78,747**	**-138,749**
Utilisation of previously unrecognised loss carryforwards	4,030	8,387
Reversal of previously unrecognised temporary differences	-	-
Unrecognised deferred tax assets	-821	-1,559
Subsequent recognition of deferred tax assets	5,606	18,817
Deferred tax assets from outside basis differences	-4,619	-2,528
Tax effect of changes in tax rates and laws	-6,963	786
Tax effect from tax-free income	7,336	11,832
Tax effect from investments accounted for using the equity method	5,393	6,530
Tax effect of non-deductible operating expenses	-10,038	-8,692
Tax effect for prior years	272	-4,030
Non-deductible foreign withholding tax	-12,587	-5,385
Deviation in tax rates	22,311	27,632
Other	-1,201	-663
Reported income tax expense/income	**-70,028**	**-87,622**

16 Personnel

The average number of employees in the companies included in the consolidated financial statements totals 38,154 (prior year: 37,780) for the fiscal year 2021/2022.

Number	2021/2022	2020/2021
Direct employees	9,526	10,044
Indirect employees	26,546	25,948
Permanent employees	**36,071**	**35,992**
Temporary employees	2,083	1,788
Total employees	**38,154**	**37,780**

The average number of permanent employees in the HELLA Group in the fiscal year 2021/2022 was 36,071 (prior year: 35,992). The number of employees is stated as a headcount. Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 326 during the fiscal year (prior year: 355).

"Temporary employees" are employees from a non-consolidated company who primarily work for other Group companies, but who also provide services for third parties in some cases.

Permanent employees in the HELLA Group by region:

Number	2021/2022	2020/2021
Europe	22,849	23,241
North, Central and South America	7,137	7,046
Asia / Pacific / RoW	6,085	5,706
Permanent employees worldwide	**36,071**	**35,992**

Personnel expenses for permanent employees break down as follows:

€ thousand	2021/2022	2020/2021
Wages and salaries	1,198,995	1,271,761
Social security and retirement benefit expenses	345,444	319,563
Total	**1,544,439**	**1,591,324**

The costs of restructuring measures are included in personnel expenses which amounted to € 22,350 thousand (prior year: € 112,152 thousand). In the current fiscal year, HELLA also received state subsidies for personnel expenses amounting to € 4,717 thousand (prior year: € 18.873 thousand) as a consequence of the market weakness caused by Covid-19.

17 Earnings per share

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

The basic earnings per share amounted to €1.63 and, as in the prior year, are equivalent to the diluted earnings per share.

of units	31 May 2022	31 May 2021
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand	**2021/2022**	**2020/2021**
Share of profit attributable to owners of the parent company	181,261	358,276
€	**2021/2022**	**2020/2021**
Basic earnings per share	**1.63**	**3.22**
Diluted earnings per share	**1.63**	**3.22**

18 Appropriation of earnings

The Management Board will propose to the Annual General Meeting of HELLA GmbH & Co. KGaA that a dividend amounting to € 0.49 per no-par value share be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the fiscal year 2021/2022.

A dividend totalling € 0.96 per no-par value share was distributed in the prior year.

19 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board using financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operating result margin (adjusted EBIT margin) are of prominent importance compared to the other financial key performance indicators in the management of the HELLA Group. 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 as a key performance indicator 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 € 23,396 thousand (prior year: € 172,205 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. The amount also includes the release of provisions in the amount of € 10,675 thousand. Moreover, expenses in the amount of € 11,888 thousand are adjusted out due to bad debts of a Chinese customer and the devaluation of the shares in the joint venture company Hella Evergrande Electronics.

In the prior year, expenses were additionally adjusted for settling potential claims for damages in the amount of € 17,642 thousand.

Adjustments with the opposite effect were performed for income relating to the sale of shares in the context of venture capital activities in the amount of € 6,213 thousand and from the remeasurement of investments in the amount of € 28,576 thousand. In the reporting period of the prior year, income for the sale of the front camera software business in the amount of € 120,875 thousand and income from the sale of the joint venture company Mando HELLA Electronics in the amount of € 12,203 thousand were adjusted.

The corresponding reconciliation statement for the fiscal years 2021/2022 and 2020/2021 is as follows:

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

€ thousand	2020/2021 as reported	Adjustment	2020/2021 adjusted
Sales	6,379,734	0	6,379,734
Cost of sales	-4,846,776	30,036	-4,816,741
Gross profit	**1,532,958**	**30,036**	**1,562,994**
Research and development expenses	-670,372	67,097	-603,275
Distribution expenses	-319,190	3,989	-315,201
Administrative expenses	-225,238	17,326	-207,913
Impairment of non-current assets	-30,268	30,268	0
Other income	183,688	-138,480	45,209
Other expenses	-46,658	41,403	-5,256
Earnings from investments accounted for using the equity method	29,730	5,148	34,878
Other income from investments	-1,032	0	-1,032
Earnings before interest and taxes (EBIT)	**453,618**	**56,787**	**510,405**

20 Segment reporting

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

The HELLA Group's business activities are divided into three segments: Automotive, Aftermarket and Special Applications:
The Automotive segment provides numerous lighting and electronics components to automotive manufacturers and other tier-1 suppliers worldwide. The product portfolio of the Lighting business division includes headlamps, signal lights, interior lights and lighting electronics. The Electronics business division focuses on the product areas of body electronics, energy management, driver assistance systems and components (such as sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. As part of the Management Board changes, the Lighting and Electronics business divisions have been handled as independent business segments from the fiscal year 2019/2020 onwards and are being merged with the Automotive segment in the segment reporting due to the similar level of margins expected over the long term in these segments, the comparability of their products, services, customer groups and sales organisations, and the way in which technology is linked to production in these cases.

The Aftermarket business segment produces and sells automotive parts and accessories, primarily in the areas of lighting, electrics and electronics, as well as workshop solutions in the areas of diagnostics and calibration. Furthermore, wholesalers and workshops receive support for their business via a state-of-the-art and fast information and order system as well as via comprehensive services, such as hotlines, training, technical information, sales support and efficient logistics. Strategic focal points of the segment include the stronger alignment of the Aftermarket business with the Company's original equipment expertise and the closer dovetailing of original equipment expertise and workshop equipment know-how.

The Special Applications business segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological expertise is closely linked to the Automotive business, which means that the range of applications in LED and electronic products can be expanded appropriately and synergies leveraged at the same time.

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

The segments together generated sales of € 464,364 thousand (prior year: € 589,387 thousand) with a single customer in the reporting year and therefore accounted for more than 7% of consolidated sales.

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

The segment information for the fiscal years 2021/2022 and 2020/2021 is as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2021/2022**	2020/2021	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Sales with third-party entities	5,363,691	5,489,241	565,978	501,727	383,802	352,223
Intersegment sales	66,906	55,844	16,958	2,757	4,713	6,550
Segment sales	**5,430,597**	**5,545,084**	**582,936**	**504,484**	**388,515**	**358,773**
Cost of sales	-4,350,547	-4,352,713	-341,379	-277,975	-232,938	-220,463
Gross profit	**1,080,050**	**1,192,371**	**241,557**	**226,509**	**155,577**	**138,309**
Research and development expenses	-655,623	-566,654	-19,755	-18,570	-17,862	-17,268
Distribution expenses	-123,532	-135,574	-146,997	-126,088	-58,712	-53,504
Administrative expenses	-177,470	-151,295	-20,167	-20,939	-23,145	-23,862
Other income	23,004	34,913	5,984	8,269	4,690	8,934
Other expenses	-10,015	-12,990	-1,355	-3,545	-465	-6,802
Earnings from investments accounted for using the equity method	26,077	33,205	69	1,673	0	0
Other income from investments	-2,137	-1,326	352	294	0	0
Earnings before interest and taxes (EBIT)	**160,353**	**392,650**	**59,689**	**67,605**	**60,084**	**45,808**
Additions to property, plant and equipment and intangible assets	543,377	571,414	21,009	16,167	21,207	14,066

Sales with third-party entities in the fiscal years 2021/2022 and 2020/2021 are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2021/2022**	2020/2021	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Sales from the sale of goods	5,116,308	5,251,548	519,456	458,614	377,471	347,376
Sales from the rendering of services	247,383	237,693	46,521	43,113	6,331	4,847
Sales with third-party entities	**5,363,691**	**5,489,241**	**565,978**	**501,727**	**383,802**	**352,223**

Sales by region with third party entities in the fiscal years 2021/2022 and 2020/2021 are as follows:

	Automotive		Aftermarket		Special Applications	
€ thousand	**2021/2022**	2020/2021	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Europe	2,929,003	3,233,849	411,246	378,081	250,383	231,906
North, Central and South America	1,167,969	1,247,115	79,222	55,611	50,050	42,299
Asia / Pacific / RoW	1,266,720	1,008,276	75,509	68,035	83,369	78,018
Sales with third-party entities	**5,363,691**	**5,489,241**	**565,978**	**501,727**	**383,802**	**352,223**

Sales reconciliation:

€ thousand	**2021/2022**	2020/2021
Total sales of the reporting segments	**6,402,048**	**6,408,341**
Sales in other divisions	14,318	81,759
Elimination of intersegment sales	-90,249	-110,366
Consolidated sales	**6,326,116**	**6,379,734**

Reconciliation of the segment results with consolidated net profit:

€ thousand	**2021/2022**	2020/2021
EBIT of the reporting segments	**280,126**	**506,063**
EBIT of other divisions	-1,310	4,343
EBIT adjustments	-495	-56,787
Consolidated EBIT	**278,321**	**453,618**
Net financial result	-24,300	-6,041
Consolidated EBT	**254,021**	**447,577**

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 19.

Non-current assets by region:

€ thousand	2021/2022	2020/2021
Germany	802,235	767,462
Europe excluding Germany	855,978	759,192
North, Central and South America	387,796	250,514
Asia / Pacific / RoW	559,473	473,428
Consolidated non-current assets	**2,605,482**	**2,250,597**

21 Further information on business activities

Towards the end of the fiscal year 2021/2022, initiated organisational changes for the further development and management of the business activities were made public.

With the intention of supporting the extension of the service life of vehicles and thus their sustainable value, the Group has formed the Lifecycle Solutions Business Group, in which the Aftermarket and Special Applications segments are bundled. While the Aftermarket segment was previously headed by Dr. Rolf Breidenbach and the Special Applications segment by Mr Bernard Schäferbarthold, the Lifecycle Solutions activities will in future be headed by Dr. Lea Corzilius.

Internal reporting and internal processes remain unchanged as of the balance sheet date. Therefore, segment reporting information will continue unchanged. From the reporting year 2022/2023 onwards, the information on segments will be reported in a different way, i.e. the Aftermarket and Special Applications segments will no longer be reported, and Lifecycle Solutions will be reported as an alternative.

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.

22 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, cheques and bills received.

23 Financial assets

	31 May 2022		31 May 2021	
€ thousand	Non-current	Current	Non-current	Current
Securities	39,902	396,719	26,404	437,096
Other investments	79,291	0	36,862	0
Loans	129	12,052	548	4,305
Other financial assets	36	17,840	47	1,003
Total	**119,358**	**426,611**	**63,862**	**442,404**

24 Trade receivables

The trade receivables of € 1,071,974 thousand (prior year: € 958,507 thousand), include receivables from associates, joint ventures, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Forvia Group that do not belong to the Hella Group in the amount of € 37,365 thousand (prior year: € 29,901 thousand).

€ thousand	**31 May 2022**	31 May 2021
Trade receivables with associates Joint venture companies and participations	30,443	29,388
Trade receivables with affiliates not included in the consolidated financial statements	553	513
Trade receivables with companies of the Forvia Group that do not belong to the Hella Group	6,370	-
Total	**37,365**	**29,901**

25 Other receivables and non-financial assets

Receivables from other taxes mainly include deductible input taxes.

€ thousand	31 May 2022	31 May 2021
Other current assets	12,651	7,792
Receivables from finance leases	17,409	17,970
Insurance receivables	5,794	6,468
Positive market value of currency hedges	14,946	15,521
Subtotal other financial assets	**50,801**	**47,750**
Advance payments for services	6,789	3,682
Advance payments for insurances	10,157	11,138
Advance payments for licences	13,977	14,441
Other advance payments	31,717	22,244
Receivables for partial retirement	484	564
Advance payments to employees	1,989	1,564
Other tax receivables	111,703	94,894
Total	**227,617**	**196,279**

26 Inventories

Inventories are composed as follows:

€ thousand	31 May 2022	31 May 2021
Raw materials and supplies	470,554	340,357
Unfinished goods	427,142	348,921
Finished goods	110,623	103,016
Merchandise	123,587	101,664
Other	4,485	6,457
Total inventories	**1,136,391**	**900,416**

The carrying amounts of the inventories recognised at fair value less cost of sales amounted to € 336,006 thousand (prior year: € 270,755 thousand).

Impairments of € 7,270 thousand (prior year: € 8,256 thousand) were recognised under the cost of sales in the reporting year. This results in cumulative adjustments to inventory in the amount of € 72,053 thousand for the reporting period (prior year: € 64,782 thousand).

The historical cost of inventories amounting to € 3,544,307 thousand (prior year: € 3,466,441 thousand) was recognised as expenses in the reporting period.

27 Contract assets and contract obligations

The contract assets as at 31 May 2022 were the result of business transactions where the HELLA Group had already provided services, but where there was not yet an absolute pecuniary claim with regard to the customer. The contract obligations as at 31 May 2022 were the result of customer payments received in connection with development services and customer tools for which the power of disposition had not yet been transferred to the customer, plus other payments received from contracts with customers.

Contract assets and contract obligations

€ thousand	31 May 2022	31 May 2021
short-term contract assets	42,179	39,307
long-term contract assets	77,060	32,848
Contract assets	119,239	72,155
Contract obligations	79,614	94,899
Revenue received as part of contract obligations at the start of the fiscal year		
and recognised during the reporting period	103,166	68,256
from performance obligations fulfilled in previous fiscal years	530	4,072

Compared with the financial statements for the prior year, fewer payment entitlements arising from services rendered were recorded during the reporting period than payments were made by customers in relation to carried-forward contract assets. The services rendered essentially resulted from the increase in completed development services leading up to the start of production.

The remaining contractual obligations as at 31 May 2022 mainly involved service obligations yet to be fulfilled from development contracts. Their realisation is recognised at the point in time when the power of disposition over the finished development service is transferred to the customer. From this, expected sales in the amount of € 64,670 thousand will be mainly realised over the next three years (prior year: € 83,015 thousand). As permitted under IFRS 15, no information will be provided on the remaining service obligations as at 31 May 2022 which have an expected original term of one year or less.

28 Intangible assets

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 June 2020	**633,801**	**70,644**	**229,650**	**934,095**
Currency translation	-4,519	-381	120	-4,780
Additions	140,854	0	11,252	152,106
Disposals	-34,806	0	-10,885	-45,691
Reclassifications	-1,555	0	1,555	0
As at: 31 May 2021	**733,775**	**70,263**	**231,691**	**1,035,729**
Accumulated depreciation and amortisation				
As at: 01 June 2020	**423,260**	**65,281**	**193,368**	**681,909**
Currency translation	267	-205	18	80
Additions	38,683	0	15,616	54,300
Disposals	-25,909	0	-10,137	-36,046
Recorded impairments	24,311	0	19	24,330
As at: 31 May 2021	**460,613**	**65,076**	**198,884**	**724,572**
Carrying amounts 31 May 2021	**273,162**	**5,187**	**32,807**	**311,157**

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 June 2021	**733,775**	**70,263**	**231,691**	**1,035,729**
Changes in the scope of consolidation	0	0	-660	-660
Currency translation	23,674	729	2,563	26,966
Additions	129,874	0	15,024	144,899
Disposals	-82,264	0	-77,344	-159,608
Reclassifications	0	0	0	0
As at: 31 May 2022	**805,060**	**70,992**	**171,274**	**1,047,326**
Accumulated depreciation and amortisation				
As at: 01 June 2021	**460,613**	**65,076**	**198,884**	**724,572**
Changes in the scope of consolidation	0	0	-529	-529
Currency translation	7,142	840	3,350	11,332
Additions	47,310	0	11,144	58,454
Disposals	-76,078	0	-77,046	-153,125
Recorded impairments	14,843	0	666	15,510
As at: 31 May 2022	**453,830**	**65,916**	**136,470**	**656,215**
Carrying amounts 31 May 2022	**351,231**	**5,076**	**34,805**	**391,111**

All capitalised development expenses resulted from internal developments; the relevant impairments were created due to reduced earnings expectations and are included in the cost of sales in the Automotive segment. The discount rate used in the context of the impairment loss was between 8.38% and 8.73% (prior year: between 9.07% and 10.79%). Of the capitalised development expenses of € 351,231 thousand, € 154,609 thousand was still under development as of the reporting date. The acquired intangible assets mainly include software and software licences.

Goodwill

Goodwill is allocated to the business segments as follows:

€ thousand	**31 May 2022**	31 May 2021
Automotive	4,018	3,999
Aftermarket	1,042	1,178
Total	**5,060**	**5,177**

Goodwill impairment monitoring in the HELLA Group is based on the CGUs in the operative segments. A cash generating unit does not extend beyond its business segment. CGUs represent the smallest group of assets that generate cash flow, and are, therefore, the smallest reporting units. A CGU can either be a legal entity or – insofar as a legal entity operates in different segments – a segmented division of this legal entity or a Group division.

If it is determined that the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future industry developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate the cash flow after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider, and do not exceed the long-term growth rates for the sector or the region in which the CGUs are active.

To take into account the differentiation between segments, a specific peer group was used to determine the discount rates. The weighted capital cost of segments is thus based on the capital structure of the relevant group of listed companies to which the segment in question is comparable in terms of its risk/reward structure.

	Discount rates		Growth rates	
	31 May 2022	31 May 2021	**31 May 2022**	31 May 2021
Automotive	8.38% to 13.55%	9.07% to 15.64%	1.00%	1% to 2%
Aftermarket	8.21% to 43.22%	7.98% to 26.50%	1.00%	1.00%

The risk-free interest rate applied is 0.84% (prior year: 0.31%) and the market risk premium (including country risk) ranges between 7.50% and 32.5% (prior year: between 7.50% and 12.85%). The inflation spreads applied ranged between -0.92% and 24.06% (prior year: between 0.00% and 12.26%).

HELLA reports goodwill totalling € 5,076 thousand (prior year: € 5,187 thousand).

In addition to impairment testing, two sensitivity analyses were carried out for each group of cash-generating units with goodwill. The most important sensitivity indicators for the impairment test are the discount rates and long-term growth rate. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Automotive segment.

The tables below show the results of the sensitivity analysis, which can also be extended to non-current assets other than goodwill.

The following impairments (–) would arise:

	31 May 2022		31 May 2021	
Automotive segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-5,141	-	-2,645
+ 1 percentage point	-6,966	-	-4,241	-

	31 May 2022		31 May 2021	
Aftermarket segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-
+ 1 percentage point	-	-	-	-

29 Property, plant and equipment

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equip-ment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 June 2020	**968,143**	**2,297,508**	**1,305,198**	**585,031**	**351,449**	**5,507,330**
Changes in the scope of consolidation	0	0	0	0	0	0
Currency translation	-8,126	-21,815	3,416	-10,535	-3,941	-41,002
Additions	35,554	109,384	43,754	40,998	313,010	542,700
Disposals	-32,559	-88,564	-97,318	-43,524	-7,582	-269,547
Reclassifications	25,068	152,460	62,152	14,884	-254,564	0
As at: 31 May 2021	**988,081**	**2,448,973**	**1,317,201**	**586,853**	**398,372**	**5,739,481**
Accumulated depreciation and amortisation						
As at: 01 June 2020	**533,875**	**1,727,268**	**1,161,892**	**431,310**	**59,561**	**3,913,905**
Changes in the scope of consolidation	0	0	0	0	0	0
Currency translation	-472	-10,906	2,853	-5,166	-7	-13,700
Additions	41,223	166,232	76,252	51,706	0	335,414
Disposals	-30,395	-80,087	-87,237	-36,335	0	-234,054
Recorded impairments	4,153	12,798	2,899	1,868	4,724	26,441
Reclassifications	2	-37	-44	79	0	0
As at: 31 May 2021	**548,385**	**1,815,268**	**1,156,615**	**443,462**	**64,277**	**4,028,007**
Carrying amounts 31 May 2021	**439,696**	**633,707**	**160,586**	**143,390**	**334,096**	**1,711,474**

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 June 2021	**988,081**	**2,448,973**	**1,317,201**	**586,853**	**398,372**	**5,739,481**
Changes in the scope of consolidation	-2,454	21	0	-4,489	0	-6,922
Currency translation	39,224	92,390	15,239	22,313	19,722	188,887
Additions	65,352	101,860	34,118	48,030	275,605	524,966
Disposals	-14,874	-121,596	-65,821	-61,305	-11,174	-274,770
Reclassifications	26,050	175,732	52,565	3,544	-257,890	0
As at: 31 May 2022	**1,101,378**	**2,697,380**	**1,353,301**	**594,947**	**424,636**	**6,171,642**
Accumulated depreciation and amortisation						
As at: 01 June 2021	**548,385**	**1,815,268**	**1,156,615**	**443,462**	**64,277**	**4,028,007**
Changes in the scope of consolidation	-1,558	9	0	-2,514	0	-4,063
Currency translation	12,379	55,336	10,644	13,602	41	92,000
Additions	42,827	177,946	75,116	48,720	0	344,610
Disposals	-13,824	-119,562	-61,958	-56,395	10	-251,729
Recorded impairments	844	0	5,419	86	0	6,348
Reclassifications	-146	-1,129	3,610	-2,348	12	0
As at: 31 May 2022	**588,907**	**1,927,868**	**1,189,446**	**444,612**	**64,339**	**4,215,172**
Carrying amounts 31 May 2022	**512,471**	**769,512**	**163,855**	**150,335**	**360,296**	**1,956,470**

In the reporting period 2021/2022, no restrictions on the powers of disposition over property, plant and equipment existed in the form of land charges and assignments.

The additions to property, plant and equipment include € 55,605 thousand from leases. Please refer to Note 45, “Information on leases”, for additional information on leases.

As part of the test of asset impairment which compared the carrying amounts that applied in each case with the corresponding achievable amounts, the need for impairment for property, plant and equipment and intangible assets was recorded as € 50,771 thousand in total for the prior year. In principle, these represent cost of sales, but € 30,268 thousand, which was recognised as a result of the measures of the comprehensive structural and future-proofing concept, mainly in relation to HELLA Innenleuchten-Systeme GmbH, were reported in the income statement in the line item impairment of non-current assets due to their nature.

30 Investments accounted for using the equity method

The following is a list of the Group's main investments accounted for using the equity method. The summarised financial information represents the IFRS financial statements of two joint venture companies BHTC and InnoSenT as well as the associate company HBPO that were the basis for the at-equity measurement in the Group.

BHTC

Behr-Hella Thermocontrol Group (BHTC) consists of nine companies that are controlled and reported together by Behr-Hella Thermocontrol GmbH in Germany. BHTC develops, produces and distributes air-conditioning control devices for the automotive industry. It also focuses on assembling printed circuit boards and mounting operating units, blower controllers and electronic control units for electric heater boosters.

€ thousand	**31 May 2022**	31 May 2021
Share of equity (%)	**50**	**50**
Cash and cash equivalents	27,412	37,065
Other current assets	155,680	146,342
Non-current assets	269,376	264,933
Total assets	**452,468**	**448,341**
Current financial liabilities	85,352	97,686
Other current liabilities	157,352	121,568
Non-current financial liabilities	64,714	60,920
Other non-current liabilities	31,635	50,467
Total liabilities	**339,054**	**330,640**
Net assets (100%)	**113,415**	**117,700**
Pro rata share of the net assets	**56,707**	**58,850**
Eliminations, impairments and other valuations	2,749	-2,877
Goodwill	0	0
Carrying amount	**59,456**	**55,973**
Sales	524,608	538,909
Depreciation and amortisation	-59,702	-59,729
Interest income	231	199
Interest expenses	-4,607	-4,697
Taxes on income	-3,696	-11,873
Earnings before interest and income taxes (EBIT)	**-1,194**	**4,198**
Earnings for the period	-9,265	-12,173
Other earnings for the period	2,490	12
Comprehensive income for the period (100%)	**-6,775**	**-12,161**
Share of comprehensive income for the period	-3,388	-6,080
Dividends received	**0**	**0**

HBPO

Hella Behr Plastic Omnium (HBPO), consists of 24 companies that are controlled and reported together by HBPO Beteiligungsgesellschaft mbH in Germany and has global operations in the fields of development, production planning, quality management, assembly and distribution of front-end modules.

€ thousand	31 May 2022	31 May 2021
Share of equity (%)	**33**	**33**
Cash and cash equivalents	81,385	40,400
Other current assets	301,324	272,780
Non-current assets	239,042	241,650
Total assets	**621,752**	**554,831**
Current financial liabilities	11,614	10,218
Other current liabilities	446,153	380,656
Non-current financial liabilities	51,355	51,549
Other non-current liabilities	3,705	3,641
Total liabilities	**512,827**	**446,064**
Net assets (100%)	**108,924**	**108,767**
Pro rata share of the net assets	**36,304**	**36,252**
Eliminations and impairments	-155	-155
Goodwill	0	0
Carrying amount	**36,149**	**36,097**
Sales	2,001,266	2,220,666
Depreciation and amortisation	-50,175	-46,548
Interest income	249	50
Interest expenses	-1,914	-1,508
Taxes on income	-10,497	-15,195
Earnings before interest and income taxes (EBIT)	**35,695**	**65,607**
Earnings for the period	21,312	38,572
Other earnings for the period	948	195
Comprehensive income for the period (100%)	**22,260**	**38,767**
Share of comprehensive income for the period	7,419	12,921
Dividends received	**7,999**	**0**

InnoSenT

As one of the world market leaders for radar sensors, InnoSenT GmbH develops and produces pioneering radar technology for safety-relevant driver assistance systems in cars, such as lane change assistant or lane departure warning system. In addition, InnoSenT GmbH produces systems for traffic monitoring and building surveillance. The focus of the cooperation between HELLA and InnoSenT GmbH is primarily on the development and production of radar sensors for automotive applications in the worldwide HELLA network.

€ thousand	31 May 2022	31 May 2021
Share of equity (%)	**50**	**50**
Cash and cash equivalents	3,043	6,443
Other current assets	25,349	16,196
Non-current assets	14,074	13,247
Total assets	**42,466**	**35,886**
Current financial liabilities	2,000	0
Other current liabilities	4,932	3,104
Non-current financial liabilities	0	0
Other non-current liabilities	20	0
Total liabilities	**6,952**	**3,104**
Net assets (100%)	**35,514**	**32,782**
Pro rata share of the net assets	**17,757**	**16,391**
Eliminations and impairments	-443	-443
Goodwill	8,284	8,284
Carrying amount	**25,598**	**24,232**
Sales	36,811	36,787
Depreciation and amortisation	-1,060	-1,061
Interest income	186	151
Interest expenses	0	0
Taxes on income	-3,664	-3,473
Earnings before interest and income taxes (EBIT)	**6,778**	**6,358**
Earnings for the period	5,132	4,773
Other earnings for the period	0	0
Comprehensive income for the period (100%)	**5,132**	**4,773**
Share of comprehensive income for the period	2,566	2,386
Dividends received	**1,200**	**0**

The Group also has shares in further joint ventures and associate companies, which are also accounted for using the equity method; their summarised financial information is presented below:

€ thousand	**31 May 2022**	31 May 2021
100% basis		
Sales	529,746	740,101
Earnings before interest and income taxes (EBIT)	21,830	25,395
Group's total share of:		
Sales	236,961	340,419
Earnings before interest and income taxes (EBIT)	11,165	12,094
Earnings for the period	6,558	8,576
Other earnings for the period	7,610	1,487
Comprehensive income for the period recognised in the Group	**14,168**	**10,063**
Carrying amount of the remaining companies accounted for using the equity method	**102,978**	**82,868**

Of the earnings for the period of € 6,558 thousand (prior year: € 8,576 thousand), € 3,215 thousand (prior year: € 3,429 thousand) is attributable to associate companies and € 3,342 thousand (prior year: € 5,147 thousand) to joint venture companies. The carrying amount of the other companies accounted for using the equity method in the amount of € 102,978 thousand was allocated in the amount of € 49,522 thousand (prior year: € 38,912 thousand) to associate companies and in the amount of € 53,456 thousand to joint venture companies (prior year: € 43,956 thousand).

The financial information for all joint ventures and all associates is as follows:

€ thousand	**31 May 2022**	31 May 2021
100% basis		
Sales	3,092,432	3,536,462
Earnings before interest and income taxes (EBIT)	63,108	101,558

Group's total share of:

Sales	1,178,089	1,361,087
Earnings before interest and income taxes (EBIT)	25,736	39,022
Earnings for the period	23,719	29,730
Other earnings for the period	11,049	1,695
Comprehensive income for the period recognised in the Group	**34,767**	**31,424**

Three subsidiaries of joint venture and associate companies were established in the fiscal year, Faway Hainuo Automotive Technology (Changzhou) Co., Ltd, Hella BHAP (Tianjin) Automotive Lighting Co., Ltd, Changzhou branch and HBPO Shanghai Ltd.

The recognised net assets of all joint ventures and all associates is broken down as follows:

€ thousand	**31 May 2022**	31 May 2021
Carrying amount of BHTC	59,456	55,973
Carrying amount of HBPO	36,149	36,097
Carrying amount of InnoSenT	25,598	24,232
Carrying amounts of material companies accounted for using the equity method	**121,204**	**116,302**
Proportional net assets of other companies accounted for using the equity method	133,461	113,079
Goodwill, eliminations and impairment	-30,483	-30,211
Carrying amount of the remaining companies accounted for using the equity method	**102,978**	**82,868**
Investments accounted for using the equity method	**224,182**	**199,170**

€ thousand	**31 May 2022**	31 May 2021
Pro rata share of the net assets as at 1 June	**199,170**	**176,744**
Earnings for the period	23,719	29,730
Other earnings for the period	11,049	1,695
Dividends	-10,179	-632
Capital increases/contributions	423	13,183
Disposals	0	-21,549
Pro rata share of net assets as at 31 May	**224,182**	**199,170**

Both in the past fiscal year and in the same period of the prior year, reversals of impairment losses were recognised in particular for the investment in a Chinese joint venture company in the amount of € 6,533 thousand (prior year: € 7,847 thousand) on the basis of improved business expectations.

31 Deferred tax assets/ liabilities

The deferred tax assets of € 89,778 thousand (prior year: € 92,670 thousand) and the deferred tax liabilities of € 47,771 thousand (prior year: € 9,429 thousand) mainly relate to differences from the tax balance sheet valuations. Before netting, the current portion of the deferred tax assets and liabilities amounts to € 113,991 thousand or € 118,085 thousand, respectively (prior year: € 116,278 thousand or € 98,356 thousand, respectively).

The deferred tax assets and liabilities are broken down as follows:

€ thousand	Deferred tax assets	Deferred tax liabilities	Net deferred taxes as at 31 May 2021
Intangible assets	11,825	76,999	-65,174
Property, plant and equipment	95,454	66,636	28,818
Financial assets	16,630	541	16,090
Other non-current assets	517	12,638	-12,121
Receivables	1,026	2,220	-1,194
Inventories	14,040	14,267	-227
Other current assets	6,597	22,894	-16,297
Non-current financial liabilities	1	1,836	-1,835
Provisions for pensions and similar obligations	61,187	9,464	51,723
Other non-current provisions	18,597	144	18,453
Other non-current liabilities	18,655	7,118	11,538
Liabilities	6,570	3,632	2,938
Other liabilities and accruals	73,233	53,964	19,269
Other current liabilities	14,811	1,377	13,434
Subtotal	**339,144**	**273,730**	**65,414**
Tax loss carryforwards	17,827	0	17,827
Netting	-264,301	-264,301	0
Total	**92,670**	**9,429**	**83,240**

There is sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets are recognised was € 188,287 thousand as at 31 May 2022 (prior year: € 181,766 thousand). Future offsetting against taxable profits is not sufficiently likely. Of this amount, € 10,521 thousand (prior year: € 16,607 thousand) will expire within the next five years and € 177,766 thousand (prior year: € 165,159 thousand) thereafter. Tax assets arising from temporary differences for which no deferred tax assets were recognised amounted to € 118,549 thousand on 31 May 2022 (prior year: € 128,154 thousand).

On 31 May 2022, a temporary difference constituting a liability of € 0 thousand (prior year: € 1,975 thousand) was recorded in connection with shares in subsidiaries and € 9,365 thousand (prior year: € 7,282 thousand) in connection with associate companies and joint venture companies. No deferred tax liabilities were recognised for these differences under IAS 12.39, however, because the subsidiaries' dividend policy is determined by the Group's Management Board. The Group can thus control the reversal of these temporary differences. The Management Board does not expect the temporary differences to be reversed in the foreseeable future.

The amounts of the income tax recognised and disclosed directly in other comprehensive income amounted in the reporting period to -€ 6,756 thousand (prior year: -€ 4,500 thousand) for financial instruments used for cash flow hedging, € 5,458 thousand (prior year: -€ 197 thousand) for financial instruments held at fair value through profit or loss and -€ 29,018 thousand (prior year: € 137 thousand) for the remeasurement of defined benefit plans.

Recognised in profit or loss	Recognised in other comprehensive income	**Net deferred taxes as at 31 May 2022**	Deferred tax assets	Deferred tax liabilities
1,896	-2,414	-65,666	24,809	90,476
-17,377	6,729	18,170	91,015	72,845
1,369	270	17,729	25,550	7,821
1,097	423	-11,562	166	11,728
2,268	-133	940	3,082	2,141
-1,985	-22	-2,234	13,842	16,075
-9,467	5,070	-20,694	6,458	27,152
-103	-120	-2,059	0	2,059
14,016	-29,449	36,291	38,740	2,449
-12,577	360	6,236	7,939	1,703
8,332	43	19,912	19,946	34
-3,134	391	195	6,524	6,328
1,260	-6,394	14,135	72,391	58,256
-10,487	617	3,563	11,696	8,132
-24,893	**-24,629**	**14,957**	**322,157**	**307,200**
9,223	0	27,050	27,050	0
0	0	0	-259,429	-259,429
-15,670	**-24,629**	**42,007**	**89,778**	**47,771**

32 Other non-current assets

€	**31 May 2022**	31 May 2021
Receivables from finance leases	32,163	38,312
Other non-current assets	2,724	3,039
Subtotal of other financial assets	**34,887**	**41,351**
Advance payments	33,719	28,795
Credit balances for insolvency protection of partial retirement schemes	9,839	24,307
Total	**78,444**	**94,453**

See Note 45 for more detailed explanations about receivables from leases.

33 Trade payables

In the fiscal year, there were liabilities to associate companies, joint venture companies, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Forvia Group that do not belong to the Hella Group in the amount of € 19,971 thousand (prior year: € 12,814 thousand).

€ thousand	**31 May 2022**	31 May 2021
Materials and services	899,935	798,106
Capital expenditures	161,924	128,915
Related parties	19,971	12,814
with associates, joint ventures and investments	8,338	11,045
with affiliated companies not included in the consolidated financial statements	11,459	1,769
with companies of the Forvia Group that do not belong to the Hella Group	173	-
Total trade payables	**1,081,829**	**939,836**

34 Other liabilities

	31 May 2022		31 May 2021	
€ thousand	Non-current	Current	Non-current	Current
Derivatives	57,706	15,929	95,885	7,614
Other financial liabilities	17,567	225,099	23,439	185,009
Subtotal other financial liabilities	**75,274**	**241,029**	**119,324**	**192,624**
Other taxes	16	45,405	13	43,121
Accrued personnel liabilities	0	196,506	0	197,695
Total	**75,290**	**482,939**	**119,337**	**433,439**

Other financial liabilities include mainly liabilities from outstanding invoices or credit notes in the amount of € 221,515 thousand (prior year € 189,180 thousand).

35 Provisions

The main contents of the provisions are presented below:

	31 May 2022		31 May 2021	
€ thousand	Non-current	Current	Non-current	Current
Provisions for post-employment benefits	291,527	355	374,489	384
Other provisions	78,183	143,926	82,273	197,129
Total	**369,710**	**144,281**	**456,762**	**197,514**

Provisions for post-employment benefits

The HELLA Group provides occupational pension benefits to the vast majority of its employees in Germany. Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability and survivors' pensions. In addition, one company has an old pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through salary conversion. Management is offered a contribution-based scheme through salary conversion, which is financed through employers' pension liability insurance. Pension plans dating from 2009 onwards are fully financed through employers' pension liability insurance and are recognised as contribution-based schemes. Older pension plans, dating from before 2009, are recognised as defined benefit plans.

The companies continue to remain liable for fulfilment of the pension liabilities assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and the corresponding trust assets will be included on a net basis in the consolidated balance sheet.

In England and the Netherlands, no new entitlements will be acquired in the formerly defined benefit pension systems. The accrued benefits will be financed through insurance policies. A contribution-based plan has been introduced for the actively contributing plan members in the Dutch company to set up future pension entitlements. For the English plan, the insurance policies were transferred to the plan participants in the fiscal year, so that the plan will no longer be accounted for in the future ("buy-out").

Besides these systems, whose benefits are mostly paid on an annuity basis, employees of the companies in Mexico, Korea and India receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Slovenia and France receive a single capital payment on retirement based on their salary. In Italy and Turkey, capital is paid out at the end of the employment contract, irrespective of the reason for termination.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia, and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of what are referred to as defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

€ thousand	**31 May 2022**	31 May 2021
Defined Benefit Obligation (DBO) at end of fiscal year	400,972	502,916
Fair value of plan assets at the end of the fiscal year	-109,090	-128,043
Recognised amount	**291,882**	**374,873**

The amounts carried are made up of the following balance sheet items:

€ thousand	**31 May 2022**	31 May 2021
Assets from covered pension plans	-516	-767
Pension provisions	262,200	346,898
Other provisions for post-employment benefits	30,198	28,742
Sum of the individual amounts	**291,882**	**374,873**

Asset cover for the pension provisions was as follows:

	31 May 2022		31 May 2021	
€ thousand	Present value	Plan assets	Present value	Plan assets
Without asset cover	287,169	0	362,378	0
At least partial asset cover	113,803	109,090	140,538	128,043
Total	**400,972**	**109,090**	**502,916**	**128,043**

Change in the present value of pension liabilities:

€ thousand	**31 May 2022**	31 May 2021
DBO at the beginning of the fiscal year	**502,916**	**497,120**
Current service cost	12,563	13,012
Interest expense	5,388	4,943
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	18	-225
Actuarial gains (-)/losses (+) due to changes in financial assumptions	-103,231	1,393
Actuarial gains (-)/losses (+) due to changes in experience-based assumptions	-10	-1,067
Pension payments	-13,135	-12,712
Payments for plan settlements	-3,158	0
Change of the scope of consolidation	-1,727	0
Transfers	0	33
Currency effects	1,348	419
DBO at end of fiscal year	**400,972**	**502,916**

Development of plan assets:

€ thousand	**31 May 2022**	31 May 2021
Fair value of plan assets at the beginning of the fiscal year	**128,043**	**129,975**
Interest income from plan assets	1,318	1,209
Actuarial gains (+)/losses (-) from plan assets	-10,384	3,877
Employer contributions	1,599	1,333
Pension payments from plan assets	-8,216	-8,454
Payments for plan settlements	-3,158	0
Administrative costs	-292	-55
Currency effects	180	158
Fair value of plan assets at the end of the fiscal year	**109,090**	**128,043**

The pension cost of the pension plans is broken down as follows:

€ thousand	**31 May 2022**	31 May 2021
Current service cost	12,563	13,012
Past service cost	0	0
Administrative costs	292	55
Net interest expense	4,070	3,734
Expense for defined benefit plans recognised in the consolidated earnings for the period	**16,925**	**16,801**
Actuarial gains (-)/losses (+) from scope of obligations	-103,223	101
Actuarial gains (-)/losses (+) from the plan assets	10,384	-3,877
Income (-)/ expense (+) from revaluation recognised in other comprehensive income	**-92,839**	**-3,776**
Expense for defined benefit plans recognised in comprehensive income	**-75,914**	**13,025**

Development of the balance sheet amounts

€ thousand	31 May 2022	31 May 2021
Balance sheet amount at the beginning of the fiscal year	**374,873**	**367,145**
Service costs	12,855	13,067
Net interest expense	4,070	3,734
Expense from remeasurement recognised in other comprehensive income	-92,839	-3,776
Pension payments	-4,919	-4,258
Employer contributions	-1,599	-1,333
Change of the scope of consolidation	-1,727	0
Transfers	0	33
Currency effects	1,168	261
Balance sheet amount at the end of the fiscal year	**291,882**	**374,873**

Actuarial gains/losses recognised in equity:

€ thousand	31 May 2022	31 May 2021
Actuarial gains (+) / losses (-) at the beginning of the fiscal year	**-160,845**	**-164,445**
Actuarial gains (+)/losses (-) during the fiscal year	92,839	3,776
Change of the scope of consolidation	320	0
Currency effects	-185	-176
Other changes	699	-176
Actuarial gains (+)/losses (-) at the end of the fiscal year	**-67,172**	**-160,845**

The present value was measured on the basis of the following assumptions:

	Germany		International	
	31 May 2022	31 May 2021	**31 May 2022**	31 May 2021
DBO (in € thousand)	369,854	466,889	31,118	36,027
Discount rate (in %)	2.63	0.98	4.93	2.71
Wage and salary trend (in %)	3.00	3.00	4.29	3.79
Pension trend (in %)	2.00	1.75	0.00	2.80

The cost of the pension plans was calculated on the basis of the following assumptions at the start of the year:

	Germany		International	
Weighted average in %	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Discount rate	0.96	0.88	2.70	2.41
Wage and salary trend	3.00	3.00	3.79	4.17
Pension trend	1.75	1.75	2.80	2.20

The discount rate was determined in 2022 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the defined benefit obligation of the defined benefit pension liabilities would have changed at the balance sheet date if individual key assumptions had varied. The change was determined by a corresponding remeasurement of the portfolio.

€ thousand		**31 May 2022**	31 May 2021
Discount rate	+ 0.5 percentage points	-7.0%	-8.1%
	-0.5 percentage points	8.0%	9.3%
Pension dynamics	+ 0.5 percentage points	5.0%	5.7%
	-0.5 percentage points	-4.6%	-5.2%
Salary dynamics	+ 0.5 percentage points	0.2%	0.2%
	-0.5 percentage points	-0.2%	-0.2%
Death rate	+ 10 percentage points	-2.7%	-3.1%
	-10 percentage points	3.1%	3.6%

The average duration of the defined benefit obligations, weighted on the basis of the present values, is 15 years (prior year: 18 years).

Breakdown of plan assets:

€ thousand	**31 May 2022**	31 May 2021
Shares	7.06%	7.30%
Bonds	20.91%	22.19%
thereof: no price quotation in an active market	0.00%	0.00%
Real estate	0.00%	0.00%
thereof: no price quotation in an active market	0.00%	0.00%
Investment funds	0.00%	0.00%
Insurance	70.54%	68.89%
thereof: no price quotation in an active market	0.00%	68.89%
Cash and cash equivalents	1.49%	1.62%
Total investment types	**100.00%**	**100.00%**

The domestic plan assets are largely managed by a pension fund and employers' pension liability insurance policies. Proper management and use of the trust assets is supervised by external trustees. The pension fund and the insurance companies are also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any own financial instruments or assets used by the Group itself.

The actual expenses from pension assets amounted to € 9,066 thousand in the past fiscal year (prior year: income of € 5,086 thousand).

The probable contributions for defined benefit pension plans for the year 2022/2023 are € 2,042 thousand (prior year: € 1,552 thousand).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

€ thousand	
2022/2023	29,074
2023/2024	15,938
2024/2025	16,104
2025/2026	16,683
2026/2027	17,995
Total of the years 2027/2028 to 2031/2032	102,628

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. In the past fiscal year, the expenses amounted to € 99,715 thousand (prior year: € 94,225 thousand). These expenses also include contributions to public pension insurance funds outside HELLA GmbH & Co. KGaA, which total € 89,045 thousand (prior year: € 83,909 thousand) for the fiscal year.

Other provisions

€ thousand	31 May 2021	Additions	Reversals	Compounding	Other	Utilisation	**31 May 2022**
Severance commitments	60,962	13,698	-11,384	0	-716	-29,428	33,132
Partial retirement programme	45,393	26,988	-498	5	-14,215	-15,026	42,647
Profit-sharing and other bonuses	50,845	14,644	-6,971	798	-6,433	-22,441	30,442
Warranty obligations	53,609	19,056	-14,049	209	1,873	-15,134	45,566
Losses from supply and selling arrangements	38,944	14,501	-3,877	1,020	1,482	-8,607	43,463
Other provisions	29,649	4,639	-4,067	0	-176	-3,186	26,859
Total	**279,403**	**93,526**	**-40,846**	**2,032**	**-18,185**	**-93,821**	**222,108**

HELLA is exposed to product liability claims in which the Company may be accused of violating its duties of care, breaches of warranty obligations or material defects. In addition, claims may be asserted from breaches of contract due to recalls or government proceedings. HELLA has taken out insurance policies for such risks, the scope of which is deemed appropriate from a commercial point of view.

Provisions for warranty obligations comprise burdens for specific individual cases in the Automotive segment, in particular, for which the current portion amounts to € 27,075 thousand (prior year: € 33,387 thousand).

Insurance refunds expected in connection with warranty claims are recognised under other receivables and non-financial assets, and amounted to € 5,794 thousand in the reporting period (prior year: € 6,468 thousand).

Provisions for losses from supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected.

The allocations to settlement provisions relate to restructuring measures in Germany which were agreed in the current fiscal year during the consumption of the settlement provisions in conjunction with the restructuring measures in Germany, which were agreed from September 2019 onwards.

The outstanding obligations to the settlement provisions are expected as outflows in the majority of the next 24 months, the outflows to the settlement provisions in the next 36 months.

The profit-sharing provisions and other bonuses relate to the remuneration components of the Management Board and other employees of HELLA.

Expected charges against third parties for specific compensation claims from recent transactions were recognised in the remaining provisions.

Changes from currency translation are reported under "Other".

€ thousand	**31 May 2022**	31 May 2021
Present value of obligation	80,324	68,855
Fair value of plan assets	-37,677	-23,462
Provision for partial retirement programme	**42,647**	**45,393**

The provision for partial retirement programmes corresponds to the present value of the obligation on the balance sheet date less the fair value of plan assets on the balance sheet date. A discount rate of 1.78% was applied (prior year: -0.01%). The deducted plan assets are pledged securities. The change in the fair value of the plan assets is recognised under "Other" in the provisions table; in doing so, the change resulted in an important additional transfer.

36 Financial liabilities

Current financial liabilities maturing within a year amount to € 215,602 thousand (31 May 2021: € 77,934 thousand). This amount includes € 32,521 thousand (31 May 2021: € 29,580 thousand) from finance leases. Also included is a loan of € 116,681 thousand (31 May 2021: € 102,451 thousand) denominated in US dollars and maturing on 29 January 2023.

Non-current financial liabilities come to € 1,173,923 thousand (31 May 2021 year: € 1,240,584 thousand) and comprise two bonds. The first bond of € 299,627 thousand (31 May 2021: € 299,441 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 2021: € 498,686 thousand) with a nominal volume of € 500,000 thousand and an interest rate of 0.5%. Financial liabilities also include € 87,362 thousand (31 May 2021: € 89,693 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and a loan of € 81,387 thousand (31 May 2021: € 79,584 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 2021: €175,177 thousand). Also included is a loan of € 70,008 thousand (31 May 2021: €61,470 thousand) denominated in US dollars and maturing on 29 January 2026. Capital from profit participation certificates of € 5,000 thousand (31 May 2021: € 5,000 thousand) and finance lease liabilities amounting to € 131,412 thousand (31 May 2021: € 103,943 thousand) are also recognised.
In August 2021, HELLA signed an additional agreement to extend the term of a syndicated credit facility amounting to € 450 million by one year. The term of the credit facility will now run until June 2023. The facility was originally agreed in June 2015 with a consortium of international banks and a five-year term (including the possibility for two one-year extensions). In December 2021, the agreement was reached with the consortium of banks to waive the existing change of control clause. In return, the banks have the right to cancel their committed credit line in the event of a loss of investment grade rating. The syndicated credit line with a volume of € 500 million and a term until June 2022, which was closed in May 2020 as a precautionary measure in view of the economically challenging environment, was terminated prematurely and amicably with the banks in January 2022.

€ thousand	**31 May 2022**	31 May 2021
Cash and cash equivalents	576,129	979,495
Financial assets (current)	426,611	442,404
Current financial liabilities	-215,602	-77,934
Non-current financial liabilities	-1,173,923	-1,240,584
Net financial debt	**-386,785**	**103,381**

37 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the "Subscribed capital" item. The nominal capital amounts to €222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers one voting right and a right to dividends if distributions are agreed.

In addition to "Other retained earnings/profit carried forward" and the capital reserve, "Reserves and unappropriated surplus" include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for the financial instruments from the available-for-sale category (IAS 39) and/or the reserve for debt capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of €92,839 thousand were recognised during the reporting period (prior year: losses before taxes of €3,776 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 used here, which was 2.63% at the end of May 2022 (May 2021: 0.98%).

After the Annual General Meeting on 30 September 2021, dividends totalling € 106,667 thousand (€ 0.96 per no-par value share) were distributed to owners of the parent company. Dividends in the amount of € 333 thousand were paid to non-controlling interests during the period.

The objective of the Group is to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming for a ratio of less than 1.0 for net financial debt to reported earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was -0.5 on 31 May 2022.

38 Notes to the cash flow statement

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

The change in other non-cash income in the current reporting period is attributable in the amount of

€ 28,312 thousand to non-cash income and expenses from the valuation of investments. In addition, € 23,719 thousand is attributable to earnings from investments accounted for using the equity method. In the prior fiscal year, the change in other non-cash income mainly related to the sale of the front camera business in the amount of € 128,586 thousand and the sale of the HELLA Mando Electronics joint venture company in the amount of € 42,195 thousand.

In the current reporting period, payments of € 18,084 thousand were made to acquire 10 per cent of the corporate shares in the tech company Gapwaves, additional payments of € 14,513 thousand were made to acquire business shares as part of venture capital activities. Furthermore, disposals of shares as part of venture capital activities resulted in revenues of € 14,102 thousand.

After the Annual General Meeting on 30 September 2021, dividends totalling €106,667 thousand (€ 0.96 per no-par value share) were distributed to owners of the parent company. Dividends received only include dividends from associate companies.

In the same period of the prior year, the shares in the joint venture company HELLA Mando Electronics were sold for a selling price of € 61,261 thousand, as this investment was no longer in line with the Group's investment strategy. Company shares in FWB Kunststofftechnik GmbH, with its registered office in Pirmasens, were acquired for a purchase price of € 8,150 thousand. In addition, there were cash receipts of € 128,586 thousand from the sale of the front camera software business, as well as cash receipts of € 4,955 thousand for a dividend attributable to the period in the form of a subsequent purchase price adjustment.

In addition, the loan facility of € 450 million drawn on in April 2020 was repaid in full in the prior year's reporting period and is reported in payments in connection with the repayment of financial liabilities.

The following table shows the (net) changes of the financial liabilities and thus represents the non-cash changes of the line items, in addition to the cash flow statement. The "Other changes" line primarily contains non-cash interest expenses and non-cash changes to the fair value.

€ thousand		**Bonds**	**Loans**	**Lease liabilities**	**Other financial liabilities**	**Total financial liabilities**
As at:	**31 May 2020**	**900,026**	**737,665**	**143,747**	**6,797**	**1,788,235**
Cash changes	(Net) changes	-5,792	-470,042	-34,675	28,110	-482,398
Non-cash changes	New finance lease agreements	0	0	25,451	0	25,451
	Changes in the scope of consolidation	0	0	0	0	0
	Effect of exchange rate fluctuations	-10,902	-8,972	-3,728	603	-22,999
	Changes in classification	0	0	0	0	0
	Other changes	6,119	1,906	2,727	-522	10,229
As at:	**31 May 2021**	**889,451**	**260,556**	**133,522**	**34,988**	**1,318,518**
Cash changes	(Net) changes	-8,746	-9,125	-34,852	10,401	-42,322
Non-cash changes	New finance lease agreements	0	0	55,444	0	55,444
	Change in the scope of consolidation	0	0	-1,901	0	-1,901
	Effect of exchange rate changes	-2,331	35,372	8,483	3,358	44,882
	Other changes	9,143	2,452	3,237	73	14,905
As at:	**31 May 2022**	**887,517**	**289,256**	**163,934**	**48,819**	**1,389,525**

39 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. 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 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 reporting period, the free cash flow from operating activities was adjusted for payments and receipts of payments amounting to € 54,052 thousand (prior year: € 143,302 thousand). These are outlined in detail below.

In this reporting period, free cash flow from operating activities was adjusted for payments made for restructuring measures amounting to € 53,647 thousand (prior year: € 43,502 thousand). In the prior year, an adjustment was also performed on an increase in plan assets (present values of the statutory insolvency protection for partial retirement obligations) in the amount of € 31,712 thousand related to the restructuring measures. Furthermore, the figure was adjusted in the prior year for payments of damages to settle legal claims amounting to € 12,500 thousand.

In recent years, HELLA has invested in start-ups that are a good strategic fit for Hella via a corporate venture company. Hella Ventures LLC is the main player for these investments. The business transactions of Hella Ventures have expanded significantly in the current fiscal year, so that a decision was made to consolidate the company. As these business transactions are not common in the Hella Group, the management has decided to adjust them in non-operating effects. In this reporting period, free cash flow from operating activities was adjusted for payments made for personnel liabilities in conjunction with the aforementioned capital expenditure amounting to €405 thousand (prior year: 0).

In the past fiscal year, HELLA sold its business with front camera software and associated activities in the field of testing and validation from HELLA Aglaia Mobile Vision GmbH to Volkswagen car.SW Org Wolfsburg AG. To ensure consistent comparability with other periods, the free cash flow from operating activities in the prior year was adjusted for tax payments, transaction costs and payments for personnel liabilities totalling €43,631 thousand, while the payments received from the sale were reported outside the free cash flow from operating activities as part of the net cash flow from investing activities.

In addition, the shares in the joint venture Mando HELLA Electronics were sold in the last fiscal year. The payments received from the sale were not disclosed in free cash flow from operating activities but as a component of net cash flow from investing activities. To ensure consistent comparability with other periods, the free cash flow from operating activities was adjusted in the prior year for tax payments of €7,002 thousand.

The shares in the joint venture Behr Hella Service were sold in fiscal year 2019/2020. In the past fiscal year 2020/2021, the free cash flow from operating activities was adjusted to take account of the dividend of €4,955 thousand attributable to the period, which was collected in the form of a subsequent purchase price adjustment.

The performance of the adjusted free cash flow (from operating activities) for the fiscal years 2021/2022 and 2020/2021 is shown in the following tables:

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Earnings before income taxes (EBT)	**254,021**	**499**	**254,520**
Depreciation and amortisation	424,921	-652	424,269
Change in provisions	-32,503	31,502	-1,000
Other non-cash income and cash flows not attributable to operating activities	-58,720	24,304	-34,416
Losses/profits from the sale of property, plant and equipment and intangible assets	7,499	0	7,499
Net financial result	24,300	-4	24,296
Change in trade receivables and other assets not attributable to investing or financing activities	-156,311	0	-156,311
Change in inventories	-191,066	0	-191,066
Change in trade payables and other liabilities not attributable to investing or financing activities	48,055	-1,244	46,810
Tax refunds received	28,186	0	28,186
Taxes paid	-65,792	0	-65,792
Dividends received	9,881	0	9,881
Net cash flow from operating activities	**292,472**	**54,405**	**346,877**
Cash receipts from the sale of property, plant and equipment	14,379	-354	14,025
Cash receipts from the sale of intangible assets	6,460	0	6,460
Payments for the purchase of property, plant and equipment	-435,586	0	-435,586
Payments for the purchase of intangible assets	-144,899	0	-144,899
Free cash flow from operating activities	**-267,173**	**54,052**	**-213,122**

€ thousand	2020/2021 as reported	Adjustment	2020/2021 adjusted
Earnings before income taxes (EBT)	**447,577**	**56,787**	**504,364**
Depreciation and amortisation	440,485	-34,268	406,217
Change in provisions	99,035	-87,586	11,449
Other non-cash income and cash flows not attributable to operating activities	-185,366	126,489	-58,876
Losses/profits from the sale of property, plant and equipment and intangible assets	1,523	0	1,523
Net financial result	6,041	0	6,041
Change in trade receivables and other assets not attributable to investing or financing activities	-372,034	31,712	-340,322
Change in inventories	-30,639	-116	-30,755
Change in trade payables and other liabilities not attributable to investing or financing activities	383,936	3,055	386,990
Tax refunds received	24,753	0	24,753
Taxes paid	-112,132	44,468	-67,664
Dividends received	650	4,955	5,605
Net cash flow from operating activities	**703,828**	**145,496**	**849,324**
Cash receipts from the sale of property, plant and equipment	8,603	-1,599	7,004
Cash receipts from the sale of intangible assets	11,921	-595	11,326
Payments for the purchase of property, plant and equipment	-498,524	0	-498,524
Payments for the purchase of intangible assets	-152,095	0	-152,095
Free cash flow from operating activities	**73,732**	**143,302**	**217,034**

40 Information on related party relationships

HELLA GmbH & Co. KGaA and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with associates, joint ventures and companies in which an interest is held; these are classified as related parties under IAS 24. In addition, business relationships with the Forvia Group have been reported as related parties since February 2022 if these companies are not part of the Hella Group. Corresponding disclosures are made for expenses and income.

There were supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates, joint ventures, non-consolidated affiliates and Forvia entities. The outstanding items from the purchase or sale of goods and services between companies in the scope of consolidation and associates, joint ventures, non-consolidated affiliates and Forvia entities are presented under the respective items. For further information on goods and services, see Chapters 24 and 33.

Members of the management in key positions at HELLA GmbH & Co. KGaA include the Management Board as well as members of the Shareholder Committee and the Supervisory Board.

These individuals, immediate members of their families, and the companies they jointly or individually control are considered to be related parties under IAS 24.

The following transactions were made with related parties:

€ thousand	**2021/2022**	2020/2021
Income from the sale of goods and services	**221,167**	**235,718**
with associates	177,953	195,156
with joint ventures	24,714	39,533
with affiliated companies not included in the consolidated financial statements	227	342
Forvia Group	14,258	-
Management in key positions:	3,793	127
Companies controlled by management in key positions	222	560*
Expenses from the purchase of goods and services	**82,739**	**78,860**
with associates	872	117
with joint ventures	52,588	55,094
with investments	1,321	1,357
with affiliated companies not included in the consolidated financial statements	27,505	21,920
Forvia Group	0	-
Management in key positions:	0	0
Companies controlled by management in key positions	453	372

**Advisory activities were carried out with the prior consent of the Supervisory Board pursuant to Section 114 of the German Stock Corporation Act (AktG).*

Business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals. Income generated with members of the management in key positions or with companies they control mainly concerns the shipments of goods, while the expenses are related to shipments of goods, rental expenses and other services.

For assuming personal liability in its role as General Partner, Hella Geschäftsführungsgesellschaft mbH receives liability remuneration of € 1 thousand (prior year: € 1 thousand). Moreover, the entity is entitled to reimbursement by HELLA GmbH & Co. KGaA for all of the expenses arising in connection with the management of the Company's business activities, including the remuneration of the corporate bodies.

Remuneration for management in key positions:

€ thousand	**2021/2022**	2020/2021
Current benefits	7,624	16,311
Post-employment benefits	2,149	2,764
Other non-current benefits	617	2,681
Share-based payment	2,239	1,817
Termination benefits	5,911	0
Total	**18,540**	**23,573**

The following table shows the total remuneration of the corporate bodies (Section 314 (1) no. 6a of the German Commercial Code (Handelsgesetzbuch – HGB)) for the fiscal year 2021/2022 and the respective prior-year figures:

Total remuneration paid to the management bodies:

€ thousand	2021/2022	2020/2021
Total remuneration paid to the active institution members	**18,107**	**25,964**
Management Board	15,976	23,764
Supervisory Board	981	1,000
Shareholder Committee	1,150	1,200
Total remuneration paid to the former institution members and their surviving dependants	**973**	**2,709**
Management Board	973	2,709
Supervisory Board	0	0
Shareholder Committee	0	0

Remuneration of the active members of the Management Board

The expenses for the remuneration of active members of the Management Board recognised in accordance with IFRS in the fiscal year 2021/2022 amounted to € 16,409 thousand (prior year: € 23,764 thousand). The members of the Management Board receive an annual fixed salary paid in 12 monthly instalments, the appropriateness of which is reviewed annually. It amounted to a total of € 3,920 thousand for all active members of the Management Board in the fiscal year 2021/2022 (prior year: € 3,357 thousand). In addition, active members of the Management Board receive benefits in kind and other fringe benefits, short-term variable remuneration (STI), long-term variable remuneration (LTI) and pension commitments. The remuneration in kind and other fringe benefits of the members of the Management board active in the reporting period totalled an equivalent value of € 147 thousand (prior year: € 116 thousand) in the fiscal year 2021/2022. Remuneration in kind was measured on the basis of actual cost. These mainly consist of the private use of the company car and the inclusion in the Group's D&O insurance.

The expense recognised under IFRS for short-term variable remuneration (STI) in the fiscal year 2021/2022 totalled € 1,427 thousand for all active members of the Management Board (prior year: € 8,522 thousand), and the provision for this totalled € 1,260 thousand as at 31 May 2022 (prior year: € 8,406 thousand). The short-term variable remuneration is granted as an annual cash bonus as a multiple of the annual fixed salary depending on the degree of achievement of certain targets. These targets are composed of operational key performance indicators (EBT and OFCF) and special (prioritised) targets, which in turn consist of collective/team targets (including ESG-related targets) and individual targets and are redefined annually.

The long-term variable remuneration (LTI) is granted on a share basis and paid out in cash following a five-year calculation period on the basis of the share price development and Group-specific performance targets (RoIC and EBT margin). An LTI base amount is allocated for the first fiscal year of the calculation period, the amount of which depends on the RoIC achieved. Over the four following years of the term of the period, the three aforementioned target figures are compared annually with the values of the first fiscal year. One fifth each of the part settlement amounts determined in this way are added to the amount paid out, along with the LTI base amount. The expenses were determined using a suitable option pricing model (Monte Carlo simulation). The total remuneration paid to the Management Board includes the share-based LTI with the fair value at the time of granting, amounting to € 10,004 thousand. The provision for the share-based remuneration amounts to € 4,056 thousand (prior year: € 1,817 thousand).

Up to and including the fiscal year 2019/2020 as the base fiscal year, the long-term variable remuneration (LTI) was still granted on a non-share basis, i.e. without taking into account the development of the share price, and was determined over an calculation period of four years. In some cases, partial settlement amounts are not determined pro rata, but only a comparison of RoIC and EBT margin between the base fiscal year and the last fiscal year of the calculation period is carried out. For one Management Board member, the share-based calculation of the LTI already started with the fiscal year 2019/2020 as the base fiscal year. The expense recognised under IFRS for non-share-based long-term variable remuneration in the fiscal year 2021/2022 totalled € 617 thousand for all active members of the Management Board (prior year: € 985 thousand) and the provision for this totalled € 585 thousand as at 31 May 2022 (prior year: € 925 thousand).

If a Management Board member terminates their service agreement or if the service agreement ends for a material reason as defined in Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) for which the Management Board member is responsible, any claims to not yet paid LTI remuneration will lapse. In the event of termination of the service agreement for other reasons, there may be a pro rata reduction of the LTI tranches whose calculation period has not yet expired at the time of termination.

In addition, the company grants pension commitments within the framework of a defined contribution capital account system, into which a percentage (40% or 50% in the case of the President & CEO) of the annual fixed salary is allocated each year as a financial contribution. The members of the Management Board also have the option of making optional payments by way of deferred compensation. Upon pension eligibility arising, the accrued capital is paid either in a single lump sum or – subject to the Company's approval – in instalments over a maximum period of eight years. As a general rule, the capital account is closed on 31 May of the year following the member of the Management Board's 58th birthday. Eligibility for payment only arises once the member of the Management Board has left the Company. This period may be extended at the member of the Management Board's request and subject to the Company's approval.

The defined benefit obligation for liabilities from the defined contributions capital account system for active members of the Management Board was € 20,135 thousand on 31 May 2022 (prior year: € 17,986 thousand). The financing contributions structured in the form of investment fund units and pledged to the active beneficiaries were valued at € 1,755 thousand as of the balance sheet date (prior year: € 1,562 thousand).

In certain circumstances, members of the Management Board may be entitled to severance payments. If the Company revokes the appointment of a member of the Management Board prior to the date of expiry of the service agreement, the service agreement may be terminated prematurely under exceptional circumstances. The same applies to certain change of control circumstances in which a member of the Management Board resigns from office and extraordinarily terminates their service agreement. In all these cases in which the service agreement is terminated for material reasons for which the member of the Management Board is not responsible, a severance payment of two times their annual remuneration or, if the residual term of the service agreement is less than two years, a proportional amount of the severance payment is made. In addition, one member of the Management Board reached an individual severance agreement with the Company in the past fiscal year. The provisions for severance payments to be paid to members of the Management Board totalled € 5,911 thousand (prior year € 0 thousand) as at the balance sheet date.

In addition, the members of the family shareholder pool had promised the members of the Management Board a one-off transaction bonus – to be borne by the family shareholders and not by HELLA GmbH & Co. KGaA – in the event that an investor is obliged either individually or together with other investors or family shareholders to submit a takeover or mandatory bid to all Company shareholders before 31 December 2021. This bonus is not part of the remuneration system for the Management Board. With the public takeover offer of 27 September 2021 by Faurecia Participations GmbH, a subsidiary of Faurecia SE, the condition for the one-time transaction bonus was fulfilled. Subsequently, the family shareholders determined the transaction bonus in the total amount of € 13,000 thousand at their reasonable discretion for the members of the Management Board active at the time of the transaction. In particular, the additional workload of the members of the Management Board incurred as a result of the transaction as well as the protection of the Company's interests and the value realisation associated with the transaction for all the Company's shareholders were taken into account.

Remuneration of the former members of the Management Board

There are provisions for the pension liabilities towards former members of the Management Board and their surviving dependants coming to € 13,233 thousand (prior year: € 15,266 thousand). This was transferred to Allianz Pensionsfonds AG in the amount of € 3,311 thousand (prior year: € 3,658 thousand). The net obligation of the share transferred to Allianz Pensionsfonds AG comes to € 229 thousand (prior year: € 477 thousand). The defined benefit obligation from the defined contributions capital account system towards former members of the Management Board and their surviving dependants is € 6,454 (prior year: € 7,031 thousand). The financing contributions structured in the form of investment fund units and pledged to the beneficiaries in this group were valued at € 8,535 thousand as at the balance sheet date (prior year: € 9,005 thousand).

Pension payments to former members of the Management Board and their surviving dependants came to € 900 thousand (prior year: € 741 thousand). The total remuneration paid to former members of the Management Board came to € 973 thousand in the fiscal year 2021/2022 (prior year: € 2,709 thousand), which comprised mainly of LTI instalments payable for prior years, severance payments and payments under pension liabilities.

Remuneration of the members of the Supervisory Board

The expense recognised under IFRS for the remuneration of the members of the Supervisory Board (fixed remuneration and committee work) totalled € 981 thousand for the fiscal year 2021/2022 (prior year: € 1,000 thousand). Of this amount, € 858 thousand (prior year: € 875 thousand) is attributable to fixed remuneration and € 123 thousand (prior year: € 125 thousand) to committee work. Variable remuneration is not provided for in the remuneration system for the Supervisory Board.

Remuneration of the members of the Shareholder Committee

The expense recognised under IFRS for the remuneration of the members of the Shareholder Committee totalled € 1,150 thousand plus VAT for the fiscal year 2021/2022 (prior year: € 1,200 thousand plus VAT). The entire amount is accounted for by fixed remuneration; variable remuneration or remuneration for committee work is not provided for in the remuneration system for the Shareholder Committee.

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholder Committee.

See the remuneration report for details on the remuneration systems for the Management Board of HELLA Geschäftsführungsgesellschaft mbH and the members of the Supervisory Board and the Shareholder Committee of HELLA GmbH & Co. KGaA.

41 Declaration of Conformity with the Corporate Governance Code

On 28 May 2015, the General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA (the "Company") approved a joint Declaration of Conformity in accordance with Section 161 Aktiengesetz (AktG – German Stock Corporation Act) which states that the recommendations of the German Corporate Governance Code have been and will be complied with as well as which recommendations have not been or are not being applied.

This version of 1 June 2022 has been made permanently accessible on the Company's website at **www.hella.com/declarationofconformity.**

42 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at 31 May 2022 and 31 May 2021 are set out below.

€ thousand	Measurement category under IFRS 9	**Carrying amount 31 May 2022**	**Fair value 31 May 2022**	Carrying amount 31 May 2021	Fair value 31 May 2021	Fair value hierarchy
Cash and cash equivalents	Amortised cost	576,129	576,129	979,495	979,495	
Trade receivables	Amortised cost	1,071,974	1,071,974	958,507	958,507	
Financial assets						
Equity instruments	FVPL	133,674	133,674	156,459	156,459	Level 1
Debt capital instruments	FVOCI	263,045	263,045	280,637	280,637	Level 1
Loans	Amortised cost	12,052	12,052	4,305	4,305	
Other bank balances	Amortised cost	17,840	17,840	1,003	1,003	
Other financial assets						
Derivatives designated as hedging instruments	n.a.	14,601	14,601	15,414	15,414	Level 2
Derivatives not designated as hedging instruments	FVPL	345	345	107	107	Level 2
Other receivables associated with financing activities	Amortised cost	35,855	35,855	32,229	32,229	
Current financial assets		**2,125,515**	**2,125,515**	**2,428,156**	**2,428,156**	
Financial assets						
Equity instruments	FVPL	79,291	79,291	36,862	36,862	Level 3
Debt capital instruments	FVPL	39,902	39,902	26,404	26,404	Level 2
Loans	Amortised cost	129	129	548	548	Level 2
Other receivables associated with financing activities	Amortised cost	36	36	47	47	Level 2
Other financial assets						
Trade receivables	Amortised cost	34,887	34,887	41,351	41,351	Level 2
Non-current financial assets		**154,245**	**154,245**	**105,213**	**105,213**	
Financial assets		**2,279,759**	**2,279,759**	**2,533,369**	**2,533,369**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	183,081	183,081	48,354	48,354	
Trade payables	Amortised cost	1,081,829	1,081,829	939,836	939,836	
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	13,680	13,680	6,333	6,333	Level 2
Derivatives not designated as hedging instruments	FVPL	2,250	2,250	1,281	1,281	Level 2
Other financial liabilities	Amortised cost	225,099	225,099	185,009	185,009	
Current financial liabilities		**1,505,939**	**1,505,939**	**1,180,813**	**1,180,813**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	156,609	186,091	248,821	295,204	Level 2
Bonds	Amortised cost	885,902	824,584	887,820	910,243	Level 1
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	49,102	49,102	87,668	87,668	Level 2
Derivatives not designated as hedging instruments	FVPL	8,604	8,604	8,216	8,216	Level 2
Other financial liabilities	Amortised cost	17,567	17,567	23,439	23,439	
Non-current financial liabilities		**1,117,784**	**1,085,948**	**1,255,965**	**1,324,771**	
Financial liabilities		**2,623,723**	**2,591,887**	**2,436,778**	**2,505,584**	

€ thousand	Carrying amount 31 May 2022	Fair value 31 May 2022	Carrying amount 31 May 2021	Fair value 31 May 2021
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	253,212	253,212	219,832	219,832
Amortised cost	1,748,902	1,748,902	2,017,486	2,017,486
FVOCI	263,045	263,045	280,637	280,637
Financial liabilities				
Amortised cost	2,550,087	2,518,251	2,333,279	2,402,085
FVPL	10,854	10,854	9,498	9,498

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 2021/2022 reporting period. The carrying amounts of current financial instruments at the balance sheet date correspond to the market value owing to their short residual term and the fact that they are recognised at market value.

Non-current financial instruments on the assets side are mainly determined by the other investments, securities as cover assets for pension provisions and loans. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised at FVPL and measured at € 79,291 thousand (prior year: € 36,862 thousand).

Pledged collateral

As at 31 May 2022, interest-bearing investments of € 47,000 thousand (prior year: € 47,000 thousand) were pledged to a trustee as statutory insolvency protection for partial retirement fund assets. These are netted at the settlement amount of the partial retirement obligation against the obligations from partial retirement. Occasionally, collateral is pledged from the business assets to a limited extent as security for bank credit.

The following table shows the net results from financial instruments per IFRS 9 measurement category for the fiscal year 2021/2022:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	2021/2022
Financial assets FVPL	194	1,396	-9,730	4,697	-3,442
Financial liabilities FVPL	0	0	0	0	0
Financial assets FVOCI – write-off	402	0	333	400	1,135
Financial assets amortised cost	6,517	0	0	8,882	15,399
Financial liabilities amortised cost	-24,255	0	0	-11,543	-35,798
Total	**-17,141**	**1,396**	**-9,397**	**2,436**	**-22,706**

The following table shows the net results from financial instruments per IFRS 9 measurement category for the fiscal year 2020/2021:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	2020/2021
Financial assets FVPL	698	1,075	15,188	-1,769	15,191
Financial liabilities FVPL	0	0	0	0	0
Financial assets FVOCI – write-off	730	0	1,340	-193	1,877
Financial assets amortised cost	6,485	0	0	-10,988	-4,504
Financial liabilities amortised cost	-25,515	0	0	17,209	-8,306
Total	**-17,602**	**1,075**	**16,527**	**4,259**	**4,259**

Net profit/loss per measurement category

When determining the net result from financial instruments, value adjustments and value recoveries, income and expenses resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in the income statement are taken into account.

Financial risk management

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risks.

Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, there are commodity price risks and risks relating to the general security of supply, among others. Moreover, credit risks arise from trade receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risks can arise from a significant decline in the operating business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group. The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages the loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements. These show the worst-case scenario for HELLA – i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency items are always converted at the spot rate applicable on the balance sheet date. Interest payments for items with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to non-derivative financial instruments, derivative financial instruments (e.g. foreign currency forwards and interest rate swaps) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are shown in line with the worst-case scenario. These settlements are offset by cash receipts, which are also shown. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements.

Maximum future settlements as at 31 May 2022

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,662,737	1,031,002	323,995	3,017,734
Derivative financial instruments	811,129	173,444	257,310	1,241,883
Loan commitments/financial guarantees	0	0	0	0
Total	**2,473,866**	**1,204,446**	**581,305**	**4,259,617**
Cash receipts from gross derivatives	808,206	148,230	197,602	1,154,038

Maximum future settlements as at 31 May 2021

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,242,495	597,081	769,793	2,609,369
Derivative financial instruments	676,165	186,112	271,180	1,133,457
Loan commitments/financial guarantees	0	0	0	0
Total	**1,918,660**	**783,193**	**1,040,973**	**3,742,826**
Cash receipts from gross derivatives	675,881	156,592	205,734	1,038,207

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand and the available unused bank lines of credit.

The table below sets out the main liquidity instruments:

€ thousand	**31 May 2022**	31 May 2021
Cash and cash equivalents	576,129	979,495
Marketable securities	404,119	437,096
Available, unused cash line of credit	576,940	1,081,035
Total	**1,557,188**	**2,497,626**

The total of the cash lines of credit available to the HELLA Group amounts to roughly € 569,198 thousand (prior year: € 1,084,960 thousand). These consist of a syndicated loan with a volume of € 450,000 thousand (term until 2023, utilisation as of 31 May 2022: 0%) and short-term money market lines with a volume of € 119,198 thousand (utilisation as of 31 May 2022: 6%). In some cases, standard lenders' rights to call in a loan apply to the latter (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently rated as non-critical. Owing to the broad and international base of its core banks, the refinancing risk is considered very low.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liabilities, liquid funds, securities and executory contracts in a currency other than the functional currency. The HELLA Group's currency risk is calculated as a net exposure by aggregating the Company's planned foreign currency cash flow.

The net exposure is constantly monitored and managed by regularly adjusting the hedge ratio to conform to the HELLA hedging strategy, which is regularly reviewed. Currency derivatives, primarily foreign currency forwards, are used to offset exchange rate-related fluctuations impacting these payments and positions.

This offsetting reflects the HELLA Group's expectation that the fair value measurements of the hedged item and hedging instrument normally move in opposite directions. For example, forward agreements are entered into to sell future cash flows from sales denominated in a foreign currency. A change in the exchange rate may have a positive impact on the cash flows from the foreign-currency sales but a negative effect on the currency forward, or vice versa.

Hedges are taken out for planned foreign currency transactions in their entirety and not just for components of the transactions.

Currency derivatives are only used to hedge the currency risks arising from underlying transactions. Speculative transactions are not permitted.

Hedge ineffectiveness may occur as a result of credit value/debit value adjustments that are not offset by changes in the values of the hedged cash flow or as a result of differences in the underlying conditions for the hedged item and the hedging instrument.

In principle, the fair value of currency derivatives is recognised. In the case of cash flow hedge accounting within the meaning of IFRS 9, the unrealised gains and losses from the hedging transaction are initially recognised in the statement of changes in equity, with no impact on the income statement. The gains and losses are only realised when the hedged underlying transaction is also recognised in the income statement. Fair value hedges are generally not taken out.

HELLA mainly designated currency derivatives to hedge foreign currency cash flow from funding in taken out in JPY and maturing in 2032 or 2033 under cash flow hedge accounting. Other currency derivatives used to hedge currency risks from operating cash flow, with a maturity of less than one year in almost all cases, were also designated as cash flow hedge accounting.

Hedge accounting was not applied to other currency derivatives used to hedge underlying financial transactions. Measurement changes are recognised in the income statement.

The relatively high sensitivity of the net profit/loss for the year is largely attributable to market fluctuations of non-derivative financial instruments and planned cash flow that are not hedged within the meaning of IFRS 9.

The sensitivity analysis is performed on the basis of the hedge ratios as at the balance sheet date. They are reviewed regularly in the course of the fiscal year and may be above or below the level at the balance sheet date.

The following sensitivity analyses show the effects a 10% change in the exchange rate of each foreign currency would have on equity or on net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the reporting date and only takes into account the largest gross exposure in the HELLA Group:

Effects of a 10% fluctuation in the exchange rate on equity and net profit/loss for the year

€ thousand		31 May 2022			31 May 2021		
Exchange rate	Foreign currency	Net exposure	depreciates by 10%	appreciates by 10%	Net exposure	depreciates by 10%	appreciates by 10%
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting)	CNY		18,407	-22,498		15,576	-19,038
	CZK		-10,938	13,369		-9,064	11,079
	JPY		-4,875	6,147		-3,025	3,754
	MXN		-11,346	13,868		-11,778	14,396
	RON		-14,004	17,116		-13,925	17,020
	USD		8,859	-10,828		17,624	-21,541
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	137,333	-12,485	15,259	137,564	-12,506	15,285
	CZK	-92,022	8,366	-10,225	-87,334	7,939	-9,704
	JPY	-23,943	2,177	-2,660	-21,354	1,941	-2,373
	MXN	-51,477	4,680	-5,720	-68,652	6,241	-7,628
	RON	-93,558	8,505	-10,395	-95,753	8,705	-10,639
	USD	25,999	-2,364	2,889	86,477	-7,862	9,609

The following table shows the nominal values and measurements of the hedging instruments, aggregated for all currencies, as well as their balance sheet category and the change in ineffectiveness.

Nominal values and measurements of hedging instruments

€ thousand	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line items in the statement of financial position that include the hedging instrument
Cash flow hedges		Assets	Liabilities	
Exchange rate risk as at 31.05.2022	905,818	14,631	-77,110	Other assets/liabilities
Exchange rate risk as at 31.05.2021	887,183	15,412	-108,055	Other assets/liabilities

The following tables contain quantitative disclosures on the hedging instruments used in each category, broken down by the most important currencies:

Hedging instruments per risk category

	Nominal amount in € thousands		
	<1 year	1-5 years	>5 years
Exchange rate risk as at 31.05.2022	614,114	116,526	175,177
Exchange rate risk as at 31.05.2021	582,462	129,544	175,177

Average hedging rates

Exchange rate risk	Average prices over the entire term of the hedging instruments as at 31.05.2022	Average prices over the entire term of the hedging instruments as at 31.05.2021
EUR/USD	1.14	1.18
EUR/CZK	26.06	26.35
EUR/JPY	131.37	126.34
EUR/RON	5.18	5.03
EUR/CNY	7.65	8.14
USD/MXN	21.74	21.82

The following table contains information about designated hedged items in each risk category. HELLA only uses cash flow hedges for currency risks.

Since the hedged items consist of planned cash flows that have not (yet) been recognised in the financial statements, only the carrying amount of the hedging instrument portfolio is reported.

Designated hedged items per risk category

€ thousand		Cash flow hedge reserve	
Cash flow hedges	Change in value for calculation of hedge ineffectiveness	Ongoing hedging activities	Hedging activities that no longer qualify for hedge accounting
Exchange rate risk for forecast transactions			
as at 31 May 2022	-	-49,890	-
as at 31 May 2021	-	-78,816	-

Gains and losses from cash flow hedges are as follows:

Profits and losses from cash flow hedges

Cash flow hedges in € thousand	Hedging instrument gains/losses recognised in OCI in hedge accounting	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from the CFH reserve to the income statement
Exchange rate risk as at 31.05.2022	-49,890	-	-10,396
Exchange rate risk as at 31.05.2021	-78,816	-	-6,685

Line items in the consolidated statement of comprehensive income, including hedge ineffectiveness, are recognised in cost of sales. The amount from the reclassification of the cash flow hedge reserve is also included in cost of sales.

The following table reconciles the equity items relating to currency risks in other comprehensive income (OCI):

Reconciliation of equity items from currency risks

	2021/2022			2020/2021		
€ thousand	**Reserve for financial instruments for cash flow hedging**	**Hedging costs**	**Total**	**Reserve for financial instruments for cash flow hedging**	**Hedging costs**	**Total**
As at 1 June	**-87,776**	**7,116**	**-80,660**	**-75,220**	**-20,695**	**-95,914**
Profits or losses from effective hedging relationships	-51,385	91,869	40,484	-30,929	52,869	21,939
Reclassifications due to being recognised in profit or loss	101,857	-112,253	-10,396	18,373	-25,058	-6,685
As at 31 May	**-37,305**	**-13,268**	**-50,572**	**-87,776**	**7,116**	**-80,660**

Currency derivatives not presented in accordance with hedge accounting showed changes in the market value of currency derivatives recognised in the income statement:

Currency derivatives without hedge accounting

	Fair values		
€ thousand	**31 May 2022**	31 May 2021	Change
Currency derivatives	-383	-441	58

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of derivative contracts and other financial assets measured at fair value. As at 31 May 2022, interest rate-sensitive net financial debt stood at € 571,941 thousand (prior year: € 1,005,570 thousand).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of interest rate derivatives. The derivative financial instruments used are usually interest rate swaps. Interest rate derivatives are generally used to mitigate cash flow risks.

As with currency derivatives, interest rate derivatives are settled mainly by HELLA GmbH & Co. KGaA. The use of interest rate derivatives is also always associated with underlying transactions. Interest rate derivatives used to hedge interest rate risks from non-derivative financial instruments are designated as cash flow hedge accounting. Speculative transactions are not permitted.

The following sensitivity analyses show how a one percentage point movement in the respective market interest rate would change equity and net profit/loss for the year (in each case before taxes). The analysis is based on the respective risk position on the balance sheet date. The calculation method used is the net present value method.

Effects of a 1% fluctuation in the market interest rate on equity and net profit/loss for the year

€ thousand	**31 May 2022**		31 May 2021	
Market interest rate	rises by 1 percentage point	falls by 1 percentage point	rises by 1 percentage point	falls by 1 percentage point
Change in equity owing to fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	-2,358	9,004	-9,973	16,739
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	5,719	-5,719	10,056	-10,056

Management of commodity price risks

The HELLA Group is exposed to various commodity price risks through the purchase of components. These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of commodity price risks by means of offsetting effects from purchasing and sales, and through the targeted use of derivatives. The derivatives used are commodity swaps. As of 31 May 2022, there were no commodity derivatives (market value in the prior year: € 0 thousand).

Commodity (net) exposure for 2022/2023 is expected to amount to € 22,430 thousand (prior year: € 40,937 thousand).

The following sensitivity analysis shows what effects fluctuations of 10% in the market prices of underlying commodities would have had on net profit/loss for the year (before taxes):

Effects of a 10% fluctuation in the price on equity and net profit/loss for the year

€ thousand	**31 May 2022**		31 May 2021	
Commodity price	rises by 10%	falls by 10%	rises by 10%	falls by 10%
Change in net profit/loss for the year owing to fluctuations in the market value of hedged items and commodity derivatives used	-2,243	2,243	-4,094	4,094

Management of other price risks

Other price risks arise for HELLA through investments in current or non-current, non-interest-bearing securities, largely equities and funds that are classified as "hold and sell" or "held for trading" and therefore measured at fair value through profit or loss.

Debt capital instruments, derivatives and equity instruments are classified and reported differently under IFRS 9. The cash flow characteristics test (SPPI) is also essential for classifying financial instruments.

There are two key criteria for determining whether a debt capital instrument passes the SPPI test. The instrument passes the SPPI test wherever

- the assets were acquired for the purpose of holding them and collecting the related cash flows, and
- the cash flows consist solely of payments of principal and interest.

Debt capital instruments

The business model for the debt capital instruments is "held for trading" and has to be subjected to the SPPI test. Debt capital instruments that fail the SPPI test are recognised and measured at FVPL.

If the contractual cash flows are solely payments of principal and interest (SPPI test passed), the debt capital instruments are measured at FVOCI with recycling to profit or loss. HELLA therefore no longer measures debt capital instruments at amortised cost.

Equity instruments

IFRS 9 requires all equity instruments to be accounted for at fair value through profit or loss. Fair value changes are taken to the income statement. There is an exception to this rule: it is possible to irrevocably elect to measure an equity instrument at fair value on initial recognition and present value changes in other comprehensive income as long as the instrument is not held for trading. If this option is exercised, the OCI is not reclassified to the income statement upon recognition (FVOCI without recycling). HELLA will not use this option but will account for all equity instruments at fair value through profit or loss. These items are shown in the following table. Investments measured at acquisition cost because the fair value cannot be reliably determined are not exposed to balance sheet risk and are therefore not shown in the table.

Presentation of equity instruments at fair value (FVPL)

€ thousand	**31 May 2022**	31 May 2021
Price risk positions of the non-derivative assets	55,282	55,357

HELLA actively manages the price risks. By continuously observing and analysing the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

The following sensitivity analyses show what effects fluctuations of 10% in the market values of non-derivative financial instruments would have had on equity or on net profit/loss for the year (before tax). The analysis is based on the respective volumes on the balance sheet date.

Effect of a 10% fluctuation in the price on equity and net profit/loss for the year

€ thousand	**31 May 2022**		31 May 2021	
Securities price	rises by 10%	falls by 10%	rises by 10%	falls by 10%
Change in equity owing to changes in prices of unimpaired securities and investments in public funds	5,528	-5,528	5,536	-5,536
Change in net profit/loss for the year owing to changes in prices of impaired securities	6	-6	38	-38

Management of default risks

Default risks arise for the HELLA Group from its operations and from financial investments and financial derivatives with positive fair values. Default risks from trade receivables, contract assets or other financial assets pose the risk that the receivables will be collected significantly late or not at all if a customer or another counterparty fails to satisfy its contractual commitments.

The Company considers the probability of default when initially recognising an asset as well as whether the credit risk has constantly increased significantly in every reporting period. To determine whether the credit risk has increased significantly, the Company compares the default risk of the asset on the balance sheet date to the default risk at the time of initial recognition. The Group makes this assessment based on quantitative and qualitative information that is reasonable and appropriate, including past experience and/or forward-looking information that can be obtained without excessive effort or expense. The default risk largely depends on the characteristics of the customers and their industry and is thus monitored by central and regional financial officers. The credit ratings and payment practices of contracting partners are regularly analysed.

Regardless of the outcome of the above assessment, the Group presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and appropriate information that proves otherwise.

A financial asset is in default or credit impaired if any of the following criteria have been met:

- Insolvency or similar event indicating significant financial difficulties and a probable default on the part of the counterparty
- Probable debt waiver
- Other reasons for credit managers to assume that it is more likely that the receivables are not collectible

In addition, all past-due trade receivables are tested for impairment during the year.

Financial assets are written off if there is no reasonable expectation of settlement. The residual value of these written-off financial assets can still be recovered, possibly with the involvement of legal counsel, if the customer enters insolvency. No residual value was recovered from the written-off receivables in the past fiscal year, as was the case in the prior year. Any amounts collected are recognised in profit or loss.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Collateral is accepted in individual cases as described below, which means that the actual default risk is smaller.

The HELLA Group's derivative transactions are typically concluded by HELLA GmbH & CO. KGaA and internally passed on to HELLA subsidiaries. HELLA GmbH & Co. KGaA buys and sells all derivatives involving external counterparties on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). DRV versions used in the past generally did not meet the requirements for offsetting since the offsetting of outstanding amounts would only have been legally enforceable following future events, such as a contracting partner's insolvency. However, most current versions of the DRV now contain offsetting options, which makes it likely that they will be instituted in existing contract versions in future. If local regulations prohibit internal forwarding of derivatives, a HELLA subsidiary can conduct transactions directly with a bank under an individual contract, which will generally be based on the Master Agreement of the International Swaps and Derivatives Association (ISDA) with compensation possibilities. The following table shows the offsetting potential for derivatives taken out by HELLA GmbH & Co. KGaA that are subject to the aforementioned agreements.

Potential for offsetting derivatives

31 May 2022

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	16,908	-	16,908	6,359	10,549
Liabilities – derivatives	-69,747	-	-69,747	6,359	-63,388

31 May 2021

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	15,521	-	15,521	4,963	10,558
Liabilities – derivatives	-108,373	-	-108,373	4,963	-103,410

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Debt capital instruments at FVOCI
- Other financial assets at amortised cost

Trade receivables

The Group's credit risk is mainly a factor of the individual characteristics of individual customers. However, management also considers the factors that affect the credit risk of the broader customer base, including the default risk associated with the industry and country where the customer is located. HELLA has established a process in which it individually assesses the creditworthiness of every new customer before offering the Group's customary payment and delivery terms. In conducting the review, the Group considers external ratings (if available), financial statements, credit reports, industry information and, in some cases, bank references.

Operational risk is mainly managed by continuously monitoring receivables. Specific default risks are addressed upon identification by recognising corresponding impairments.

In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees and advance securities. HELLA has drawn up internal rules for accepting collateral. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Many shipments to customers are also subject to retention of title clauses. The HELLA Group holds no collateral as at 31 May 2022.

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry.

The recoverability of all the receivables, which do not include past-due or impaired financial assets, is considered very high. This assessment is primarily based on ratings issued by large rating agencies and the fact that the HELLA Group maintains long-standing business relationships with most of its customers. The historical default rate of these trade receivables is extremely low.

The current general economic conditions created both by the coronavirus pandemic and the Ukraine crisis generally do not change this estimation. As at 31 May 2022, there were no significant defaults on receivables attributable to the coronavirus pandemic. It was not possible to identify any increased credit risk for the major customers in the automotive sector or the majority of customers in the Aftermarket or Special Applications segments, which means that no significant defaults on receivables are currently expected. For this reason, no specific effects of the coronavirus pandemic have been factored into the approach to calculating credit losses, described below. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

An impairment analysis is conducted every balance sheet date using a provision matrix to measure expected credit losses. Provision rates are based on the number of days that trade receivables have been outstanding for groups of different customer segments with similar loss patterns (i.e. by region and customer type). The calculation reflects the probability-weighted result, the fair value of the money, and reasonable and appropriate information available on the balance sheet date regarding past events, current conditions and forecasts of future economic conditions. The maximum credit risk on the balance sheet date is the carrying amount (cf. Note 24).

Using this as a basis, the value adjustment for trade receivables as of 31 May 2022 and 31 May 2021 (applying IFRS 9) was calculated as follows:

Detailed overview of value adjustment for trade receivables

		31 May 2022				
			Value adjustment			
€ thousand	Regions	Gross carrying amount	ECL	Specific value adjustments	Net carrying amount	Probability of default in %
Trade receivables	Germany	235,419	46	553	234,820	0.02%
	Europe excluding Germany	278,135	399	1,318	276,418	0.15%
	North Central and South America	227,240	175	0	227,065	0.08%
	Asia / Pacific / RoW	343,367	959	8,736	333,671	0.28%
Total		**1,084,161**	**1,579**	**10,608**	**1,071,974**	

		31 May 2021				
			Value adjustment			
€ thousand	**Regions**	Gross carrying amount	ECL	Specific value adjustments	Net carrying amount	Probability of default in %
Trade receivables	Germany	234,851	264	301	234,286	0.06%
	Europe excluding Germany	273,508	203	1,672	271,633	0.08%
	North Central and South America	186,441	261	23	186,157	0.13%
	Asia / Pacific / RoW	268,559	1,116	1,012	266,431	0.44%
Total		**963,359**	**1,845**	**3,007**	**958,507**	

Value adjustments for trade receivables carried at amortised cost as at 31 May 2022 are shown below and reconciled with the value adjustments for opening losses. The estimation techniques or material assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

Reconciliation of value adjustments for financial assets

€ thousand	**31 May 2021/2022**	31 May 2020/2021
As at 1 June	**4,852**	**7,839**
Additions	21,135	10,344
Utilisation	-771	-1,571
Reduction	-13,477	-11,769
Other	448	9
As at 31 May	**12,187**	**4,852**

Apart from business growth, there were no material changes in the gross amounts of the trade receivables that affected the estimation of the value adjustment.

Debt investments

The Group solely invests in listed debt instruments that carry very little credit risk. All of the Group's debt instruments at fair value through OCI are listed bonds that have received investment-grade (very good and good) ratings from rating agencies and are thus considered to be low-risk investments.

The Group recognises lifetime ECLs if the credit risk has significantly increased since initial recognition. However, if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss allowance for this financial instrument using the 6-month CDS or the 12-month CDS. The expected credit losses (ECLs) for securities consider the exposure at default (EaD), the probability of default in the next 12 months (12m PD) and the loss given default (LGD) and are calculated as follows: ECL = EaD x 12m PD x LGD. The expected loss for individual cases is based on the spreads of the corresponding credit default swaps (CDSs).

In fiscal year 2021/2022, the Group recognised a value adjustment of € 250 thousand (prior year: € 576 thousand) for expected credit losses for its debt instruments measured at fair value through OCI.

The maximum exposure at the end of the reporting period is the carrying amount of these investments (€ 263,045 thousand).

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

The loss allowance for debt instruments at FVOCI changed as follows during the fiscal year 2021/2022:

Development of value adjustment for expected credit losses measured at FVOCI for the fiscal year 2020/2021

	2020/2021				
€ thousand	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI – financial assets	**Total**
As at: 1 June 2020	**-565**	**0**	**0**	**0**	**-565**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	-540	0	0	0	-540
Value adjustments/utilisation of value adjustments	0	0	0	0	0
Value recovery/dissolution of existing value adjustments	529	0	0	0	529
Other effects	0	0	0	0	0
As at: 31 May 2021	**-576**	**0**	**0**	**0**	**-576**

Development of value adjustment for expected credit losses measured at FVOCI for the fiscal year 2021/2022

€ thousand	2021/2022 12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI – financial assets	Total
As at: 1 June 2021	**-576**	**0**	**0**	**0**	**-576**
Transfer to lifetime ECL without credit impairment	0	0	0	0	0
Transfer to lifetime ECL with credit impairment	0	0	0	0	0
New financial assets/additions to the value adjustment	297	0	0	0	297
Value adjustments/utilisation of value adjustments	0	0	0	0	0
Value recovery/dissolution of existing value adjustments	30	0	0	0	30
Other effects	0	0	0	0	0
As at: 31 May 2022	**-250**	**0**	**0**	**0**	**-250**

Notes on the abbreviations used:
POCI: Purchased or originated credit-impaired financial assets.

The Group's credit risk exposure to debt capital instruments at FVOCI can be summarised as follows:

Summary of credit risk exposure for debt capital instruments measured at FVOCI

€ thousand	2021/2022 12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**263,045**	0	0	0	**263,045**
Value adjustments OCI	-250	0	0	0	-250

€ thousand	2020/2021 12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**280,637**	0	0	0	**280,637**
Value adjustments OCI	-576	0	0	0	-576

Financial assets at fair value through profit or loss

The Company is also exposed to credit risk in connection with financial assets measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments amounting to € 253,212 thousand (prior year: € 219,832 thousand).

Other financial assets at amortised cost

The value adjustments for other receivables as at 31 May 2022 are shown in the table below.

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue to operate as going concerns. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

Reconciliation of value adjustments for other receivables

€ thousand	2021/2022	2020/2021
As at 1 June	**436**	**447**
Additions	0	6
Utilisation	0	0
Reduction	-177	-17
As at 31 May	**259**	**436**

43 Contractual commitments

There were contractual commitments to purchase or use property, plant and equipment amounting to € 108,239 thousand as at the balance sheet date (prior year: € 119,646 thousand). Contractual commitments for the acquisition of intangible assets amounted to € 682 thousand at the end of May 2022 (prior year: € 2,802 thousand).

44 Contingent liabilities

As at 31 May 2022, there were no contingent liabilities within the HELLA Group, as was the case in the prior year.

45 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

The Group has leases for various buildings, motor vehicles and pieces of 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
As at: 1 June 2020	**95,106**	**3,028**	**14,934**	**113,068**
Additions	21,758	3,862	5,943	31,563
Depreciation/amortisation	-20,930	-2,009	-6,680	-29,619
Disposals	-1,365	-42	-4,081	-5,488
Recorded impairments	-832	0	0	-832
Currency translation	-3,405	-177	-1	-3,583
As at: 31 May 2021	**90,332**	**4,662**	**10,115**	**105,109**
As at: 1 June 2021	**90,332**	**4,662**	**10,115**	**105,109**
Additions	50,371	132	5,102	55,605
Depreciation/amortisation	-22,235	-1,589	-5,339	-29,162
Changes in the scope of consolidation	-897	0	-980	-1,877
Disposals	-86	-8	-16	-110
Changes in classification	0	-571	571	0
Currency translation	7,817	115	150	8,082
As at: 31 May 2022	**125,303**	**2,741**	**9,604**	**137,648**

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

Lease liabilities:

€ thousand	31 May 2022	31 May 2021
Up to 1 year	32,521	29,580
Between 1 and 5 years	97,854	77,913
More than 5 years	33,558	26,029
Total	**163,934**	**133,522**

Amounts recognised in profit or loss:

€ thousand	2021/2022	2020/2021
Interest expenses for lease liabilities	-3,301	-3,021
Variable lease payments that are not included in the valuation of the lease liability	-2,332	-2,607
Expenses from current leases	-10,342	-8,913
Expenses from leases in which the underlying assets are low in value	-896	-838

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

Payments of € 34,852 thousand (prior year: € 34,675 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases is identical to the portfolio “up to one year”. There are no additional lease liabilities.

There are no leases with residual value guarantees or pending leases that the Group has committed to.

The HELLA Group 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. These agreements generally have five-year terms. All lease agreements are concluded in euros and relate exclusively to business within the EU.

To reduce the risk associated with the transactions, HELLA conducts a credit check for each potential customer and, if needed, obtains bank guarantees for the full term of the lease. There are no variable lease payments that depend on an index or rate. Financial income from net capital expenditure in lease arrangements for the period amounts to € 2,959 thousand.

Distribution of minimum lease payments (not discounted):

€ thousand	31 May 2022	31 May 2021
Up to 1 year	20,073	20,860
Between 1 and 2 years	17,494	17,478
Between 2 and 3 years	15,664	13,972
Between 3 and 4 years	5,837	7,825
Between 4 and 5 years	1,346	2,943
More than 5 years	0	0
Future interest income under finance leases	-10,842	-6,797
Total	**49,572**	**56,282**

Distribution of the present values of minimum lease payments:

€ thousand	31 May 2022	31 May 2021
Up to 1 year	17,409	17,970
Between 1 and 5 years	32,163	38,312
More than 5 years	0	0
Total	**49,572**	**56,282**

As at 31 May 2022, impairments for unrecoverable receivables from leases amounted to € 262 thousand (prior year: € 458 thousand).

46 Events after the balance sheet date

In June 2022, HELLA concluded a factoring agreement on the revolving sale of trade receivables with a factoring company. The maximum programme volume is € 250 million. 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.

At the beginning of July 2022, the Group received a non-binding offer to take over the shares held by HELLA in Hella Behr Plastic Omnium (HBPO, see also Chapter 30). On 28 July 2022, resolutions were passed by the relevant bodies to carry out this unplanned transaction and thus to sell the shares at very short notice. Subject to approval by the responsible authorities, the transaction is expected to be completed before the end of the calendar year 2022. The disposal of the investment is expected to result in income of around € 250 million at Group level.

47 Audit fees

The total fees for the services of the auditor PricewaterhouseCoopers GmbH invoiced for fiscal year 2021/2022 amounts to € 1,213 thousand (prior year: € 1,119 thousand), of which € 193 thousand relates to prior years, and includes the fees and expenses for the audit of financial statements. An additional € 16 thousand (prior year: € 82 thousand) was recognised in expenses for tax advisory services, € 221 thousand (prior year: € 146 thousand) for other assurance services, of which € 3 thousand related to prior years, and € 55 thousand (prior year: € 0 thousand) for other services.

The auditing services pertain to the audit of the annual and consolidated financial statements of the parent company. The other assurance services mainly include the review of the consolidated financial statements of the parent company for the half-year. The tax advisory services almost exclusively pertain to the tax implications of intragroup settlements.

Lippstadt, 16 August 2022

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH

Michel Favre
(Chair)

Yves Andres

Dr. Lea Corzilius

Bernard Schäferbarthold

Björn Twiehaus

Scope of consolidation Fiscal year 2021/2022

Affiliated companies included in the consolidated financial statements:

				Investment	
No.	Company	Country	City	in %	in
1	HELLA GmbH & Co. KGaA	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH*	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Electronics Engineering GmbH*	Germany	Regensburg	100.0	1
7	HELLA Aglaia Mobile Vision GmbH*	Germany	Berlin	100.0	1
8	HELLA Distribution GmbH*	Germany	Erwitte	100.0	1
9	RP Finanz GmbH*	Germany	Lippstadt	100.0	1
10	HELLA Finance International B.V.	The Netherlands	Nieuwegein	100.0	1
11	Docter Optics SE*	Germany	Neustadt an der Orla	100.0	1
12	Docter Optics Inc.	USA	Gilbert, AZ	100.0	11
13	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	11
14	Docter Optics s.r.o.	Czech Republic	Skalice u Ceské Lípy	100.0	11
15	Docter Optics Asia Ltd.	South Korea	Seoul	100.0	11
16	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
17	HELLA Werkzeug Technologiezentrum GmbH*	Germany	Lippstadt	100.0	1
18	HELLA Corporate Center GmbH*	Germany	Lippstadt	100.0	1
19	HELLA Gutmann Holding GmbH*	Germany	Ihringen	100.0	1
20	HELLA Gutmann Solutions GmbH*	Germany	Ihringen	100.0	19
21	HELLA Gutmann Anlagenvermietung GmbH*	Germany	Breisach	100.0	19
22	HELLA Gutmann Solutions A/S	Denmark	Viborg	100.0	19
23	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	22
24	TecMotive GmbH	Germany	Berlin	100.0	19
25	HELLA OOO	Russia	Moscow	100.0	1
26	HELLA Geschäftsführungsgesellschaft mbH*	Germany	Lippstadt	100.0	1
27	UAB HELLA Lithuania	Lithuania	Vilnius	100.0	1
28	HELLA Holding International GmbH*	Germany	Lippstadt	100.0	1
29	HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100.0	28
30	HELLA Changchun Tooling Co., Ltd.	China	Changchun	100.0	28
31	HELLA Corporate Center (China) Co., Ltd.	China	Shanghai	100.0	28
32	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	28
33	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	28
34	HELLA Asia Pacific Pty Ltd	Australia	Mentone	100.0	28
35	HELLA Australia Pty Ltd	Australia	Mentone	100.0	34
36	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	34
37	HELLA Asia Pacific Holdings Pty Ltd	Australia	Mentone	100.0	34
38	HELLA Korea Inc.	South Korea	Seoul	100.0	37
39	HELLA India Automotive Private Limited	India	Gurgaon	100.0	37

No.	Company	Country	City	Investment in %	in
40	HELLA Emobionics Pvt Ltd.	India	Delhi	100.0	39
41	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	28
42	HELLA Limited	Great Britain	Banbury	100.0	41
43	HELLA Corporate Center USA, Inc.	USA	Plymouth, MI	100.0	28
44	HELLA Electronics Corporation	USA	Plymouth, MI	100.0	43
45	HELLA Automotive Sales, Inc.	USA	Peachtree City GA	100.0	43
46	HELLA Ventures, LLC	USA	Delaware	100.0	43
47	HELLA España Holdings S. L.	Spain	Madrid	100.0	28
48	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	47
49	HELLA S.A.	Spain	Madrid	100.0	47
50	HELLA Handel Austria GmbH	Austria	Vienna	100.0	28
51	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	50
52	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	28
53	HELLA Engineering France S.A.S.	France	Toulouse	100.0	52
54	HELLA Benelux B.V.	The Netherlands	Nieuwegein	100.0	28
55	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	28
56	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	28
57	HELLA Hungária Kft.	Hungary	Budapest	100.0	28
58	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	28
59	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	28
60	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	28
61	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	60
62	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100.0	60
63	HELLA A/S	Denmark	Aabenraa	100.0	28
64	Hella India Lighting Ltd.	India	New Delhi	82.7	28
65	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100.0	28
66	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100.0	65
67	HELLA Slovakia Holding s.r.o.	Slovakia	Kocovce	100.0	28
68	HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100.0	67
69	HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100.0	28
70	HELLA do Brazil Automotive Ltda.	Brazil	São Paulo	100.0	28
71	HELLA Automotive South Africa (Pty) Ltd	South Africa	Uitenhage	100.0	28
72	HELLA Middle East FZE	United Arab Emirates	Dubai	100.0	28
73	HELLA Middle East LLC	United Arab Emirates	Dubai	49.0	72
74	Hella-Bekto Industries d.o.o.	Bosnia and Herzegovina	Gorazde	70.0	28
75	HELLA China Holding Co., Ltd.	China	Shanghai	100.0	28
76	HELLA (Xiamen) Electronic Device Co., Ltd.	China	Xiamen	100.0	75
77	Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100.0	75
78	HELLA Vietnam Company Limited	Vietnam	Ho Chi Minh City	100.0	28
79	Behr-Hella Thermocontrol GmbH	Germany	Lippstadt	50.0	1
80	Behr-Hella Thermocontrol (Shanghai) Co., Ltd.	China	Shanghai	100.0	79
81	Behr-Hella Thermocontrol Inc.	USA	Wixom, MI	100.0	79
82	Behr-Hella Thermocontrol India Private Limited	India	Pune	100.0	79
83	Behr-Hella Thermocontrol Japan K.K.	Japan	Tokyo	100.0	79
84	Behr-Hella Thermocontrol EOOD	Bulgaria	Sofia	100.0	79

' As in the prior year, the Company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).*

Associates / joint ventures:

				Investment	
No.	Company	Country	City	in %	in
85	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	79
86	BHTC Finland OY	Finland	Tampere	100.0	79
87	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	24.5	37
88	HBPO Beteiligungsgesellschaft mbH	Germany	Lippstadt	33.3	1
89	HBPO GmbH	Germany	Lippstadt	100.0	88
90	HBPO Germany GmbH	Germany	Meerane	100.0	89
91	HBPO Slovakia s.r.o.	Slovakia	Lozorno	100.0	89
92	HBPO Automotive Spain S.L.	Spain	Arazuri	100.0	89
93	HBPO Mexico S.A. de C.V.	Mexico	Cuautlancingo	100.0	89
94	HBPO Czech s.r.o.	Czech Republic	Mnichovo Hradiste	100.0	89
95	HBPO North America Inc.	USA	Troy, MI	100.0	89
96	HBPO UK Limited	Great Britain	Banbury	100.0	89
97	HBPO Canada Inc.	Canada	Windsor	100.0	89
98	HBPO Rastatt GmbH	Germany	Rastatt	100.0	89
99	HBPO Ingolstadt GmbH	Germany	Ingolstadt	100.0	89
100	HBPO Manufacturing Hungary Kft.	Hungary	Kecskemét	100.0	89
101	SHB Automotive Module Company Ltd.	South Korea	Gyeongbuk	50.0	89
102	HBPO Automotive Hungaria Kft.	Hungary	Györ	100.0	89
103	HBPO Regensburg GmbH	Germany	Regensburg	100.0	89
104	HBPO Pyeongtaek Ltd.	South Korea	Pyeongtaek	100.0	89
105	HBPO Beijing Ltd.	China	Beijing	100.0	89
106	HICOM HBPO SDN BHD	Malaysia	Shah Alam	51.0	89
107	HBPO Vaihingen/Enz GmbH	Germany	Vaihingen/Enz	100.0	89
108	HBPO Saarland GmbH	Germany	Kleinblittersdorf	100.0	89
109	HBPO Nanjing Ltd.	China	Nanjing	100.0	89
110	HBPO Székesfehérvár Kft.	Hungary	Székesfehérvár	100.0	89
111	HBPO Shanghai Ltd.	China	Shanghai	100.0	89
112	Changchun Hella Faway Automotive Lighting Co., Ltd.	China	Changchun	49.0	29
113	Chengdu Hella Faway Automotive Lighting Co., Ltd.	China	Chengdu	100.0	112
114	Faway Hainuo Automotive Technology (Changzhou) Co., Ltd.	China	Changzhou	61.0	112
115	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
116	Hella Pagid GmbH	Germany	Essen	50.0	1
117	Beijing Hella BHAP Automotive Lighting Co., Ltd.	China	Beijing	50.0	75
118	Hella BHAP (Sanhe) Automotive Lighting Co., Ltd.	China	Sanhe	100.0	117
119	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd.	China	Tianjin	100.0	117
120	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd., Changzhou branch	China	Changzhou	100.0	119
121	Hella BHAP Electronics (Jiangsu) Co., Ltd.	China	Zhenjiang	50.0	28
122	HELLA Evergrande Electronics (Shenzhen) Co.,Ltd.	China	Shenzhen	49.0	28
123	HELLA MINTH Jiaxing Automotive Parts Co., Ltd.	China	Jiaxing	50.0	28
124	HELLA Evergrande Electronics (Yangzhou) Co.,Ltd.	China	Yangzhou	100.0	122

The companies listed below were not consolidated as they are of minor significance for the Group's net assets, financial position, and results of operations. For this reason, the other disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's investments in these companies were recognised at fair value.

Companies not included in the consolidated financial statements:

				Investment	
No.	Company	Country	City	in %	in
125	Electra Hella's S.A.	Greece	Athens	73.0	28
126	HELLA Japan Inc.	Japan	Tokyo	100.0	28
127	CMD Industries Pty Ltd.	Australia	Mentone	100.0	37
128	Tec-Tool S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	60
129	Hella-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
130	FWB Kunststofftechnik GmbH	Germany	Pirmasens	100.0	1
131	H+S Verwaltungs GmbH i.L.	Germany	Pirmasens	50.0	1
132	INTEDIS GmbH & Co. KG i.L.	Germany	Würzburg	50.0	1
133	INTEDIS Verwaltungs-GmbH i.L.	Germany	Würzburg	50.0	1
134	The Drivery GmbH	Germany	Berlin	100.0	7
135	HELLA Fast Forward Shanghai Co., Ltd.	China	Shanghai	100.0	75
136	avitea GmbH	Germany	Lippstadt	100.0	1
137	avitea Industrieservice GmbH	Germany	Lippstadt	100.0	136
138	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments:

				Investment	
No.	Company	Country	City	in %	in
139	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
140	TecAlliance GmbH	Germany	Ismaning	7.0	1
141	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
142	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1
143	Brighter AI Technologies GmbH	Germany	Berlin	10.8	1
144	Breezometer Ltd.	Israel	Haifa	2.2	46
145	Gapwaves AB (publ)	Sweden	Gothenburg	10.0	28

Independent Auditor's Report

To HELLA GmbH & Co. KGaA, Lippstadt

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of HELLA GmbH & Co. KGaA, Lippstadt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at May 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from June 1, 2021 to May 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of HELLA GmbH & Co. KGaA, which is combined with the Company's management report, for the financial year from June 1, 2021 to May 31, 2022. We have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB in accordance with the German legal requirements.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at May 31, 2022, and of its financial performance for the financial year from June 1, 2021 to May 31, 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above mentioned statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report.

We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from June 1, 2021 to May 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1 **Recoverability of goodwill and impairments to property, plant and equipment and intangible assets with finite useful lives**

Our presentation of this key audit matter has been structured as follows:

1 Matter and issue
2 Audit approach and findings
3 Reference to further information

Hereinafter we present the key audit matter:

1 **Recoverability of goodwill and impairments to property, plant and equipment and intangible assets with finite useful lives**

1 In the consolidated financial statements of the Company, goodwill amounting to EUR 5.1 million and intangible assets with finite useful lives amounting to EUR 386.0 million are reported under the „intangible assets" balance sheet item, and property, plant and equipment amounting to EUR 1,956.5 million is reported under the „property, plant and equipment" line item (together accounting for 36.4% of total assets). Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment tests are only carried out on property, plant and equipment and intangible assets with finite useful lives if there are indications that these assets may be impaired. The impairment tests are carried out at the level of the cash-generating units or groups of cash-generating units – in the case of impairment tests on goodwill, including the respective allocated goodwill. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating unit or group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the Group's three-year financial plan prepared by the management and adopted by the supervisory board forms the starting point for future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit or group of cash-generating units. As a result of the impairment tests, an impairment loss of EUR 0.1 million was recognized in respect of property, plant and equipment and intangible assets with finite useful lives.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units or groups of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore generally subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2 As part of our audit we evaluated the methodology employed by the Company for the purposes of conducting the impairment tests, among other things, with the assistance of internal specialists from the „Valuation" area. After matching the future cash inflows used for the calculation against the three-year business plan of the Group, prepared by the management and adopted by the Supervisory Board, we assessed the appropriateness of the calculation, in par-

ticular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied or the growth rate used can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied and the growth rate used, and verified the calculation procedure. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to cash-generating units or groups of cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill as well as for the calculated impairment losses.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3 The Company's disclosures on impairment testing and the balance sheet items „Intangible assets" and „Property, plant and equipment" are contained in numbers 03, 28 and 29 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. Other information comprises the corporate governance declaration pursuant to § 289f HGB and § 315d HGB , which is a component of the Group management report whose content we have not audited.

The other information comprises further

- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB
- the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the abovementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited parts of the group management report or our knowledge obtained in the audit, orr
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides..

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

Report on the assurance in accordance with § 317 Abs. 3a HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes.

Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the „ESEF documents") contained in the electronic file HELLA_KA_ESEF-2022-05-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format („ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from June 1, 2021 to May 31, 2022 contained in the „Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned electronic file in accordance with § 317 Abs. 3a HGB and IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AuS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities under that standard are further described in the „Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: „Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, in the version applicable as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on September 30, 2021. We were engaged by the supervisory board on March 30, 2022. We have been the group auditor of HELLA GmbH & Co. KGaA, Lippstadt, without interruption since the financial year 2018/2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matters – Use of the Auditor's Report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted to ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the „Report on the assurance in accordance with § 317 Abs. 3a HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes" and our assurance opinion contained therein can only be used in conjunction with the audited ESEF documentation provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Hanover, 17 August 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	Martin Schröder
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement

on the consolidated financial statements, annual financial statements, Group management report and management report of HELLA GmbH & Co. KGaA dated 31 May 2022

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

Lippstadt, 16 August 2022

Michel Favre
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)

Yves Andres
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Lea Corzilius
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Bernard Schäferbarthold
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Björn Twiehaus
(Director of
Hella Geschäftsführungsgesellschaft mbH)

Corporate bodies of HELLA GmbH & Co. KGaA

Supervisory Board

Klaus Kühn
Since 26 September 2014,
Chair of the Supervisory Board,
Independent business consultant,
formerly CFO of Bayer AG

Tatjana Bengsch
Since 9 February 2022,
Head of Legal, North Europe, Faurecia

Heinrich-Georg Bölter
23 July 2004 until 9 March 2022,
Deputy Chair of the Supervisory Board,
member of commercial staff,
works council member

Michaela Bittner
14 October 2009 until 30 June 2022,
Senior executive

Paul Hellmann
Since 27 September 2019,
Member of technical staff,
works council member

Gabriele Herzog
Since 9 February 2022,
Director of Faurecia Automotive GmbH,
Deputy Vice President Global Business Services,
Faurecia

Dr. Dietrich Hueck
27 September 2019 until 8 February 2022,
Independent business consultant

Dr. Tobias Hueck
27 September 2019 until 8 February 2022,
Lawyer

Stephanie Hueck
26 September 2014 until 8 February 2022,
Entrepreneur

Susanna Hülsbömer
Since 14 October 2009,
Member of commercial staff,
works council member

Rupertus Kneiser
Since 9 February 2022,
retired

Oliver Lax
Since 23 July 2022,
technical employee, works council member

Andreas Marti
Since 9 February 2022,
Director of Faurecia Automotive GmbH, Group
Country Director Human Resources Germany,
Netherlands and Austria, Faurecia

Manfred Menningen
14 October 2009 until 8 June 2022,
Trade union secretary on the Executive Board of the
German Metalworkers' Union (IG Metall)

Torsten Muschal
Since 9 February 2022,
Executive Vice President Sales & Program
Management, Faurecia

Christian van Remmen
Since 23 July 2022,
Counsel of the German Metalworkers' Union (IG Metall) North Rhine-Westphalia

Christophe Schmitte
Since 9 February 2022,
Executive Vice President Group Operations, Faurecia

Claudia Owen
29 September 2016 until 8 February 2022,
Member of the Management Board at Dr. Arnold Hueck foundation

Dr. Thomas B. Paul
27 September 2019 until 8 February 2022,
Lawyer

Britta Peter
Since 27 September 2019,
First authorised signatory and treasurer of German Metalworkers' Union (IG Metall) Hamm-Lippstadt

Christoph Rudiger
Since 1 October 2018,
Member of commercial staff, works council member

Dr. Michaela Schäfer
Since 1 July 2022,
Senior executive

Franz-Josef Schütte
Since 27 September 2019,
Member of technical staff, works council member

Kirsten Schütz
Since 9 February 2022,
Vice President Head of Human Resources Germany, Siemens Energy,
self-employed lawyer

Charlotte Sötje
27 September 2019 until 8 February 2022,
Independent mediator

Christoph Thomas
26 September 2014 until 8 February 2022,
Architect

Shareholder Committee

Carl-Peter Forster
Since 27 September 2019,
Chair of the Shareholder Committee, independent business consultant and investor, formerly CEO of Adam Opel AG

Patrick Koller
Since 4 February 2022, Chief Executive Officer, Faurecia

Dr. Jürgen Behrend
28 September 2017 until 30 September 2021,
Deputy Chair of the Shareholder Committee, formerly personally liable Managing Partner of Hella KGaA Hueck & Co

Horst Binnig
27 September 2019 until 30 April 2022,
former CEO of Rheinmetall Automotive AG and former member of the Executive Board of Rheinmetall AG

Samuel Christ
27 September 2019 until 4 February 2022,
independent communications consultant and creative director

Nolwenn Delaunay
Since 4 February 2022,
Executive Vice President, Group General Counsel & Board Secretary, Faurecia

Olivier Durand
Since 14 July 2022, Executive Vice President, Chief Financial Officer, Faurecia

Michel Favre
4 February 2022 until 30 June 2022,
Chief Financial Officer, Faurecia (until 30 June 2022), Chair of the Management Board of Hella Geschäfsführungsgesellschaft mbH (since 1 July 2022)

Roland Hammerstein
13 November 2003 until 4 February 2022
Self-employed lawyer

Klaus Kühn
Since 19 November 2010,
independent business consultant,
formerly CFO of Bayer AG

Dr. Matthias Röpke
27 September 2013 until 4 February 2022,
Independent business consultant

Christophe Schmitt
Since 4 February 2022,
Executive Vice President, Group Operations, Faurecia

Jean-Pierre Sounillac
Since 4 February 2022,
Executive Vice President, Group Human Resources, Faurecia

Konstantin Thomas
Since 27 September 2013 until 4 February 2022,
Entrepreneur

Management Board

Hella Geschäftsführungs-gesellschaft mbh
General Partner

Dr. Rolf Breidenbach
1 February 2004 until 30 June 2022,
President and CEO,
Purchasing, Quality, Legal and Compliance

Michel Favre
Since 1 July 2022,
President and CEO,
Purchasing, Quality, Legal and Compliance

Yves Andres
Since 15 April 2022,
Business Group Lighting

Dr. Lea Corzilius
Since 1 October 2020,
Human Resources, Business Group Lifecycle Solutions

Dr Frank Huber
1 April 2018 until 30 June 2022
Business Group Lighting

Bernard Schäferbarthold
Since 1 November 2016,
Finance, Controlling, Information Technology and Process Management

Björn Twiehaus
Since 1 April 2020,
Business Group Electronics

Glossary

AFLAC (American Family Life Assurance Company)
US insurance company specialised in health and life insurance

AfS (available-for-sale)
Available-for-sale financial assets

Asia/Pacific/RoW
The Asia/Pacific/Rest of World region comprises the countries of Asia as well as Australia and New Zealand. “Rest of world” (RoW) is the term used to cover all other countries outside of those regions mentioned specifically

Associates
Associates are companies over which the Group exercises significant influence but no control

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

Adjusted EBIT
Earnings before interest and income taxes, adjusted for extraordinary expenses, income or payments and unplanned impairments

Adjusted EBIT margin
Ratio of adjusted EBIT to portfolio-adjusted consolidated sales

Adjusted EBITDA
Earnings before interest, income taxes, depreciation, and amortisation, adjusted for extraordinary expenses, income or payments

Adjusted EBITDA margin
Ratio of adjusted EBITDA to portfolio-adjusted consolidated sales

Adjusted free cash flow
Net cash flow from operating activities after capital expenditure, excluding company acquisitions, adjusted for extraordinary expenses, income or payments

CCBS (Cross Currency Basis Spread)
Unit to measure how well a currency is performing; results in additional hedging costs that have an impact on both currencies

CDS (Credit Default Swap)
Credit default swap is a credit derivative in which the risk of defaults from credits, bonds or borrowers are negotiated (credit default insurance)

Compliance
Adherence to statutory and internal Company regulations

DBO (defined benefit obligation)
Value of obligations arising from the Company pension scheme

EaD (Exposure at Default)
Exposure at default quantifies the amount of the credit claim that exists at the time of a borrower’s default

EBIT (earnings before interest and taxes)
Earnings before interest payments and income taxes

EBIT margin
Earnings before interest payments and income taxes in relation to the consolidated sales reported

EBITDA (earnings before interest, taxes, depreciation and amortisation)
Earnings before interest, income taxes, depreciation and amortisation

EBITDA margin
Earnings before interest payments, income taxes, depreciation and amortisation in relation to the consolidated sales reported

EBT (earnings before taxes)
Earnings before income taxes

ECL (Expected Credit Losses)
Evaluation of expected credit losses from financial instruments

IT
IT stands for information technology and refers to all types of computer expertise including software and hardware

Return on equity
Return on equity is a ratio calculated by dividing net income by shareholders' equity

Europe excluding Germany
This region comprises all countries in Europe including Turkey and Russia but excluding Germany

R&D
Research and development

FLAC (financial liabilities at amortised cost)
Financial liabilities measured at amortised cost

Free cash flow
Net cash flow from operating activities after capital expenditure, excluding Company acquisitions

FVOCI (Fair Value through other Comprehensive Income)
Financial instrument that is measured at fair value with changes in value recognised in other comprehensive income

FVPL (Fair Value through Profit or Loss)
Financial instrument that is measured at fair value with changes in value recognised in profit or loss

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

HfT (held for trading)
Financial assets held for trading and financial liabilities held for trading

IFRS (International Financial Reporting Standards)
International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements

KGaA (Kommanditgesellschaft auf Aktien)
The KGaA combines the elements of a stock corporation with those of a limited partnership

LaR (loans and receivables)
Loans and receivables

LGD (Loss Given Default)
Loss given default is the expected percentage loss in the event of insolvency

n.a. (not applicable)
Not applicable

NCAP (Euro NCAP)
Abbreviation for European New Car Assessment Programme; independent association to evaluate vehicle safety

Net financial debt
Net financial debt is the balance of cash and cash equivalents and current financial assets and current and non-current financial liabilities

Net capital expenditure
Payments for the acquisition of property, plant and equipment and intangible assets less cash proceeds from the sale of property, plant and equipment and intangible assets as well as payments received for series production

North, Central and South America
The North, Central, and South America region comprises all the countries on the continents of North and South America

PD (Probability of Default)
Probability of default is the likelihood of default on receivables and thus describes the possible loss of incurred by a credit institution or from a business relationship

POCI (Purchased or originated credit impaired financial assets)
Financial assets already having an impaired credit rating at the time of purchase or origination

Rating
In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis

RoIC (return on invested capital)
The ratio of operating income before financing costs and after taxes to invested capital

Segment sales
Sales with third-party entities and other business segments

Segment sales of the business division
Sales with third-party entities, other business segments and other business divisions of the same business segment

SPPI (Solely Payments of Principal and Interest)
Contractual cash flows representing only principal and interest payments on the outstanding principal amount

SOE, Special OE (Special Original Equipment)
Designation of “special original equipment” at HELLA. In this division, HELLA systematically taps customer target groups outside the automotive original equipment market, such as manufacturers of caravans, agricultural and construction vehicles and machinery, as well as municipalities

Tier-1 supplier
First-level supplier

Currency and portfolio-adjusted consolidated sales
Consolidated sales without considering effects due to exchange rates and portfolio changes

(CGU) Cash-generating unit
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or other groups of assets

Legal notice

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Corporate Communications & Investor Relations
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59552 Lippstadt, Germany
www.hella.com

This report is available in German and English. Both versions are available for downloading at **www.hella.de/geschaeftsbericht** (German) and **www.hella.com/annualreport** (English).

Contact details for Investor Relations

Tel. +49 2941 38 1349
investor.relations@hella.com

Equality is a fundamental principle for HELLA. Female and male employees are collectively referred to as employees exclusively in the interests of better readability. The term includes all genders.

Credits

Photos: Front and Back cover: Getty Images, pgs. 15–18: Mercedes-Benz Group AG (1), Škoda (1), HELLA (5); p. 22: Getty Images

Project management and Design:
C3 Creative Code and Content GmbH
Heiligegeistkirchplatz 1
10178 Berlin, Germany

Comparison of key performance indicators over three years

	2021/2022	2020/2021	2019/2020
Currency and portfolio-adjusted sales (in € million)	6,229	6,380	5,739
Currency and portfolio-adjusted sales growth	-2.4%	+13.3%	-15.7%
Adjusted EBIT margin	4.4%	8.0%	4.0%

In € million	**2021/2022**	2020/2021	2019/2020
Sales	6,326	6,380	5,739
Adjusted earnings before interest and taxes (adjusted EBIT)	279	510	227
Earnings before interest and taxes (EBIT)	278	454	-343
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	703	917	661
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	703	894	576
Earnings for the period	184	360	-432
Earnings per share (in €)	1.63	3.22	-3.88
Adjusted free cash flow from operating activities	-213	217	222
Free cash flow from operating activities	-267	74	205
Research and development (R&D) expenses	693	603	620
Capital expenditures	560	630	431

	2021/2022	2020/2021	2019/2020
EBIT margin	4.4%	7.1%	-5.9%
Adjusted EBITDA margin	11.1%	14.4%	11.5%
EBITDA margin	11.1%	14.0%	9.9%
R&D expenses in relation to sales	11.0%	9.5%	10.8%
Investments in relation to sales	8.9%	9.9%	7.5%

	31 May 2022	**31 May 2021**	31 May 2020
Net financial debt/net financial liquidity (in € million)	-387	103	-140
Equity ratio	42.5%	40.6%	37.0%
Return on equity	6.7%	13.7%	-20.5%
Employees	36,008	36,500	36,311

Development of the HELLA share (in €)	**2021/2022**	**2020/2021**	2019/2020
Closing price	67.05	56.50	35.10
Highest price	67.24	57.10	50.55
Lowest price	52.96	35.00	20.82
Proposed dividend per share	0.49	0.96	0.00

In order to ensure better comparability of the results of operations between the individual fiscal years, the presentation of operating figures has been adjusted or restated. Further information can be found in the notes to this annual report.

HELLA GmbH & Co. KGaA
Rixbecker Straße 75
59552 Lippstadt /Germany
Tel. + 49 2941 38 - 0
Fax+49 294138-71 33
info@hella.com
www.hella.com