

Financial statement
31 August 2022
1st fiscal quarter 2022

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Key performance indicators

	1st fiscal quarter		
	2022	2021/2022	Change
Currency and portfolio-adjusted sales (in € million)	1,713	1,473	+16.3%
Adjusted EBIT margin	5.1%	6.2%	-1.1pp

In € million	1st fiscal quarter		
	2022	2021/2022	Change
Sales	1,792	1,473	+21.6%
Adjusted earnings before interest and taxes (adjusted EBIT)	91	91	-0.2%
Earnings before interest and taxes (EBIT)	75	79	-5.2%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	208	188	+10.7%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	192	176	+9.2%
Earnings for the period	50	57	-11.6%
Earnings per share (in €)	0.45	0.51	-11.7%
Adjusted free cash flow from operating activities	-82	-31	--
Free cash flow from operating activities	-6	-40	--
Capital expenditures	188	144	+30.6%
Research and development (R&D) expenses	186	163	+14.0%

	1st fiscal quarter		
	2022	2021/2022	Change
EBIT margin	4.2%	5.4%	-1.2pp
Adjusted EBITDA margin	11.6%	12.8%	-1.2pp
EBITDA margin	10.7%	11.9%	-1.2pp
Capital expenditure in relation to sales	10.5%	9.7%	+0.8pp
R&D expenses in relation to sales	10.4%	11.1%	-0.7pp

	31 August 2022	31 May 2022	Change
Net financial debt (in € million)	-421	-387	-34
Equity ratio	42.7%	42.5%	+0.2pp
Return on equity (last 12 months)	6.2%	6.7%	-0.5pp
Employees	35,643	36,008	-1.0%

The reporting period for the first quarter is 1 June to 31 August. As HELLA is changing its fiscal year to the calendar year with effect from 1 January 2023, a transitional short fiscal year will be inserted from 1 June to 31 December 2022.

- **Global light vehicle production** increases again after slumps in the prior year; production of passenger cars and light commercial vehicles rises by 21.5%
- **Currency and portfolio-adjusted sales** improves by 16.3% to €1,713 million, reported sales grew by 21.6% to €1,792 million
- **At €91 million, adjusted EBIT** is at the prior-year level; adjusted EBIT margin drops to 5.1%
- **Lighting** increases sales by 22.8% to €838 million, among other things due to higher production volumes after series launches in the prior year
- **Electronics** records 26.6% increase in sales to €799 million, for example due to high demand for energy management solutions
- **Lifecycle Solutions** grows sales by 6.4% to €240 million; both Aftermarket and Special Applications business contribute to growth
- **Free cash flow from operating activities** improves to -€6 million compared to prior year; adjusted free cash flow is at -€82 million
- **Company outlook for** the period 1 June 2022 to 31 May 2023 is confirmed

Industry development

- Global light vehicle production up 21.5% in three-month period, according to IHS data (as at September 2022)
- Market recovery takes place in all regions

In the first three months of the short fiscal year 2022 (1 June to 31 August 2022), global light vehicle production recovered in part after having declined significantly in the prior year, in particular due to massive supply bottlenecks. According to the market research institute IHS Markit (as at September 2022), global production of passenger cars and light commercial vehicles increased significantly by 21.5% year-on-year to 21.0 million new vehicles (prior year: 17.3 million units).

In the reporting period, all regions also grew significantly. Production volumes in the European market increased by 12.3% to 3.6 million units (prior year: 3.2 million units); the German automotive market accounted for a growth of 23.2%. In North, Central and South America, the production figures increased by 18.8% to 4.5 million units (prior year: 3.7 million units); the US market grew by 16.8% in this region. In Asia/Pacific/Rest of World, light vehicle production increased by 25.3% to 13.0 million units (prior year: 10.3 million units); the automotive market in China recorded growth of 35.1% as part of this region.

Production of passenger cars and light commercial vehicles during first quarter

in thousands	1st fiscal quarter 2022	+/-	1st fiscal quarter 2021/2022
Europe	3,593	+12.3%	3,198
<i>of which Germany</i>	<i>806</i>	<i>+23.2%</i>	<i>654</i>
North, Central and South America	4,450	+18.8%	3,746
<i>of which USA</i>	<i>2,497</i>	<i>+16.8%</i>	<i>2,139</i>
Asia / Pacific / RoW	12,955	+25.3%	10,339
<i>of which China</i>	<i>7,078</i>	<i>+35.1%</i>	<i>5,240</i>
Worldwide	20,998	+21.5%	17,284

Source: IHS Light Vehicle Production Forecast, September 2022

Business development of the HELLA Group

- Currency and portfolio-adjusted sales improves by 16.3% to €1,713 million, reported sales grew by 21.6% to €1,792 million
- Lighting benefits from higher production volumes after series launches in the prior year; Electronics with high demand for energy management solutions, for example; Lifecycle Solutions records good demand in the Aftermarket and Special Applications segments
- Adjusted EBIT of €91 million is at prior-year level; adjusted EBIT margin falls to 5.1%
- Lower profitability was mainly caused by higher costs of materials, energy and logistics
- Free cash flow from operating activities improves to -€6 million; adjusted free cash flow stands at -€82 million

During the first quarter of short fiscal year 2022 (1 June to 31 August 2022), reported sales for the HELLA Group increased by 21.6% to €1,792 million (prior year: €1,473 million). Without consideration of exchange rate effects (€78 million; 5.3 percentage points) the currency and portfolio-adjusted consolidated sales improved by 16.3% to €1,713 million (prior year: €1,473 million). In the reporting period, there were no portfolio effects that required adjustment.

The sales growth was driven by positive business development in all business segments. For example, sales in the Lighting segment rose by 22.8% (currency-adjusted: 16.3%) to €838 million (prior year: €682 million); the segment benefited in particular from higher production volumes following series launches, which took place in the previous fiscal year primarily in China and Mexico. In the Electronics segment, sales improved by 26.6% (currency-adjusted: 22.5%) to €799 million (prior year: €632 million), in particular due to high demand for product solutions for energy management, for example. In the Lifecycle Solutions segment, sales rose by 6.4% (currency-adjusted: 4.8%) to €240 million (prior year: €225 million). The Aftermarket segment improved, in particular in the markets of Turkey, Mexico and Poland; in the Special Applications segment, all relevant customer segments grew compared to the prior year, for example business with manufacturers of agricultural machinery based on continued good order call-off volumes as well as high demand for newly launched work lamps. All segments also benefited from par-

Results of operations

HELLA GmbH & Co. KGaA resolved at its Extraordinary General Meeting on 29 April 2022 to change the fiscal year to the calendar year with effect from 1 January 2023. The corresponding entry of this change in the Commercial Register was made on 8 September 2022. A transitional one-off short fiscal year will therefore be inserted from 1 June 2022 to 31 December 2022.

Reported sales of the HELLA Group

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

2020/2021	1,344 (-14.4%)
2021/2022	1,473 (+9.6%)
2022	1,792 (+21.6%)

Consolidated income statement

in € million	1st fiscal quarter 2022	+/-	1st fiscal quarter 2021/2022
Sales	1,792	+21.6%	1,473
Cost of sales	-1,382		-1,092
Gross profit	410	+7.3%	382
Ratio of gross profit to sales	22.9%		25.9%
Research and development expenses	-186		-163
Distribution expenses	-89		-80
Administrative expenses	-61		-55
Other income and expenses	2		5
Earnings from investments accounted for using the equity method	16		3
Other income from investments	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	91	-0.2%	91
Ratio of adjusted EBIT to sales	5.1%		6.2%

For better comparability, the operating figures are presented in an adjusted form. The reported key performance indicators and other information are presented in the selected financial information and in the further notes.

tially passing on price increases to customers in the reporting period.

With regard to business development by region, sales in the overall European market improved by 4.7% to €906 million (prior year: €866 million). Business development in the other European countries was particularly positively (+14.0%), while a decline in sales of 4.0% was recorded in Germany. In North, Central and South America, sales rose by 34.0% to €407 million (prior year: €304 million). In Asia/Pacific/Rest of World, sales increased by 57.3% to €478 million (prior year: €304 million).

At €91 million, the adjusted earnings before interest and taxes (adjusted EBIT) remained constant compared to the prior year (prior year: €91 million), the adjusted EBIT margin thus drops to 5.1% (prior year: 6.2%). The earnings before interest and taxes were adjusted in the amount of €16 million (prior year: €12 million). Reported EBIT thus stands at €75 million (prior year: €79 million), the reported EBIT margin falls to 4.2% (prior year: 5.4%). The lower profitability in the first quarter was mainly caused by a lower gross profit margin.

Gross profit increased to €410 million in the first quarter (prior year: €382 million); however, in relation to the higher sales, the gross profit margin decreased to 22.9% (prior year: 25.9%). Although gross profit benefited from higher production volumes in connec-

tion with the improved sales, this development was not able to compensate for further increases in costs of materials, energy and logistics.

Research and development expenses increased to €186 million in the reporting period (prior year: €163 million). Consequently, the R&D ratio – at 10.4% – declined slightly on the prior year (prior year: 11.1%). Research & development expenses were made in particular against the background of the high order intake and in preparation for the corresponding production launches.

Expenses for distribution and administration and the balance of other income and expenses increased to €148 million (prior year: €130 million). The ratio of these expenses and income in relation to the sales is thus 8.3% (prior year: 8.8%).

The contribution of the associates and joint ventures to group-wide adjusted EBIT significantly improved to €16 million (prior year: €3 million), which corresponds to a relative share of 17.1% (prior year: 2.9%). The reason for this increase is, among other things, a significant operational improvement in the business activities of certain German joint ventures.

The net financial result for the first quarter is -€9 million (prior year: -€5 million). Expenses relating to income taxes amount to €16 million (prior year: €18 million).

Adjusted earnings before interest and taxes

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

2020/2021	56 (4.2%)
2021/2022	91 (6.2%)
2022	91 (5.1%)

The first quarter of the short fiscal year thus closed with earnings for the period totalling €50 million (prior year: €57 million). Earnings per share thus amounts to €0.45 (prior year: €0.51).

Financial status

In the first three months of the fiscal year 2022, net cash flow from operating activities increased by €78 million to €182 million when compared with the prior-year quarter (prior year: €103 million). This development is mainly due to improvements in working capital, which had been affected in the prior year by a high build-up of inventories in the wake of supply shortages of electronic components, for example semiconductors and microchips. Nevertheless, the global supply bottlenecks and supply chain interruptions made themselves known in the significant increase in inventories over the reporting period. The change in receivables is positively influenced in the amount of €97 million by the sale of receivables as part of introducing the factoring programme, which took place in the reporting period.

Cash investing activities, excluding cash payments or receipts for the purchase or sale of company shares or capital increases or repayments and securities, amounted to €188 million (prior year: €144 million). These mainly included capital expenditures towards the long-term expansion of the worldwide development, administration and production network. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. Relative to the higher level of sales, capital expenditures increased to 10.5% (prior year: 9.7%).

As part of the active management of the liquid funds available to the Group, €175 million were gained from securities in the reporting period (prior year: outflow of €404 million). For liquidity management purposes, capital is usually invested in short-term securities or securities with a liquid market so the funds can be made available for potential operating requirements at short notice.

The reported free cash flow from operating activities improved to € -6 million (prior year: € -40 million). Not taking into consideration structural measures (€16 million) and venture capital activities (€4 million), free cash flow from operating activities was € 14 million (prior year: € -31 million). Excluding the cash inflows (€97 million) due to the factoring programme introduced in June 2022, the adjusted free cash flow from operating activities decreased overall to € -82 million (prior year: € -31 million).

Total cash outflows from financing activities came to approximately €52 million (prior year: outflow of €9 million). Net new borrowing stood at €57 million (prior year: €4 million net amount borrowed).

Compared to the end of the prior year, liquidity from cash and cash equivalents increased by €228 million to €804 million (31 May 2022: €576 million). Together with current financial assets, essentially comprising securities of €245 million (31 May 2022: €427 million), the available funds increased to €1,049 million (31 May 2022: €1,003 million).

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

Adjusted free cash flow from operating activities

in € million

-240	2020/2021
-31	2021/2022
-82	2022

Financial position

Compared to the balance sheet date in the prior fiscal year 2021/2022, total assets increased by €289 million to €6,734 million (31 May 2022: €6,445 million). The equity ratio stood 42.7% and was thus above the level on the balance sheet date of 31 May 2022 (42.5%). The equity ratio relative to total assets adjusted for liquidity comes to 50.6% (31 May 2022: 50.3%).

Current and non-current financial liabilities increased by €91 million to €1,470 million (31 May 2022: €1,390 million). Net financial debt as the balance of cash and current financial assets as well as current and non-current financial liabilities increased by a total of €34 million to €421 million (31 May 2022: €387 million).

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

Further events in the first quarter

Exit from joint venture

- HELLA decided to sell its 33.33 percent stake in the joint venture HBPO Beteiligungsgesellschaft mbH ("HBPO") to the co-shareholder Plastic Omnium. A corresponding share purchase and transfer agreement was signed on 28 July 2022. The agreed purchase price amounts to €290 million (including a dividend of around €8 million). Subject to regulatory approval by the responsible authorities, the transaction ("closing") is expected to be completed in the fourth quarter of 2022. On the one hand, the transaction is based on a possible use of the change of control clause stipulated in the joint venture agreement by Plastic Omnium. On the other hand, HELLA is pursuing its proven course of consistent portfolio management with the sale of the HBPO shares.

New lighting plant in China

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

New members for HELLA committees

- The Shareholder Committee of HELLA GmbH & Co. KGaA ("HELLA") has resolved to propose to HELLA's Annual General Meeting on 30 September 2022 to elect Prof. Wolfgang Ziebart as an independent member of the Company's Shareholder Committee. If elected, he will take over as Chair from Carl-Peter Forster, who announced at the beginning of April 2022 that he would step down at the end of the Annual General Meeting. At the same time, Judith Buss and Andreas Renschler have been proposed as independent members of the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA. Their election is to likewise take place at the Annual General Meeting. Andreas Renschler is then to also take over as Chair of the Supervisory Board; within this corporate body, Judith Buss is also to act as Chair of the Audit Committee. Andreas Renschler and Judith Buss thus succeed Klaus Kühn, who will resign from the aforementioned committees for personal reasons at the end of the Annual General Meeting.

Opportunity and risk report

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

That said, the general economic and market environment continues to be characterised by very high risks and uncertainties. These are, firstly, in connection with the Russian attack on Ukraine. HELLA does not maintain any production or development sites of its own in Russia or Ukraine. However, as a result of the war, the costs for energy, raw materials and logistics have already risen significantly, especially as further price increases are to be expected in this context. Furthermore, it is not foreseeable at this point in time whether there will be interruptions to the gas supply and what macroeconomic and sector-specific effects this could have. Further increases in energy prices could also be expected in this case.

Secondly, there are still significant risks associated with the coronavirus pandemic, especially in view of the upcoming autumn and winter period. There may therefore be renewed restrictive containment measures under certain circumstances, especially in the Chinese market. These could potentially lead to repeated production shutdowns at HELLA as well as at customers and suppliers and put additional strain on global supply chains.

Thirdly, it can be assumed, according to current estimates, that the shortages of electronic components that have existed since the beginning of 2021 will continue to persist further. As a result there is still a risk of reduced production volumes and additional costs for materials and logistics as well as inefficiencies in the production process.

Forecast report

- Global automotive production to grow by 12.4% in the period from 1 June 2022 to 31 May 2023, according to forecasts by IHS Markit (as at September 2022)
- Company outlook is confirmed
- Company outlook based on expected global light vehicle production of 80 to 84 million units

Industry outlook

In the period from 1 June 2022 to 31 May 2023, global production of passenger cars and light commercial vehicles will rise by 12.4% to 85.2 million units (prior year: 75.8 million units) according to estimates by the market research institute IHS Markit (as at September 2022). In the prior year, global automotive production slumped by 8.8% due to component shortages, coronavirus lockdowns and reduced volumes as a result of the Ukraine war. While the market outlook published in July this year is largely

confirmed on the basis of the current forecast (IHS outlook as at July 2022: 12.6%), the industry outlook remains, however, subject to certain market risks, mainly related to the war in Ukraine and the associated potential gas supply disruptions, the further development of the coronavirus pandemic and ongoing supply shortages.

According to IHS Markit's current forecasts, all regional markets will recover, at least in part, in the period from 1 June 2022 to 31 May 2023. Growth of 9.9% to 16.3 million units is now forecast for the European market (prior year: 14.8 million units); growth of 22.9% is expected for the German market. The North, Central and South American market is expected to see light vehicle production growth of 15.2% to 18.2 million units (prior year: 15.8 million units); the US market is expected to grow by 16.0% in this region. For the Asia/Pacific/Rest of World region, IHS Markit expects production volumes to rise by 12.2% to 50.8 million units (prior year: 45.2 million units); China is expected to see an increase of 11.6%.

Expected production of passenger cars and light commercial vehicles and change compared to the prior year

in thousands	1 June 2022 to 31 May 2023	+/-	1 June 2021 to 31 May 2022
Europe	16,282	+9.9%	14,817
<i>of which Germany</i>	3,825	+22.9%	3,113
North, Central and South America	18,200	+15.2%	15,797
<i>of which USA</i>	10,443	+16.0%	8,998
Asia / Pacific / RoW	50,753	+12.2%	45,217
<i>of which China</i>	26,933	+11.6%	24,123
Worldwide	85,235	+12.4%	75,832

Source: IHS Light Vehicle Production Forecast, September 2022

Company outlook

The Company outlook for the period from 1 June 2022 to 31 May 2023 continues to be in line with the forecast published in the annual report 2021/2022. Correspondingly, HELLA assumes it will generate currency and portfolio-adjusted consolidated sales in the range of around €7.1 to €7.6 billion in this period. 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 the company's expected global automotive production of 80 to 84 million vehicles.

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.

Selected financial information

Consolidated income statement of
HELLA GmbH & Co. KGaA

€ thousand	1st quarter 1 June to 31 August 2022	1st quarter 1 June to 31 August 2021
Sales	1,791,538	1,473,482
Cost of sales	-1,384,687	-1,095,494
Gross profit	406,851	377,988
Research and development expenses	-188,775	-166,581
Distribution expenses	-89,481	-80,273
Administrative expenses	-63,674	-59,513
Other income	13,157	6,837
Other expenses	-18,723	-2,042
Earnings from investments accounted for using the equity method	15,598	2,666
Other income from investments	0	0
Earnings before interest and taxes (EBIT)	74,953	79,083
Financial income	13,440	7,848
Financial expenses	-22,624	-12,430
Net financial result	-9,184	-4,582
Earnings before income taxes (EBT)	65,769	74,500
Income taxes	-15,785	-17,955
Earnings for the period	49,985	56,546
of which attributable:		
to the owners of the parent company	49,696	56,294
to non-controlling interests	289	251
Basic earnings per share in €	0.45	0.51
Diluted earnings per share in €	0.45	0.51

Segment reporting

The implemented organisational changes for the further development and management of the business activities lead to a change in the segment reporting (see also the Annual Report May 2022). The information on segment reporting will be reported in a correspondingly changed form as of the first quarter of the current reporting period. The information on the

former Aftermarket and Special Applications segments will therefore be combined in the Lifecycle Solutions segment. At the same time, the Group will no longer combine the Lighting and Electronics segments into the Automotive reporting segment and will report Lighting and Electronics separately from now on.

Sales with third-party entities for the first three months (1 June to 31 August) of the fiscal years 2022 and 2021/2022 are as follows:

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2022	2021/2022	2022	2021/2022	2022	2021/2022
Sales with third-party entities	731,497	569,764	821,548	671,034	237,157	224,385
Intersegment sales	67,825	61,740	16,054	11,154	2,697	1,044
Segment sales	799,321	631,504	837,602	682,188	239,854	225,429

The segment sales for the first three months (1 June to 31 August) of the fiscal years 2022 and 2021/2022 are as follows:

€ thousand	Electronics		Lighting		Lifecycle Solutions	
	2022	2021/2022	2022	2021/2022	2022	2021/2022
Sales from the sale of goods	703,123	534,363	813,322	619,122	222,905	210,364
Sales from the rendering of services	28,373	35,401	8,225	51,912	14,252	14,021
Sales with third-party entities	731,497	569,764	821,548	671,034	237,157	224,385

Sales reconciliation:

€ thousand	2022	2021/2022
Total sales of the reporting segments	1,876,777	1,539,120
Sales in other divisions	1,381	23,123
Elimination of intersegment sales	-86,621	-88,762
Consolidated sales	1,791,538	1,473,482

Consolidated statement of financial position of HELLA GmbH & Co. KGaA

€ thousand	31 August 2022	31 May 2022	31 August 2021
Cash and cash equivalents	804,462	576,129	508,609
Financial assets	244,689	426,611	919,394
Trade receivables	1,143,857	1,071,974	879,855
Other receivables and non-financial assets	240,712	227,617	193,485
Inventories	1,240,473	1,136,391	1,034,890
Current tax assets	33,586	27,669	38,918
Contract assets	44,117	42,179	43,958
Non-current assets held for sale	31,471	0	0
Current assets	3,783,368	3,508,570	3,619,109
Intangible assets	414,655	391,111	309,940
Property, plant and equipment	1,980,688	1,956,470	1,724,073
Financial assets	113,086	119,358	84,975
Investments accounted for using the equity method	203,279	224,182	191,595
Deferred tax assets	95,190	89,778	98,744
Contract assets	68,943	77,060	52,997
Other non-current assets	74,633	78,444	89,778
Non-current assets	2,950,474	2,936,404	2,552,101
Assets	6,733,841	6,444,973	6,171,210
Financial liabilities	292,745	215,602	144,018
Trade payables	1,154,263	1,081,829	901,951
Current tax liabilities	44,167	34,875	35,827
Other liabilities	456,824	482,939	388,398
Provisions	145,809	144,281	198,104
Contract obligations	85,091	79,614	110,087
Current liabilities	2,178,899	2,039,140	1,778,385
Financial liabilities	1,177,599	1,173,923	1,266,335
Deferred tax liabilities	55,045	47,771	14,459
Other liabilities	84,540	75,290	116,196
Provisions	361,597	369,710	448,521
Non-current liabilities	1,678,780	1,666,693	1,845,511
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,650,818	2,514,066	2,322,898
Equity before non-controlling interests	2,873,040	2,736,288	2,545,121
Non-controlling interests	3,122	2,852	2,194
Equity	2,876,163	2,739,140	2,547,314
Equity and liabilities	6,733,841	6,444,973	6,171,210

Consolidated cash flow statement of HELLA GmbH & Co. KGaA;

for the period from 1 June to 31 August

€ thousand	2022	2021/2022
Earnings before income taxes (EBT)	65,769	74,500
Depreciation and amortisation	116,737	96,512
Change in provisions	6,140	10,903
Other non-cash expenses/income and cash flows not attributable to operating activities	-8,453	-29,355
Profits/losses from the sale of property, plant and equipment and intangible assets	166	702
Net financial result	9,184	4,582
Change in trade receivables and other assets not attributable to investing or financing activities	-39,429	76,568
Change in inventories	-79,707	-127,730
Change in trade payables and other liabilities not attributable to investing or financing activities	116,480	997
Net tax payments	-14,979	-14,158
Dividends received	9,928	9,854
Net cash flow from operating activities	181,836	103,374
Cash receipts from the sale of intangible assets and property, plant and equipment	3,392	5,206
Payments for the purchase of intangible assets and property, plant and equipment	-191,044	-148,869
Net payments for loans granted to investments	-68	-2,242
Net payments from changes in equity to investments	-3,026	-1,684
Acquisitions/Sales of investments and business (net of cash and cash equivalents)	3,016	-18,084
Net payments for the purchase and sale of securities	175,252	-404,318
Interest received	1,436	1,478
Net cash flow from investing activities	-11,042	-568,513
Net payments from the borrowing/repayment of financial liabilities	57,288	-4,389
Interest paid	-5,697	-4,523
Net cash flow from financing activities	51,590	-8,913
Net change in cash and cash equivalents	222,384	-474,052
Cash and cash equivalents as at 1 June	576,129	979,495
Effect of exchange rate changes on cash and cash equivalents	5,949	3,165
Cash and cash equivalents as at 31 August	804,462	508,609

Further notes

01 Basic information

HELLA GmbH & Co. KGaA and its subsidiaries (collectively referred to as the “Group”) develop and manufacture lighting technology and electronics components and systems for the automotive industry. In addition to the development and manufacture of components, joint venture companies produce complete vehicle modules and air-conditioning systems. The Group’s production and manufacturing sites are located across the globe; its most significant markets are in Europe, the USA, and Asia, particularly 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 district court under number HRB 6857 and prepares the consolidated financial statements for the smallest and largest group of companies. HELLA GmbH & Co. KGaA is included in the higher-level consolidated financial statements of Faurecia S.E., Nanterre (Hauts-de-Seine), France.

HELLA GmbH & Co. KGaA changed its fiscal year to the period from 1 January to 31 December of the respective year with effect from 1 January 2023 by resolution of the Extraordinary Annual General Meeting on 29 April 2022. The period from 1 June 2022 to 31 December 2022 will be a short fiscal year. The change in the fiscal year was entered in the Commercial Register on 8 September 2022. In the following tables, the figures for 2022 refer to this short fiscal year.

The information in the financial statement as at 31 August 2022 is stated in thousands of euros (€ thousand). The financial statement is 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. External segment reporting is based on internal reporting (“management approach”). Segment reporting is based solely on financial information used by the Company’s decision-makers for the internal management of the Company and to make decisions regarding the allocation of resources and the measurement of profitability. Special effects which are clearly differentiated from the operational business are not assessed as part of the operational profitability and are not included in the segment reporting. The current/non-current distinction is observed in the consolidated statement of financial position. The amounts stated under current assets and liabilities are for the most part due for settlement within twelve months. Accordingly, non-current items are mainly due for settlement in more than twelve months. In order to enhance the clarity of the presentation, items of the consolidated statement of financial position and consolidated income statement have been grouped together where this is appropriate and possible. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

02 Currency translation

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

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

	Average 1st fiscal quarter (1 June to 31 August)		Reporting date		
	2022	2021/2022	31 August 2022	31 May 2022	31 August 2021
€ 1 = US dollar	1.0294	1.1876	1.0000	1.0713	1.1834
€ 1 = Czech koruna	24.6271	25.5208	24.5500	24.7140	25.5230
€ 1 = Japanese yen	139.1302	130.7422	138.7200	137.3600	129.9500
€ 1 = Mexican peso	20.7959	23.7724	20.2044	20.9870	23.7864
€ 1 = Chinese renminbi	6.9394	7.6702	6.8947	7.1402	7.6465
€ 1 = Romanian leu	4.9258	4.9242	4.8595	4.9408	4.9359
€ 1 = Indian rupee	81.3765	87.9765	79.5465	83.2310	86.3850

03 Notable events

As already reported in the events after the balance sheet date in the annual report 2021/2022, the HELLA Group concluded a factoring agreement on the revolving sale of trade receivables with a factoring company in June 2022. Accordingly, the sale of receivables began in the first quarter of the current fiscal year. 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.

By way of a resolution dated 28 July 2022, the HELLA Group undertook to sell the shares in the associated company HBPO Beteiligungsgesellschaft mbH to the majority shareholder Plastic Omnium. Accordingly, the investment allocated to the Lighting segment is classified as an asset held for sale. Subject to approval by the responsible authorities, the transaction is expected to be completed before the end of the calendar year 2022.

04 Adjustment of special effects in earnings before interest and taxes

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

Special effects are non-recurring or exceptional effects in their type and size, which are clearly differentiated from the usual operational business. They are tracked uniformly and consistently in the Group and the method used to calculate adjusted earnings figures must not vary over the course of time in order to facilitate periodic comparison.

For this reason, the adjusted EBIT margin has been defined as one of the most important key performance indicators for the steering of the Group's activities. The adjusted EBIT margin 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 results of operations – adjusted for special effects – in a more transparent form and facilitates a comparison over time.

In the current reporting period 2022, the costs for the restructuring measures of €8,442 thousand (prior year: €12,341 thousand) have been adjusted in EBIT. Furthermore, adjustments were made for expenses from the remeasurement of investments in the amount of €9,936 thousand as well as income in connection with the sale of shares in the context of venture capital activities in the amount of €2,104 thousand.

The corresponding reconciliation statement for the first three months (1 June to 31 August) of the fiscal year 2022 is as follows:

€ thousand	2022 as reported	Adjustment	2022 adjusted
Sales	1,791,538	0	1,791,538
Cost of sales	-1,384,687	3,021	-1,381,666
Gross profit	406,851	3,021	409,872
Research and development expenses	-188,775	2,948	-185,827
Distribution expenses	-89,481	576	-88,905
Administrative expenses	-63,674	2,288	-61,385
Other income	13,157	-6,689	6,468
Other expenses	-18,723	14,131	-4,593
Earnings from investments accounted for using the equity method	15,598	0	15,598
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	74,953	16,274	91,228

The corresponding reconciliation statement for the first three months (1 June to 31 August) of the fiscal year 2021/2022 is as follows:

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Sales	1,473,482	0	1,473,482
Cost of sales	-1,095,494	3,986	-1,091,508
Gross profit	377,988	3,986	381,974
Research and development expenses	-166,581	3,557	-163,024
Distribution expenses	-80,273	343	-79,930
Administrative expenses	-59,513	4,455	-55,058
Other income	6,837	0	6,837
Other expenses	-2,042	0	-2,042
Earnings from investments accounted for using the equity method	2,666	0	2,666
Other income from investments	0	0	0
Earnings before interest and taxes (EBIT)	79,083	12,341	91,424

05 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a better comparison over time.

Cash flow from operating activities after capital expenditure and cash inflows from the sale or liquidation of investments is used for this purpose and adjusted for non-recurring cash flows.

In the reporting period, the free cash flow from operating activities was adjusted for payments and cash inflows totalling -€76,670 thousand (prior year: €9,428 thousand). These are outlined in detail below.

In the current reporting period, the cash inflow from the sale of receivables due to introducing the factoring programme is not included, but is adjusted in the free cash flow from operating activities due to its non-operational character in the amount of -€96,560 thousand (prior year: 0).

In this reporting period, free cash flow from operating activities was likewise adjusted for payments made for restructuring measures amounting to €16,011 thousand (prior year: €9,428 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 were expanded significantly in the current fiscal year, resulting in a decision 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 in conjunction with the aforementioned capital expenditures amounting to €3,879 thousand (prior year: 0).

The performance of the adjusted free cash flow from operating activities for the first three months (1 June to 31 August) of the fiscal years 2022 and 2021/2022 is shown in the following tables:

€ thousand	2022 as reported	Adjustment	Sub total	Factoring	2022 adjusted
Earnings before income taxes (EBT)	65,769	16,274	82,044	0	82,044
Depreciation and amortisation	116,737	0	116,737	0	116,737
Change in provisions	6,140	7,341	13,481	0	13,481
Other non-cash income / expenses and cash flows not attributable to operating activities	-8,453	-7,441	-15,895	0	-15,895
Profits / losses from the sale of property, plant and equipment and intangible assets	166	0	166	0	166
Net financial result	9,184	0	9,184	0	9,184
Change in trade receivables and other assets not attributable to investing or financing activities	-39,429	3,163	-36,266	-96,560	-132,826
Change in inventories	-79,707	0	-79,707	0	-79,707
Change in trade payables and other liabilities not attributable to investing or financing activities	116,480	553	117,032	0	117,032
Net tax payments	-14,979	0	-14,979	0	-14,979
Dividends received	9,928	0	9,928	0	9,928
Net cash flow from operating activities	181,836	19,890	201,726	-96,560	105,166
Cash receipts from the sale of intangible assets and property, plant and equipment	3,392	0	3,392	0	3,392
Payments for the purchase of intangible assets and property, plant and equipment	-191,044	0	-191,044	0	-191,044
Free cash flow from operating activities	-5,817	19,890	14,073	-96,560	-82,487

€ thousand	2021/2022 as reported	Adjustment	2021/2022 adjusted
Earnings before income taxes (EBT)	74,500	12,341	86,841
Depreciation and amortisation	96,512	0	96,512
Change in provisions	10,903	-2,361	8,542
Other non-cash income / expenses and cash flows not attributable to operating activities	-29,355	0	-29,355
Profits / losses from the sale of property, plant and equipment and intangible assets	702	0	702
Net financial result	4,582	0	4,582
Change in trade receivables and other assets not attributable to investing or financing activities	76,568	0	76,568
Change in inventories	-127,730	0	-127,730
Change in trade payables and other liabilities not attributable to investing or financing activities	997	-552	445
Net tax payments	-14,158	0	-14,158
Dividends received	9,854	0	9,854
Net cash flow from operating activities	103,374	9,428	112,802
Cash receipts from the sale of intangible assets and property, plant and equipment	5,206	0	5,206
Payments for the purchase of intangible assets and property, plant and equipment	-148,869	0	-148,869
Free cash flow from operating activities	-40,289	9,428	-30,861

Lippstadt, 23 September 2022

The Managing General Partner of HELLA GmbH &
Co. KGaA

Hella Geschäftsführungsgesellschaft mbH



Michel Favre
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)



Yves Andres
(Director of
Hella Geschäftsführungsgesellschaft mbH)



Dr. Lea Corzilius
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Hella Geschäftsführungsgesellschaft mbH)



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