Financial report 30 November 2021

First half-year
Fiscal year 2021/2022

Contents

Key performance indicators

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2021/2022	2020/2021	Change (%)	**2021/2022**	2020/2021	Change (%)
Currency and portfolio-adjusted sales (in € million)	3,019	3,100	-2.6%	1,546	1,756	-11.9%
Adjusted EBIT margin	5.1%	8.7%	-3.5 pp	4.1%	12.1%	-8.0 pp

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
In € million	**2021/2022**	2020/2021	Change	**2021/2022**	2020/2021	Change
Sales	3,037	3,100	-2.0%	1,564	1,756	-11.0%
Adjusted earnings before interest and taxes (adjusted EBIT)	156	269	-42.1%	64	213	-69.7%
Earnings before interest and taxes (EBIT)	149	94	+59.0%	70	209	-66.5%
Adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)	354	452	-21.7%	166	308	-46.2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	348	277	+25.8%	173	305	-43.4%
Earnings for the period	104	67	+55.7%	47	154	-69.4%
Earnings per share (in €)	0.92	0.59	+56.4%	0.42	1.38	-69.7%
Adjusted free cash flow from operating activities	-203	-17	--	-172	224	--
Free cash flow from operating activities	-226	-34	--	-185	211	--
Capital expenditures	287	261	+9.8%	143	106	+34.9%
Research and development (R&D) expenses	338	297	+13.9%	175	151	+15.8%

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
	2021/2022	2020/2021	Change	**2021/2022**	2020/2021	Change
EBIT margin	4.9%	3.0%	+1.9 pp	4.5%	11.9%	-7.4 pp
Adjusted EBITDA margin	11.7%	14.6%	-2.9 pp	10.6%	17.6%	-7.0 pp
EBITDA margin	11.5%	8.9%	+2.5 pp	11.0%	17.4%	-6.3 pp
Capital expenditure in relation to sales	9.4%	8.4%	+1.0 pp	9.1%	6.0%	+3.1 pp
R&D expenses in relation to sales	11.1%	9.6%	+1.6 pp	11.2%	8.6%	+2.6 pp

	30 November 2021	31 May 2021	Change
Net financial debt / net financial liquidity (in € million)	-295	103	--
Equity ratio	41.6%	40.6%	+1.0 pp
Return on equity (last 12 months)	15.8%	14.6%	+1.1 pp
Employees	35,800	36,500	-1.9%

To ensure improved comparability of the results of operations between the current fiscal year 2021/2022 and the prior year, the presentation of operating variables of both periods has been adjusted or restated. Additional information can be found in the condensed interim consolidated financial statements and the further information section.

- **Resource bottlenecks** have further intensified: Global light vehicle production posts significant decline of 15.3% in the first half of the year
- **Consolidated currency and portfolio-adjusted sales** fall by 2.6% to € 3,019 million
- **Adjusted EBIT** falls to € 156 million; adjusted EBIT margin drops to 5.1%
- **Adjusted free cash flow from operating activities** is at € -203 million
- **Sales in the Automotive segment** drop by 4.9% to € 2,578 million
- **Aftermarket segment** sees sales increase by 17.1% to € 283 million
- **Special Applications** achieve sales growth of 13.2% to reach € 189 million
- **In the second quarter of the fiscal year,** currency and portfolio-adjusted sales fall by 11.9% on account of the decline in production figures; adjusted EBIT decreases to € 64 million; the adjusted EBIT margin falls to 4.1%
- **Company outlook** was lowered further against the backdrop of the business performance to date, the expected lack of market recovery in the second half of the year, and increasing cost burdens

HELLA on the capital market

MDAX recovers, Prime Automotive books losses

In the first half of the HELLA fiscal year 2021/2022 (1 June to 30 November 2021), the capital markets posted an uneven performance, in the context of a dynamic, volatile market environment. The MDAX thus improved by about 2%, whereas the shares of German automotive stocks, the DAX Automobile sector (hereinafter: Prime Automotive) dropped by about 6%. This negative trend in automotive stocks can be attributed, above all, to bottlenecks in the supply chain for certain electronic components. This only had a slight impact on the MDAX shares given their greater degree of diversification.

In the first quarter, positive economic data from the USA, significantly improved corporate earnings and the continuation of the European Central Bank's (ECB) expansionary monetary policy initially brought about price increases. This led to the MDAX closing out the period with an approximately 8% gain. The Prime Automotive shares, however, came under pressure, primarily due to the shortage of semiconductors and other electronic components, which in turn resulted in global production volumes taking a significant hit, and posted a nearly 7% decline at the end of the first quarter.

In the second quarter, MDAX and Prime Automotive continued to develop differently. The European capital markets were primarily burdened by increasing inflationary risks, a potentially quicker change of course in the ECB's monetary policy and speculations on potential insolvency of the Chinese real estate group Evergrande. In contrast thereto, Prime Automotive initially posted a gain following the release of strong quarterly results among various automotive manufacturers. That said, the discovery of a new coronavirus variant – Omicron – towards the end of the quarter gave rise to a global sales wave. Consequently, the MDAX collapsed, and also the automobile shares surrendered their price gains. Overall, the MDAX closed out the second quarter with a loss of 6%, whereas Prime Automotive remained stable with a slight gain of about 1%.

HELLA share performing solidly

Following the first half of the fiscal year, the HELLA share posted a price gain of around 9%, with a closing price of € 61.60, thus significantly outperforming both the Prime Automotive benchmark index and the MDAX.

Already in the fourth quarter of the prior fiscal year 2020/2021, significant price gains resulted from reports in the media on a possible sale of the 60% share of the HELLA owner family as well as the associated speculations regarding the potential acquisition price. The HELLA share started off the first quarter of the new fiscal year 2021/2022 with a solid initial level of € 56.50. Over the course of the current fiscal year, the share managed to post price gains of around 7%. This was in no small part the result of the takeover offer announced by the French automotive supplier Faurecia S.E. on 14 August 2021, following which the share levelled off at the takeover price. In the run-up thereto, the share price had reached an all-time high of € 67.24, primarily bolstered by valuation speculations.

In the second quarter, the HELLA share posted a further 2% gain in a difficult market environment with a decline in light vehicle production, thus showing itself to be relatively robust compared to the general development of the capital market. This was mainly due to the term of the acceptance period for the voluntary takeover offer, which ended on 11 November, and the subsequent announcement of the new anchor shareholders. In this way, the HELLA share remained largely unaffected by the necessary adjustments to the company outlook as well as the collapse of the automotive market.

Liquidity of HELLA shares

The average daily XETRA trading volume in the reporting period was around 143,000, the equivalent of roughly € 8.7 million (prior year: around 134,000, approx. € 5.5 million). In addition to a higher average share price, the share's increased liquidity can be attributed to the considerably higher levels of trading activity in connection with the takeover by Faurecia. With the number of issued shares remaining unchanged, the market capitalisation at the six-month reporting date came to € 6.84 billion (prior year: € 5.34 billion).

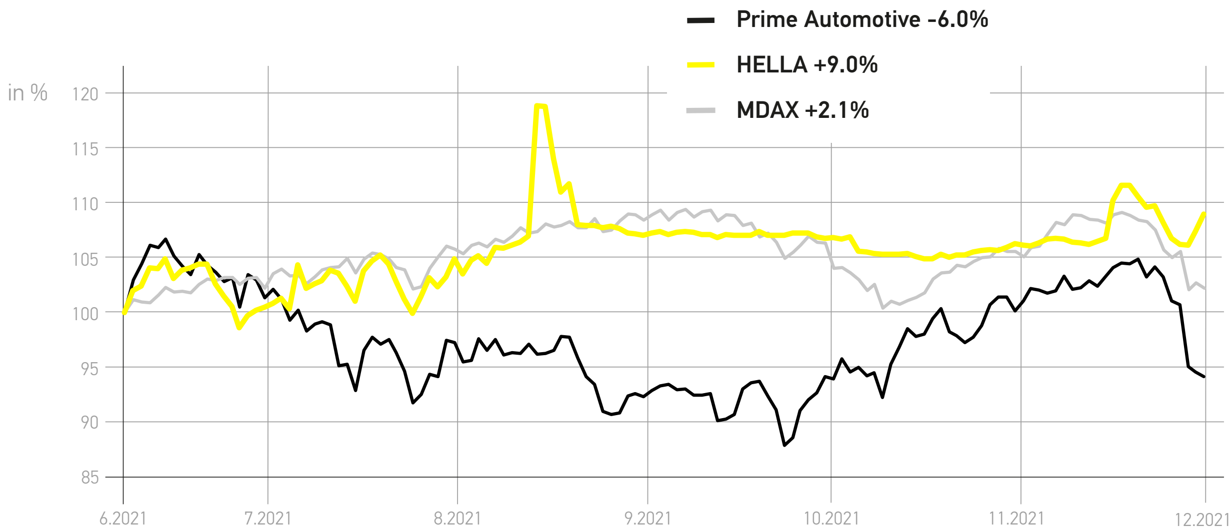
Due to the upcoming takeover by the automotive supplier Faurecia, the free float relevant for being listed on the MDAX was significantly reduced according to the definition of the German Stock Exchange. At present, the HELLA share satisfies all the necessary criteria for a corresponding listing. In March 2022, the index composition will be reassessed.

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. In July 2021, Moody's reaffirmed HELLA's rating as Baa1 and raised the outlook from negative to stable. Given the announced acquisition by Faurecia ("Signing"), Moody's signalled on 21 August 2021 that HELLA's rating, nonetheless, would be under review for downgrade.

Performance of the HELLA share

indexed on 1 June 2021 in comparison to MDAX and Prime Automotive



Data on HELLA shares

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

HELLA share KPIs

	€	First half-year 2021/2022	First half-year 2020/2021
Closing price	€	61.60	48.10
Highest price	€	67.24	49.60
Lowest price	€	55.70	35.00
Number of shares issued (30 November)	Number of units	111,111,112	111,111,112
Market capitalisation (30 November)	€ billion	6.84	5.34
Daily trading volume (average, XETRA trading)	€ million / no. of shares	8.65 / 143,283	5.47 / 134,385
Earnings per share	€	0.92	0.59
Dividend per share*	€	0.96	--

** For fiscal years 2020/2021 or 2019/2020*

Current rating

13 July 2021

Rating agency	Rating	Outlook*
Moody's	Baa1 / P-2	Stable

** since 21 August 2021 rating under review for downgrade*

Interim Group management report

Economic development

- According to IMF estimates, the global economy grows by 5.9% in 2021 (as at: October 2021)
- In the second half of the calendar year, however, the upward trend slowed down significantly in key national economies

According to estimates of the International Monetary Fund (as at: October 2021), the global economy grew by 5.9% in the calendar year 2021. The IMF thus largely confirmed the projection that it had published the previous July (projection July 2021: 6.0%). However, the second half of the calendar year saw the economic recovery losing a significant amount of momentum in some key economies, including Germany and the USA. This is due in particular to ongoing risks in connection with the coronavirus pandemic, supply bottlenecks and interruptions in global supply chains, as well as rising inflation.

According to the EU statistical office Eurostat, the gross domestic product in the eurozone increased by 14.3% in the second quarter of the calendar year 2021 compared to the prior year, which is also partly due to a low baseline. In the third quarter, the economic recovery in the eurozone continued with an increase of 3.9%. The slower rate of growth can be ascribed, inter alia, to ongoing bottlenecks in the supply chain for semiconductors and other components. The German economy also showed a similar development: According to the Federal Statistical Office of Germany, Germany's gross domestic product – adjusted for price and calendar effects – increased by 9.2% in the second quarter and by 2.5% in the third quarter.

According to the Bureau of Economic Analysis, the gross domestic product of the United States grew by 6.7% on an annualised basis in the second quarter; also in this case, economic growth slowed in the third quarter with an annualised increase of 2.3%. According to the Beijing-based National Bureau of Statistics, the gross domestic product in China grew by 7.9% in the second quarter and by 4.9% in the third quarter.

Industry development

- Resource bottlenecks have further intensified: According to IHS data, global light vehicle production fell by 15.3% in the first half of the year (as at: December 2021)
- Throughout all regions, industry development is negative; in particular, Europe (-26.6%) was disproportionately affected in the reporting period
- Notably in the second quarter of the fiscal year, global light vehicle production has seen a considerable slump (-21.4%)

In the first half of the HELLA fiscal year 2021/2022 (1 June to 30 November 2021), the overall industry environment is clearly negative with significant declines in production volumes. According to IHS data (as at: December 2021), global vehicle production dropped by 15.3% to 36.2 million newly produced passenger cars and light commercial vehicles in the reporting period (prior year: 42.7 million units). This is due in particular to resource bottlenecks for certain electronic components, which have persisted since the beginning of the calendar year 2021 and have now further deteriorated – especially in the second half of the calendar year 2021 – also as a result of pandemic-related production stoppages at some chip suppliers in the Asian region. After the significant decline in light vehicle production in the first quarter (-7.5%), these supply bottlenecks had a severe impact on the industry development, especially in the second quarter of the fiscal year (-21.4%). In July 2021, IHS still assumed that the global light vehicle production would fall by only 2.2% in the half-year period.

As a result, light vehicle production also declined throughout all regional markets during the reporting period, but disproportionately so in Europe. Accordingly, the overall European market posted a decline of 26.6% to 7.0 million units (prior year: 9.5 million units); in the selective German individual market, the trend was even much more pronounced with a 33.7% drop to 1.4 million units (prior year: 2.1 million units).

In the North, Central and South America region, the production figures decreased by 17.8% to 7.5 million units (prior year: 9.2 million units), and in the US market seen separately, this figure fell by 16.8% to 4.3 million units (prior year: 5.2 million units). Light vehicle production decreased by 9.9% to 21.6 million units (prior year: 24.0 million units) in Asia/Pacific/Rest of World, and in the Chinese automotive market, the number of newly produced light vehicles fell by 13.8% to 11.7 million units (prior year: 13.6 million units).

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

in thousands	**First half-year 2021/2022**	+/-	First half-year 2020/2021
Europe	7,003	-26.6%	9,535
of which Germany	*1,425*	*-33.7%*	*2,148*
North, Central and South America	7,525	-17.8%	9,155
of which USA	*4,313*	*-16.8%*	*5,185*
Asia / Pacific / RoW	21,623	-9.9%	23,993
of which China	*11,701*	*-13.8%*	*13,579*
Worldwide	**36,150**	**-15.3%**	**42,683**

Source: IHS Light Vehicle Production Forecast, December 2021

Business development of the HELLA Group

- In the first half of the fiscal year 2021/2022, currency and portfolio-adjusted consolidated sales fall by 2.6% to € 3,019 million, and as reported by 2.0%
- Significantly reduced light vehicle production impacts, above all, the Automotive Segment; Aftermarket and Special Applications showing positive business development
- Adjusted earnings before interest and taxes fall to € 156 million; adjusted EBIT margin drops to 5.1%
- Lower profitability primarily attributable to reduced production volumes, additional cost burdens and higher R&D expenses
- Adjusted free cash flow from operating activities is at € -203 million
- In the second quarter of the fiscal year, currency and portfolio-adjusted sales decline by 11.9% on account of the production figures; adjusted EBIT falls to € 64 million; adjusted EBIT margin drops to 4.1%

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. To a large extent, the expenses required for the overall measures – in the amount of € 240 million – were already incurred in the past fiscal year 2020/2021 (in total, € 172 million, of which € 169 million in the first half of fiscal year 2020/2021). To ensure comparability with reporting period in this context, the following operating variables are presented in an adjusted form. The reported values and additional information are provided in the condensed interim consolidated financial statements.

In the first half of fiscal year 2021/2022, the currency and portfolio-adjusted sales for the HELLA Group fell by 2.6% to € 3,019 million (prior year: € 3,100 million). In consideration of exchange rate effects (€ 18 million; 0.6 percentage points) the reported consolidated sales declined by 2.0% to € 3,037 million (prior year: € 3,100 million). In the reporting period, there were no portfolio effects that required adjustment. In the second quarter of the fiscal year, the sales of the HELLA Group adjusted for currency and portfolio effects declined by 11.9% to € 1,546 million (prior year: € 1,756 million), as reported, by 11.0% to € 1,564 million (prior year: € 1,756 million).

This was primarily due to considerable resource bottlenecks in the global supply and logistics chains which arise with certain electronic components such as semiconductors and microchips. This dynamic has been in effect since the beginning of the calendar year 2021. However, since the middle of last year, these bottlenecks have grown significantly worse and have already resulted in the first quarter of the fiscal year – but especially so in the second quarter – in a significant decline in light vehicle production. The Automotive segment has been particularly impacted by such.

In the first half of the year, HELLA's regional business activities developed in different ways. In the overall European market, sales of the HELLA Group decreased by 7.2% to € 1,742 million (prior year: € 1,878 million), which is primarily due to the disproportionate decline in business development in Germany. In Germany, sales decreased by 12.2% to € 859 million (prior year: € 978 million), whereas the rest of Europe saw sales drop by 1.9%. In North, Central and South America, sales dropped by 10.0% to € 612 million (prior year: € 680 million). In contrast thereto, sales in Asia/Pacific/Rest of World increased by 26.0% to € 683 million (prior year: € 542 million). The most sig-

Reported sales of the HELLA Group

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

Consolidated income statement

in € million	First half-year 1 June to 30 November 2021/2022	+/-	2020/2021	2nd quarter 1 September to 30 November 2021/2022	+/-	2020/2021
Sales	**3,037**	**-2.0%**	**3,100**	**1,564**	**-11.0%**	**1,756**
Cost of sales	-2,293		-2,319	-1,201		-1,293
Gross profit	**745**	**-4.7%**	**781**	**363**	**-21.6%**	**463**
Ratio of gross profit to sales	24.5%		25.2%	23.2%		26.3%
Research and development expenses	-338		-297	-175		-151
Distribution expenses	-163		-156	-83		-83
Administrative expenses	-111		-112	-56		-64
Other income and expenses	9		34	5		31
Earnings from investments accounted for using the equity method	14		18	11		17
Other income from investments	0		0	0		0
Adjusted earnings before interest and taxes (adjusted EBIT)	**156**	**-42.1%**	**269**	**64**	**-69.7%**	**213**
Ratio of adjusted EBIT to sales	5.1%		8.7%	4.1%		12.1%

To ensure improved comparability of the results of operations between the current fiscal year 2021/2022 and the prior year, the presentation of operating variables has been adjusted or restated. The reported figures can be found in the condensed interim consolidated financial statements; for additional information, please also refer to the further information section.

nificant contribution to such came from new production launches in China. In the second quarter, sales fell in the overall European market by 18.9% (Germany: -26.6%, other European countries: -10.6%) and in North, Central and South America by 16.3%, whereas in Asia/Pacific/Rest of the world sales rose by 23.5%.

The adjusted earnings before interest and taxes (adjusted EBIT) fell to € 156 million (prior year: € 269 million); the adjusted EBIT margin thus drops to 5.1% (prior year: 8.7%). In the second quarter, adjusted EBIT decreased to € 64 million (prior year: € 213 million), thus resulting in an adjusted EBIT margin of 4.1% (prior year: 12.1%).

In the half-year period, the earnings before interest and taxes were adjusted in the amount of € 7 million (prior year: € 175 million). Taking these effects into account, the reported earnings before interest and taxes (EBIT) increased to € 149 million (prior year: € 94 million). In the first quarter of the prior year, large portions of the expenses required for the programme for the sustained improvement of competitiveness were recorded. Accordingly, the reported EBIT margin amounts to 4.9% (prior year: 3.0%). In the second quarter, EBIT stands at € 70 million (prior year: € 209 million) and the EBIT margin consequently amounts to 4.5% (prior year: 11.9%).

In the first half of the year, the gross profit fell to € 745 million (prior year: € 781 million). The gross profit margin stands at 24.5% (prior year: 25.2%). Above all, this reduction can be attributed to lower business volumes in connection with the significant decline in global light vehicle production. In addition, gross profit was also reduced by inefficiencies in the production process and higher material and logistics costs, which also resulted from shortages of semiconductors and other electronic components. In the second quarter, gross profit deteriorated to € 363 million (prior year: € 463 million) as a result of further increases in material and logistics costs and increased production inefficiencies. This corresponds to a gross profit margin of 23.2% (prior year: 26.3%).

Research and development expenses increased to € 338 million in the reporting period (prior year: € 297 million). This means that the R&D ratio increased to 11.1% (prior year: 9.6%), also in light of the lower level of sales. Firstly, R&D expenses have increased compared to the previous year as a result of the significantly higher volume of customer projects acquired. Secondly, the research and development activities were again successively expanded to include pre-development, basic research and other domains. Given the coronavirus pandemic and the declining production figures in the prior year, the em-

Regional market coverage by customer

	First half-year 2021/2022		First half-year 2020/2021	
	Absolute (in € million)	Relative (in %)	Absolute (in € million)	Relative (in %)
Europe	1,742	57%	1,878	61%
North, Central and South America	612	20%	680	22%
Asia / Pacific / RoW	683	22%	542	17%
Total	**3,037**	**100%**	**3,100**	**100%**

phasis was, above all, on necessary series developments and production launches. In the second quarter, research and development expenses rose to € 175 million (prior year: € 151 million), thus resulting in an R&D ratio of 11.2% (prior year: 8.6%).

Expenses for distribution and administration and the balance of other income and expenses increased to € 265 million (prior year: € 234 million). The ratio of these expenses and income in relation to the lower level of sales thus rises to 8.7% (prior year: 7.5%). In the second quarter of the prior year, the primary contributing factor to the significantly improved balance for other income and expenses came from a reversal of an impairment of a joint venture (€ 19 million). In addition, far-reaching cost-cutting measures were implemented in the previous year and short-time working arrangements were continued. In the second quarter, expenses for distribution and administration as well as the balance of other income and expenses amounted to € 135 million (prior year: € 116 million), equating to a ratio of 8.6% (prior year: 6.6%).

The contribution of the associates and joint ventures to group-wide adjusted EBIT fell to € 14 million (prior year: € 18 million), which corresponds to a relative share of 8.7% (prior year: 6.8%). The higher ratio is primarily due to the reversal of impairment for a Chinese joint venture, which was carried out due to an improved business outlook (€ 6.5 million). In the second quarter, the contribution to earnings amounted to € 11 million (prior year: € 17 million), with the share in the adjusted EBIT for the HELLA Group coming to 17.0% (prior year: 7.9%).

The net financial result for the reporting period stands at € -7 million (prior year: € -6 million) and at € -3 million for the second quarter (prior year: € -6 million). Expenses relating to income taxes amount to € 38 million (prior year: € 21 million), and to € 20 million in the second quarter (prior year: € 49 million).

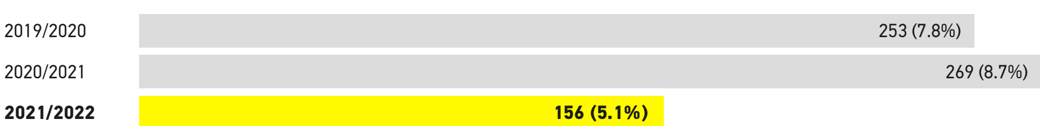
As at the end of the first half of the fiscal year 2021/2022, the earnings for the period are thus € 104 million (prior year: € 67 million), with the second quarter accounting for € 47 million of such (prior year: € 154 million). The earnings per share amount to € 0.92 in the half-year period (prior year: € 0.59) and € 0.42 in the second quarter (prior year: € 1.38).

Financial status

In the first six months of fiscal year 2021/2022, net cash flow from operating activities decreased by € 166 million to € 61 million (prior year: € 227 million). This development is attributable to lower earnings before income taxes (EBT), depreciation and provisions, and an increase in working capital due to global supply bottlenecks and interruptions in the supply chain. In the second quarter, net cash flow from op-

Adjusted earnings before interest and taxes

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



erating activities fell by € 359 million to € -42 million (prior year: € 317 million). In this period, further intensifications of the resource bottlenecks resulted in a significant hike in the working capital in connection with a build-up in inventory.

Cash investing activities excluding payments or cash receipts for the acquisition or sale of company shares or capital increases/repayments and securities amounted to € 287 million (prior year: € 261 million) in the half-year period and € 143 million (prior year: € 106 million) in the second quarter. These mainly included capital expenditures towards the long-term expansion of the worldwide development, administration and production network. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. In relation to the lower sales, the investments in the first half-year period rose to 9.4% (prior year: 8.4%) and to 9.1% in the second quarter (prior year: 6.0%).

As part of the active management of the liquidity available to the Group, € 16 million was gained from securities in the reporting period (prior year: € 24 million) and € 420 million from securities in the second quarter (prior year: € 135 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.

In the first half year of fiscal year 2021/2022, adjusted free cash flow from operating activities decreased to € -203 million (prior year: € -17 million). In the second quarter, adjusted free cash flow from operating activities stood at € -172 million (prior year: € 224 million).

In the reporting period, the free cash flow from operating activities was adjusted for payments for structural measures in the amount of € 22 million (prior year: € 17 million in payments for structural measures and for portfolio adjustment for a dividend to be assigned to the period as part of the sale of the Behr Hella Service joint venture).

Correspondingly, the reported free cash flow from operating activities decreased to € -226 million in the half-year period (prior year: € -34 million) after taking account of these special effects and in the second quarter to € -185 million (prior year: € 211 million).

The dividend of € 0.96 per share adopted at the annual general meeting on 30 September 2021 amounted to a total of € 107 million and was paid out in full to the shareholders.

The liquidity portfolio consisting of cash and cash equivalents decreased in comparison to the end of the prior fiscal year 2020/2021 by € 343 million to € 636 million (31 May 2021: € 979 million). Including current financial assets, essentially comprising securities of € 440 million (31 May 2021: € 442 million), the available funds fell to € 1,076 million (31 May 2021: € 1,422 million).

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 addition, another syndicated credit line of € 500 million expiring in June 2022 was established as a precaution in May 2020 in view of the economically challenging environment.

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

for the first six months (in € million)

Financial position

Compared to the balance sheet date in the prior fiscal year 2020/2021, total assets fell by € 11 million to € 6,047 million (31 May 2021: € 6,058 million). The equity ratio stood at 41.6% 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 50.6% (31 May 2021: 53.1%).

Current and non-current financial liabilities increased by € 53 million to € 1,371 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 € 398 million to € 295 million (31 May 2021 net financial liquidity: € 103 million).

On 13 July 2021, Moody’s reaffirmed HELLA’s rating as Baa1 and raised the outlook from negative to stable. Given the announced combination with Faurecia (“Signing”), Moody's announced on 21 August 2021 that HELLA's rating would be under review for downgrade.

Human Resources

At the six-month reporting date of 30 November 2021, HELLA had 35,800 permanent employees worldwide (prior year: 35,754). Staff reductions were most notable at the German locations, where the number of employees was reduced to 8,330 (prior year: 9,213). These reductions were motivated firstly by adjustments to staff capacities in the course of structural measures and, secondly, the sale of the Berlin-based business activities with front camera software and testing & validation. Particularly in Asia, the workforce was expanded – above all at the Chinese lighting plant in Jiaxing as well as other locations throughout China and Vietnam. Overall, the permanent workforce in Asia/Pacific/Rest of World increased to 6,091 employees (prior year: 5,584). In Europe excluding Germany, the number of employees rose to 14,473 employees (prior year: 13,991); in North, Central and South America this figure remained essentially constant at 6,906 employees (prior year: 6,966).

Permanent staff in the HELLA Group

(as at: 30 November of each year)

Further events in the second quarter

- **Takeover bid from Faurecia**
  On 11 November 2021, the further acceptance deadline for the voluntary public takeover offer for HELLA GmbH & Co. KGaA announced by Faurecia on 27 September 2021 expired. Along with the 60% ownership stake to be acquired from the family pool, Faurecia will thus own 79.5% of HELLA's shares once the takeover bid is complete. Completion of the transaction and settlement of the public takeover bid are subject to the remaining approvals of the competent supervisory authorities, which is expected for early 2022.

- **Annual general meeting 2021**
  At the annual general meeting for the fiscal year 2020/2021, the shareholders accepted the company management's proposal and approved a dividend payment of € 0.96 per share. Thus, the total amount to be distributed to the shareholders comes to € 107 million. In addition, the annual general meeting approved by large majorities all other agenda items to be voted on and expressed its confidence in the management board, the Shareholder Committee and the Supervisory Board. On account of the coronavirus pandemic, the annual general meeting was once more held as a virtual event without the shareholders and their representatives being physically present. At the time of the vote, around 80% of the nominal capital entitled to vote were represented.

- **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. Series production of 77 GHz sensors for a Chinese car manufacturer is to start in the new building shortly. 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.

- **Characteristic light signature**
  In tandem with the automobile manufacturer Stellantis, HELLA has developed a characteristic light signature for the new Peugeot 308 for both the front and rear lighting. The central design element is located in the centre of the radiator grille: the radome, a permeable 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 vehicle is highly recognisable on the road.

- **Innovation prize for HELLA Smart Car Access**
  HELLA has been awarded a prestigious innovation award in China for Smart Car Access, the digital, smartphone-based vehicle access system. The award is presented by the trade journal Automotive Industry in China and the Institute for Automotive Engineering (ika) of RWTH Aachen University. It focuses above all on the innovative force of HELLA's solution and its importance in the automotive industry. The Smart Car Access system enables completely handsfree vehicle access as well as the implementation of additional customisable functions. Thanks to the integrated ultra-wideband technology (UWB), it meets the highest security standards.

Business development of the segments

Automotive

- Sales in the Automotive segment falls by 4.9% to € 2,578 million as a result of the significant declines in light vehicle production
- Earnings before interest and taxes decrease to € 92 million; EBIT margin drops to 3.6%
- Lower profitability results, above all, from reduced production volumes, higher additional costs and increased R&D expenses
- In the second quarter, the segment was particularly burdened by supply bottlenecks which had further intensified: Sales fall by 14.0%, EBIT margin is 2.3%

In the first half of fiscal year 2021/2022, sales in the Automotive business segment decreased by 4.9% to € 2,578 million (prior year: € 2,710 million). Resource bottlenecks in electronic components such as semiconductors and microchips had a negative impact on business development. Throughout the reporting period, these dynamics continued to intensify among other things as a result of pandemic-related production stoppages at some chip suppliers in Asia and resulted in a significant decline in global light vehicle production. As the decline in global production figures grew more pronounced in the second quarter, sales in the Automotive segment decreased by 14.0% to € 1,324 million during the period (prior year: € 1,540 million). The fact that the Automotive segment nevertheless posted a significantly stronger development than the global automotive market both in the first half of the year and in the second quarter is mainly attributable to the relatively high demand for lighting and electronics products as well as new production launches, especially in China.

In the context of the weaker business development, the profitability of the automotive segment also dropped in the half-year period. Earnings before interest and taxes (EBIT) decreased to € 92 million (prior year: € 218 million); the EBIT margin is at 3.6% (prior year: 8.1%). On the one hand, this is due to the lower gross profit margin. This decline is largely the result of lower production volumes, increasing cost burdens due to higher material and logistics costs as well as production inefficiencies. On the other hand, increased expenses for research and development in connection with acquired customer projects had a negative impact on the profitability of the automotive segment. As the decline in light vehicle production continued in the second quarter and the strains from rising material and logistics costs as well as inefficiencies continued to increase, EBIT fell to € 31 million in this period (prior year: € 177 million). Accordingly, the EBIT margin production falls to 2.3% (prior year: 11.5%).

Income statement for the Automotive segment

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
in € million	**2021/2022**	+/-	2020/2021	**2021/2022**	+/-	2020/2021
Sales with third-party entities	2,552		2,682	1,311		1,524
Intersegment sales	26		28	12		16
Segment sales	**2,578**	**-4.9%**	**2,710**	**1,324**	**-14.0%**	**1,540**
Cost of sales	-2,038		-2,103	-1,066		-1,176
Gross profit	**540**	**-11.0%**	**607**	**258**	**-29.2%**	**364**
Ratio of gross profit to sales	21.0%		22.4%	19.5%		23.6%
Research and development expenses	-319		-279	-166		-141
Distribution expenses	-64		-67	-33		-37
Administrative expenses	-87		-89	-43		-52
Other income and expenses	7		29	4		26
Earnings from investments accounted for using the equity method	13		18	11		17
Other income from investments	0		0	0		0
Earnings before interest and taxes (EBIT)	**92**	**-58.1%**	**218**	**31**	**-82.8%**	**177**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	3.6%		8.1%	2.3%		11.5%

Aftermarket

- Sales in the Aftermarket segment increase by 17.1% to € 283 million
- Both the independent spare parts business and the workshop equipment business show a positive development in the half-year period
- Due to increased business volumes, earnings before interest and taxes improve to € 33 million; EBIT margin is 11.8%
- In the second quarter, the segment sales rise by 10.8%; EBIT margin falls to 12.1% as a result of product mix effects as well as material and logistics costs

In the Aftermarket segment, sales in the first half rose by 17.1% to € 283 million (prior year: € 241 million). Both the independent spare parts business and business with sophisticated workshop equipment posted an overall gain in sales year-on-year. The independent spare parts business recorded good business development in various national markets – e.g. in Germany and Poland as well as in the Americas region. The sales growth in the workshop business came, above all, from the market launch of the new mega macs X diagnostic device. In the second quarter, demand remained high, especially in the aftermarket business. Over the this period, segment sales increased by 10.8% to € 146 million (prior year: € 132 million).

In the context of increased business volumes compared to the prior year, the segment's earnings before interest and taxes improved to € 33 million (prior year: € 29 million); consequently, the EBIT margin is 11.8% (prior year: 11.9%). However, the segment's earnings were negatively impacted by a declining gross profit margin, which fell as a result of product mix effects and higher material expenses. Due to further increases in material prices, increasing logistics costs and ongoing product mix effects, the EBIT in the second quarter is at € 18 million (prior year: € 18 million), thus essentially mirroring the prior year's results. In the second quarter, the EBIT margin thus drops to 12.1% (prior year: 13.8%).

Income statement for the Aftermarket segment

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
in € million	**2021/2022**	+/-	2020/2021	**2021/2022**	+/-	2020/2021
Sales with third-party entities	281		240	146		131
Intersegment sales	1		1	1		1
Segment sales	**283**	**+17.1%**	**241**	**146**	**+10.8%**	**132**
Cost of sales	-161		-133	-84		-73
Gross profit	**122**	**+12.7%**	**108**	**62**	**+5.6%**	**59**
Ratio of gross profit to sales	43.0%		44.7%	42.7%		44.8%
Research and development expenses	-10		-9	-5		-4
Distribution expenses	-71		-62	-36		-32
Administrative expenses	-10		-11	-5		-6
Other income and expenses	1		3	0		1
Earnings from investments accounted for using the equity method	0		0	0		0
Other income from investments	0		0	0		0
Earnings before interest and taxes (EBIT)	**33**	**+16.2%**	**29**	**18**	**-2.3%**	**18**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	11.8%		11.9%	12.1%		13.8%

Special Applications

- Sales in the Special Applications segments increase by 13.2% to € 189 million
- Above all, strong business for agricultural and construction machinery is driven by successful sales development
- EBIT increases to € 32 million; EBIT margin rises significantly to 17.1%
- Higher earnings can be attributed, above all, to the increased production volumes as well as the ongoing cost management
- In the second quarter, sales improve by 7.3% and the EBIT margin to 18.1%

Sales in Special Applications segment rose significantly in the reporting period by 13.2% to € 189 million (prior year: € 167 million). This was mainly driven by the persistently strong business for manufacturers of agricultural and construction machinery. In addition, other major customer groups in the segment also posted a significant recovery in the first half of the year. This trend also carried through the second quarter; in this context, sales in the segment increased by 7.3% to € 98 million (prior year: € 92 million).

In connection with the improved business development, the segment's earnings before interest and taxes also rose to € 32 million (prior year: € 19 million). This equates to an EBIT margin of 17.1% (prior year: 11.3%). This is due, on the one hand, to a significantly higher gross profit margin which has improved due to volume and mix effects and which has managed to compensate – among other things – for higher material costs. On the other hand, the distribution and administrative cost ratios also decreased as part of continuous cost management. In the second quarter, EBIT rose to € 18 million (prior year: € 12 million), bringing the EBIT margin to 18.1% (prior year: 13.1%).

Income statement for the Special Applications segment

	First half-year 1 June to 30 November			2nd quarter 1 September to 30 November		
in € million	**2021/2022**	+/-	2020/2021	**2021/2022**	+/-	2020/2021
Sales with third-party entities	186		164	97		90
Intersegment sales	3		3	1		2
Segment sales	**189**	**+13.2%**	**167**	**98**	**+7.3%**	**92**
Cost of sales	-110		-103	-58		-55
Gross profit	**79**	**+24.1%**	**64**	**41**	**+10.8%**	**37**
Ratio of gross profit to sales	41.8%		38.1%	41.5%		40.2%
Research and development expenses	-8		-8	-3		-5
Distribution expenses	-29		-26	-14		-14
Administrative expenses	-11		-13	-6		-7
Other income and expenses	1		2	0		1
Earnings from investments accounted for using the equity method	0		0	0		0
Other income from investments	0		0	0		0
Earnings before interest and taxes (EBIT)	**32**	**+71.4%**	**19**	**18**	**+48.7%**	**12**
Earnings before interest and taxes in relation to segment sales (EBIT margin)	17.1%		11.3%	18.1%		13.1%

Opportunity and risk report

The first half of fiscal year 2021/2022 did not see any significant changes in the Company's overall risk position. Thus, there are still significant bottlenecks within the global supply and logistics chains, which are particularly significant for certain electronic components. On the one hand, this comes in the context of a significant decline in production volumes in the global automotive industry; also in this context, the industry outlook for the current fiscal year has also deteriorated further. On the other hand, the current supply bottlenecks are causing considerable additional costs for materials and logistics as well as inefficiencies in the production process. Since the Company's projections indicate that the current shortages of components will continue into 2023, there may be increased risks to the Company's further business development in the medium term.

In addition, the ongoing coronavirus pandemic, also in light of the new Omicron virus variant, which was first identified in November 2021, is introducing a heightened element of uncertainty in the general economic and industry environment. Furthermore, despite comprehensive security measures, the probability of a corresponding attack occurring on HELLA's IT systems increased in the reporting period due to increasing activities in the field of cybercrime.

According to the company's estimates, there are also opportunities and risks associated with Faurecia, which will be the new majority shareholder of HELLA once the transaction completes. On the one hand, this gives rise to a large, globally operating automotive supplier, thus creating significant potential for further profitable growth, among other things. That said, there exist certain strategic, operational and financial risks which were discussed in the annual report 2020/2021. Therefore, for further details of the significant opportunities and risks, please refer to these explanations. The transaction is expected to be finalised in early 2022.

Forecast report

- According to IMF projections, the global economy will continue its recovery in calendar year 2022 and currently (as at: October 2021) is on course for 4.9% growth
- Due to considerable resource bottlenecks, IHS is projecting a 9.2% decline (as at: December 2021) in global light vehicle production; the industry outlook has thus been revised downwards
- Company outlook was lowered further against the backdrop of the business performance to date, the expected lack of market recovery in the second half of the year, and increasing cost burdens

Economic outlook

The most recent estimates of the International Monetary Fund (IMF) project that the global economy will continue to recover and post 4.9% growth in the current calendar year 2022 (as at: October 2021). As things currently stand, the IMF anticipates that in 2022, the gross domestic product will increase by 4.3% in the eurozone and by 4.6% in Germany. Furthermore, the IMF expects the US economy to grow by 5.2% and the Chinese economy by 5.6%.

Although this means that the global upswing continues, in comparison to the calendar year 2021 its momentum has somewhat tapered off. On the one hand, the IMF points out uncertainties surrounding supply bottlenecks in the global supply and logistics chains as well as inflationary trends. On the other hand, the IMF is of the view that the coronavirus pandemic and regional differences regarding vaccine availability continue to pose significant risks. The IMF's economic outlook was also published before Omicron, the new variant of the coronavirus, was discovered.

Industry outlook

In the current fiscal year 2021/2022 (1 June 2021 to 31 May 2022), indicators are pointing towards a considerably negative market environment. Based on its market forecast published in December 2021, the IHS market research institute expects global production of passenger cars and light commercial vehicles to decline by 9.2% to 75.5 million units over the given period (prior year: 83.1 million units). This trend is primarily caused by considerable supply bottlenecks for certain electronic components, which have recently grown worse. In comparison to the industry outlook published by the IHS in September 2021, the current projection signifies a further reduction in the expected production volumes (IHS September 2021 forecast: -8.6%); in July 2021, the IHS still had expectations of 3.7% growth. In the fiscal year 2021/2022, the currently expected market volume is anticipated at the level of fiscal year 2019/2020, which was particularly impacted by the coronavirus pandemic.

In the current fiscal year, the projection is that all regions will post a negative development. In the overall European market, a decline in light vehicle production of 16.6% to 15.4 million units is currently anticipated (prior year: 18.5 million units); in the German market seen separately, a decline of 17.4% to 3.3 million units is expected (prior year: 4.0 million units). In North, Central and South America, the production figures are expected to decrease by 8.5% to 15.9 million units (prior year: 17.3 million units), and in the US market seen separately, this figure is expected to decrease by 6.6% to 9.2 million units (prior

Expected production of passenger cars and light commercial vehicles

during fiscal year 2021/2022 and compared to the prior year

in thousands	**2021/2022**	+/-	2020/2021
Europe	15,425	-16.6%	18,487
of which Germany	*3,293*	*-17.4%*	*3,988*
North, Central and South America	15,855	-8.5%	17,329
of which USA	*9,193*	*-6.6%*	*9,838*
Asia / Pacific / RoW	44,174	-6.6%	47,298
of which China	*23,601*	*-9.1%*	*25,970*
Worldwide	**75,453**	**-9.2%**	**83,114**

Source: IHS Light Vehicle Production Forecast, December 2021 year: 9.8 million units). For the Asia/Pacific/Rest of the World region, a decline of 6.6% to 44.2 million units (prior year: 47.3 million units) is currently expected, with light vehicle production in China being projected to drop by 9.1% to 23.6 million units (prior year: 26.0 million units).

Company outlook

Given the business development to date, the expected lack of market recovery in the second half of the fiscal year and increasing cost burdens, HELLA further lowered its sales and earnings forecast for the current fiscal year on 29 November 2021. For fiscal year 2021/2022 (1 June 2021 to 31 May 2022), HELLA now expects currency and portfolio-adjusted sales in the range of approximately € 5.9 billion to € 6.2 billion (previously adjusted: approximately € 6.0 billion to € 6.5 billion) and an EBIT margin adjusted for structural and portfolio effects of approximately 3.5% to 5.0% (previously adjusted: approximately 5.0% to 7.0%). Particularly with a view to the third fiscal quarter, the company sees major challenges with lower production volumes as well as further increasing cost burdens in view of the ongoing materials and component crisis.

Condensed interim consolidated financial statements

Consolidated income statement of HELLA GmbH & Co. KGaA

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Sales	**3,037,137**	**3,100,358**	**1,563,655**	**1,756,003**
Cost of sales	-2,302,084	-2,326,629	-1,206,591	-1,299,000
Gross profit	**735,053**	**773,729**	**357,064**	**457,003**
Research and development expenses	-333,719	-438,392	-167,138	-152,550
Distribution expenses	-164,725	-156,280	-84,452	-83,212
Administrative expenses	-117,357	-137,416	-57,844	-60,393
Other income	30,133	36,189	23,296	27,161
Other expenses	-11,822	-2,285	-9,780	4,293
Earnings from investments accounted for using the equity method	11,161	18,182	8,494	16,746
Other income from investments	352	2	352	0
Earnings before interest and taxes (EBIT)	**149,076**	**93,730**	**69,993**	**209,049**
Financial income	7,165	17,953	-683	11,268
Financial expenses	-14,519	-23,924	-2,089	-17,362
Net financial result	**-7,354**	**-5,970**	**-2,772**	**-6,094**
Earnings before income taxes (EBT)	**141,722**	**87,760**	**67,221**	**202,954**
Income taxes	-38,123	-21,238	-20,169	-49,115
Earnings for the period	**103,599**	**66,522**	**47,053**	**153,839**
of which attributable:				
to the owners of the parent company	102,680	65,634	46,385	153,312
to non-controlling interests	919	888	668	528
Basic earnings per share in €	**0.92**	**0.59**	**0.42**	**1.38**
Diluted earnings per share in €	**0.92**	**0.59**	**0.42**	**1.38**

Consolidated statement of comprehensive income

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

	First half-year 1 June to 30 November		2nd quarter 1 September to 30 November	
€ thousand	**2021/2022**	2020/2021	**2021/2022**	2020/2021
Earnings for the period	**103,599**	**66,522**	**47,053**	**153,839**
Currency translation differences	76,446	-26,783	55,628	23,798
Changes recognised in equity	76,446	-28,051	55,628	22,530
Profits (-) / losses (+) reclassified to profit or loss	0	1,268	0	1,268
Financial instruments for cash flow hedging	-8,409	8,359	-4,038	3,104
Changes recognised in equity	-7,489	10,119	-5,378	5,777
Profits (-) / losses (+) reclassified to profit or loss	-920	-1,760	1,340	-2,673
Change in fair value of debt capital instruments held	-2,268	5,110	-3,450	-833
Changes recognised in equity	-1,991	5,471	-3,177	-671
Profits (-) / losses (+) reclassified to profit or loss	-277	-361	-272	-163
Share of other comprehensive income attributable to associates and joint ventures	9,067	678	9,458	7,670
Items that were or can be transferred to profit or loss	**65,769**	**-13,314**	**48,140**	**26,069**
Remeasurements of defined benefit plans	-6,976	-22,325	-19,538	-27,292
Share of other comprehensive income attributable to associates and joint ventures	0	-250	0	0
Items never transferred to profit or loss	**-6,976**	**-22,325**	**-19,538**	**-27,292**
Other earnings for the period	**58,793**	**-35,639**	**28,602**	**-1,223**
Comprehensive income for the period	**162,392**	**30,883**	**75,655**	**152,616**
of which attributable:				
to the owners of the parent company	162,344	30,478	76,020	152,230
to non-controlling interests	48	405	-365	386

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA

€ thousand	**30 November 2021**	31 May 2021	30 November 2020
Cash and cash equivalents	636,113	979,495	802,301
Financial assets	440,341	442,404	435,401
Trade receivables	1,018,259	958,507	1,050,653
Other receivables and non-financial assets	177,079	196,279	191,955
Inventories	1,060,120	900,416	866,841
Current tax assets	20,698	36,148	35,068
Contract assets	40,547	39,307	21,810
Assets held for sale	0	0	44,076
Current assets	**3,393,157**	**3,552,555**	**3,448,105**
Intangible assets	343,872	311,157	249,816
Property, plant and equipment	1,765,905	1,711,474	1,554,761
Financial assets	93,603	63,862	63,805
Investments accounted for using the equity method	209,537	199,170	175,165
Deferred tax assets	108,342	92,670	108,001
Contract assets	49,236	32,848	46,198
Other non-current assets	83,692	94,453	68,299
Non-current assets	**2,654,189**	**2,505,634**	**2,266,046**
Assets	**6,047,346**	**6,058,190**	**5,714,150**
Financial liabilities	87,655	77,934	149,735
Trade payables	839,427	939,836	711,579
Current tax liabilities	48,159	27,879	41,178
Other liabilities	423,330	433,439	404,211
Provisions	165,527	197,514	201,259
Contract obligations	97,887	94,899	118,396
Current liabilities	**1,661,984**	**1,771,501**	**1,626,357**
Financial liabilities	1,283,575	1,240,584	1,255,660
Deferred tax liabilities	5,839	9,429	8,167
Other liabilities	103,823	119,337	115,560
Provisions	475,821	456,762	570,852
Non-current liabilities	**1,869,059**	**1,826,112**	**1,950,239**
Subscribed capital	222,222	222,222	222,222
Reserves and unappropriated surplus	2,292,252	2,236,574	1,913,748
Equity before non-controlling interests	**2,514,474**	**2,458,797**	**2,135,970**
Non-controlling interests	1,829	1,781	1,585
Equity	**2,516,303**	**2,460,578**	**2,137,555**
Equity and liabilities	**6,047,346**	**6,058,190**	**5,714,150**

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: 1 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	-26,300	8,359	5,110
Comprehensive income for the period	**0**	**0**	**-26,300**	**8,359**	**5,110**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 30 November 2020	**222,222**	**250,234**	**-119,001**	**-58,438**	**3,874**
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	77,317	-8,409	-2,268
Comprehensive income for the period	**0**	**0**	**77,317**	**-8,409**	**-2,268**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 30 November 2021	**222,222**	**250,234**	**-34,884**	**-64,692**	**-1,215**

See also Chapter 16 for notes on equity.

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA

Remeasurements of defined benefit plans	Other retained earnings/ profit carried forward	**Reserves and unappropriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
-115,796	**1,909,565**	**1,883,270**	**2,105,492**	**1,180**	**2,106,672**
0	65,634	65,634	65,634	888	66,522
-22,325	0	-35,156	-35,156	-483	-35,639
-22,325	**65,634**	**30,478**	**30,478**	**405**	**30,883**
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**
-138,120	**1,975,200**	**1,913,748**	**2,135,970**	**1,585**	**2,137,555**
-114,069	**2,267,842**	**2,236,574**	**2,458,797**	**1,781**	**2,460,578**
0	102,680	102,680	102,680	919	103,599
-6,976	0	59,664	59,664	-871	58,793
-6,976	**102,680**	**162,344**	**162,344**	**48**	**162,392**
0	-106,667	-106,667	-106,667	0	-106,667
0	**-106,667**	**-106,667**	**-106,667**	**0**	**-106,667**
-121,045	**2,263,855**	**2,292,252**	**2,514,474**	**1,829**	**2,516,303**

See also Chapter 16 for notes on equity.

Consolidated cash flow statement

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

€ thousand	2021/2022	2020/2021
Earnings before income taxes (EBT)	**141,722**	**87,760**
Depreciation and amortisation	199,092	182,954
Change in provisions	-17,541	178,069
Other non-cash income and cash flows not attributable to operating activities	-37,446	-44,593
Losses / profits from the sale of property, plant and equipment and intangible assets	2,953	462
Net financial result	7,354	5,970
Change in trade receivables and other assets not attributable to investing or financing activities	-39,604	-443,699
Change in inventories	-139,333	-1,613
Change in trade payables and other liabilities not attributable to investing or financing activities	-61,916	272,663
Tax refunds received	25,387	19,184
Taxes paid	-29,482	-30,363
Dividends received	9,864	647
Net cash flow from operating activities	**61,049**	**227,442**
Cash receipts from the sale of intangible assets and property, plant and equipment	10,785	9,247
Payments for the purchase of intangible assets and property, plant and equipment	-297,381	-270,377
Change in financing receivables and liabilities from investments	-4,989	-4,100
Payments for capital increases in investments	-6,816	-8,223
Acquisition of investments and companies	-18,084	-8,150
Cash receipts from the sale of investments	13,259	4,955
Net payments made for the purchase and sale of securities	15,755	24,419
Interest received	4,061	3,956
Net cash flow from investing activities	**-283,410**	**-248,272**
Payments for the repayment of financial liabilities	-18,311	-369,809
Cash receipts from changes in financial liabilities	5,686	2,285
Interest paid	-9,932	-10,994
Dividends paid	-106,667	0
Net cash flow from financing activities	**-129,225**	**-378,517**
Net change in cash and cash equivalents	**-351,586**	**-399,347**
Cash and cash equivalents as at 1 June	979,495	1,202,794
Effect of exchange rate changes on cash and cash equivalents	8,204	-1,146
Cash and cash equivalents as at 30 November	**636,113**	**802,301**

Further information

01 Basic information

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

The Company is a listed stock corporation, which was founded and is based in Lippstadt, Germany. The address of the Company’s registered office is Rixbecker Str. 75, 59552 Lippstadt. 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.

This interim report has been prepared as a condensed interim report in accordance with the requirements of the International Financial Reporting Standards (IFRS) applicable as at 30 November 2021 and as adopted by the European Union. The interim report was created in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are accompanied by an interim management report. The comparative values of the prior year have been determined according to the same principles. The condensed interim consolidated financial statements and the interim group management report have neither been reviewed pursuant to Section 37w (5) WpHG nor audited in accordance with Section 317 HGB.

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

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are consolidated. Material joint ventures are included in the consolidated financial statements using the equity method of accounting.

In the current fiscal year 2021/2022, mergers were performed with eight companies, three companies were founded and one company was liquidated.

Number	30 Nov 2021	31 May 2021	30 Nov 2020
Fully consolidated companies	81	86	86
Companies accounted for using the equity method	46	46	49

The mergers took place in Mexico, Germany, the Czech Republic and Slovakia. As a result of the mergers, the following companies no longer exist: Grupo Administración Técnica S.A. de C.V., Petosa S.A. de C.V., BHTC Servicios S.A. de C.V., HBPO Management Services MX S.A., HBPO Services MX S.A., HORTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Neustadt/Orla KG, HELLA CZ, s.r.o., HELLA Slovakia Front-Lighting s.r.o.

All of the newly established companies – Faway Hainu Automotive Technology (Changzhou) Co., Ltd., Hella BHAP (Tianjin) Automotive Lighting Co., Ltd., Changzhou Branch and HBPO Shanghai Ltd. – have their registered office in China and are accounted for using the equity method.

In addition, the Finnish company Hella Lighting Finland Oy was liquidated at the beginning of the fiscal year. The company's operative business was already discontinued in the prior fiscal year.

03 Accounting policies and measurement methods

The accounting policies and measurement methods used in the interim report are the same as those used in the consolidated financial statements as at 31 May 2021. These accounting policies and measurement methods were explained in the annual report 2020/2021.

Application of the other IFRS amendments that are mandatory as at 30 November 2021 does not materially influence the presentation of the condensed interim consolidated financial statements.

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

04 Currency translation

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

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

	Average		Reporting date		
	2021/2022	2020/2021	**30 November 2021**	31 May 2021	30 November 2020
€ 1 = US dollar	1.1737	1.1657	1.1363	1.2201	1.1980
€ 1 = Czech koruna	25.4730	26.6326	25.5260	25.4540	26.1920
€ 1 = Japanese yen	130.5308	123.4298	128.2000	133.7900	124.7900
€ 1 = Mexican peso	23.7400	25.3068	24.5059	24.3131	24.0499
€ 1 = Chinese renminbi	7.5599	7.9950	7.2395	7.7722	7.8798
€ 1 = South Korean won	1,362.8093	1,365.2807	1,350.2900	1,352.0400	1,326.0800
€ 1 = Romanian leu	4.9361	4.8534	4.9510	4.9195	4.8732
€ 1 = Indian rupee	87.0770	86.7350	85.3274	88.5414	88.7322

05 Notable events

At the beginning of fiscal year 2020/2021, HELLA announced its intention to enhance the Company's competitive standing through a new strategy programme. This was developed against the backdrop of lowered market expectations, resulting in growing pressure from competitors and costs. In terms of its projections for the period following resolution of the Covid-19 pandemic and the significant global resource bottlenecks within global supply and logistics chains, arising in particular for electronic components such as microchips and semiconductors, the Company still only anticipates moderate market growth rates in the medium to long term.

The programme for the sustained improvement of competitiveness will entail structural changes within the global HELLA network. As part of such, there were related structural expenses amounting to € 7,420 thousand taken into account in the first half of fiscal year 2021/2022. This includes € 5,133 thousand in restructuring expenses as personnel expenses, which have not yet been fully paid for in cash.

The Chinese real estate developer Evergrande is currently experiencing a liquidity crisis. The HELLA Group also carries out business in China. In this context, impairments were recognised on receivables from the joint venture Hella Evergrande Electronics due to anticipated payment defaults of € 9,072 thousand as well as on the investment in the amount of € 2,449 thousand with the existing joint venture Hella Evergrande Electronics.

In the current reporting period, income was generated from the disposal of venture capital activities in the amount of € 7,817 thousand as well as other income in the amount of € 6,457 thousand from the remeasurement of investments in venture capital activities.

HELLA signed an exclusive licence and development agreement with Gapwaves, a technology company listed on the Nasdaq First North Growth Market Stockholm, and purchased 10 percent of the company's shares on 18 June 2021 for a purchase price of € 18,084 thousand. 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.

06 Sales

Sales for the first half of fiscal year 2021/2022 amounted to € 3,037,137 thousand (prior year: € 3,100,358 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	2,878,416	2,985,510
Sales from the rendering of services	158,721	114,848
Total sales	**3,037,137**	**3,100,358**

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

€ thousand	2021/2022	2020/2021
Europe	1,742,139	1,878,193
North, Central and South America	611,795	679,908
Asia / Pacific / RoW	683,203	542,257
Consolidated sales	**3,037,137**	**3,100,358**

07 Income taxes

€ thousand	30 Nov 2021	30 Nov 2020
Effective income tax expense	-40,064	-45,796
Deferred income tax expense	1,940	24,558
Total income taxes	**-38,123**	**-21,238**

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

08 Earnings per share

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

Basic earnings per share amounted to € 0.92 (prior year: € 0.59) and correspond to the diluted earnings.

of units	**30 Nov 2021**	30 Nov 2020
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	102,680	65,634
€	**2021/2022**	**2020/2021**
Basic earnings per share	**0.92**	**0.59**
Diluted earnings per share	**0.92**	**0.59**

09 Adjustment of special effects in earnings before interest and taxes

The HELLA Group is managed by the Management Board through financial key performance indicators. The key performance indicators of adjusted sales growth and adjusted operative operating result margin (adjusted EBIT margin) take on 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 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. 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 in a more transparent form and facilitates a comparison over time.

Costs of € 9,442 thousand (prior year: € 175,325 thousand) for structural measures have been adjusted out of reported earnings before interest and taxes in the reporting period. This includes, in particular, other performance-related or unexpected expenses for the strategy programme initiated in August 2020 (see Chapter 05). Expenses in the amount of € 11,521 thousand are also adjusted due to expected bad debts of a Chinese customer and the devaluation of the shares in the joint venture Hella Evergrande Electronics. Adjustments to the opposite effect were performed for income for the sale of shares in the context of venture capital activities in the amount of € 7,817 thousand and from the remeasurement of investments in the amount of € 6,457 thousand (also venture capital).

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

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

The corresponding reconciliation statement for the first half year of fiscal year 2020/2021 is as follows:

€ thousand	2020/2021 as reported	Adjustment	2020/2021 adjusted
Sales	3,100,358	0	3,100,358
Cost of sales	-2,326,629	7,698	-2,318,930
Gross profit	**773,729**	**7,698**	**781,427**
Research and development expenses	-438,392	141,800	-296,592
Distribution expenses	-156,280	283	-155,997
Administrative expenses	-137,416	25,544	-111,872
Other income	36,189	0	36,189
Other expenses	-2,285	0	-2,285
Earnings from investments accounted for using the equity method	18,182	0	18,182
Other income from investments	2	0	2
Earnings before interest and taxes (EBIT)	**93,730**	**175,325**	**269,055**

10 Segment reporting

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

The HELLA Group's business activities are divided into three segments: Automotive, Aftermarket and Special Applications:

The Lighting business division and the Electronics business division are reported together in the Automotive segment. Both business divisions serve a similar customer base worldwide. Consequently, both segments are subject to broadly similar economic cycles and industry developments. In addition, the individual products have comparable lifecycles. Original Equipment provides lighting and electronics components to automotive manufacturers and other tier-1 suppliers worldwide through an integrated distribution network. The product portfolio of the Lighting business division includes headlamps, rear lamps, interior lighting and body lighting. The Electronics business division focuses on the product areas of body and lighting electronics, energy management, driver assistance systems and components (e.g. sensors and engine compartment actuators). The Automotive segment develops, produces and sells vehicle-specific solutions, and develops and brings to market technological innovations. The margins attainable within the segment are mainly dependent on the respective technology used and, to a lesser extent, on customers, regions and products.

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 expertise.

The Special Applications segment comprises original equipment for special-purpose vehicles such as buses, caravans, agricultural and construction machinery, municipal vehicles and trailers. Technological competence 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.

Sales as well as adjusted earnings before interest and taxes (EBIT) are the key performance indicators used to manage the business segments; assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements. Special items that are not included in the segment results are identified for the individual reporting periods. These special items are presented in the reconciliation table.

The segment information for the first six months (1 June to 30 November) of the fiscal years 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	2,552,100	2,682,128	281,418	240,190	185,959	163,632
Intersegment sales	25,960	28,034	1,234	1,191	3,031	3,391
Segment sales	**2,578,060**	**2,710,162**	**282,652**	**241,381**	**188,990**	**167,023**
Cost of sales	-2,037,923	-2,103,333	-160,995	-133,461	-110,018	-103,409
Gross profit	**540,137**	**606,829**	**121,657**	**107,920**	**78,971**	**63,615**
Research and development expenses	-318,770	-279,376	-10,077	-8,995	-8,037	-8,027
Distribution expenses	-63,504	-67,340	-70,691	-62,429	-28,806	-26,093
Administrative expenses	-86,655	-89,137	-9,565	-11,270	-10,885	-12,870
Other income	11,526	31,945	1,686	3,842	1,316	4,835
Other expenses	-4,576	-2,492	-193	-612	-309	-2,644
Earnings from investments accounted for using the equity method	13,436	17,939	174	243	0	0
Other income from investments	0	0	352	2	0	0
Earnings before interest and taxes (EBIT)	**91,594**	**218,368**	**33,343**	**28,700**	**32,250**	**18,816**
Additions to property, plant and equipment and intangible assets	210,744	178,783	12,289	6,254	4,592	4,987

Sales with external third parties for the first six months of 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	2,438,369	2,604,750	258,595	219,439	181,452	161,320
Sales from the rendering of services	113,731	77,378	22,823	20,751	4,507	2,311
Sales with third-party entities	**2,552,100**	**2,682,128**	**281,418**	**240,190**	**185,959**	**163,632**

Sales reconciliation:

€ thousand	2021/2022	2020/2021
Total sales of the reporting segments	**3,049,702**	**3,118,566**
Sales in other divisions	45,667	35,914
Elimination of intersegment sales	-58,233	-54,122
Consolidated sales	**3,037,137**	**3,100,358**

Reconciliation of the segment results with consolidated net profit:

€ thousand	2021/2022	2020/2021
EBIT of the reporting segments	**157,187**	**265,884**
EBIT of other divisions	-1,422	3,171
EBIT adjustments	-6,689	-175,325
Consolidated EBIT	**149,076**	**93,730**
Net financial result	-7,354	-5,970
Consolidated EBT	**141,722**	**87,760**

The non-allocated earnings contain one-time effects not reported in the segments that have been adjusted for operational comparison purposes.

11 Financial assets

	30 November 2021		31 May 2021	
€ thousand	Non-current	Current	Non-current	Current
Securities	26,504	430,169	26,404	437,096
Other investments	66,629	0	36,862	0
Loans	437	7,914	548	4,305
Other financial assets	34	2,257	47	1,003
Total	**93,603**	**440,341**	**63,862**	**442,404**

12 Other receivables and non-financial assets

€ thousand	**30 November 2021**	31 May 2021
Other current assets	9,753	7,792
Receivables from finance leases	17,278	17,970
Insurance receivables	6,294	6,468
Positive market value of currency hedges	4,778	15,521
Subtotal other financial assets	**38,104**	**47,750**
Advance payments for services	4,383	3,682
Advance payments for insurances	12,282	11,138
Advance payments for licences	18,426	14,441
Other advance payments	24,593	22,244
Receivables for partial retirement	535	564
Advance payments to employees	1,184	1,564
Other tax receivables	77,572	94,894
Total	**177,079**	**196,279**

13 Other non-current assets

€ thousand	30 November 2021	31 May 2021
Receivables from finance leases	35,651	38,312
Other non-current assets	2,797	3,039
Subtotal of other financial assets	**38,449**	**41,351**
Advance payments	28,322	28,795
Plan assets	16,921	24,307
Total	**83,692**	**94,453**

14 Other liabilities

	30 November 2021		31 May 2021	
€ thousand	Non-current	Current	Non-current	Current
Derivatives	81,380	23,489	95,885	7,614
Other financial liabilities	22,430	197,296	23,439	185,009
Subtotal other financial liabilities	**103,810**	**220,785**	**119,324**	**192,624**
Other taxes	13	58,571	13	43,121
Accrued personnel liabilities	0	143,974	0	197,695
Total	**103,823**	**423,330**	**119,337**	**433,439**

15 Financial liabilities

Current financial liabilities maturing within a year amount to € 87,655 thousand (31 May 2021: € 77,934 thousand). This amount includes € 27,228 thousand (31 May 2021: € 29,580 thousand) from finance leases.

Non-current financial liabilities come to € 1,283,575 thousand (31 May 2021 year: € 1,240,584 thousand) and include two bonds. The first bond of € 299,530 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 € 498,799 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 € 93,604 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 € 83,820 thousand (31 May 2021: € 79,584 thousand) attributable to a loan granted 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). This also includes two loans denominated in US dollars in the amount of € 110,006 thousand (31 May 2021: € 102,451 thousand) with a term until 29 January 2023 and in the amount of € 66,004 thousand (31 May 2021: € 61,470 thousand) with a term until 29 January 2026. Capital from profit participation certificates of € 5,000 thousand (31 May 2021: € 5,000 thousand) and finance lease liabilities amounting to € 126,501 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 addition, another syndicated credit line of € 500 million expiring in June 2022 was established as a precaution in May 2020 in view of the economically challenging environment.

€ thousand	**30 November 2021**	31 May 2021
Cash and cash equivalents	636,113	979,495
Financial assets	440,341	442,404
Current financial liabilities	-87,655	-77,934
Non-current financial liabilities	-1,283,575	-1,240,584
Net financial debt	**-294,776**	**103,381**

16 Equity

On the liabilities side, nominal capital is recognised at its nominal value under the "Subscribed capital" item. The nominal capital amounts to € 222,222 thousand. The no-par value shares are issued to the bearer. All issued shares are fully paid up. Each share confers a right to vote 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 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 after taxes of € 6,976 thousand were recognised during the reporting period (prior year: losses after taxes of € 22,325 thousand). The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate of 0.87% used here as at the end of November 2021 (May 2021: 0.98%).

The owners of the parent company will receive a dividend of € 106,667 thousand (€0.96 per no-par value share) for the fiscal year 2020/2021 (1 June 2020 to 31 May 2021), which has already been distributed in full. In the prior year, the payment of dividends was suspended.

The Group aims to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming for a ratio of less than 1.0 for net financial debt to earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.3 on 30 November 2021 (prior year: 0.4).

17 Notes to the cash flow statement

As at 31 May 2021, the cash funds comprise exclusively cash and cash equivalents.

In the current reporting period, payments in the amount of € 18,084 thousand were made to acquire 10% of shares in the technology company Gapwaves. 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.

In the current reporting period, sales of shares continued as part of venture capital activities and resulted in revenues of € 13,259 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.

In the reporting period, depreciation in the amount of € 199,092 thousand (prior year: € 182,954 thousand) was recorded, including € 165,551 thousand (prior year: € 142,733 thousand) for property, plant and equipment and € 33,541 thousand (prior year: € 40,221 thousand) for intangible assets.

In the same period of the prior year, company shares in FWB Kunststofftechnik GmbH, based in Pirmasens, were acquired for a purchase price of € 8,150 thousand.

In addition, a material portion (€ 350 million) of the loan facility drawn on in April 2020 was repaid in the first half of the prior year and reported in payments in connection with the repayment of financial liabilities.

18 Adjustment of special effects in cash flow

Adjusted free cash flow from operating activities was used as a performance indicator for internal HELLA Group management. Adjusted free cash flow from operating activities is a key performance indicator that is not defined in the International Financial Reporting Standards. Rather, it is reported by the HELLA Group as additional information in its financial reporting because it is also used for internal management and because, from the Company's perspective, it presents the cash flows from the operating activities – adjusted for special effects – in a more transparent form and facilitates a 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 this reporting period, free cash flow from operating activities was adjusted for payments made for restructuring measures amounting to € 22,326 thousand (prior year: € 12,115 thousand).

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 first six months of fiscal year 2021/2022 is shown in the following table:

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

The performance of the adjusted free cash flow from operating activities for the first six months of fiscal year 2020/2021 is shown in the following table:

€ thousand	2020/2021 as reported	Adjustment	2020/2021 adjusted
Earnings before income taxes (EBT)	**87,760**	**175,325**	**263,084**
Depreciation and amortisation	182,954	0	182,954
Change in provisions	178,069	-161,330	16,739
Other non-cash income and cash flows not attributable to operating activities	-44,593	0	-44,593
Losses / profits from the sale of property, plant and equipment and intangible assets	462	0	462
Net financial result	5,970	0	5,970
Change in trade receivables and other assets not attributable to investing or financing activities	-443,699	0	-443,699
Change in inventories	-1,613	0	-1,613
Change in trade payables and other liabilities not attributable to investing or financing activities	272,663	-1,880	270,783
Tax refunds received	19,184	0	19,184
Taxes paid	-30,363	0	-30,363
Dividends received	647	4,955	5,602
Net cash flow from operating activities	**227,442**	**17,070**	**244,512**
Cash receipts from the sale of intangible assets and property, plant and equipment	9,247	0	9,247
Payments for the purchase of intangible assets and property, plant and equipment	-270,377	0	-270,377
Free cash flow from operating activities	**-33,687**	**17,070**	**-16,617**

19 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at 30 November 2021 and 31 May 2021 are set out below.

€ thousand	Measurement category under IFRS 9	Carrying amount 30 Nov 2021	Fair value 30 Nov 2021	Carrying amount 31 May 2021	Fair value 31 May 2021	Fair value hierarchy
Cash and cash equivalents	Amortised cost	636,113	636,113	979,495	979,495	
Trade receivables	Amortised cost	1,018,259	1,018,259	958,507	958,507	
Financial assets						
Equity instruments	FVPL	148,799	148,799	156,459	156,459	Level 1
Debt capital instruments	FVOCI	281,371	281,371	280,637	280,637	Level 1
Loans	Amortised cost	7,914	7,914	4,305	4,305	
Other bank balances	Amortised cost	2,257	2,257	1,003	1,003	
Other financial assets						
Derivatives used for hedging	n.a.	4,247	4,247	15,414	15,414	Level 2
Derivatives not used for hedging	FVPL	531	531	107	107	Level 2
Other receivables associated with financing activities	Amortised cost	33,326	33,326	32,229	32,229	
Current financial assets		**2,132,817**	**2,132,817**	**2,428,156**	**2,428,156**	
Financial assets						
Equity instruments	FVPL	66,629	66,629	36,862	36,862	Level 3
Debt capital instruments	FVPL	26,504	26,504	26,404	26,404	Level 2
Loans	Amortised cost	437	437	548	548	Level 2
Other receivables associated with financing activities	Amortised cost	34	34	47	47	Level 2
Other financial assets						
Trade receivables	Amortised cost	38,449	38,449	41,351	41,351	Level 2
Non-current financial assets		**132,052**	**132,052**	**105,213**	**105,213**	
Financial assets		**2,264,869**	**2,264,869**	**2,533,369**	**2,533,369**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	60,427	60,427	48,354	48,354	
Trade payables	Amortised cost	839,427	839,427	939,836	939,836	
Other financial liabilities						
Derivatives used for hedging	n.a.	20,796	20,796	6,333	6,333	Level 2
Derivatives not used for hedging	FVPL	2,693	2,693	1,281	1,281	Level 2
Other financial liabilities	Amortised cost	197,296	197,296	185,009	185,009	
Current financial liabilities		**1,120,639**	**1,120,639**	**1,180,813**	**1,180,813**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	265,141	315,099	248,821	295,204	Level 2
Bonds	Amortised cost	891,933	913,420	887,820	910,243	Level 1
Other financial liabilities						
Derivatives used for hedging	n.a.	81,380	81,380	87,668	87,668	Level 2
Derivatives not used for hedging	FVPL	0	0	8,216	8,216	Level 2
Other financial liabilities	Amortised cost	22,430	22,430	23,439	23,439	
Non-current financial liabilities		**1,260,884**	**1,332,329**	**1,255,965**	**1,324,771**	
Financial liabilities		**2,381,524**	**2,452,968**	**2,436,778**	**2,505,584**	

€ thousand	Carrying amount 30 Nov 2021	Fair value 30 Nov 2021	Carrying amount 31 May 2021	Fair value 31 May 2021
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	242,463	242,463	219,832	219,832
Amortised cost	1,736,788	1,736,788	2,017,486	2,017,486
FVOCI	281,371	281,371	280,637	280,637
Financial liabilities				
Amortised cost	2,276,655	2,348,099	2,333,279	2,402,085
FVPL	2,693	2,693	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 covering assets for pension provisions and loans. The fair values of these shares of equity measured at acquisition costs could not be determined as no stock exchange or market prices were available. The long-term equity instruments are interests in other entities and non-consolidated affiliates, are recognised as FVPL and measured at cost because the fair values cannot be reliably determined. In isolated cases, the investments can be valued by way of stock exchange listings.

20 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

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	6,637	2,819	1,964	11,420
Depreciation/amortisation	-10,560	-945	-2,995	-14,500
Disposals	-1,522	-2	-175	-1,699
Currency translation	-2,944	-350	-15	-3,309
As at: 30 November 2020	**86,718**	**4,549**	**13,714**	**104,980**

€ thousand	Land and buildings	Machinery	Operating and office equipment	Total
As at: 1 June 2021	**90,332**	**4,662**	**10,115**	**105,109**
Additions	29,150	124	2,537	31,810
Depreciation/amortisation	-11,160	-939	-2,777	-14,876
Disposals	-44	0	-15	-59
Reclassifications	0	-267	267	0
Currency translation	4,122	35	64	4,222
As at: 30 November 2021	**112,400**	**3,615**	**10,190**	**126,205**

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

Lease liabilities:

€ thousand	30 November 2021	31 May 2021
Up to 1 year	27,228	29,580
Between 1 and 5 years	90,762	77,913
More than 5 years	35,740	26,029
Total	**153,729**	**133,522**

Amounts recognised in profit or loss:

€ thousand	30 November 2021	30 November 2020
Interest expenses for lease liabilities	-1,634	-1,664
Variable lease payments that are not included in the valuation of the lease liability	-1,474	-1,007
Expenses from current leases	-7,606	-4,984
Expenses from leases of low-value assets	-315	-630

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

Payments of € 17,638 thousand (prior year: € 18,219 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 relationship 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 leasing for the period amounts to € 1,509 thousand (prior year: € 1,727 thousand).

Distribution of minimum lease payments (not discounted):

€ thousand	30 November 2021	31 May 2021
Up to 1 year	20,189	20,860
Between 1 and 5 years	39,705	42,219
More than 5 years	0	0
Future financing costs under finance leases	-6,964	-6,797
Total	**52,930**	**56,282**

Distribution of the present values of minimum lease payments:

€ thousand	30 November 2021	31 May 2021
Up to 1 year	17,278	17,970
Between 1 and 5 years	35,651	38,312
More than 5 years	0	0
Total	**52,930**	**56,282**

As at 30 November 2021, impairments for unrecoverable receivables from leases amounted to € 431 thousand (31 May 2021: € 458 thousand).

21 Events after the balance sheet date

No events or developments occurred after the end of the fiscal half-year that could have led to a material change to the recognition or the valuation basis of individual assets or liabilities as at 30 November 2021 or that would have had to be reported.

Lippstadt, 6 January 2022

The Managing General Partner of HELLA GmbH & Co. KGaA

Hella Geschäftsführungsgesellschaft mbH

Dr. Rolf Breidenbach
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Lea Corzilius
(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)

Dr. Frank Huber
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Bernard Schäferbarthold
(Managing Director of
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Björn Twiehaus
(Managing Director of
Hella Geschäftsführungsgesellschaft mbH)

Responsibility statement

on the interim consolidated financial statements and interim Group management report of HELLA GmbH & Co. KGaA as at 30 November 2021

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

Lippstadt, 6 January 2022

Dr. Rolf Breidenbach
(President and CEO of
Hella Geschäftsführungsgesellschaft mbH)

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