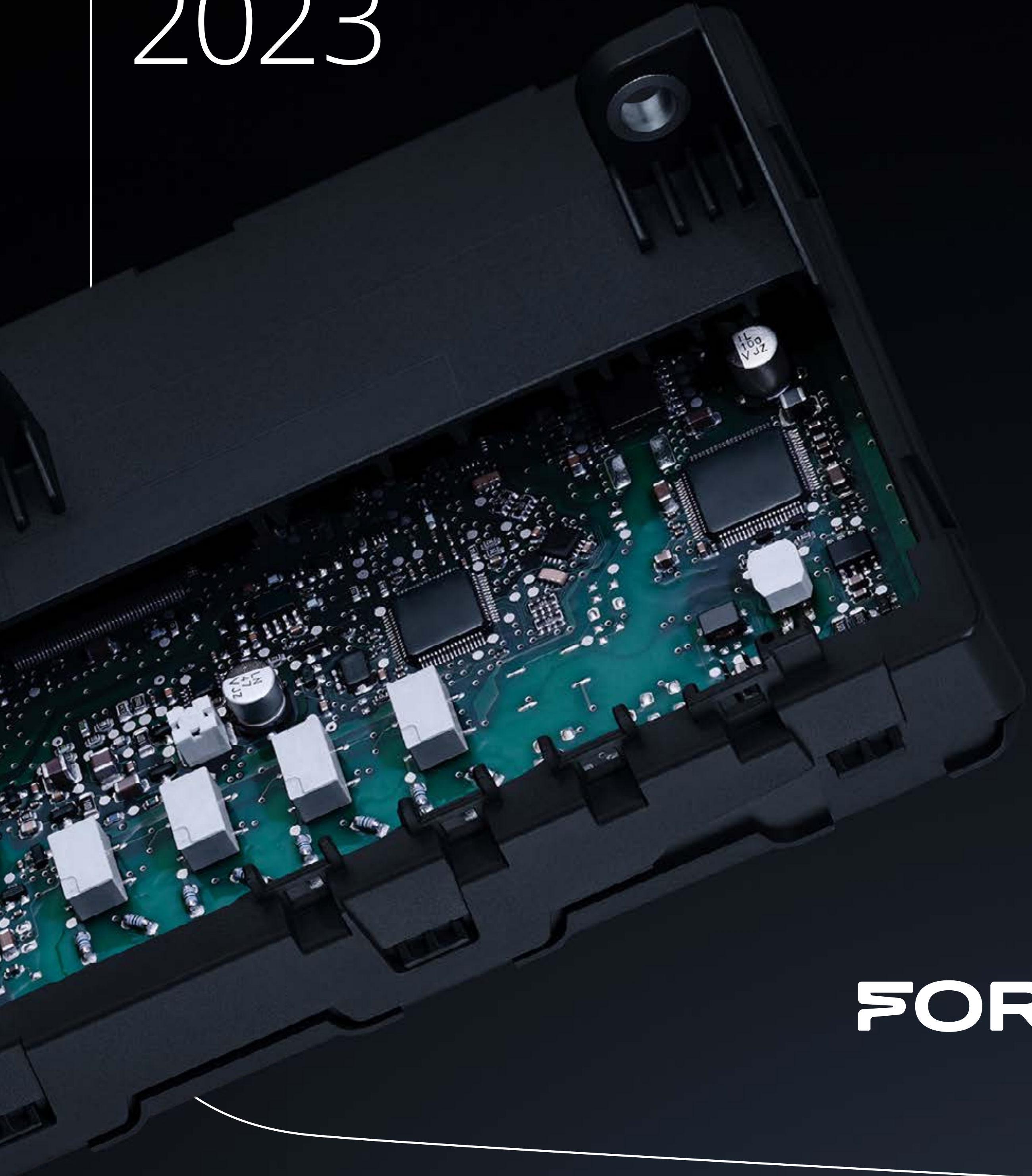
HELLA
Annual Report 2023



Overview of key figures

Key figures in € million or %	2023	2022
Currency and portfolio-adjusted sales	**8,125**	4,410
Reported sales	**7,954**	4,410
Operating income	**486**	195
Operating income margin	**6.1%**	4.4%
Earnings before interest and taxes (EBIT)	**464**	383
EBIT margin	**5.8%**	8.7%
Earnings for the period	**266**	352
Earnings per share (in €)	**2.38**	3.15
Net cash flow	**205**	233
Ratio of net cash flow to reported sales	**2.6%**	5.3%
Research and development expenses	**878**	458
R&D ratio	**11.0%**	10.4%
Capital expenditures	**620**	392
Capital expenditure ratio	**7.8%**	8.9%
Net financial debt / liquidity	**-56**	43
Equity ratio	**41.0%**	41.9%
Dividend proposal (in €, 2022: incl. special dividend after sale of HBPO shares)	**0.71**	2.88
Reporting staff (as of 31 December)	**37,773**	36,280

HELLA changed its fiscal year to the calendar year as of 1 January 2023 and has therefore inserted a transitional short fiscal year. 2022 thus covers the period 1 June to 31 December 2022. The two periods are only comparable to a limited extent.

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HELLA
at a glance

HELLA is a listed, internationally positioned automotive supplier. As a **Company of the FORVIA Group**, HELLA stands for high-performance lighting technology and vehicle electronics and, with its Lifecycle Solutions business group, also covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special vehicles.

Facts and figures
Fiscal year 2023

€8.1 billion
Adjusted Group sales

Group sales reported	**€8.0 billion**
Operating income margin	**6.1%**
Research and development ratio	**11.0%**
Employees worldwide in the permanent workforce	**37,773**

Fiscal year 2023 (1 January to 31 December 2023)
Headcount as of 31 December 2023

The business groups

Total sales of the business groups before consolidation
in the fiscal year 2023 (1 January to 31 December 2023)

Lighting

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

Electronics

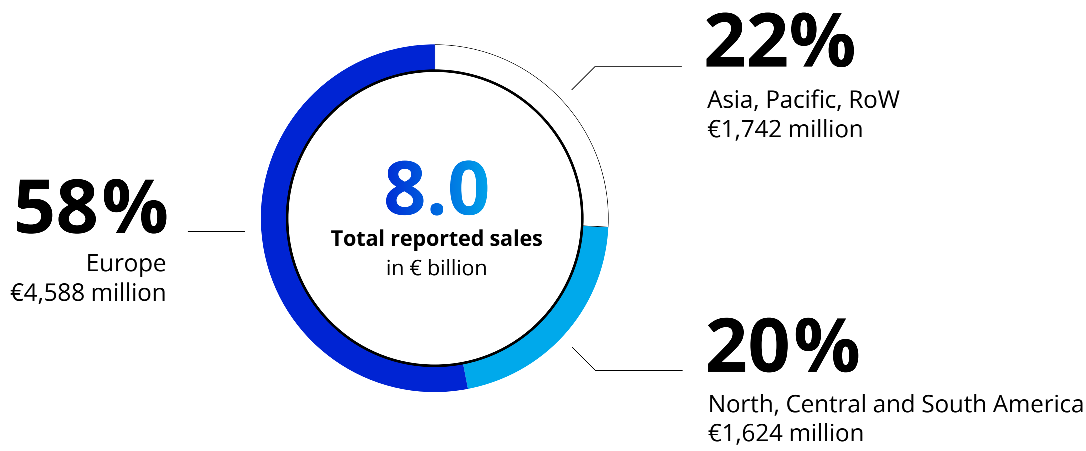
While HELLA entered the electronics business with lighting electronics, the Company has long been a comprehensive solutions provider in the field of vehicle electronics. The product portfolio consists of the product lines of Automated Driving, Sensors and Actuators, Body Electronics and Energy Management.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

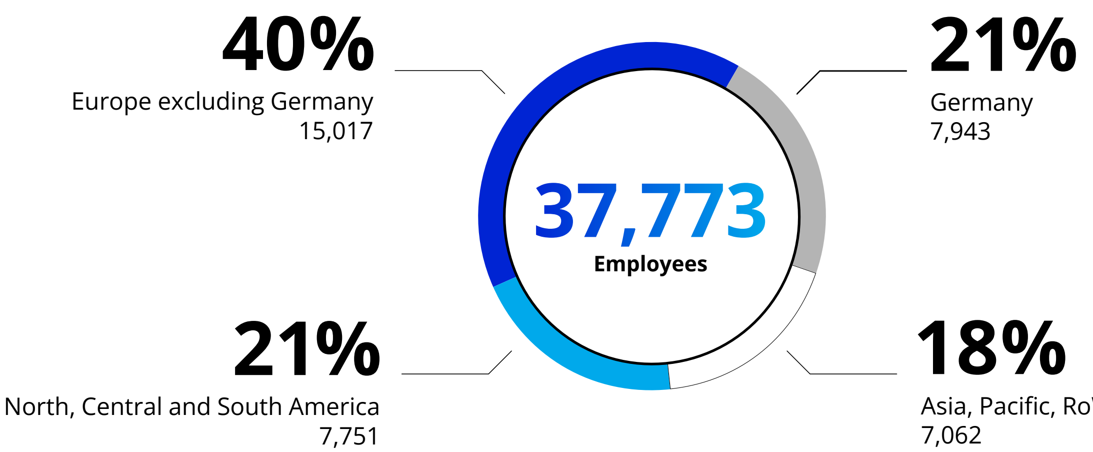
Lifecycle Solutions

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

Regional positioning

Sales in the fiscal year 2023 (1 January to 31 December 2023)
Employees in the core workforce (as of 31 December 2023)





Foreword

Dear shareholders,

For the first time in the Company's history, our sales reached the eight billion euro mark in 2023. Adjusted sales growth outperformed the automotive market by three percentage points. We have significantly increased our profitability compared to the prior year, with an operating income margin of 6.1 percent. And we were successful in meeting our net cash flow target, as net cash flow in relation to sales totalled 2.6%.

All in all, we therefore achieved satisfactory results in 2023 in a volatile market environment, and we achieved all our targets for the year – even though growth momentum has slowed in some areas since the second half of the year due to market conditions and our profitability is still below the pre-pandemic level.

Based on our results in 2023, we intend to continue our established dividend policy of recent years. We will thus propose to our Annual General Meeting on 26 April 2024 that a dividend of €0.71 per share be paid out. With a total amount of €79 million, we would thus continue to distribute around 30 percent of the annual result to our shareholders.

In addition to our financial results, we were able to record further successes in the past fiscal year: Our order intake in 2023 totalled around €11 billion and includes extensive lighting packages from American and Chinese OEMs as well as significant technology packages for the Smart Lights interior lighting solution, for 77 GHz radar sensors and for battery management systems. We have received prestigious awards for our technologies: Our FlatLight | µMX received the CES 2024 Innovation Award, while the functionality Automatic Diagnostics for workshops received the CLEPA Innovation Award 2023. We have also made progress in continuing the sustainable orientation of our business activities: We have already reduced our own carbon emissions for electricity and gas by almost half in relation to sales compared to 2019 and are therefore well ahead of our roadmap.

"HELLA is strategically well positioned, our order intake is strong. As a Company of the FORVIA Group, we have even more opportunities for the future, are more powerful in the market, can achieve even more together and have raised our synergy targets. And we are setting the course for the success of tomorrow."

Bernard Schäferbarthold

HELLA celebrates its 125th anniversary in 2024. The Company, which once started out as a manufacturer of lanterns and headlamps, horns and fittings for bicycles, carriages and automobiles, is now a leading international automotive supplier of lighting technology and automotive electronics. The Company has always been characterised by two aspects: On the one hand, innovative strength is the common thread that links “Westfälische Metall-Industrie Aktien-Gesellschaft”, which Sally Windmüller founded on 11 June 1899, with today’s global technology leader. We were always a few years ahead with our developments; we focused on our customers and anticipated what they wanted from the next generation of vehicles. We have helped shape the transformation of the automobile.

Furthermore, we always adapt proactively to new conditions at an early stage. The market is developing faster, innovation cycles are becoming ever shorter and competition is becoming more intense. It’s more important than ever that we adapt, that we keep pace with the speed and constantly changing market conditions and that we utilise the possibilities of artificial intelligence to maintain and further expand our competitiveness. The regional market weightings are shifting; for Europe in particular, we expect production volumes to stagnate in the medium term and cost pressure to increase significantly.

This means that, firstly, we need to speed up our processes and reduce complexity. Secondly, we need to expand our customer base and establish or intensify partnerships, particularly with car manufacturers in China, Japan and the USA, while continuing to cultivate business with our established customers. This enables us to make the best possible use of global growth opportunities. Thirdly, we have to adapt to the new circumstances, particularly in Europe: we will increase our competitiveness with structural measures in the Europe-wide production network, with consistent investments in standardisation and automation, with efficiency increases in research and development, as well as in administration and with significant improvements in material costs.

HELLA is already strategically well positioned, our order intake is strong. As a Company of the FORVIA Group, we have even more opportunities for the future, are more powerful in the market and can achieve even more together. At the beginning of the year, we raised our cost synergy targets, which we want to achieve by the end of 2025, to a total of over €350 million. Plus, with the newly initiated competitiveness program, we are strengthening our position in the European market in particular, paving the way today for the Company’s success tomorrow.

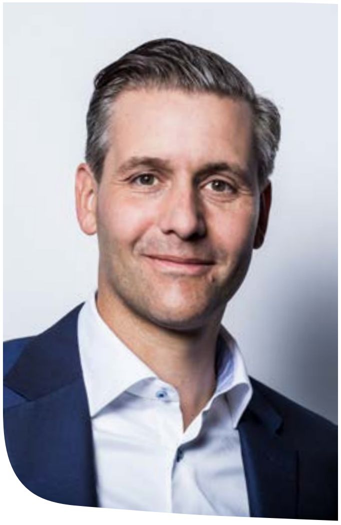
Yours sincerely

Bernard Schäferbarthold
CEO

The Management Board

HELLA GmbH & Co. KGaA

Bernard Schäferbarthold
CEO



Yves Andres
Business group Lighting

Stefanie Rheker
Human Resources

Stefan van Dalen
Business group
Lifecycle Solutions

Philippe Vienney
Finance & Controlling

Jörg Weisgerber
Business group
Electronics

HELLA on the capital market

Low liquidity of HELLA shares

The average daily XETRA trading volume in the fiscal year 2023 (1 January to 31 December 2023) was around 11,200 shares, the equivalent of around €0.8 million (short fiscal year 2022: around 19,200 shares, approx. €1.40 million). The decline in the share's liquidity is due to subsequent effects following the acquisition of the majority stake in HELLA GmbH & Co. KGaA by FORVIA SE (formerly: Faurecia SE) on 31 January 2022.

With the number of issued shares remaining unchanged, the market capitalisation as at the reporting date of 31 December 2023 came to €9.17 billion (31 December 2022: €8.45 billion). The HELLA share is currently listed in the MDAX.

Rising share prices in a volatile environment

In 2023, the broader equity markets recorded rising prices overall in a volatile market environment, with the markets performing particularly well in the first and last quarter of the year.

At the beginning of the year, the expectation of a prospectively relaxed monetary policy by the US Federal Reserve and progress by the European Central Bank (ECB) in tackling high inflation led to a strong rally on the capital markets. Despite isolated price setbacks triggered by distortions at regional US banks, the stabilisation of the banking sector and positive inflation data brightened the mood on the stock markets as the year progressed. The MDAX ended the first quarter of 2023 up around 10%.

In the second and third quarters, the broader capital market indices showed significant volatility, with negative economic news, primarily caused by weak economic and business climate data, decisions by central banks on further interest rate hikes and the ongoing US debt dispute, dominating general stock market activity. In August, the downgrading of the USA's credit rating by the rating agency Fitch and economic problems in China led to further price losses. As a result, the MDAX fell by around 6% between April and September.

In the final months of the year, a stabilisation of the key interest rate by the US Federal Reserve, positive inflation data and signals of expected interest rate cuts in 2024 provided positive impetus on the global equity markets. The MDAX was thus largely able to make up for the price losses suffered in the middle of the year and closed the year with an overall price gain of 8%.

Automotive stocks with price gains

Shares in German automotive stocks, the DAXsector Automobile (hereinafter: Prime Automotive), benefited in particular from the positive price momentum resulting from the suspension of the US debt ceiling and the easing of price pressure following the publication of inflation data. Prime Automotive recorded a significant increase of around 16% in the first quarter.

In the second quarter, performance continued to outperform the general industry development, as positive news from individual companies in the automotive sector led to significant price gains. Thus, the Prime Automotive was able to further expand its gains from the first quarter and closed the second quarter with a gain of around 11%.

In the following months, in addition to the generally negative market environment, sell recommendations and downgrades of individual automotive stocks by major research houses clouded the mood of automotive investors. As a result, Prime Automotive fell significantly by around 12% by the end of September.

Automotive stocks were also unable to benefit significantly from positive signals from central banks towards the end of the year, with Prime Automotive remaining almost at the September level. Thanks to the positive performance in the first half of the year, automotive stocks nevertheless posted an increase of around 12% for the year as a whole.

HELLA share with strong year-end rally

The HELLA share price fluctuated significantly in some cases over the course of the year. This was due to the volatile capital market environment as well as the low trading volume of the share.

In the first quarter, the share was unable to keep pace with the performance of the broader stock markets despite the positive impetus provided by the publication of business figures in January and February. With a price increase of around 5%, it lagged behind the performance of the MDAX and Prime Automotive, which both posted double-digit growth rates.

In the second quarter, the generally poor news on the economic and business environment also had a negative impact on the HELLA share. In addition, a technical price discount after payment of dividends for the short fiscal year 2022 had a negative impact on the share price development. The share closed the second quarter well below the benchmark indices with a drop of around 10%.

The HELLA share was unable to escape the unfavourable market environment in the third quarter, especially as negative sector news further dampened investor sentiment. As a result, the share price fell by 7% by the end of September.

In the fourth quarter, the HELLA share significantly outperformed both the Prime Automotive and the MDAX. In addition to the publication of the business figures for the third quarter, the share price performance was also supported by the announcement of the planned sale of the shares in the Behr-Hella Thermocontrol joint venture and the expected book gain. The HELLA share ended the last quarter with a significant price gain of around 23%.

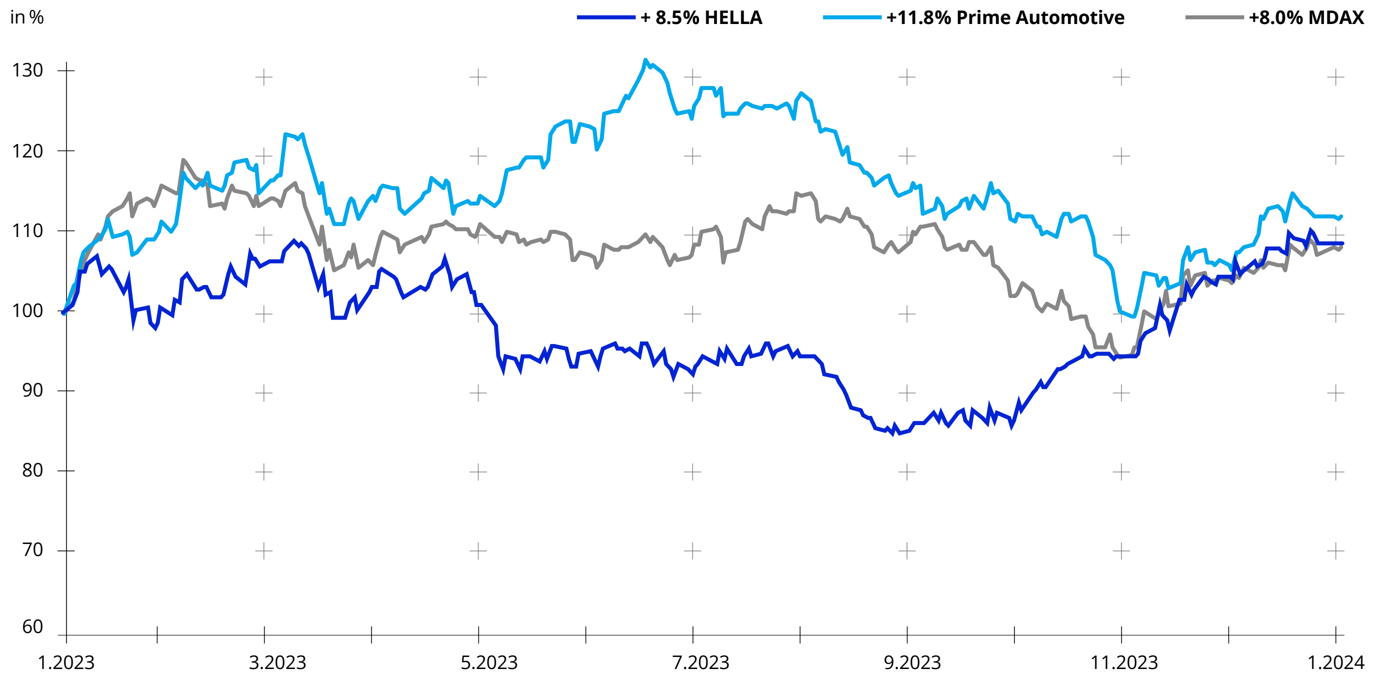
Over the year as a whole, the share price rose by around 9% and closed 2023 at €82.50.

HELLA bonds

Currently, HELLA has two bonds issued: one 1.000% EURO bond (WKN A19HBR) for €300 million, with a seven-year term running until 17 May 2024 and one 0.500% EURO bond (WKN A2YN2Z) for €500 million, also with a seven-year term, running until 26 January 2027. On 29 February 2024, HELLA also issued a promissory note

Price performance of HELLA shares

indexed to 1 January 2023, compared to MDAX and Prime Automotive



loan of €200 million with terms of three, five and seven years with variable interest rates (value date/payment: 12 March 2024).

On 11 August 2023, Moody's rating agency confirmed HELLA's investment grade rating as Baa3. The outlook was upgraded from "negative" to "stable". With this company rating, Moody's primarily reflected HELLA's successful business development in the first half of fiscal year 2023, the Company's very well-positioned financial and liquidity position and the confirmation of the rating of FORVIA SE as HELLA's majority shareholder. The very solid basis for further long-term and independent corporate financing will thus remain unchanged.

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

Key figures of the HELLA share		2023	2022
Closing price	€	82.50	76.05
Highest price	€	83.70	82.10
Lowest price	€	64.70	63.65
Number of shares issued (31 December/31 May)	Number of units	111,111,112	111,111,112
Market capitalisation (31 December/31 May)	€ billion	9.17	8.45
Daily trading volume (average, XETRA trading)	€ million / no. of shares	0.83 / 11,173	1.36 / 19,197
Earnings per share	€	2.38	3.15
Dividend per share*	€	0.71	2.88

** 2023: Subject to approval by the Annual General Meeting on 26 April 2024, 2022: including special dividend after the sale of HBPO shares*

Current rating
since 11 August 2023

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

Highlights 2023

Lighting technology for special vehicles

HELLA is further expanding its lighting technology portfolio for special vehicles. For instance, the Black Magic product range is being expanded by a total of 32 new Lightbars: HELLA is thus continuing a success story in Europe, as the auxiliary headlamp series has been a top seller in the USA for many years. HELLA is also launching the Company’s first rectangular light module on the market with the new SlimLine Bi-LED headlamp, in line with a highly topical design trend. The SlimLine Bi-LED module, which offers low beam and high beam headlamps in a single headlamp module, is suitable for use on agricultural and construction machinery, trucks, buses, motorhomes, in the powersports sector and also on cars and sports cars.

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Successful world tour

Las Vegas, Shanghai, Munich: As a Company of the FORVIA Group, HELLA is present at all major trade fairs in the automotive industry, i.e. the Consumer Electronics Show (CES), Auto Shanghai and the IAA Mobility. There, FORVIA presents pioneering technologies and a comprehensive portfolio for the mobility requirements of the future, focusing on the three strategic growth areas of electrification and energy management, safe and automated driving, and digital and sustainable cockpit experiences.

Access system cannot be cracked

A major German automotive magazine tests “keyless go systems” on 13 different premium and volume models from various car manufacturers. One model stands out: It is the only one of the vehicles tested that could not be cracked via relay attack. The access system comes from HELLA, and the ultra-wideband technology of the radio key is what makes the difference. HELLA launched the first UWB radio key in series production in 2019. This access system was also tested at the time: It was the first vehicle in its class ever that could not be opened by remote control extension in the test.

Climate-friendly and recyclable

HELLA and further partners are researching how headlamps can be made more climate-friendly as part of the cross-industry “NALYSES” project, which is funded by the German Federal Ministry of Education and Research. The aim is to design and manufacture products that conserve resources and produce fewer emissions in future. The results of the research project will be incorporated into the development of future generations of headlamps, but will also be transferred to other areas, such as the production of household appliances.

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— **1**

Electronics solutions

HELLA secures numerous series orders for electrification and steer-by-wire. Customer projects for e-mobility include high-voltage battery management, actuator technology and intelligent battery sensors. HELLA also supplies the latest generation of steering sensors to various well-known customers. With these sensors, HELLA supports steering systems in which steering commands are transmitted purely electrically and without the aid of mechanical or hydraulic connections. The series projects will start in 2024 and 2025 in HELLA's global production network.

Milestone birthdays

Several HELLA locations celebrate milestone birthdays in 2023. The lighting plant in Mohelnice (Czech Republic), one of the largest production facilities in the business group Lighting worldwide, looked back on three decades of success with an open day and over 2,700 visitors. HELLA Fahrzeugteile Austria GmbH has been a reliable partner for innovative and high-quality lighting solutions for special vehicles for forty years now. And the Spanish sales company Hella S.A. even celebrated its 60th birthday.

— **2**

World-class headlamps

Jointly with the luxury car manufacturer Porsche and other partners, HELLA is bringing the world's first high-resolution headlamps based on Matrix LED technology onto the road. The SSL | HD digital headlamp system is available as an optional extra for the first time in the new Porsche Cayenne. With over 32,000 individually controllable pixels per headlamp, it raises automotive lighting technology to a new level and implements new safety-relevant functionalities, such as an optical lane departure warning system.

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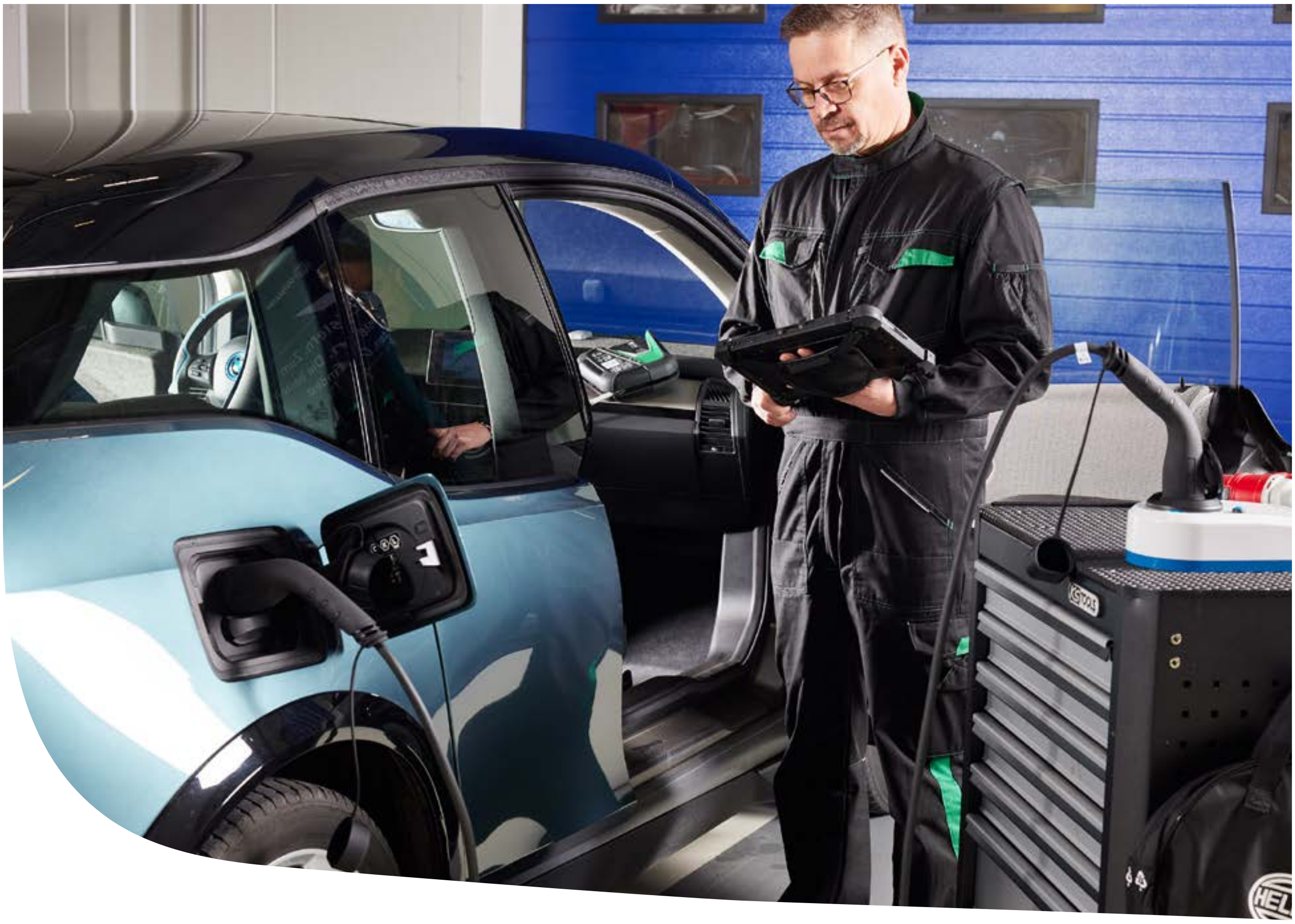

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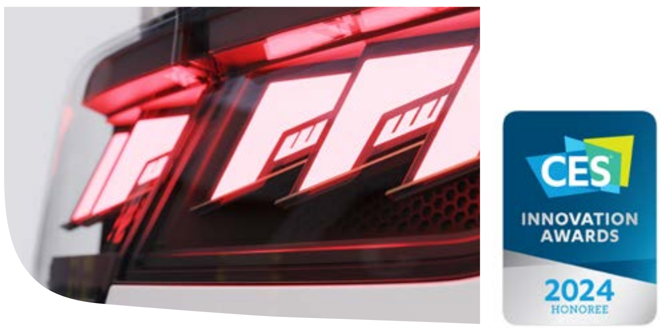

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New products for workshops

HELLA launches two pioneering innovations for workshops in the market via its subsidiary Hella Gutmann Solutions. In partnership with Battery Quick Check GmbH, Hella Gutmann Solutions has developed a process for assessing the actual health of vehicle batteries. The highly complex analysis results in a meaningful high-voltage battery report that summarises the battery condition and other key data. On the other hand, Hella Gutmann has succeeded in automating one of the most common activities in workshop, fault diagnosis, with the aid of artificial intelligence and big data technology. This not only makes the overall diagnostic process considerably faster, but also more accurate. In October last year, the feature also received the 2023 Innovation Award from the European supplier association CLEPA.

— 2

Award for FlatLight | µMX

The FlatLight | µMX from HELLA receives the CES 2024 Innovation Award in the "Vehicle Tech & Advanced Mobility" category. The technology is based on an innovative light guide concept with micro-optics: These are optics which are no bigger than a grain of salt. This makes the FlatLight | µMX particularly flat, efficient and scalable. FlatLight will go into series production this year as rear light technology, and in 2025 as daytime running lights in the front of the vehicle.

— 1

“We got that”

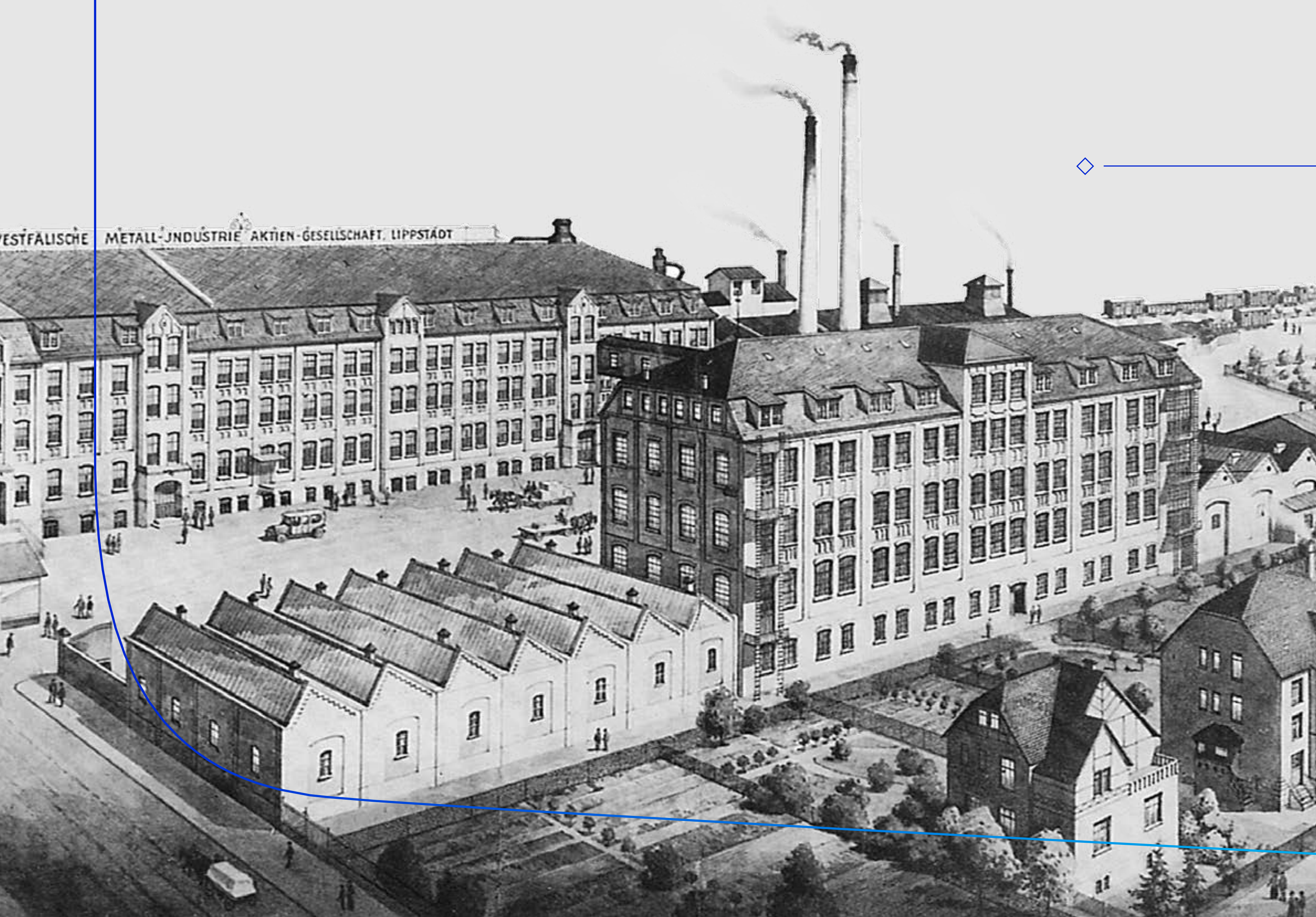
The aftermarket won several prizes for outstanding design and marketing: two German Brand Awards and the Red Dot Award. The award honours the successful brand management of the “We got that” video series, which was launched in June 2022. It is intended to make HELLA’s product range even better known in the aftermarket and increase the attractiveness of the products even further. The video series has reached far over 130 million views on various social media channels. The core message is clear and simple: Whatever the workshop needs, HELLA offers the right solution and supports mechanics as a “friend of the independent workshop” in every challenge.

— 2

INNOVISION 2023

Around 500 international aftermarket partners from HELLA’s spare parts and workshop business will take part in INNOVISION 2023, the industry event for the national and international aftermarket of HELLA and Hella Gutmann Solutions, and get a glimpse of the automotive market of the future. It’s becoming clear: The market is changing rapidly and work in the workshops is becoming more and more complex. The event focussed on what this means for the independent aftermarket in concrete terms and how dealers and workshops can best prepare for the future. Due to the coronavirus pandemic, INNOVISION had to take a break for several years and was last held in 2018.

HELLA: 125 years



The foundation

On 11 June 1899, Sally Windmüller founded the "Westfälische Metall Industrie Aktien-Gesellschaft" in Lippstadt. He saw the onset of motorisation as a future trend and growth market. The founding of Westfälische Metall Industrie AG (WMI) marked the official beginning of the company's history.

◇ **1899** ◇ **1908** ◇ **1961**

The "System Hella"

The acetylene searchlight "System Hella" was added to the sales catalogue as WMI's first outstanding product innovation. "Hella" became a trade name that year and was also registered as a trademark in 1926. It is not entirely clear how the name came about. It could go back to the Greek sun god Helios or allude to a fictitious goddess of light, as all WMI products bore a badge showing a young woman with a shining star above her head. However, the most likely – and most obvious – explanation is this: Company founder Sally Windmüller wanted to honour his wife. Her name was Helene, and she was called: Hella. The fact that this also created an association with the German word "heller" (English: "brighter") surely has been an additional advantage.

Internationalisation

HELLA grew again after the end of the Second World War. Parallel to the economic recovery in Germany, the number of employees increased from 450 in 1945 to 1,500 within three years. in 1961 HELLA built its first factory abroad, in Australia. It was the start of internation-alisation. Today, HELLA is represented with over 125 locations in around 35 countries, and generates over 40 percent of its sales in markets outside Europe.

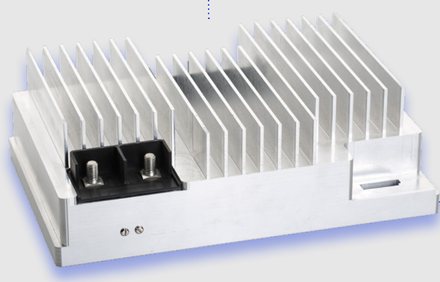
The new name

The HELLA plum went on the roof – WMI became “Hella KG Hueck & Co.” on 1 June 1986. As stated in a letter to customers and business partners, for example, the aim of that change was to reflect the increasing importance of the Hella product brand. At the time, it had already been established on the market for a good 80 years. Some 17 years later, in 2003, the Company was converted into a partnership limited by shares (“Kommanditgesellschaft auf Aktien”, KGaA) and thus into a corporation. The new legal form created the option of opening up to the capital market – which would be utilised eleven years later, in 2014.

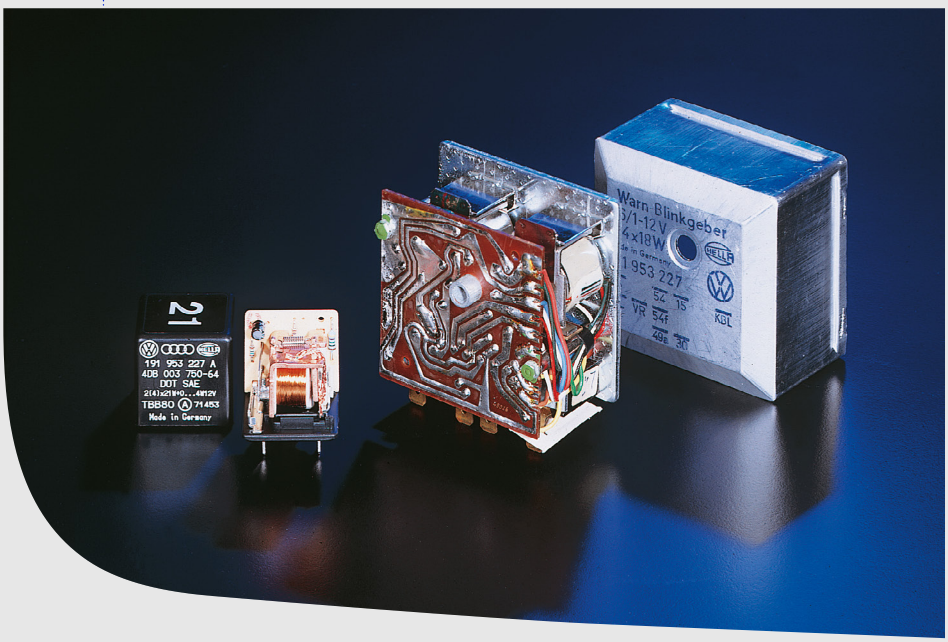
2010

The first voltage converter

HELLA supports car manufacturers holistically on their way to electromobility and offers a comprehensive range of products for all stages of electrification. For example, HELLA produced its first voltage converter in 2010; today the Company is the global market leader for automotive DC/DC converters and is also entering the high-voltage market for power electronics with its first order for HV converters.



1965 1986



The first fully electronic flasher unit

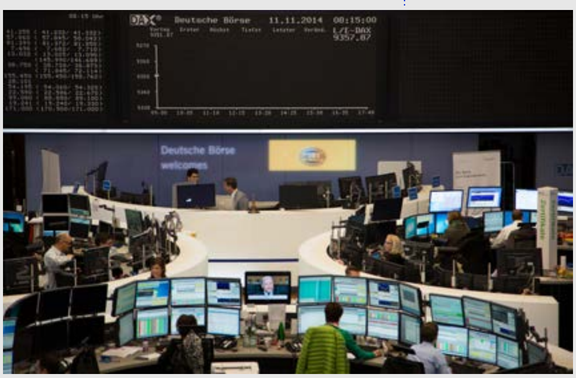
HELLA’s entry into the electronics business is hidden behind nine numbers, three letters and three characters. It was in 1965 that production of the first fully electronic flasher unit began at the electronics plant in Hamm (Germany). It was called: 96 P 2+1+1x18 W 12 V. HELLA was one of the very first automotive suppliers to venture into the age of electronics with the black box, which at the time seemed almost like magic to many laymen. The product range from the very beginning also included electrical switches as well as plugs and sockets for vehicle trailer operation.

2013

The first Matrix LED headlamp

HELLA brought the world's first LED matrix headlamp with glare-free high beam into series production. It allows the driver to drive with the high beam permanently switched on without dazzling oncoming traffic or vehicles in front. Over the years, HELLA has consistently developed matrix LED technology further: first in 2016 with the HD84 LED module, then a few years later with the high-resolution SSL | HD headlamp system. Up to 25,000 LED pixels per chip can be individually and intelligently controlled with this technology.

2014



The IPO

115 years after the Company was founded, HELLA went public – initially in the form of a private placement in October 2014. Then trading of HELLA shares on the Frankfurt Stock Exchange began on 11 November under the symbol HLE. Less than a year later, on 21 September 2015, the share was listed on the MDAX, where the share is listed today as well.

2020

The latest radar technology

HELLA brings 77 GHz-based radar sensors into series production for the first time - an essential key technology for assisted and automated driving. The first customer is an Asian manufacturer of trucks and buses, followed shortly afterwards by various car manufacturers worldwide. HELLA brought the first generation of 24 GHz radar sensors into series production as early as 2005. Today, the field of automated driving is one of the company's key growth areas.

2022

The joint future

Jointly, HELLA and the French technology company Faurecia form FORVIA, the seventh largest supplier of automotive technology in the world and a market leader in high-growth areas of the future with over 150,000 employees worldwide. On 14 August 2021, both companies announced that Faurecia would acquire a majority stake in HELLA. The result was the FORVIA Group formed in 2022: a global technology leader that covers both a broad customer spectrum and key future automotive fields.

FORVIA
Inspiring mobility

FORVIA

We pioneer technology

for mobility experiences that matter to people

We pioneer technology

Three strategic growth areas

- Electrification and energy management
- Safe and automated driving
- Digital and sustainable cockpit experiences

Six business groups

- Seatings
- Interiors
- Clean Mobility
- Electronics *
- Lighting **
- Lifecycle Solutions **

* HELLA & Faurecia Clarion Electronics
** HELLA

7th
largest supplier for automotive technologies worldwide

1 in 2
cars worldwide equipped with FORVIA technology

for mobility experiences that matter to people

People

- over **150,000** employees
- **140** nationalities in 41 countries
- **29%** female specialists and managers

Business

- **€2.2 billion** gross R&D expenditure
- **15,000** developers
- **13,400** patents in the portfolio
- Global **Innovation Eco System**

Planet

- **CO_2 intensity: 26** (emissions in Scope 1 and 2, in TCO_2e / sales in € million)
- Up to **70% power supply** from renewable sources possible in Europe

Financials in 2023

- **Sales**
  €27.2 billion
- **Order intake**
  €31 billion
- **Realised cost synergies**
  €190 million (of which more than half for HELLA)
- **Expected cost synergies until end of 2025**
  over €350 million (around half attributable to to HELLA)

Sustainability targets

2025 CO_2-neutral production (reduction of absolute CO_2 emissions in Scope 1 and 2 by 80%)

2030 -45% CO_2 reduction compared to 2019 (Scope 3)

2045 Net zero across the entire value chain

Sustainability ratings

EcoVadis rating: 74/100
CDP Climate Change Rating: A

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

Fiscal year 2023

- Global light vehicle production in the fiscal year 2023 totals 90.3 million new passenger cars and light commercial vehicles
- Currency and portfolio-adjusted sales stand at € 8,125 million, reported sales at € 7,954 million
- Operating income stands at €486 million; operating income margin at 6.1 %
- Business group Lighting achieves sales of € 3,887 million, driven by positive business development in all regions
- Sales in the Electronics business group at € 3,372 million based on high demand for products for electromobility and automated driving
- Business group Lifecycle Solutions generates sales of € 1,069 million, driven by successful workshop, spare parts and commercial vehicle business
- Net cash flow in relation to sales at 2.6 %
- In relation to pro forma comparative figures for the calendar year 2022, reported sales growth is 10.3 %; operating income margin improves by 2.0 percentage points; net cash flow to sales falls by 0.4 percentage points
- Company management proposes payment of dividends in the amount of € 0.71 per share
- For 2024, currency and portfolio-adjusted consolidated sales of around € 8.1 to 8.6 billion and an operating income margin of around 6.0 to 7.0 % are expected; forecast net cash flow to sales at approximately 3 %

General information on the HELLA Group

The group management report was combined with the management report of HELLA GmbH & Co. KGaA in accordance with Section 315 (3) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. Information that relates exclusively to HELLA GmbH & Co. KGaA as the parent company is labelled accordingly. This basically comprises the financial status, the financial position and results of operations.

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

Business model

Company profile

The HELLA Group is a listed, internationally positioned automotive supplier of the FORVIA Group. The Company stands for high-performance lighting technology and vehicle electronics. At the same time, HELLA covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special-purpose vehicles and small-volume manufacturers. HELLA has 37,773 employees (as of the balance sheet date of 31 December 2023) at more than 125 locations worldwide and generated currency and portfolio-adjusted sales of €8.1 billion in the fiscal year 2023 (1 January to 31 December 2023; reported: €8.0 billion).

Business groups

HELLA is divided into three different business groups, which also constitute the corresponding reporting segments: Lighting, Electronics and Lifecycle Solutions. Within these areas, the respective activities of the business groups are organised in different business areas/product lines.

In the **Lighting business group**, HELLA offers the complete range of lighting technology products and systems. HELLA supplies automotive manufacturers in both the premium and volume segments; the Company has established a leading market position in the field of innovative lighting technologies in particular. In the fiscal year 2023, the Lighting business group generated sales of €3.9 billion and employed around 18,532 people on the reporting date (as of 31 December 2023). The product lines of the Lighting business group are: headlamps, rear combination lamps, car body lighting (including radomes, illuminated logos and front phygital shields) and interior lighting.

In the **Electronics business group**, HELLA focusses on selected relevant business or product areas that

HELLA at a glance*		
Adjusted sales in the fiscal year 2023: €8.1 billion (reported: €8.0 billion) • Employees: 37,773 (31 December 2023)		
Business group Lighting Sales: €3.9 billion Employees: 18,532	**Business group Electronics** Sales: €3.4 billion Employees: 12,835	**Business group Lifecycle Solutions** Sales: €1.1 billion Employees: 4,385

** Adjusted sales: currency and portfolio-adjusted, sales of the business groups according to segment reporting in the consolidated financial statements; employees of the Business Groups plus employees in administrative functions (2,021 employees)* contribute to making mobility safer, more efficient and more comfortable. The Company mainly supplies automotive manufacturers worldwide, but also other suppliers for certain products. HELLA's Global Software House is also organisationally anchored in the Electronics business group. It coordinates software activities on a Company-wide basis and additionally develops new software-based business models as well. In the fiscal year 2023, the Electronics business group achieved sales of €3.4 billion; around 12,835 employees work in this area (as of 31 December 2023). The product lines of the Electronics business group are: automated driving, sensors and actuators, body electronics (including lighting electronics and access systems) and energy management.

The **Lifecycle Solutions business group** consists of the three divisions Independent Aftermarket, Workshop Solutions and Special Original Equipment. HELLA is an important partner for spare parts dealers and independent workshops in the Independent Aftermarket division. Here, HELLA sells a portfolio of around 46,000 wear parts, spare parts and accessories. The Workshop Solutions division's offering includes vehicle diagnostics, emissions testing, battery testing, light adjustment, and calibration, as well as service and data-based services. In the Special Original Equipment division, HELLA develops, manufactures and distributes lighting and electronic products for special-purpose vehicles such as construction and agricultural machinery, buses and motor homes, as well as for the marine sector. In total, sales in the fiscal year 2023 amounted to €1.1 billion; 4,385 employees work in this business group (as of 31 December 2023).

International position and sales markets

Customer proximity is essential for HELLA's business success. In this way, changes in the sector can be anticipated and possible and regional or customer-specific solutions can be offered in a targeted manner. Accordingly, HELLA, with its global network of more than 125 locations in around 35 countries has a presence in all the core markets in the automotive industry. The business is divided into three regions: Europe (incl. Germany); North, Central and South America (incl. USA); and Asia / Pacific / Rest of World (incl. China).

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

The Company's global presence is also reflected in the distribution of sales by region. In the fiscal year 2023 HELLA therefore generated 58% of its sales in Europe, 22% in the Asian markets and 20% in the American markets.

Corporate structure

Legal corporate structure

The parent company of the HELLA Group, and at the same time its largest operating company, is HELLA GmbH & Co. KGaA, which has its registered office in Lippstadt, Germany. As the parent company, it holds an interest – either directly or indirectly – in 123 companies, of which 75 were fully consolidated in the current consolidated financial statements.

The nominal capital of HELLA GmbH & Co. KGaA amounts to €222,222,224 and is divided into 111,111,112 no-par value shares. The shares of HELLA GmbH & Co. KGaA have been traded in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since November 2014 and are currently included in the MDAX share index.

81.59% (according to FORVIA, as of 31 December 2023) of the shares in HELLA are held indirectly by FORVIA S.E. (formerly: Faurecia S.E.) . HELLA GmbH & Co. KGaA is included as a fully consolidated company in the higher-level consolidated financial statements of FORVIA S.E., Nanterre (Hauts-de-Seine), France. The direct parent company of HELLA GmbH & Co. KGaA is Forvia Germany GmbH. The remaining shares are held by institutional investors and private shareholders.

Collaborations and partnerships

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

HELLA's network strategy is made up of two pillars. Firstly, HELLA also builds on open alliances, as these enable it to advance selected focal topics quickly and flexibly and also to exploit opportunities for further growth in line with trends in the automotive market. The current focus is on battery electronics and radar sensor technology.

Secondly, HELLA maintains a range of joint ventures that focus on addressing the Chinese automotive market in particular. In the fiscal year 2023, a total of five joint ventures were included in the consolidated financial statements, which are reported on using the equity method of accounting. In total, they generated sales of €1.2 billion.

The following changes occurred in HELLA's joint venture network in the fiscal year 2023: On 2 October 2023, MAHLE and HELLA agreed (“signing”) to sell their respective 50 percent shares in the joint venture Behr-HELLA Thermocontrol (BHTC) to AUO Corporation. The transaction is expected to be completed ("closing") by mid-2024. The agreed sale of shares is the result of constructive discussions between MAHLE and HELLA regarding the future positioning and orientation of BHTC. These talks were initiated against the background of a change-of-control clause in the joint venture agreement after technology company Faurecia acquired a majority stake in HELLA.

With effect from 1 January 2024, HELLA acquired the 50 percent share in the previous brake joint venture HELLA Pagid GmbH ("HELLA Pagid") which had been held by co-shareholder TMD Friction, and has thus become the sole shareholder of HELLA Pagid.

In addition, talks are currently being held with the partners of the Chinese joint ventures HELLA MINTH Jiaxing Automotive Parts and HELLA BHAP Electronics regarding the continuation and further orientation of business activities.

Further portfolio changes

On 9 January 2024, HELLA announced the sale of the People Sensing business anchored in the subsidiary HELLA Aglaia to Swiss company Xovis. The two companies signed an agreement to this effect on 22 December 2023. HELLA has been producing and selling high-precision people-counting devices for public transport and retail in this product field for more than ten years; around 65 employees work in this area. The completion of the transaction (“closing”) is expected in the second quarter of 2024.

Goals and strategies

Corporate strategy

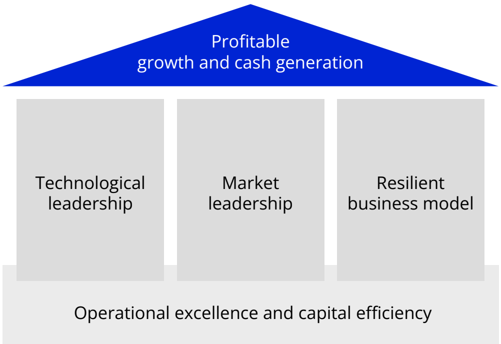
HELLA's two overriding goals are profitable growth and cash generation. To achieve these goals, the Company follows four central approaches. First is the safeguarding and sustainable expansion of the Company's technological leadership. Second is securing a position as market leader in prioritised business fields within the Company's respective production line (see "Business model" in this chapter). Third is maintaining a stable and resilient business model. Fourth is continuously improving operational excellence and capital efficiency.

1. Technological leadership

Technology leadership is a key competitive differentiator and therefore a central driving force behind the Company's successful business development. HELLA is forging ahead with its goal of securing and expanding its own technological leadership, in particular by consistently positioning itself in line with key market trends in the automotive industry: Here, the growth areas of electrification and energy management, safe and automated driving (including new, high-resolution lighting technologies) as well as digital and sustainable cockpit experiences are particularly relevant for HELLA. The basis for technological leadership is targeted expenditure on research and development.

2. Market leadership

HELLA pursues the strategic goal of maintaining a leading market position for the high-priority business fields in which the Company operates, depending on the business group, product group or region. Achieving market leadership is necessary in order to achieve the required volumes and economies of scale, among other things. With regard to the Lighting and Electronics business groups, this means aiming for a position among the top three suppliers; in this context all three regional markets are relevant for the business groups. With the Lifecycle Solutions business group, too, HELLA strives for a leading market position. The core market here is primarily Europe. This is supplemented by international business in the Asia / Pacific region and North, Central and South America.



3. Resilient business model
HELLA pursues the goal of a stable and resilient business model. This is the basis for ensuring balanced and sound business development that is, as far as possible, independent of specific economic fluctuations and market cycles. The objective of the resilient business model is pursued specifically by positioning the Company internationally and diversifying the customer portfolio, which makes it possible to compensate in part for customer-specific or regional fluctuations in demand. In order to further strengthen the balance of international business activities, business activities in the Asian and American markets in particular are to be further expanded, and new customers are to be addressed. In addition, the Lifecycle Solutions business group, with its partially divergent market cycles and customer groups, is also able to contribute to stable business development.

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

On 16 February 2024, as part of the publication of the preliminary annual results for 2023 and the outlook for 2024, HELLA announced also a program to further increase competitiveness in Europe. This program was announced against the background of the significant change in market conditions in Europe. On the one hand, car production in Europe in 2025 is expected to fall well short by around 3 to 4 million vehicles of the level forecasted at the beginning of the coronavirus pandemic; vehicle production is only expected to stagnate until 2030 at a level of around 17 million vehicles. On the other hand, cost pressure in Europe is increasing significantly due to the resulting overcapacity in the market and changes in customer structures.

It is therefore planned to further strengthen HELLA's competitiveness in Europe. In this context, structural measures are to be implemented in the European production network to adapt it to the expected volume reduction; the productivity of the locations is to be increased through consistent investments in standardization and automation. Secondly, the intention is to further increase efficiency in research and development as well as in administration, for example through the use of artificial intelligence or the relocation or possible bundling of activities; significant improvements, particularly in material costs, should also contribute to secure competitiveness.

The annual gross savings targeted by the measures up to 2028 should then amount to €400 million, of which around €150 million should already be achieved by end 2025. In total, the Company plans to spend around €200 million to implement the overall measures by 2028, of which a large part will be spend by the end of 2025. The specific details of the program will be determined in the coming months.

Cooperation with FORVIA
HELLA is a legally independent company of the FORVIA Group, the world's seventh largest supplier of automotive technology, which combines the complementary strengths of HELLA and Faurecia. Both companies have been particularly successful in realising and identifying cost synergies, for example through joint purchasing activities and close cooperation in the areas of administration, IT and security.

The cost effects expected by the end of 2025 were raised at the beginning of the new fiscal year 2024 and now total over €350 million, around half of which is expected to be attributable to HELLA.[1]

[1] The disclosures made in this section are not part of the management report. These are not audited.

Sustainability strategy[1]

At HELLA, sustainable management and responsible behaviour form an important basis for the successful further development of the Company. The HELLA sustainability strategy defines a framework for this and describes the Company's commitment in the areas of the environment, social issues and responsible corporate governance. Targets that HELLA has adopted as part of the Sustainability Roadmap are presented on the company's website, for example.

Environment

HELLA's sustainability strategy includes activities to protect the environment and climate and to promote the circular economy within the Company and along the value chain. Among other things, HELLA attaches great importance to climate protection, which is also a key topic in the strategic planning process. As part of the climate strategy, all HELLA locations worldwide are to reduce CO_2 emissions by at least 80% by 2025. This is to be achieved by improving energy efficiency in production (Scope 1 and 2) and completely switching the power supply to renewable energy sources (Scope 2). At the same time, the remaining direct CO_2 emissions at the sites (Scope 1) are to be offset. By 2025, energy consumption in relation to sales is also to be reduced by 20% compared to 2019.

CO_2 emissions along the value chain (Scope 3) are to be reduced by 45% by 2030 as a FORVIA target (HELLA: 38%). By 2045, emissions are to be reduced by 90% compared to 2019, with the remaining 10% to be sequestered. Customers are then to be supplied with CO_2-neutral products.

Social

Responsible human resources management is another key component of HELLA's sustainability strategy. It includes attractive working conditions, training and development measures, the protection of employee rights and occupational safety. For example, HELLA aims to increase the proportion of women in specialist and management positions to 27% by 2027 (2023: 25.8%) in order to promote diversity within the Company. Occupational safety is tracked using, among other things, the accident rate, which describes the frequency of accidents with lost time in relation to one million working hours.

HELLA's sustainability strategy also provides for the further expansion of corporate due diligence obligations to uphold environmental and social standards both at HELLA and along its own supply chain. To this end, HELLA has anchored criteria such as measuring the proportion of the purchasing volume with a valid EcoVadis sustainability rating in the purchasing process.

Governance

Compliance is a further pillar of our sustainability endeavours. HELLA is committed to legally compliant and ethical business practices, including a strict ban on corruption and bribery.

In addition, HELLA products should be safe for people and the environment. Accordingly, HELLA has established holistic systems for quality and product safety throughout the Company. In this way, the company ensures that its products strictly comply with the current statutory product safety requirements of the sales markets and quality standards.

As a company of the FORVIA Group, HELLA participates in sustainability ratings that underpin the effective anchoring of sustainability aspects in the company's business activities. Of particular relevance are the CDP Climate Change Rating, in which FORVIA achieved the highest possible rating of A in the fiscal year 2023, and the EcoVadis Assessment for 2023, in which FORVIA achieved 74 out of 100 points.

For further information, please refer to the website **www.hella.com/sustainability**, where the separate non-financial report is made publicly available.

Financial strategy

A sound financial strategy that aims to ensure financial stability is an integral part of HELLA's corporate strategy. In this context, HELLA pursues a long-term funding plan which safeguards financial flexibility even in the event of increased economic volatilities, while also ensuring that the necessary funds are made available for investment in further growth. The objective of the Group is to maintain a strong equity base.

The Group strives to achieve a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Company continues to target a ratio of less than 1.0 for net financial debt to operating earnings before depreciation and amortisation (EBITDA) in the long term, as has been the case in previous fiscal years.

[1] The disclosures made in this section are not part of the management report. These are not audited.

In order to achieve these strategic financial goals, HELLA maintains a high level of diversification in terms of the financing instruments it uses. Thus the Company currently primarily utilises capital market bonds, local bank financing and a syndicated loan facility. The Company also utilises factoring lines in euros (€) and US dollars for active working capital management. The financial policy of the HELLA Group is managed by HELLA GmbH & Co. KGaA as the parent company. Funding is generally arranged centrally and made available to the Group companies as required.

M&A strategy

HELLA primarily pursues the strategy of organic growth based on the existing business model, core technological expertise and the established partnership and cooperation network. In addition to this, HELLA regularly examines the possibility of potential company acquisitions. In particular, the focus is on companies and activities that serve the strategic goal of complementing established product and technology fields, developing new products and technologies within a short time or strengthening the competitive position in certain sales markets.

Furthermore, within the scope of M&A activities, necessary divestment projects are also being followed up as part of ongoing portfolio management. The criteria of technology leadership, market leadership and the long-term achievement of relevant financial performance indicators are critical in this context. Based on these parameters, the Company regularly reviews the soundness and viability of its business activities.

Management systems

Management of the HELLA Group

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

- the three business groups: Lighting, Electronics and Lifecycle Solutions,
- the corporate functions, including Human Resources, Finance & Controlling, Information Technology and Process Management as well as Sustainability, Quality, Legal and Compliance, as well as
- the regions of North, Central and South America, Asia / Pacific (including Rest of World) and Europe.

While the business groups and regions are organised as profit centres, the central functions are managed as cost centres, mainly in the form of regional HELLA Corporate Centres, into which the HELLA Global Business Services Organisation is also integrated. The business groups are largely responsible for strategic and operational business development. The central functions fulfil a governance and control function for the Group and the business groups.

Group management is exercised by the Managing Directors of HELLA Geschäftsführungsgesellschaft mbH as the general partner of HELLA GmbH & Co. KGaA. With regard to the personnel on the Management Board of HELLA Geschäftsführungsgesellschaft mbH, the following changes have taken place in the fiscal year 2023:

With effect from 1 April 2023, the Shareholder Committee has appointed Jörg Weisgerber and Stefan van Dalen as new members of the Management Board. Jörg Weisgerber took over the management of HELLA's global electronics business, and Stefan van Dalen the responsibility for the Lifecycle Solutions business group. They succeed Björn Twiehaus, former Managing Director of the Electronics business group, and Dr. Lea Corzilius, former Managing Director of the Lifecycle Solutions business group and the Human Resources corporate function, who left the Management Board on 31 March 2023 and 30 April 2023 respectively. Michel Favre took over the management of the Human Resources division on 1 May 2023 in addition to his role as CEO.

At its meeting on 29 September 2023, the Shareholder Committee decided to appoint Bernard Schäferbarthold, then Chief Financial Officer (CFO) of HELLA, as the new CEO of the HELLA Management Board. Bernard Schäferbarthold has thus replaced the previous CEO Michel Favre as of 1 January 2024. Michel Favre had previously reached an amicable agreement with the Shareholder Committee to terminate his mandate prematurely.

Stefanie Rheker, who was appointed to the HELLA Management Board by the Shareholder Committee, took over responsibility for global HR management at HELLA on 1 March 2024. In February 2024, the Shareholder Committee appointed Philippe Vienney as the new CFO with effect from 1 March 2023 and also appointed him as a new member of the Management Board in this function.

Until Stefanie Rheker and Philippe Vienney took up office, Bernard Schäferbarthold held temporary responsibility for the Human Resources and Finance & Controlling corporate function in addition to his position as CEO.

Performance indicators

The Management Board refers to financial and non-financial performance indicators in its management of the Company. Its target values are based on various comparative values, for example, the development of the markets and competition, internal performance standards and allocation of resources. The purpose of using the following performance indicators is to provide a transparent presentation of the HELLA Group's performance.

Financial performance indicators

The Company's four financial performance indicators are currency and portfolio-adjusted sales growth, the operating income margin, net cash flow in relation to reported sales as well as return on invested capital (RoIC). Operating income margin and net cash flow in relation to reported sales were introduced as new performance indicators for the first time for the fiscal year 2023 and replace the adjusted EBIT margin and adjusted free cash flow from operating activities (adjusted OFCF).

The background to the adjustment is that, firstly, the possibilities for intervention in the active management of the associated and joint ventures as well as in the other participations are limited, and that the contribution to earnings has also been significantly reduced, in particular due to the sale of the largest associate HBPO. As a result, the adjusted EBIT margin will become less important for managing the Group and will be replaced by the operating income margin from the fiscal year 2023. In contrast to earnings before interest and taxes (EBIT), special components are not recognised in operating income. These special items represent one-off effects that by their nature or amount may lead to distortions and thus provide an inadequate assessment of the Company's operating performance ("non-recurring expenses and income").

Secondly, cash and cash equivalents continue to be of great importance to the HELLA Group. Therefore, the Management Board has decided to prioritise a figure in the future that is unadjusted and collected with the inclusion of interest received and paid. This figure has therefore been tracked as net cash flow since the fiscal year 2023.

Due to their outstanding relevance for the management of the Company, currency and portfolio-adjusted sales growth, the operating income margin and net cash flow in relation to reported sales are the most important performance indicators; accordingly, the company outlook in the forecast report is also formulated on the basis of these key performance indicators. The return on invested capital remains a performance indicator.

Non-financial performance indicators

In addition to financial key performance indicators, HELLA utilises non-financial performance indicators. The CO_2 intensity is an important indicator in this respect. This indicator shows the CO_2 emissions related to the Company's own production output (Scope 1 and 2 according to the Greenhouse Gas Protocol) in relation to the Company's sales. Other non-financial performance indicators are among others the accident rate, which describes the frequency of accidents with downtime in relation to one million working hours, and the customer line return. This is measured as the number of defects identified after delivery per one million parts (ppm). This key performance indicator is therefore also a measure of quality and customer satisfaction. The indicators of the proportion of women in specialist and management positions ("Managers & Professionals") and the proportion of purchasing volume with a valid sustainability evaluation are also becoming increasingly relevant with regard to the management of the Company.

HELLA GmbH & Co. KGaA

HELLA is managed as an integrated group from the parent company, which is itself involved in global activities as an operational unit. Due to the high degree of integration, HELLA GmbH & Co. KGaA is managed exclusively via the Group and the corresponding business groups and in accordance with IFRS.

As an operating unit, reported sales in accordance with IFRS is particularly important for HELLA GmbH & Co. KGaA. Sales in accordance with IFRS differ from sales in accordance with the German Commercial Code (HGB), especially with regard to recognition of project sales.

The separate financial statements of HELLA GmbH & Co. KGaA have been prepared in accordance with the provisions of the German Commercial Code (HGB). Outside the operational business of HELLA GmbH & Co. KGaA, income from profit transfer agreements and expenses from absorption of losses as well as income from investments play an important role with regard to the Company's earnings, but are not included in the operating performance indicators for internal management.

Most significant financial performance indicators

Currency and portfolio-adjusted sales growth

Percentage change in sales, assuming constant exchange rates compared to the prior year and adjusted for portfolio changes (portfolio changes in fiscal year 2023 not relevant)

Operating income margin

Earnings before interest and taxes (EBIT) without taking into account special components, excluding earnings from investments accounted for using the equity method and other income from investments, in relation to reported sales

Ratio of net cash flow to sales

Sum of cash flow from operating activities and cash inflows and outflows from the sale/ procurement of intangible assets and property, plant and equipment in relation to reported sales

Financial performance indicators

Return on invested capital

RoIC is the ratio of the earnings before interest and taxes (EBIT) excluding income taxes to total invested capital. Total invested capital consists of equity and net financial debt and is calculated as the average of the end of the previous period and the end of the current period

Research and development

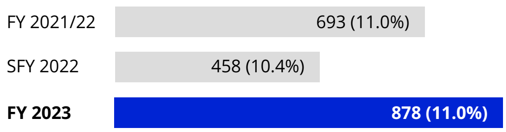
Along with operational performance, research and development are key components of the Company's corporate strategy and provide the foundation for its competitive ability and technological and market leadership in many product divisions. Against this backdrop, HELLA spent €878 million on research and development in the fiscal year 2023 (short fiscal year 2022: €458 million) and thus 11.0% of consolidated sales (short fiscal year 2022: 10.4%). Capitalised development expenses account for 17.9% of total research and development expenses (short fiscal year 2022: 18.8%). The high level of expenditure on research and development was partly due to the high order backlog and partly to expand the global network. As at the balance sheet date, HELLA had 9,118 employees working in research and development worldwide (31 December 2022: 8,233 employees); they are involved both in R&D activities for own purposes as well as for order and project-related activities.

Around three quarters of research and development expenditure is attributable to specific customer projects with booked business. The other expenses are invested in pre-development, basic research, software and tools and are primarily used to initiate further new business. In the fiscal year 2023, HELLA also filed 283 new patent applications (short fiscal year 2022: 177 applications).

HELLA's global research and development network consists of around 30 R&D facilities worldwide (excluding R&D sites of joint ventures). HELLA also maintains a separate innovation centre in Shanghai, which is entrusted with new future technologies for the Chinese market, cooperation with local start-up companies and other venture capital activities, as well as an independently operating marketplace for mobility innovation in Berlin ("The Drivery"). In addition, at the Lippstadt location HELLA maintains two research laboratories for automotive lighting technology and electronics, as part of which long-term topics, in particular around the future of automobiles, are investigated at an academic level. HELLA also works together with various external development partners on certain projects. This is carried out in particular to realise high order volumes in certain areas such as electrification and energy management, safe and automated driving and software development.

Research and development expenses

in € million and % of reported sales



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

At the same time, the regional and local development centres are being continuously strengthened, development and application activities are being transferred to these locations and personnel resources are being relocated accordingly. On the one hand, the aim is to increase market and customer proximity and the autonomy of the business units in the regions; on the other, to secure global competitiveness in the development processes in the long term.

Main topics and technologies that HELLA worked on in the past fiscal year 2023, which mainly serve to initiate new business and prepare oncoming series projects, include among others[1]:

Sustainable Headlamp

In the fiscal year 2023, HELLA began the preliminary development of a sustainable headlamp concept that can harmonise design, performance, functionality and cost neutrality over the entire product life cycle. The headlamp concept uses a software-controlled matrix LED light module and reduces the number of components while also utilising alternative, partially recyclable materials and a highly efficient optical lens with significantly reduced installation space. Compared to a conventional headlamp on the market, this design concept can reduce the weight of the headlamp to two kilograms instead of the usual five kilograms, produce around 70% less CO_2 emissions and reduce overall energy consumption by 60%.

[1] *The disclosures made in this section are not part of the management report. These are not audited.*

Highly integrative modules for front and rear
HELLA has already received significant customer orders for Front Phygital Shields in the calendar year 2022. On this basis, the Company firstly began developing the second generation in 2023. This product generation is to be expanded to include new modules for visual and acoustic communication with the environment, for example. Secondly, the technological approach of Front Phygital Shields is also to be transferred to the rear of the vehicle in order to develop this as a new business segment. Rear Phygital Shields are also highly integrated modules that are used, in this case, in the rear of vehicles. Depending on customer requirements, they can, for example, combine display modules, rear lights and sensor technology developed in-house. They also offer the option of digitally adapting light signatures and implementing new software-defined communication functions.

Display technologies
In parallel to the development of the Front and Rear Phygital Shields, into which displays can be integrated, HELLA also worked on exterior displays as a stand-alone product solution in the fiscal year 2023. The focus of development here is primarily on high- and low-resolution displays that fulfil the legal automotive requirements for signalling functions (e.g. position light). They also provide a technological basis for text- or symbol-based communication with the vehicle environment, customised and software-based adaptable light signatures and other conceivable digital business models.

HV PowerBox
In the High Voltage PowerBox, HELLA combines a high-voltage converter and an onboard charger in one product. This reduces complexity, weight and costs as well as logistics costs; at the same time, installation in the vehicle is also considerably simplified. The product design of the HV PowerBox is also conceived in particular for cost-optimised production in large quantities. In addition, the HV PowerBox can be supplemented with further components based on a modular configuration, such as a high-voltage battery management system, a secondary voltage converter or an intelligent Power Distribution Module (iPDM).

Coolant Control Hub Max
The Coolant Control Hub is a subsystem that ensures particularly efficient thermal management in electric vehicles. It connects the cooling circuits for the battery, electric motor and power electronics and ensures optimum distribution of thermal energy in the vehicle. Parallel to the industrialisation of the first customer projects, which will go into series production in 2024 and 2025, HELLA is working on the Coolant Control Hub Max as part of a pre-development. In the highest integration level of the Coolant Control Hub, it can now also control the air conditioning of the vehicle interior from the engine compartment. This means that the air conditioning system can also be operated with the natural and more environmentally friendly coolants CO_2 or propane without endangering the occupants. This can save costs at vehicle level, reduce the complexity of thermal management and minimise the use of refrigerants. The refrigerant r1234yf can also be replaced on this basis.

Intelligent Power Distribution Module
A safe, stable and intelligent power supply is one of the key challenges in modern, zonal E/E architectures of automated vehicles. HELLA is developing an intelligent Power Distribution Module (iPDM) that expands the concept of zonal E/E architectures to include this aspect. The iPDM protects the power supply of highly automated vehicles with electronic fuses (so-called "eFuses") and thus ensures the functionality of the vehicle in every situation. At the same time, iPDM is able to recognise potential problem areas in the power supply, such as overheating cables, at an early stage and before they become critical. iPDM can then switch off functions or regulate them so that overheated areas can cool down again, for example. In contrast to the classic fuse, the iPDM does not require a fuse to be replaced. This technology will go into series production as a first-to-market innovation in 2025.

77 GHz radar sensors
HELLA launched the first generation of 77 GHz radar sensors as an essential key technology for assisted and automated driving already in spring 2020. In the fiscal year 2023, HELLA pushed ahead with the development of the latest, seventh generation (relating to all 24 and 77 GHz generations). The latest 77 GHz radar sensors further expand the Company's radar portfolio to include front, rear and side radars and increase measurement capability in a cost-efficient manner. With new antenna technology and a new chip design, they enable a greater range and better precision across the entire field of vision and support complex scenarios for highly automated driving (level 3 and higher).

Automatic diagnosis
In the past fiscal year, HELLA Gutmann further automated vehicle diagnostics on the basis of artificial intelligence and provided workshops with the new 'Automatic Diagnostics' (AD) function in its current diagnostic devices. When the function is started, an automatic process chain runs, which ends when it

narrows down the cause of the fault to a specific component. This not only makes the overall diagnostic process more accurate, but also considerably faster. The time required for a normal diagnostic run can be reduced by up to 70%.

State of health for HV batteries

The value and range of an electric vehicle rise and fall with the condition of the high-voltage traction battery. Knowledge of their actual state of health (SoH) is therefore of considerable interest to dealers, garages, insurers, banks, fleet operators and, last but not least, vehicle owners. In partnership with Battery Quick Check GmbH, a joint venture between TWAICE and TÜV Rheinland, HELLA Gutmann has developed a procedure for recording and assessing the condition of batteries in vehicle workshops. This 'Battery Quick Check' is part of an overall process certified by TÜV Rheinland. At its conclusion, the complex analysis of the vehicle battery results in a meaningful report on the condition of the high-voltage battery.

Front lighting for trucks

In the fiscal year 2023, HELLA continued to drive forward the development of headlamp technologies for the truck segment and subsequently received a high-volume series order for a US commercial vehicle manufacturer. This is the largest customer project that HELLA has ever received in the Lifecycle Solutions business group. Series production for the customer project is scheduled

Research and development

	2023	2022
Employees in R&D	9,118	8,233
R&D expenses (in € million)		
Lighting	309	166
Electronics	519	267
Lifecycle Solutions	49	25
Total	**878**	**458**
in % of reported sales	11.0%	10.4%
Amortisation of capitalised development costs (in € million)	65	0

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

to start in 2027. HELLA supports key issues such as sustainability, CO_2 reduction and safety in the truck sector with new concepts. At the same time, new directives are coming into effect for the EU market, according to which truck manufacturers must increase the driver's field of vision and can also lengthen the vehicles in connection with aerodynamic design, which will have an influence on future headlamp design concepts.

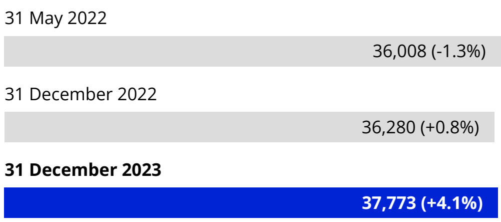
Lighting concepts for trailers

In spring 2023, HELLA started a development project that deals with the digitalisation of the lighting system of truck trailers. The lighting system, consisting primarily of the combination rear lamp, indicator and position light, is equipped with a CAN communication interface. This technological advancement from an analogue to a digital interface can reduce the carbon footprint of the lighting system by using significantly less material, especially copper, and implement new functions such as condition monitoring of the light modules; it also represents a basic technology for autonomous driving in the truck sector.

Human Resources

As at the reporting date of the fiscal year 2023 (31 December 2023), HELLA had a total global permanent workforce of 37,773 employees (31 December 2022 year: 36,280 employees). This corresponds to an increase in personnel of 4.1%. Personnel resources were increased in the Research & Development division in particular (+10.7%), mainly due to the Company's high order backlog.

Worldwide HELLA core workforce



In Europe, HELLA had a total of 22,960 employees as at the reporting date (31 December 2022: 22,523), of whom 7,943 were employed at the German sites (31 December 2022: 7,962 employees). As at the reporting date, HELLA employed 7,751 people in North, Central and South America (31 December 2022: 7,150 employees) and 7,062 people in Asia/Pacific/Rest of World (31 December 2022: 6,607 employees).

HELLA GmbH & Co. KGaA

As at the balance sheet date of 31 December 2023, HELLA GmbH & Co. KGaA had 4,936 employees. Compared to the prior year, the number of employees at this company has remained largely constant (31 December 2022: 4,942 employees).

For further information on employee matters, please refer to the non-financial statement in this annual report.

Core workforce in the HELLA Group by region and percentage change compared to 31 December 2022

	31 December 2023	+/-	Share
Germany	7,943	-0.2%	21%
Europe excluding Germany	15,017	+3.1%	40%
North, Central and South America	7,751	+8.4%	21%
Asia / Pacific / RoW	7,062	+6.9%	18%
Permanent employees worldwide	**37,773**	**+4.1%**	**100%**

Economic report

Economic development

- Global economy deteriorates again: Growth in the calendar year only at 3.1% according to IMF figures (as of January 2024)
- China sees largest increase, USA and eurozone record moderate growth, Germany faces recession in 2023

In the calendar year 2023, the global economy has again deteriorated. According to current estimates by the International Monetary Fund (IMF) in its "World Economic Outlook", global gross domestic product only grew by 3.1% last year (as of 30 January 2024) and has therefore weakened again compared to the prior year (calendar year 2022: 3.5%). Overall, the global economy grew only slightly more strongly than the IMF forecast on 25 July and 10 October 2023 (+3.0%).

The IMF attributes the lower growth compared to the prior year primarily to a slowing economy in the industrialised nations. In addition to the consequences of the coronavirus pandemic and the war in Ukraine, the IMF considers that the strict inflation-related fiscal policy of various central banks and the impact of extreme weather events have also impacted economic growth.

It is possible that the slowdown in economic performance in calendar year 2023 will have a partially negative impact on the development of global vehicle production in the current calendar year 2024. Accordingly, the industry outlook has also gradually deteriorated since the fourth quarter of 2023 (for further details, please refer to the industry outlook in the forecast report).

In terms of the overall economic environment within the respective countries and regions, growth in both the eurozone and the USA is relatively moderate. According to IMF figures, gross domestic product in the eurozone only grew by 0.5% in 2023, while Germany actually experienced a recession of 0.3%. This makes Germany the only G7 country to have experienced negative economic development. In the USA, economic growth totalled 2.5%, which was significantly above previous expectations. The IMF now estimates growth in China at 5.2%, also as a result of a relatively low basis for comparison in the prior year (2022: 3.0%).

Industry development

- Global production of passenger cars and light commercial vehicles totals 90.3 million units in the fiscal year 2023 (as of February 2024)
- Compared to calendar year 2022 this would correspond to growth of 9.7%
- Vehicle production in the short fiscal year 2022 at 50.8 million units

According to data published by the market research institute S&P Global Mobility (formerly: IHS Markit) in its Light Vehicle Production Forecast for the fiscal year 2023 (1 January to 31 December

2023), 90.3 million new passenger cars and light commercial vehicles have been produced worldwide (as of February 2024). Compared to the calendar year 2022 (1 January to 31 December 2022), this would correspond to growth of 9.7% (calendar year 2022: 82.3 million units).

On the one hand, this means that the automotive market has recovered to some extent. This is also due to catch-up effects from high order backlogs and a partially low starting point, after pandemic-related restrictions in the Chinese market, for example, had a negative impact on industry development in spring 2022. On the other hand, global production volumes in 2023 were still around five million units below the level of the 2017 calendar year, in which global vehicle production peaked at 95 million units.

In Europe, vehicle production in the fiscal year 2023 grew by 12.9% to 17.9 million units compared to the calendar year 2022 (calendar year 2022: 15.8 million units), with the German market growing by 18.5% compared to the prior year. In North, Central and South America, 18.6 million new passenger cars and light commercial vehicles were produced in 2023, 8.6% more than in the previous year (calendar year 2022: 17.1 million units); the US market recorded growth of 6.0% in the region. In Asia/Pacific/Rest of World, vehicle production rose by 9.0% to 53.9 million units (calendar year 2022: 49.4 million units) and by 10.0% in the Chinese market.

With regard to the short fiscal year 2022 (1 June to 31 December 2022), global light vehicle production totalled 50.8 million units. In Europe, 9.4 million new passenger cars and light commercial vehicles were produced in this period, with the German automotive market accounting for 2.2 million units. In North, Central and South America, 10.2 million units were produced in the short fiscal year, including 5.8 million units in the US market. Vehicle production in Asia/Pacific/Rest of World totalled 31.1 million units in the short fiscal year 2022, with the Chinese market accounting for 16.9 million units.

Production of passenger cars and light commercial vehicles

	Fiscal year 2023	Calendar year 2022	Short fiscal year 2022
Europe	17,862	15,827	9,411
of which Germany	*4,270*	*3,604*	*2,185*
North, Central and South America	18,595	17,120	10,211
of which USA	*10,343*	*9,758*	*5,813*
Asia / Pacific / RoW	53,863	49,397	31,142
of which China	*28,764*	*26,150*	*16,941*
Worldwide	**90,321**	82,344	50,763

Source: S&P Global Mobility Light Vehicle Production Forecast, February 2024. The short fiscal year 2022 covers the period from 1 June to 31 December 2022 and is therefore not comparable with the fiscal year 2023. Values for the calendar year 2022 are also shown here for better comparability.

Business development of the HELLA Group

- Sales adjusted for currency and portfolio effects at €8,125 million; reported sales at €7,954 million
- Operating income stands at €486 million; operating income margin at 6.1%
- Net cash flow in relation to sales is at 2.6%
- In relation to the pro forma comparative figures for the calendar year 2022, reported sales growth is 10.3%; operating income margin improves by 2.0 percentage points; net cash flow to sales drops by 0.4 percentage points

HELLA changed its fiscal year to the calendar year with effect from 1 January 2023 and, for this purpose, created a transitional seven-month short fiscal year (1 June to 31 December 2022) in the prior year. The two periods are therefore not comparable, and seasonal effects must also be taken into account when analysing margins (key performance indicators in relation to reported sales). In order to better classify the business development, additional information is provided on sales growth, operating income margin and net cash flow in relation to sales, which compares the reporting period with the corresponding pro forma figures for the calendar year 2022 (1 January to 31 December 2022). For further information on operating income and net cash flow, please refer to the notes to the consolidated financial statements (chapters 21 and 41).

Results of operations

In the fiscal year 2023, HELLA achieved Group-wide currency and portfolio-adjusted sales of €8,125 million. Taking into account negative exchange rate effects (-€171 million), reported sales according to the consolidated financial statements totalled €7,954 million (short fiscal year 2022: €4,410 million). In the reporting period, there were no portfolio effects that required adjustment. Compared to the pro forma comparatives for the calendar year 2022 (1 January to 31 December 2022), the sales growth would be 12.7% (adjusted) and 10.3% (reported) (calendar year 2022: €7,212 million).

In the fiscal year 2023, the Company generally benefited from the higher production volumes in the industry environment and from good strategic alignment along key market trends such as energy management and electromobility as well as safe and automated driving (please also refer to the presentation on corporate strategy in the chapter “General information on the HELLA Group”). All business groups as reporting segments of the company contributed to the positive sales performance and the improved operating income margin at Group level.

The Company's current customer and regional mix had an opposite effect in the reporting period, which is why HELLA was only able to benefit in part from the growth of individual customers and markets particularly in the automotive business, which had a particularly negative impact on the Asian market. At the same time, individual series projects have started more slowly than expected; the technology content within certain customer projects has also been partially reduced (decontenting).

Sales in Europe are €4,588 million (short fiscal year 2022: €2,327 million), in North, Central and South America €1,624 million (short fiscal year 2022: €931 million) and in Asia/Pacific/Rest of World €1,742 million (short fiscal year 2022: €1,153 million). In general, sales development in the regions benefited from the improved industry trend with higher production volumes. In Asia, however, the Company’s business performance in the second half of 2023 was negatively impacted by model and tech-

Reported sales of the HELLA Group
(in € million)

Reconciliation to operating income HELLA Group

in € million	2023	2022
Sales	**7,954**	**4,410**
Cost of sales	-5,932	-3,390
Gross profit	**2,022**	**1,020**
Gross profit in relation to sales	25.4%	23.1%
Research and development expenses	-878	-458
Distribution expenses	-375	-213
Administrative expenses	-302	-167
Other income and expenses	19	12
Operating Income	**486**	**195**
Operating income in relation to sales	6.1%	4.4%

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

nology changes among core customers and the Company's current customer mix in the market.

Gross profit amounted to €2,022 million in the fiscal year 2023 (short fiscal year 2022: €1,020 million); in relation to sales, the gross profit margin therefore increased significantly to 25.4% (short fiscal year 2022: 23.1%). On the one hand, this is mainly due to higher business volumes, which have led to significant improvements in the gross profit margin in all of the Company's business groups. On the other hand, gross profit benefited from the passing on of inflation-related price increases to customers, particularly in the Lighting and Electronics segments. In the short fiscal year 2022, gross profit was additionally burdened by high costs for energy, materials and logistics.

HELLA spent a total of €878 million on research and development (R&D) in the fiscal year 2023 (short fiscal year 2022: €458 million). In relation to sales, the R&D expenses (R&D ratio) thus increase to 11.0% (short fiscal year 2022: 10.4%). Expenditure on research and development was incurred in particular against the backdrop of high order volumes and in preparation for upcoming production launches. In the Electronics business in particular, the R&D ratio increased in the fiscal year 2023 compared to the short fiscal year 2022 and led to a higher R&D ratio across the Group. This is due in particular to development projects with particularly high requirements for functional safety, for which additional R&D expenditure was required.

Expenses for distribution and administration and the balance of other income and expenses totalled €658 million (short fiscal year 2022: €368 million); the ratio of this income and expenses to sales is therefore 8.3% and thus on a par with the comparative period (short fiscal year 2022: 8.3%).

Earnings before interest and taxes (EBIT) as reported in the consolidated financial statements amount to €464 million in the fiscal year 2023 (short fiscal year 2022: €383 million); the previous year's figure includes in particular the additional book profit from the successful sale of the 50 percent stake in the former joint venture HBPO (€250 million).

HELLA introduced the operating income margin as a new performance indicator for Group management at the beginning of fiscal year 2023. In the fiscal year 2023, based on EBIT, adjustments for structural measures totalling €33 million (short fiscal year 2022: €12 million), for effects referring to the scope of consolidation totalling €2 million (short fiscal year 2022: €-250 million), for investments totalling €-14 million (short fiscal year 2022: €12 million) and for other effects totalling €16 million (short fiscal year 2022: €66 million) have been made to operating income.

Correspondingly, operating income improved significantly to €486 million in fiscal year 2023 (short fiscal year 2022: €195 million), equating to an operating income margin of 6.1% (short fiscal year 2022: 4.4%). This improvement was largely driven by the higher gross profit margin, but was partly offset by the increased R&D ratio. Compared to the calendar

Operating income of the HELLA Group
(in € million and in relation to reported sales)

year 2022, the operating income margin improved by 2.0 percentage points (calendar year 2022, pro forma comparative figure: 4.1%).

The net financial result for the fiscal year 2023 is -€67 million (short fiscal year 2022 year: -€25 million). In general, both interest income and interest expenses increased compared to the previous year due to the generally higher interest rate level. In addition, financial expenses increased to € 29 million due to the compounding of long-term provisions. Earnings before taxes (EBT) improved to €397 million (short fiscal year 2022: €358 million). Expenses relating to income taxes amount to €131 million (short fiscal year 2022: €6 million).

The fiscal year 2023 therefore closed with earnings for the period totalling €266 million (short fiscal year 2022: €352 million). Earnings per share are thus €2.38 (short fiscal year 2022: €3.15).

HELLA GmbH Co. KGaA

The development of the results of operations in the annual financial statements is presented and analyzed below in accordance with German commercial law. Due to the high degree of integration of HELLA GmbH & Co. KGaA within the HELLA Group, additional disclosures are made in accordance with IFRS with regard to sales for management purposes and to improve comparability with the HELLA Group. The expense ratios for material, personnel and other operating expenses presented below are the ratio of the respective absolute values to the total operating performance of HELLA GmbH & Co. KGaA (as a total of sales, stock changes and other internally produced and capitalised assets according to the annual financial statements).

In the fiscal year 2023, sales of HELLA GmbH & Co. KGaA totalled €2,522 million (short fiscal year 2022: €1,342 million). Reported sales under IFRS amount to €2,294 million (short fiscal year 2022: €1,240 million). The business development of HELLA GmbH & Co. KGaA is therefore generally in line with the business development of the HELLA Group. It was primarily driven by the improved automotive environment in Europe and especially in Germany.

In the past fiscal year, around 41.8% of sales were generated by associates (short fiscal year 2022: 42.3%). These mainly related to the global supply of modular products in the area of original equipment. Alongside this, the parent company ensured the supply of the international HELLA trade network as part of its central distribution system.

Other operating income totalling €204 million (short fiscal year 2022: €398 million) includes income relating to other periods in the amount of €43 million (short fiscal year 2022: €19 million), which mainly relates to income from the reversal of provisions of €42 million (short fiscal year 2022: €17 million). €127 million relates to currency effects (short fiscal year 2022: €70 million). The short fiscal year 2022 was also characterised by the sale of the shares held by HELLA GmbH & Co. KGaA's shares in HBPO Beteiligungsgesellschaft in the amount of €278 million.

The material expenses ratio fell to 47.6% (short fiscal year 2022: 49.8%).

Personnel expenses in the short fiscal year amount to €484 million (short fiscal year 2022: €269 million). The personnel costs ratio therefore dropped to 19.2% (short fiscal year: 19.8%). The main reason for this is the improved coverage of personnel costs, as the increase in wages and salaries in particular was disproportionately low in relation to the increase in sales, among other things due to the largely constant headcount development of HELLA GmbH & KGaA's reporting staff.

Other operating expenses totalled € 994 million (short fiscal year 2022: € 607 million). The expense ratio therefore fell to 39.5% (short fiscal year 2022: 44.6%). This is mainly due to higher additions to provisions that were made in the short fiscal year 2022.

Sales by region – HELLA Group

	Fiscal year 2023		Short fiscal year 2022	
	Absolute (in € million)	Relative	Absolute (in € million)	Relative
Europe	4,588	58%	2,327	53%
North, Central and South America	1,624	20%	931	21%
Asia / Pacific / RoW	1,742	22%	1,153	26%
Consolidated sales	**7,954**	**100%**	**4,410**	**100%**

Cumulatively, this leads to operating earnings of -€38 million (short fiscal year 2022: €152 million).

On balance, earnings from investments as well as profit and loss transfers stand at €118 million (short fiscal year 2022: €104 million). This development is the result of an increase in expenses for loss transfers (€ -1 million) and a net increase in income from affiliated companies and profit transfers (€ +15 million).

Financial income, including the income from investments described above, amounts to €127 million after deduction of financial expenses (short fiscal year 2022: €135 million). Income taxes rose to €21 million due to higher withholding tax payments (short fiscal year 2022: €3 million).

In light of the developments described above, which in the previous year had included in particular the sale of the shares held by HELLA in HBPO, net income for fiscal year 2023 fell to €67 million (short fiscal year 2022: €283 million).

Financial status

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

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

- **Private Placement**
  A total of JPY 22 billion with a 30-year term was raised in 2002 and 2003. This foreign currency liability is fully hedged against exchange rate fluctuations. The value of the liability on 31 December 2023 was €149 million.

- **Bilateral credit lines**
  In addition to short-term bilateral loans in individual companies, a Mexican subsidiary took out a bank credit with a volume of USD 200 million in 2018. One tranche of USD 75 million runs until January 2026, while the second tranche of USD 125 million ran until January 2023 and was repaid in full.

- **Syndicated credit facility**
  In September 2022, HELLA negotiated a new syndicated credit facility amounting to €450 million and an increase option of €150 million. This facility was concluded with a syndicate of international banks and has a term of three years until September 2025. The first extension option of 15 months was exercised in August 2023. The second extension option of twelve months can be exercised in 2024. The new term ends in December 2026 (utilisation as at 31 December 2023: 0%). The banks have a special right of cancellation in the event of a change of control. There would also be a special right of termination in the event of a squeeze-out or a controlling agreement being entered into the Commercial Register.

The cash flow from operating activities improved during the current fiscal year 2023 to €826 million (short fiscal year 2022: €626 million). This development is mainly due to higher operating income and a reduction in working capital.

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

Sales by region and business group

	Lighting		Electronics		Lifecycle Solutions	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Europe	57%	52%	54%	48%	71%	69%
North, Central and South America	23%	25%	20%	19%	14%	14%
Asia / Pacific / RoW	20%	23%	26%	33%	15%	17%

Cash investing activities for intangible assets and property, plant and equipment amounted to €620 million (short fiscal year 2022: €392 million). The total amount of all investments made in intangible assets and property, plant and equipment totalled €687 million in the reporting period (short fiscal year 2022: €409 million). These mainly included expenditure on the long-term expansion of the worldwide development, administration and production networks. HELLA also invested considerable sums in product-specific capital equipment and in booked series launch preparation projects. Capital expenditure as a percentage of sales decreased to 7.8% in the current fiscal year 2023 as a result of active management of capital expenditure (short fiscal year 2022: 8.9%).

Since the beginning of fiscal year 2023, net cash flow has been used as a performance indicator for the internal management of the HELLA Group. For this purpose, cash inflows from the sale of property, plant and equipment and intangible assets and cash outflows for the procurement of property, plant and equipment and intangible assets are added to cash flow from operating activities. The resulting figure is the net cash flow.

The net cash flow deteriorated during the fiscal year 2023 to €205 million (short fiscal year 2022: €233 million). This includes a deterioration from the factoring programme of €138 million to €56 million (short fiscal year 2022: €194 million). The net cash flow in relation to sales fell to 2.6% (short fiscal year 2022: 5.3%). The net cash flow margin for the calendar year 2022 was 3.0% (pro forma comparative).

The remaining 50% of the shares in the German company HELLA Pagid GmbH were acquired in the current fiscal year. The payments for the acquisition of the shares totalling €3 million are reported under cash flow from investing activities.

As part of the active management of the liquid funds available to the Group, €63 million accrued from securities in the reporting period (short fiscal year 2022: €241 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.

Total cash outflows from financing activities came to around €469 million (short fiscal year 2022: €35 million). The net decrease in borrowings as the sum of repayments and proceeds from assuming financial liabilities amounted to €149 million (short fiscal year 2022: net borrowings of €19 million). This is mainly due to the timely repayment of the bank loan from a Mexican subsidiary in the amount of USD 125 million at the end of January 2023.

The dividend of €2.88 per share (including a special dividend following the sale of HBPO shares) adopted

Net cash flow of the HELLA Group
(in € million and in relation to reported sales)

at the annual general meeting on 28 April 2023 amounted to a total of €320 million and was paid out in full to the shareholders (short fiscal year 2022: €54 million).

Compared to the end of the prior short fiscal year 2022, liquidity from cash and cash equivalents decreased by €195 million to €1,090 million (31 December 2022: €1,286 million). Including current financial assets, essentially comprising securities of €128 million (31 December 2022: €186 million), the available funds fell to €1,218 million (31 December 2022: €1,472 million). On this basis, the Management Board is of the opinion that HELLA is able to satisfy its payment obligations.

Financial position

Compared to the balance sheet date of the short fiscal year 2022, total assets fell by €236 million to €7,062 million (31 December 2022: €7,298 million). While current assets decreased by €248 million, non-current assets increased slightly by €12 million.

In current assets, the sum of receivables and inventories decreased by a total of €133 million, while contract assets increased by €68 million. Compared to the short fiscal year 2022, the investment in Behr-HELLA Thermocontrol (BHTC), which is held for sale, was also recognised under current assets at €73 million. At the same time, financial assets fell by €58 million as a result of disposals. Cash and cash equivalents fell by €195 million.

Under non-current assets, intangible assets increased by €67 million, while property, plant and equipment decreased by €20 million. In addition to BHTC, the investments accounted for using the equity method no longer include the investment in HELLA Pagid, meaning that these investments are now reported €80 million lower than in the short fiscal year 2022. Towards the end of the reporting period, HELLA Pagid is recognised in other non-current assets, which increased by €18 million.

In terms of equity and liabilities, current liabilities in particular increased by €278 million, while non-current liabilities fell by €350 million and equity by €163 million.

Under current liabilities, which rose by €278 million, current financial liabilities in particular increased by a total of €180 million, as a bond totalling €300 million was still classified as non-current in the prior year. However, this increase was offset by the repayment of a bank loan of a Mexican subsidiary in the amount of €117 million (USD 125 million). Current provisions fell by €73 million, mainly due to utilisation, while trade payables increased by €30 million. Other liabilities increased by €94 million, as personnel liabilities were recognised €49 million higher and the amount for outstanding invoices €54 million higher. Within personnel liabilities, bonus payments were recognised at a lower value in the prior year due to increased payments.

Non-current liabilities fell by a total of €350 million. In addition to the aforementioned reclassification of a bond, non-current provisions decreased by €47 million, mainly due to reversals, while other non-current liabilities increased by €29 million.

The comprehensive income for the period increased equity by €157 million, while the dividend payment totalling €320 million had a greater reducing effect. The comprehensive income for the period had a positive effect of €266 million, although currency translation differences in particular had a negative impact of €76 million and the remeasurement of pension plans had a negative effect of €25 million.

Correspondingly, current and non-current financial liabilities decreased in total by €154 million to €1,275 million (31 December 2022: €1,429 million). Net financial debt as the balance of cash and current financial assets as well as current and non-current financial liabilities changed by a total of €99 million to €56 million (31 December 2022: net financial liquidity €43 million).

In contrast, working capital, consisting of trade receivables, inventories and trade payables, was reduced by €163 million.

The equity ratio was 41.0% as at the reporting date of 31 December 2023 (31 December 2022: 41.9%). The equity ratio relative to total assets adjusted for liquidity comes to 49.6% (31 December 2022: 52.5%).

As at the balance sheet date of the fiscal year 2023 (31 December 2023), the corporate rating by Moody’s rating agency remained at the level of Baa3 with a stable outlook. The very solid basis for further long-term and independent corporate financing will thus remain unchanged.

HELLA GmbH & Co. KGaA

The total assets of HELLA GmbH & Co. KGaA reduced to €3,504 million (31 December 2022: €3,873 million). This is mainly due to the reduction in current assets (-€466 million) and prepaid expenses (-€24 million) as well as an increase in fixed assets (+121 million) on the assets side, which are offset by lower liabilities (-€89 million) and provisions (-€27 million) as well as the change in retained earnings (-€253 million) on the liabilities side.

Property, plant and equipment rose to €351 million in the course of operating activities (31 December 2022: €343 million). In addition, financial assets increased to €1,218 million (31 December 2022: €1,114 million). This increase is mainly due to an increase in loans to affiliated companies (+€108 million).

Trade receivables from third parties increased to €103 million in the fiscal year 2023 (31 December 2022: €99 million).

Receivables from affiliates, however, reduced to €686 million (31 December 2022: €726 million). This development is the result of a reduction in trade receivables (-€28 million) and other receivables from affiliated companies (-€157 million) and an increase in loan receivables from domestic and foreign subsidiaries (+€151 million). Receivables from companies in which participating interests are held reduced to €4 million (31 December 2022: €9 million).

The net financial debt of the Company (securities plus cash and cash equivalents, less bonds, other financial liabilities and amounts owed to credit institutions) came to -€242 million at the end of the fiscal year (31 December 2022: net financial liquidity €161 million). This development is mainly due to cash inflows from operating activities, the sale of the stake in HBPO and securities held as current assets.

Compared to the short fiscal year 2022, equity fell to €1,179 million (31 December 2022: €1,432 million). As described above, this is mainly due to the lower operating result and the lower net financial result. The equity ratio decreased to 33.6% (31 December 2022: 37.0%). For details of the composition of the subscribed capital, please refer to the annual financial statements of HELLA GmbH & Co. KGaA.

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

Business development of the segments

Lighting

- Lighting achieves sales of €3,887 million, driven by positive business development in all regions
- Operating income stands at €132 million; operating income margin improves to 3.4%

The Lighting segment generated sales of €3,887 million in the fiscal year 2023 (short fiscal year 2022: €2,139 million). This was mainly due to successful business development in all regions, including in the business with manufacturers of electric vehicles.

The operating income amounts to €132 million (short fiscal year 2022; €30 million), the operating income margin hence increases to 3.4% (short fiscal year 2022: 1.4%). Overall, the Lighting segment is therefore continuing to improve its profitability. In the fiscal year 2023, the segment benefited not only from higher production volumes but also from the passing on of inflation-related price increases to customers.

Reconciliation to operating income for the Lighting segment

in € million	**2023**		**2022**
Sales with third-party entities	3,831		2,103
Intersegment sales	57		36
Segment sales	**3,887**		**2,139**
Cost of sales	-3,258		-1,835
Gross profit	**630**		**303**
Gross profit in relation to segment sales	16.2%		14.2%
Research and development expenses	-309		-166
Distribution expenses	-74		-44
Administrative expenses	-121		-68
Other income and expenses	6		5
Operating Income	**132**		**30**
Operating income in relation to segment sales (operating income margin)	3.4%		1.4%

Electronics

- Electronics sales of €3,372 million based on high demand for products for electromobility and automated driving
- Operating income stands at €232 million; operating income margin improves to 6.9%

Sales of €3,372 million were achieved in the Electronics segment in the fiscal year 2023 (short fiscal year 2022: €1,899 million). Business developed positively in all regions during the reporting period. The main sales drivers were business with high-voltage battery management systems, voltage converters, radar sensors and body electronics.

The operating income of the Electronics segment amounts to €232 million in the fiscal year 2023 (short fiscal year 2022: €112 million), equating to an operating income margin of 6.9% (short fiscal year 2022: 5.9%). This was primarily due to successful cost management and the passing on of price increases to customers. In contrast, high expenditure on research and development to realise the high order backlog reduced the segment's profitability. In this context, additional development expenses have also been incurred for certain development projects with particularly high functional safety requirements. This includes projects for radar sensors and steering electronics.

Reconciliation to operating income for the Electronics segment

in € million	**2023**	**2022**
Sales with third-party entities	3,049	1,732
Intersegment sales	324	168
Segment sales	**3,372**	**1,899**
Cost of sales	-2,430	-1,414
Gross profit	**942**	**486**
Gross profit in relation to segment sales	27.9%	25.6%
Research and development expenses	-519	-267
Distribution expenses	-66	-40
Administrative expenses	-131	-71
Other income and expenses	7	4
Operating Income	**232**	**112**
Operating income in relation to segment sales (operating income margin)	6.9%	5.9%

Lifecycle Solutions

- Lifecycle Solutions generates sales of €1,069 million, driven by successful workshop, spare parts and commercial vehicle business
- Operating income stands at to €128 million; operating income margin improves to 11.9%

Sales of €1,069 million were achieved in the Lifecycle Solutions segment in the fiscal year 2023 (short fiscal year 2022: €575 million). All three divisions in the segment performed successfully in the reporting period: The main drivers were the strong spare parts business in various national markets; the further ramp-up of the newly launched counter to detect soot particulate in the exhaust flow of diesel vehicles; and the solid business for agricultural and construction machinery, trucks and buses.

The profitability of the segment also improved. The operating income of the Lifecycle Solutions segment amounts to €128 million in the fiscal year 2023 (short fiscal year 2022: €57 million), thus the operating income margin increases to 11.9% (short fiscal year 2022: 10.0%). In particular, the main driver is the increased gross profit, which has improved as a result of higher production volumes and good overall operating performance.

Reconciliation to operating income for the Lifecycle Solutions segment

in € million	2023		2022
Sales with third-party entities	1,059		569
Intersegment sales	10		6
Segment sales	**1,069**		**575**
Cost of sales	-618		-344
Gross profit	**451**		**231**
Gross profit in relation to segment sales	42.2%		40.2%
Research and development expenses	-49		-25
Distribution expenses	-235		-131
Administrative expenses	-45		-24
Other income and expenses	5		6
Operating Income	**128**		**57**
Operating income in relation to segment sales (operating income margin)	11.9%		10.0%

Achievement of objectives and overall statement

- Company outlook for 2023 met: currency and portfolio-adjusted sales, operating income margin and net cash flow in relation to sales are within target corridors
- Established dividend policy to be continued: Dividend in the amount of €0.71 per share proposed

In the past fiscal year 2023, HELLA met the forecast first published by the Company on 16 February 2023 as part of the announcement of the preliminary results for the short fiscal year 2022. Accordingly HELLA achieved currency and portfolio-adjusted sales of €8.1 billion in the fiscal year 2023 (reported: €8.0 billion). Compared to the pro forma sales for the calendar year 2022, this corresponds to growth of 12.7% and 10.3% respectively and shows that HELLA continues to outperform the market and has once again exceeded the growth in global vehicle production (+9.7%). Among other things, the company is benefiting from high customer demand due to its good strategic positioning along key automotive market trends. The operating income margin was 6.1% in the fiscal year 2023, while the net cash flow in relation to sales was 2.6%.

The results for the fiscal year 2023 are therefore within the target corridors forecast in the 2022 annual report and confirmed during the year: HELLA expected to achieve currency and portfolio-adjusted sales in the range of around €8.0 billion to €8.5 billion. HELLA has achieved this range, although the value is slightly below the specification made in the six-month report 2024 (24 July 2023), which had anticipated a figure around the midpoint of the given forecast range. This was due to the Company's customer and regional mix, the sometimes slower start-up of individual series projects and decontenting on the customer side. A value in the range of around 5.5 to 7.0% was forecast for the operating income margin and was also specified here at the half-year stage to a value around the midpoint of the respective forecast range. With regard to net cash flow in relation to sales, HELLA had forecast a target value of approximately 2% and thus exceeded this target with a figure of 2.6%.

On the basis of these results, the company management of HELLA GmbH & Co. KGaA will propose to the Annual General Meeting on 26 April 2024 that a dividend of €0.71 per share be paid out for fiscal year 2023 on the basis of these results. The total dividend payout would therefore be €79 million, corresponding to the dividend policy of the Company to pay out around 30% of the earnings for the period attributable to the owners of the parent company.

HELLA GmbH & Co. KGaA

HELLA GmbH & Co. KGaA expects reported sales under IFRS within the range of approximately €2.3 billion to €2.5 billion on the operational side of the business for the fiscal year 2023.

In the fiscal year 2023, the reported sales of HELLA GmbH & Co. KGaA under IFRS amounted to €2,294 million (short fiscal year 2022: €1,240 million). Sales in accordance with IFRS are therefore at the lower end of the given forecast range.

Internal control in accounting

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

Opportunity and risk report

HELLA faces a variety of different opportunites and risks arising from the Group's entrepreneurial activities, its business strategy as well as the economic and industry environment. The Company's objective is to utilise opportunities through appropriate measures and to manage risks responsibly.

Risk management and internal control system

Risks are an unavoidable part of all entrepreneurial activity. This is why HELLA handles risks responsibly by actively analysing and addressing them in a sustainable manner. Risk is defined as the possibility of the occurrence of internal or external events that could impair or jeopardise the achievement of the Company's strategic or operational objectives. The aim is to realise entrepreneurial opportunities and to reduce the associated risks appropriately.

In a complex and dynamic business environment, risk management and the internal control system create added value for the Company by dealing with risks adequately and effectively and by creating a deeper understanding of the risk exposure as a basis for business decisions.

The risk management system also includes early risk detection in accordance with Section 91 of the German Stock Corporation Act (AktG). In the past fiscal year, the role designations and risk categories of the system were harmonised with the risk management of FORVIA, the majority shareholder of the Company, to facilitate a simpler comparison of the risk status. The scope of risk consolidation is the same as the scope of consolidation in the consolidated financial statements.

Organisation, control and monitoring

The Management Board of the HELLA Group bears the overall responsibility and supervisory duty for setting up the Group-wide risk management and the internal control system. The Supervisory Board and its Audit Committee also monitor the system.

Responsibilities and roles within the risk management system and the internal control system are defined in accordance with the "three lines" model of the Institute of Internal Auditors (IIA).

Roles in the first line

"Risk champions" are responsible for specific risks from the first line at Group level. This role is typically at management level with a direct reporting line to the Management Board. The risk champions are responsible for identifying significant risks, documenting them and implementing and tracking suitable risk mitigation measures. They also take the lead in organising key specialist processes within the Group. The role of the risk champions covers all relevant risk areas in the Group: There are thus risk champions both for centrally responsible topics (e.g. IT, finance, taxes) and in the business groups (e.g. for strategic and operational product responsibility and for production).

Responsibility for maintaining effective internal controls and for implementing risk and control procedures lies first and foremost with clearly defined business and process owners at all levels and locations of the Group.

Roles in the second line
The second line supports and monitors the application of the risk management system. Standardised processes, methods and tools are implemented for this purpose.

A Risk Management Officer (RMO) assumes responsibility for the strategic framework for monitoring risk management in the Company. The role of the RMO includes hedging against insolvency risks and ensuring compliance with the risk management system.

The central risk management and internal control management functions are the second line responsible for developing and providing suitable processes, methods and tools, and for monitoring the risk register and control portfolio, consolidating information and reporting accordingly. The risk register is understood to be the overall list of all risks in the context of early risk detection. The control portfolio comprises all centrally and decentrally implemented controls.

The heads of the Group-wide central risk management (also Risk Management Officer) and internal control functions have disciplinary reporting lines to the head of the Risk, Internal Control and Process Management department.

Roles in the third line
In the third line, the corporate audit function reviews the implementation of legal requirements and internal guidelines, as well as the effectiveness of company-wide processes, through audit structures and internal audits in all relevant regions. On the basis of the audits and the exchange of information and ideas with Risk Management, Group Internal Audit prepares comprehensive Group audit reports every six months, in which it reports on audits conducted and their results, ongoing audits, measures implemented and planned further developments of the internal control system.

On the basis of these reports, the Head of Group Internal Audit informs the Management Board and the Audit Committee of the Supervisory Board. Should significant risks be identified in the meantime, the Management Board and the Audit Committee of the Supervisory Board are informed promptly.

Governance
The Risk Management Board (RMB) is responsible for status control and Group-wide overall risk management. The Risk Management Board is chaired by the Risk Management Officer and comprises representatives from all management positions.

HELLA has installed an Internal Control Governance Board (ICGB) to monitor the status and Group-wide management of the internal control system. This board focuses on the detailed risk management of process owners at all levels of the Group. The ICGB is chaired by the member of the Management Board responsible for the Finance and Controlling division and is attended by representatives from all relevant areas of the three divisions.

Process organisation of risk management
The process organisation is integrated into a Group-wide business process management system. Processes are stringently defined via this system; this includes the activities of all process-related roles.

The process covers the entire life cycle of a risk. The processes structure procedures for setting up and maintaining a risk register, including the associated risk minimisation.

Early risk detection, assessment, aggregation and interpretation
A key element of the risk management system is an implemented early warning system to safeguard the continued existence of the Company. The basis for this system is the register of identified material risks and a scenario discussion for each risk with the respective people responsible. The scenarios only consider the negative risk side arising from existing uncertainty. Mathematical stochastic modelling is then typically derived from these scenarios for each risk. A few risks with a gradual effect over several fiscal years are an exception; these are assessed qualitatively in terms of their long-term effect on the Company.

In the next step, using mathematical stochastic methods as well, the risk register is aggregated into an overall risk distribution and an overall risk value. This risk value represents an extreme event that the Company must expect at an unspecified point in time within the next twenty years.

To interpret the extent to which the Group is able to bear the calculated overall risk, the finance department defines a current risk-bearing capacity limit. The derivation of risk-bearing capacity takes particular account of the criterion of a sufficiently high remaining equity ratio after the occurrence of risk events.

In addition, a warning threshold below this risk-bearing capacity limit, known as the "risk appetite", is defined. As long as the overall risk is below the risk appetite and risk-bearing capacity thresholds, the scope of risk would not trigger either overindebtedness or insolvency in the unlikely event of it occurring. On this basis, a controlled and managed level of risk is currently assumed for the Company.

The assessed overall risk and a ranking of significant individual risks are included in a regular report to the Management Board and Audit Committee. If the “risk appetite” warning threshold were exceeded, an ad-hoc report to the management would be triggered.

Internal control system (ICS)

HELLA's internal control system (ICS) aims to create sufficient security to achieve corporate goals using processes, procedures and control mechanisms for monitoring and minimising risks. The focus is on the effectiveness and efficiency of business processes, ensuring the reliability and integrity of financial reporting and compliance with the laws and regulations that are relevant to HELLA.

Internal control in financial reporting

The Group-wide internal control system for accounting comprises organisational, control and monitoring structures which ensure that business transactions are properly recorded and evaluated and incorporated into the financial reporting system. HELLA has established the organisation and systems to identify, assess and manage risks and to develop countermeasures. However, there is no absolute certainty that risks can be fully recognised and managed.

HELLA uses suitable measures and internal controls to ensure the reliability of accounting processes and the accuracy of financial reporting; this includes the preparation of compliant annual and consolidated financial statements and a summarised management report.

In particular, a reporting process that generally consists of three stages ensures that the financial results are intensively discussed and monitored: in the local unit, the division and the Group, financial data and key performance indicators are reported, discussed and compared on a monthly basis with the prior year's figures, the budget figures and the current projection. All issues, assumptions and estimates that have a relevant impact on the externally reported Group and segment figures are discussed in detail with the people responsible for external financial reporting. The Audit Committee of the Supervisory Board also discusses the reports and issues at least on a quarterly basis.

The subsidiaries are responsible for their own accounting. A Group-wide accounting manual, with specifications supplemented by regular application notes, serves as the basis for ensuring the uniform application of IFRS accounting standards. Control mechanisms, e.g. system-based and manual reconciliations, are aimed at ensuring reliable financial reporting and the correct recording of transactions in the accounts. The scope and structure of reporting by the Group companies are determined centrally. Material issues are also assessed at Group level. If legal regulations and accounting standards change, their potential impact on financial reporting is analysed promptly and included in the consolidated reporting if necessary. Required adjustments of contributions from the Group companies are rolled out through regular training and ensured by additional specific control measures. The local companies are supported by regionalised Business Services and the central Group accounting department in the independent preparation of both their individual financial statements in accordance with the Articles of Association and their Group reporting data and are monitored by automatic and manual controls, as well as plausibility checks. Changes in accounting standards are closely tracked. The consistency of the reported and audited financial statements is subsequently ensured using suitable IT systems, although further processing of the electronic reporting data is only possible after prior agreement with firmly defined plausibility and quality controls in the reporting system. Consolidation into the consolidated financial statements is mostly done centrally. In justified individual cases, for joint ventures for example, the financial statements of sub-groups are also included in the consolidated financial statements. The manual and automated consolidation measures are subjected to plausibility checks and system-based controls.

To prevent misuse, accounting-related IT system roles are systematically separated and follow the dual control principle. Management monitoring and assessments also help to ensure that risks with a direct impact on financial reporting are identified and that controls are in place to minimise risks.

The Treasury, Tax, Controlling and Legal departments are involved in preparing the financial statements. External experts are consulted if necessary.

Statement on adequacy and effectiveness[1]

The transformation of the automotive industry and the ongoing volatility in the industry environment are prompting the Company to continuously scrutinise its internal control and risk management system, develop it further on an ongoing basis and adapt it to new requirements.

The Management Board is not aware of any circumstances that speak against the general appropriateness and effectiveness of the internal control and risk management systems, the reporting on both systems and the internal audit of the risk management system that has been carried out. However, due to the limitations of any control and risk management system, no absolute certainty can be given with regard to their adequacy and effectiveness.

Overall risk situation of the Company

The general economic and industry environment in which HELLA operates is still characterised by various uncertainty factors: These mainly include geopolitical conflicts such as the Russian war against Ukraine and the new war in the Middle East that broke out in October 2023; persistently high inflationary pressures and the resulting reduced demand in some areas; significant shifts in regional market weightings as well as customer structures and the expected volume reduction particularly in the European market; and ongoing supply bottlenecks, particularly for certain electronic components.

In addition to these aspects, HELLA is also attentively and intensively following further conflicts in the geopolitical context, especially the relationship between China and Taiwan. This also includes risks for our own production sites in China and other effects on the global supply chain.

Overall, the Company's opportunity and risk position has not changed fundamentally compared to the prior year. Thus, HELLA is currently not aware of any actual or potential developments that could seriously jeopardise its going-concern status in the foreseeable future. The calculated overall risk is below the risk appetite and risk-bearing capacity thresholds. It is thus assumed that the Company's scope of risk is controlled and managed.

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

Significant risks

In this section, all risks classified as material are presented. The materiality criterion takes into account the risk values according to mathematical stochastic modelling on the one hand and qualitatively assessed risks with a particularly high long-term impact on the other.

Strategic and political risks

Risks from the business model

HELLA generates over 80% of Group-wide sales with the two business groups Lighting and Electronics. HELLA is thus dependent on the business development of a relatively limited number of automotive customers. This also means that HELLA operates in a cyclical, volatile market environment that is influenced by a large number of different external factors and is also undergoing a profound transformation process. This may limit the ability to predict future industry developments and customer demand in the markets in which the Company operates. On the one hand, this can lead to inefficiencies and higher costs in production, as it becomes more difficult to plan the requisite capacities. On the other hand, high market volatility entails the risk of not being able to fully realise expectations for medium-term business development. To reduce these risks, HELLA is pursuing a strategy of technology and market leadership, best serve customer and market needs and to position itself consistently along key growth areas of mobility. This is supported by a regular and systematic strategy process as well as a consistent approach to opportunity management.

[1] The disclosures made in this section are not part of the management report. These are not audited.

Geopolitical risks

The general market environment is currently characterised by various geopolitical conflicts. These include especially the Russian war in Ukraine, the war in the Middle East and the conflict between China and Taiwan. In particular, a possible escalation of these conflicts could have serious consequences for the global economy, the automotive industry and HELLA's further business development. This also includes the possibility of a profound decoupling between the individual regions of the world. HELLA is thus monitoring the current and future development of the current geopolitical conflicts very closely and deriving potentially necessary countermeasures on this basis. To prepare optimally for market fluctuations in individual regions, HELLA is also pushing for greater independence of the respective regions in this geopolitical context and it intends to increase the depth of added value and autonomy in the regions.

Risks due to interruptions to business activities

As a manufacturing company, HELLA is embedded in a complex value chain. HELLA is therefore exposed to the risk that, in rare exceptional cases, the Company's business processes may be interrupted as a result of various external influences. The reasons for this could include a power or energy supply failure, intensification of global trade conflicts, epidemic or pandemic situations, criminal or terrorist activities and disruptions in global supply chains. These external factors cannot be controlled by the Company, or can only be controlled to a very limited extent. HELLA is therefore attempting to counter these risks with an overall risk-diversified business model, international positioning with significant market shares in all relevant core markets and a stronger localisation approach, as well as a forward-looking planning and control process.

Risks due to loss of leading market positions

HELLA occupies a leading market position with a variety of different automotive technologies in the areas of lighting and electronics and benefits accordingly from major market trends such as electromobility and automated driving. Nevertheless, accelerated industry change, developments involving the competitive environment and new competitors entering the market, further increases in technological demands on the product or misjudgements in strategic planning can lead to a potential decline in long-term sales and earnings development and the failure to achieve corporate targets. In order to reduce this risk, HELLA maintains a regular and systematic strategy process as well as a logical approach to opportunity management.

Risks due to shifts in market share

HELLA assumes that the regional market weightings and global target customer structures will change significantly in some cases in the coming years. It is assumed that Chinese car manufacturers will keep expanding their market share worldwide in the coming years and will also increasingly penetrate the European and American markets as a result. One of the main reasons for this is the improved and more competitive positioning of these manufacturers with regard to key market trends, such as electromobility. As a result, established volume manufacturers, in particular, are expected to face greater competitive pressure in the future and volumes will decline significantly, especially in the European market. HELLA is thus exposed to various risks resulting from this shift in market share and its own customer and regional mix. HELLA could therefore be exposed to increasing competitive and cost pressure. This could result in more intense competition for new market participants, greater price pressure for automotive suppliers and the entry of new suppliers into the global market. The shift in market weightings and customer structures also entails the risk of not being able to fully serve certain growth markets. In general, HELLA is already internationally positioned with relevant market shares in all key regions. To reduce the risk arising from new market weightings and participants and to make the best possible use of regional growth opportunities, HELLA is also focussing on increasing the independence of the respective regions. Procurement, development and production processes are to be localised as best as possible in this context and the pace in the regions is to be stepped up further. At the same time, HELLA is striving to expand its customer base to include new customers, particularly in China, but also in Japan and the USA.

Sustainability risks

Sustainability is one of the material core tasks of the Company. HELLA is already active in the market with numerous lighting and electronics solutions that proactively support electromobility, energy-efficient and safe driving. At the same time, HELLA pursues a clear sustainability strategy that, in addition to ambitious CO_2 objectives, also provides for further expansion of activities to maintain environmental and social standards both internally and throughout the supply chain. Nevertheless, there are various risks, for example due to the high social, economic and political focus, should the Company not meet the further increasing requirements with regard to sustainability and social standards in the supply chains. This could possibly be accompanied by a general loss of reputation, as well as the loss of new business or impeded access to capital markets. In order to reduce such potential risks, HELLA established a “Corporate Sustainability Office” in the fiscal year 2022. This office is responsible for the topic of sustainability as a whole and centrally manages and drives forward the activities necessary on the part of the Company with regard to sustainability. In the cross-departmental Sustainability Council, HELLA also ensures the exchange of information on key sustainability topics and anchors the early assessment of requirements for the Company. At this point in time, it is not possible to assess what the consequences of a further worsening of climate change and a possible crossing of tipping points could be on the further development of the economy as a whole and on the automotive industry.

Legal and compliance risks

Risks from non-compliance with export control and sanctions regulations

As an internationally operating company, HELLA is, as a basic rule, obliged to act in accordance with currently applicable sanctions regulations. Against the backdrop of Russia's attack on Ukraine, the corresponding sanctions lists were tightened and expanded to include Russian individuals, companies and organisations. Non-compliance with export control and sanctions regulations could result in legal consequences for individuals involved, loss of business and reputation and reduced access to capital markets. In addition, US law provides for the exclusion of companies from business activities in the domestic market in the event of repeated violations of corresponding sanctions lists. In order to minimise the risk of violating any sanctions regulations, HELLA maintains a global system for sanctions list checks and export controls. Current sanctions lists, embargoes and goods-related controls are updated in this system, which prevents orders and deliveries from being made to recipients, whether individuals, companies or countries, without being checked. In addition to these IT-based precautions, HELLA regularly conducts training and education to raise awareness of export control issues among the Company's employees.

Patent risks

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

Financial and personnel risks[1]

Risks from shortages of specialists

Given the high order volumes and increasing technological complexity, HELLA is dependent on qualified specialists and managers. HELLA is therefore in a global competition for specialists. Therefore, risks for HELLA may arise from insufficient coverage of the required specialist and management personnel, which may result in business and production processes being impaired and in transactions not being performed. In order to reduce the risk of from shortages of specialist staff and to ensure staffing requirements are met, HELLA has adopted a systematic approach to recruitment and professional development. This includes a dedicated and well-structured succession planning system for relevant staff and executives within the context of the annual global talent review process.

[1] In addition to the "risks from shortages of specialists" listed here, this category includes other financial and personnel-related risks. However, as these have a smaller scale of risk, they are not reported as significant individual risks in this risk report.

Global security

Risks from attacks on IT systems
HELLA uses a complex IT structure in all areas of the Company. Hence, in addition to the possibility of fundamental disruptions, there is a particular risk of organised cyberattacks on HELLA's infrastructure and information or data. In addition to a negative impact on the Company's reputation, such attacks on HELLA's IT systems can, above all, cause additional financial burdens and disruptions to operating processes and, in very rare exceptional cases, can also result in interruptions to operations lasting several days or even weeks. Extensive state-of-the-art security measures are taken to minimise these information security risks. These include centralised monitoring and continuous updating of IT systems, the use of state-of-the-art security technologies and processes, proactive use of cyber threat intelligence and regular awareness-raising of the Company's employees. In addition, continuous investments are made in IT infrastructure and security architecture, and special information security programmes are implemented to mitigate the risk of failures, data loss and breaches.

Operational risks

Risks due to product recalls
The automotive industry is undergoing a far-reaching transformation process worldwide. Further electrification and automated driving functions also present major business opportunities for HELLA. At the same time, they are resulting in significantly greater technological complexity in terms of hardware and software, further increases in customer-specific product and functionality requirements and a much faster pace of innovation on the market. HELLA is thus constantly exposed to new quality risks, which also change from owner liability to manufacturer liability with products from automated driving level 3. These are expressed, in particular, by the possibility of high expenses for liability and warranty in the event of a recall, should parts and components supplied by HELLA be potentially defective, and this is detected late after delivery within the warranty period or as a product liability case and this therefore results in an extensive recall of vehicle fleets. In addition to corresponding cost burdens, this could also result in longer-term sales losses due to reputational damage. In order to reduce any risks as far as possible, HELLA pursues consistent quality management and works to continuously improve product and process maturity in development, production and the supply chain. Furthermore, HELLA implements methods for long-term fault identification and avoidance in the development and qualification phase as well as safeguarding measures such as simulation and field observation.

Procurement risks
HELLA is dependent on a strong supplier base. This is linked to different procurement risks within the global supply and logistics chains. For one, prices for purchased materials and raw materials may rise again or remain at a persistently high level. Moreover, shortages can still occur, particularly for certain electronic components such as microprocessors, which can lead to reduced production volumes and higher costs due to special freight, rising material prices and inefficiencies in the production process. These procurement risks should be minimised as far as possible through forward-looking procurement management. This includes, firstly, a multi-supplier and localisation strategy, insofar as this makes economic sense and can be implemented in the context of the available supplier base. Secondly, HELLA is continuously devising systems for promptly recognising potential changes in the market and supplier environment. This also includes automatically identifying risks related to supply chain interruptions and reacting quickly and efficiently to potential incidents, such as natural events or insolvency on the part of suppliers. Thirdly, HELLA is pursuing increased regionalisation in procurement and is realising additional cost synergies in procurement through its cooperation with FORVIA.

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

Inflation risks
Due to various external factors, for example as a result of the Russian war of aggression on Ukraine in February 2022 as well as supply bottlenecks in the global supply chains, inflation rates are at a persistently high levels in many economic areas. For HELLA, this has resulted in significant burdens on the cost side, for example materials, energy and logistics. In addition, high inflation may also have a negative impact on the general consumer climate and thus also lead to decreased demand for new vehicles and thus also for HELLA products. The high inflation is caused by external factors and HELLA is thus essentially unable to control it. HELLA is pursuing various approaches to cushion the effects of price increases as far as possible: Firstly, price increases are consistently passed on to customers; secondly, price negotiations with suppliers are further intensified, not least in the context of the cooperation with FORVIA; thirdly, HELLA is continuing its proven cost management approach and is making sustained investments in further standardisation, modularisation and automation.

Risks due to bottlenecks in development capacities
HELLA is a leading global supplier in many product areas and acquired orders with a volume of around €11 billion in the past fiscal year. As many of these customer projects involve innovative, technologically sophisticated and safety-relevant technologies, HELLA is exposed to the potential risk of not being able to achieve the required level of maturity in one or more development processes or not having the necessary human resources to master the methodological and technological requirements. If the Company is not able to master the necessary development maturity process, this could possibly lead to additional financial burdens in the development and production process, the loss of new business and general longer-term reputational damage. With a view to minimising such risks as far as possible, HELLA continued to expand its global development resources in the past fiscal year. HELLA is also pressing ahead in a targeted manner with the necessary development of expertise among the employees involved and is working consistently to systematically increase the level of maturity in the development processes.

Opportunity management

The identification of opportunities is part of HELLA's strategy and planning processes. HELLA's strategic orientation is subject to continuous, systematic review and is adjusted as necessary. New opportunities are also identified, evaluated and realised if suitable. The identified opportunities are implemented on a decentralised basis in the respective business units.

Significant opportunities arise for HELLA firstly from the strategic growth areas of electrification and energy management, safe and automated driving as well as digital and sustainable cockpit experiences. In order to utilise these opportunities sustainably, HELLA has already aligned its own product portfolio with these trends at an early stage and can serve its customers worldwide with corresponding product solutions on this basis.

Secondly, there are fundamental opportunities for HELLA arising from the Company's global positioning. HELLA is present in all major core markets. In order to take advantage of growth opportunities in the respective sales markets and to best serve the needs of local customers, HELLA pursues region-specific strategies, among other things, and continuously adapts to new market conditions in this context. At the same time, an international, regionalised business structure can help to balance out market fluctuations and achieve greater independence among the regions.

Thirdly, they also result from cooperation within the FORVIA Group. In particular, this includes significant cost synergies that were realised in the past fiscal year, especially through the bundling of purchasing activities and cooperation in the areas of production and administration.

Forecast report →

Forecast report

Economic outlook

- Global GDP developing at only a moderate level: Growth of 3.1% expected in 2024 (as at January 2024)
- Growth expectations for the eurozone and Germany significantly lowered; robust economic development forecast in the USA; growth in China slightly below prior-year level

In 2024, the global economy will only grow moderately. According to its recent "World Economic Outlook" (as at 30 January 2024), the International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow by 3.1% this year. In global terms, GDP therefore remains at the same level as it was in 2023 and is still below the average value of prior years.

For the eurozone, the IMF expects growth of 0.9% in 2024 and thus a slight improvement on the prior year, although this will be significantly lower than was expected as at 25 July 2023 (+1.5%). Following the recession in 2023, weak growth of 0.5% is currently forecast for Germany again. However, the expected economic output was also revised downwards compared to the outlook published by the IMF in July 2023 (July 2023 forecast: +1.3%). According to the IMF, Germany will continue to record the lowest growth within the G7 group. The IMF has now raised its forecast for the USA to 2.1% (July 2023 forecast: +1.0%), in particular due to robust consumption and local investment in the country. China is expected to grow by 4.6% in 2024 (July 2023 forecast: +4.5%).

Industry outlook

- Global light vehicle production to fall slightly by 0.4% in the fiscal year 2024 according to S&P estimates (as at February 2024)
- Stagnation expected in Americas and Asia, declining production volumes forecast in Europe

After significant industry growth in the past fiscal year 2023 (in relation to the calendar year 2022), the market research institute S&P Global Mobility currently assumes in its Light Vehicle Production Forecast (as of February 2024) that global production of passenger cars and light commercial vehicles will decline slightly again in the current fiscal year 2024 (1 January to 31 December 2024). Accordingly, S&P Global expects a decline of 0.4% to 90.0 million new passenger cars and light commercial vehicles (fiscal year 2023: 90.3 million units). This is also due to the deteriorating macroeconomic environment, meaning that S&P Global's growth assumptions have been continuously revised downwards, particularly since the fourth quarter of 2023.

S&P Global is currently forecasting largely stagnating vehicle production for both the American and Asian markets, while a decline in production volumes is expected for Europe. S&P Global assumes that light vehicle production in Europe will fall by 2.8% to 17.4 million units (fiscal year 2023: 17.9 million units), while the German market is expected to grow by 2.2% within this region. In North, Central and South America, a modest increase of

Expected production of passenger cars and light commercial vehicles

	Fiscal year 2024 and change compared to the prior year	
	in thousands	**+/-**
Europe	17,364	-2.8%
of which Germany	*4,364*	*+2.2%*
North, Central and South America	18,662	+0.4%
of which USA	*10,645*	*+2.9%*
Asia / Pacific / RoW	53,924	+0.1%
of which China	*29,451*	*+2.4%*
Worldwide	**89,952**	**-0.4%**

Source: S&P Global Mobility Light Vehicle Production Forecast, February 2024

0.4% to 18.7 million units is currently forecast (fiscal year 2023: 18.6 million units), with the US market expected to grow disproportionately by 2.9%. According to current forecasts, vehicle production in Asia/Pacific/Rest of World is projected to remain at the prior year’s level at 53.9 million units (fiscal year 2023: 53.9 million units), while the Chinese market is expected to grow by 2.4%.

Company outlook

- Currency and portfolio-adjusted consolidated sales of between around €8.1and 8.6 billion expected
- Forecast operating income margin of between around 6.0 and 7.0%
- Expected net cash flow in relation to sales at approximately 3%

HELLA expects to generate currency and portfolio-adjusted consolidated sales of between around €8.1 and €8.6 billion in the fiscal year 2024. The operating income margin is forecast at between around 6.0 and 7.0%. With regard to the business groups as reporting segments, growth in the mid-single-digit percentage range is expected for 2024. The Lighting and Electronics business groups expect a slight improvement in the operating income margin compared to prior year; a slightly lower operating income margin is forecast for Lifecycle Solutions.

With regard to net cash flow in relation to sales, HELLA forecasts a value of approximately 3%. With regard to the forecast operating income margin and the expected net cash flow in relation to sales, the Company expects an initially lower figure in the first half of the fiscal year.

The Company's outlook is based on the assumption that global light vehicle production is expected to largely stagnate at the level of the fiscal year 2023.

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

HELLA GmbH & Co. KGaA

For the fiscal year 2024, HELLA GmbH & Co. KGaA expects sales in the range of around €2.3 billion to €2.5 billion in the operating business for reported sales in accordance with IFRS.

Declaration on HELLA GmbH & Co. KGaA corporate governance →

Declaration on HELLA GmbH & Co. KGaA corporate governance

The General Partner with its Management Board headed by CEO Bernard Schäferbarthold (since 1 January 2024, until 31 December 2023: Michel Favre), the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA are committed to the principles of transparent and responsible corporate governance and control of the Company. They are attaching great priority to the standards of good corporate governance. HELLA's main focus is on entrepreneurial guidelines that implement long-term goals and sustainability, as well as compliance with legal and ethical standards.

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

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

HELLA GmbH & Co. KGaA is a German partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). As with a German stock corporation, the KGaA is a corporation whose nominal capital is divided into shares. Hower, the KGaA has two different groups of partners; namely, the personally liable partners (Komplementäre) (General Partners) that are responsible for managing the KGaA's business and are personally liable without restrictions for the KGaA's liabilities, and the (limited liability) shareholders ((Kommandit-)Aktionäre) that hold an interest with their shares in the nominal capital of the KGaA. The legal status of the (limited liability) shareholders does not differ significantly from that of the shareholders of a German stock corporation.

The Company has four corporate bodies. These are:

1. the **General Partner**, HELLA Geschäftsführungsgesellschaft mbH, which has its registered office in Lippstadt. The shares in HELLA Geschäftsführungsgesellschaft mbH are held by HELLA GmbH & Co KGaA;

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

3. the **Supervisory Board,** which is constituted on a parity basis of eight shareholder representatives and eight employee representatives pursuant to the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) and, along with the Shareholder Committee, carries out monitoring and advisory tasks; and

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

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

Further information on the differences in legal form compared to a stock corporation can be found in the declaration of compliance by the General Partner, the Shareholder Committee and the Supervisory Board dated 29 February 2024, which was made available on the Company's website at **www.hella.com/declarationofconformity** and is also reproduced below.

Information on the remuneration of the members of the Management Board, the members of the Shareholder Committee and the members of the Supervisory Board can be found in the remuneration report on the last fiscal year. This report will be submitted for approval to the Annual General Meeting on 26 April 2024, together with the audit report pursuant to Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG), and will then be made publicly available at **www.hella.com/boardremuneration**. The remuneration report from the fiscal year 2021/2022 onwards, the remuneration systems pursuant to Section 87a (1) and (2) sentence 1 AktG for the members of the Management Board and the latest resolutions of the Annual General Meeting pursuant to Section 113 (3) AktG on the remuneration of the members of the Shareholder Committee and the Supervisory Board can also be found there.

1. Group management by the General Partner

Group management is carried out by the members of the Management Board of HELLA Geschäftsführungsgesellschaft mbH. Bernard Schäferbarthold has been CEO since 1 January 2024. In the business groups and corporate functions, executive boards and executive managers support the operational and strategic management of the business units. Entrepreneurial autonomy is the basic principle for managing the business at all levels. For material business transactions, the Group Management Board requires the approval of the HELLA GmbH & Co. KGaA Shareholder Committee, which codetermines the guidelines for business by means of this process.

2. Shareholder Committee

The legal form of the KGaA offers the option of establishing further representative bodies of the shareholders in addition to the legally mandatory Supervisory Board. The Company took advantage of this opportunity and established a Shareholder Committee in accordance with the Articles of Association; the members are elected at the Annual General Meeting. Vacancies may be filled by the Shareholder Committee by co-opting members in accordance with the Articles of Association.

Essential responsibilities of the Shareholder Committee

The Shareholder Committee monitors and advises the General Partner in the management of the business. It issues rules of procedure for them and for their management boards and decides which transactions require its prior approval. The Shareholder Committee is also responsible for the legal relationships between the Company and the Managing General Partner as well as for the appointment and dismissal of the managing directors of the Managing General Partner and their employment contracts. The Shareholder Committee represents the Company in legal disputes with the Managing General Partner. The financial and – where applicable – non-financial reporting for the Company and the Group is reviewed by the Shareholder Committee. The Shareholder Committee submits an annual report on its activities to the Company's Annual General Meeting and makes proposals for resolutions on each item on the agenda on which the Annual General Meeting is to pass a resolution.

Functioning of the Shareholder Committee

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

In the past fiscal year, the Shareholder Committee held 17 ordinary meetings, eight of which were held by video conference. This included eight meetings with the Management Board. It also held one extraordinary conference call meeting, as well as a two-day strategy workshop with the Management Board. All members of the Shareholder Committee

Corporate bodies

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

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

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

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

participated in the meetings mentioned above, with the exception of Nolwenn Delaunay, who was unable to attend one meeting, Christophe Schmitt, who was unable to attend two meetings and Andreas Renschler, who was absent at three meetings. In addition, the Shareholder Committee passed resolutions by way of written circular during the past fiscal year.

Committees of the Shareholder Committee

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

Personnel Committee: The Personnel Committee of the Shareholder Committee consists of the Chairman and two further members elected by the Shareholder Committee. In addition to Dr.-Ing. Wolfgang Ziebart (Chairman of the Personnel Committee), the Personnel Committee currently includes Patrick Koller and Jean-Pierre Sounillac. As a rule, it meets at least three times during the fiscal year and as required. The Personnel Committee prepares the Shareholder Committee's resolutions on the appointment and removal of Managing Directors of HELLA Geschäftsführungsgesellschaft mbH and on their individual total remuneration and the remuneration system applied for such; in this context, it decides in particular on the conclusion, amendment and termination of the employment contracts with the members of the Management Board of HELLA Geschäftsführungsgesellschaft mbH.

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

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

Operations Committee: The Economic and Financial Committee of the Shareholder Committee consists of at least three members, who are elected by the Shareholder Committee from its members. In addition to Patrick Koller, the Operations Committee currently includes Olivier Durand, Christophe Schmitt and Andreas Renschler. It usually meets once a month.

The Operations Committee is responsible for monitoring the financial and operational performance of the Company's business units. It reports on this to the full Shareholder Committee, in particular insofar as it identifies undesirable developments or risks. It also prepares the resolutions of the Shareholder Committee as necessary.

The twelve meetings of the Audit and Finance Committee in the past fiscal year, all of which were held by video conference, were attended by all of its members in office at the time, with the exception of Christophe Schmitt, who was unable to attend two meetings, and Andreas Renschler, who was unable to attend five meetings.

3. Supervisory Board

Responsibilities of the Supervisory Board

The role of the Supervisory Board is to advise and supervise the General Partner in its conduct of the Company's business. In this respect, the responsibilities of the Supervisory Board of HELLA GmbH & Co. KGaA are limited due to its legal form. Unlike the Supervisory Board of a stock corporation, it is not responsible for the appointment and dismissal or for the employment contracts of the Management Board. Nor does it have any power to issue rules of procedure for the Company’s Management Board or determine which business decisions require its consent. However, the exercise of the authorisations granted to the General Partner to increase the nominal capital from authorised capital and to buy back treasury shares is subject to the Supervisory Board's consent.

The core tasks of the Supervisory Board primarily include auditing activities, in which it is significantly supported by its Audit Committee. The Supervisory Board's review covers the financial and – where applicable – non-financial reporting for the Company and the Group, the Company's dependent company report, the proposal for the appropriation of net profit and any material transactions between the Company and related parties. The Supervisory Board submits an annual report on its activities to the Company's Annual General Meeting and makes proposals for resolutions on each item on the agenda on which the Annual General Meeting is to pass a resolution.

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

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

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

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

Unlike in the short fiscal year 2022, HELLA waives the statutory exemption from publishing a non-financial Group statement and is therefore preparing a corresponding statement for the fiscal year 2023. Judith Buss and Gabriele Herzog, two current members of the Audit Committee, have knowledge of the content and auditing of non-financial reporting.

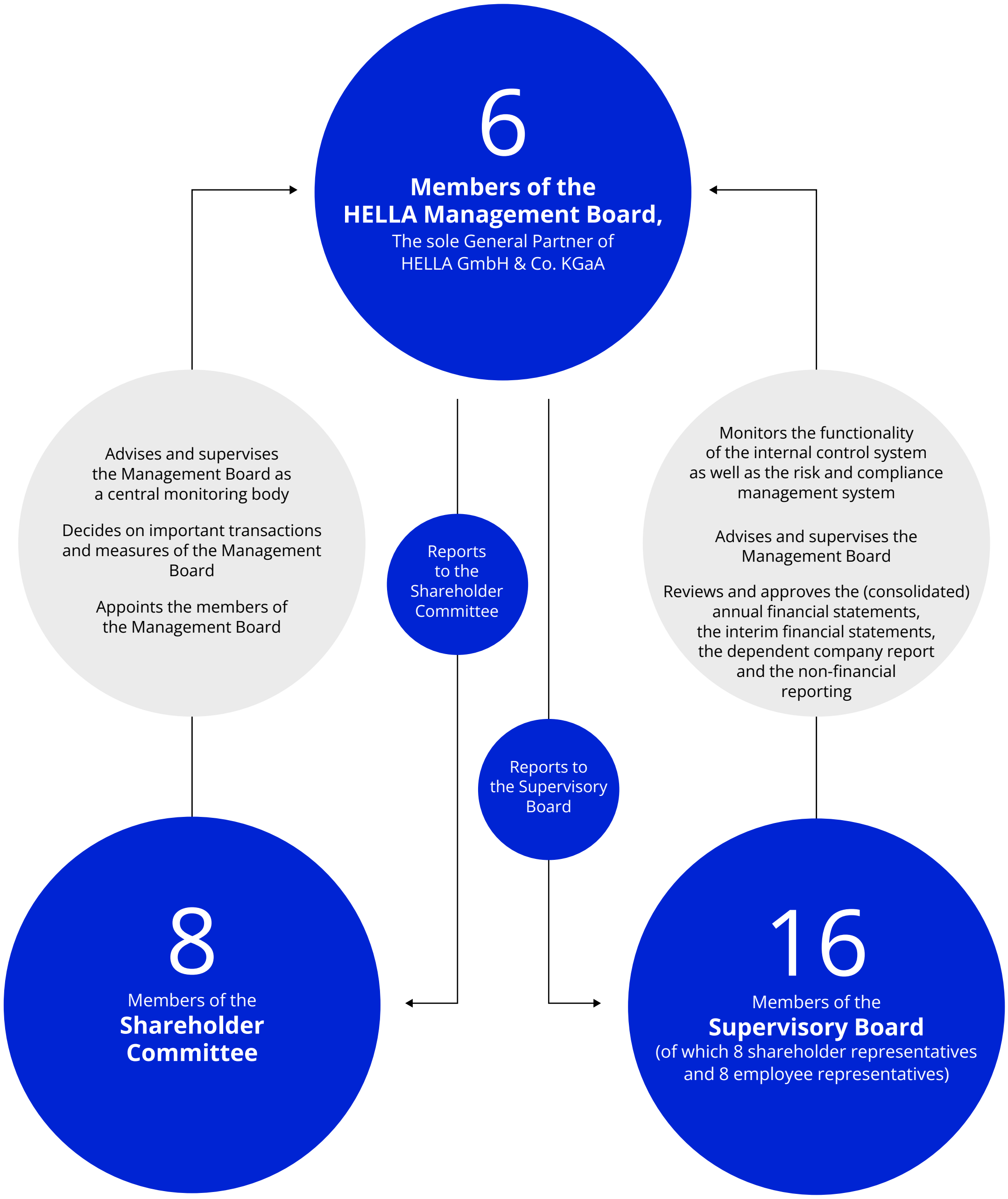
The core task of the Audit Committee is to review the financial and – where applicable – non-financial reporting for the Company and the Group. This includes preparing the Supervisory Board's decisions on the approval of the annual financial statements and the consolidated financial statements as well as discussing the quarterly reports and the six month financial report with the Management Board prior to their publication. The Audit Committee monitors the accounting process, the audit of the financial statements, the effectiveness of the internal control system, the risk management system and the internal audit system and compliance, and makes recommendations or proposals to ensure the integrity of the accounting process. The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting for the election of the auditor and submits its recommendation. Together with the auditor, it determines the focal points of the audit and monitors the quality of the audit and the independence of the auditor. In particular, the Audit Committee decides on the additional services provided by the auditor.

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

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

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

Cooperation between the corporate bodies



As at 1 March 2024

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

A) Contents

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

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

In the composition of the Management Board of HELLA Geschäftsführungsgesellschaft mbH, the Shareholder Committee also takes into account the aspects of continuity and change and, therefore, strives to achieve a balanced age structure in the Management Board. In addition, there is a legally binding age limit of 65 years.

B) Status of implementation and attained results

In its current composition, the Management Board of HELLA Geschäftsführungsgesellschaft mbH meets all of the aforementioned composition and diversity objectives. With the appointment of Stefanie Rheker as the new Managing Director for Human Resources as of 1 March 2024, the subordinate selection criterion of gender diversity will also be met once again.

C) Long-term succession planning

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

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

A) Contents

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

The skills profiles of the Shareholder Committee and the Supervisory Board stipulate for both bodies that the following skills should be possessed by at least one member of each body:

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

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

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

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

Shareholder Committee

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

Supervisory Board

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

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

B) Status of implementation and attained results

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

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

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

In the opinion of the Shareholder Committee, all of its current and fiscal year 2023 members are independent within the meaning of recommendation C.7 of the German Corporate Governance Code. The Supervisory Board believes that the same applies to all current shareholder representatives on the Supervisory Board and those in office in the fiscal year 2023. Moreover, according to the assessment of the Shareholder Committee, the Chairman

Dr.-Ing. Wolfgang Ziebart, as well as Judith Buss and Andreas Renschler, are independent of the controlling shareholder within the meaning of Recommendation C.9 of the German Corporate Governance Code. Of the shareholder representatives on the Supervisory Board, the Supervisory Board considers the Chairman Andreas Renschler, Judith Buss, Rupertus Kneiser and Kirsten Schütz to be independent within the meaning of recommendation C.9 of the German Corporate Governance Code.

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

In accordance with Recommendation D.12 DCGK, the Shareholder Committee and the Supervisory Board regularly assess how effectively they as corporate bodies and their committees fulfil their tasks. To this end, both corporate bodies undertake a self-assessment by means of questionnaires roughly every two years. The results of these questionnaires are evaluated in anonymised form and then discussed in a plenary session. Any required improvements that arise from this are then addressed. Most recently, both the Shareholder Committee and the Supervisory Board conducted a self-assessment (efficiency review) in October 2023.

II. Information under Sections 289a, 315a HGB

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

1. Composition of the subscribed capital

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

2. Shareholders' rights

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

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

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

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

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

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

According to the most recent voting rights notification received by the Company from Forvia S.E. (formerly: Faurecia S.E.) dated 1 February 2022, FORVIA held a total of 80.59% of the voting rights in the Company indirectly via Forvia Germany GmbH, based in Hannover (formerly operating as Faurecia Participations GmbH, based in Frankfurt am Main). FORVIA currently holds 81.59% of the shares in HELLA (according to information from FORVIA as of 31 December 2023).

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

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

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

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

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

6. Authorised capital / authorisation to buy back shares

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

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

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

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

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

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

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

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

- The listed bonds currently issued by HELLA GmbH & Co. KGaA (a 1.0% bond maturing in May 2024 with a nominal value of €300 million and a 0.5% bond maturing in January 2027 with a nominal value of €500 million) are subject to change-of-control clauses under which the bond creditors may demand early repayment if a person or group of persons acting jointly gains control over HELLA GmbH & Co. KGaA and the investment grade rating is lost on account of this within 120 days of the change of control.
- In September 2022, HELLA negotiated a syndicated credit facility amounting to €450 million and an increase option of €150 million with a consortium of international banks. The facility has a term of three years until September 2025. The first extension option of 15 months was exercised in August 2023. The second extension option of twelve months can be exercised in 2024. The new term ends in December 2026. If the investment grade rating is lost, the continued existence of the syndicated credit facility will not be jeopardised and it will remain in place. The banks have a special right of cancellation in the event of a change of control. There would also be a special right of termination in the event of a squeeze-out or a controlling agreement being entered into the Commercial Register.

- HELLA GmbH & Co. KGaA guarantees the repayment of a credit line of the local subsidiary in Mexico totalling USD 75 million with a term until January 2026. The agreements reached allow the lender, within 20 days after a person or group of persons (other than FORVIA) acting in concert has gained control over HELLA GmbH & Co. KGaA as guarantor, to terminate the credit facility and declare all outstanding amounts immediately due and payable. The bank has a special right of termination in the event of a squeeze-out being entered into the Commercial Register.

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

Employment contracts concluded with members of the Management Board prior to the fiscal year 2021/2022 stipulated that, in the event of a loss of control by the former family shareholders of HELLA GmbH & Co. KGaA, they could both resign from office and terminate their employment contract for cause. Service contracts concluded at a later date no longer include a special right of termination in the event of a change of control. Of the current members of the Management Board, only Bernard Schäferbarthold still has such a special right of termination – triggered by the change of control following the acquisition of the majority shareholding by Forvia S.E. – which has been modified. It has been extended until 31 December 2027 and can only be exercised if the Company adopts all necessary resolutions beforehand to enable Forvia S.E. to take full (direct or indirect) control, so that the Company no longer requires independent management with its own Chief Executive Officer and the Managing Director does not assume a position on the Board of Directors *(comité exécutif)* of the FORVIA Group. Please refer to the remuneration report for more details.

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

III. Corporate governance and compliance

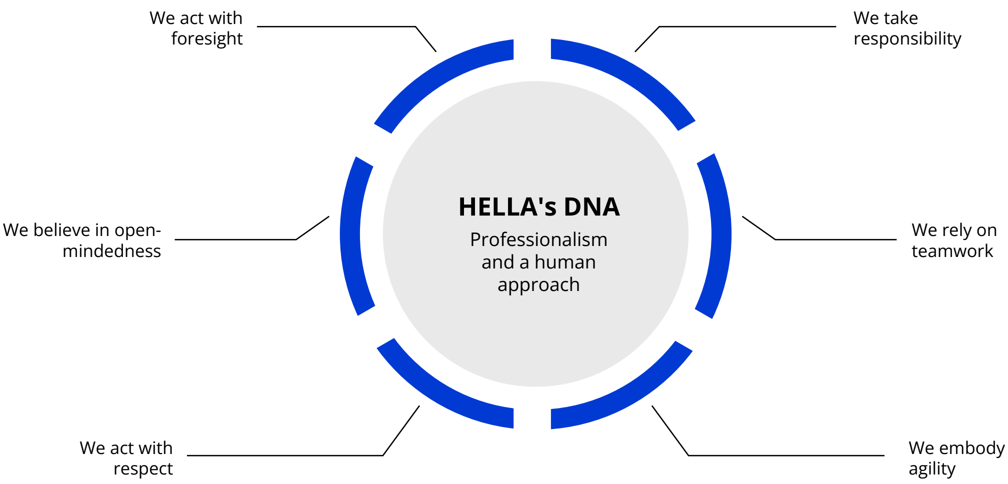
In the interest of proper corporate governance, the members of the Management Board conduct the Company's business in accordance with statutory rules, the provisions of the Articles of Association of HELLA GmbH & Co. KGaA and HELLA Geschäftsführungsgesellschaft mbH and the rules of procedure of the General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

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

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

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

FORVIA/HELLA values



The core of the corporate culture lies in six FORVIA/HELLA values, which were introduced for the first time in the fiscal year 2023 and incorporate HELLA's previous corporate values. Accordingly, the FORVIA/HELLA values serve as the basis for sustainable corporate success: We drive with vision *(drive)*, we build on accountability *(accountability)*, we cultivate teamwork *(teamwork)*, we embrace agility *(agility)*, we act with respect *(respect)*, we believe in open-mindedness *(open-mindedness)*.

These values, in particular responsible and respectful behaviour, give rise to basic rules of conduct that HELLA has anchored in a Code of Conduct. They are binding for all Group employees all over the world. The Code of Conduct brings together the basic rules on acting with integrity that apply to the Company between employees but also in relation to business partners, public authorities and other third parties in conformity with the law. It is an expression of the self-perception of HELLA, which is to meet the responsibility towards the Company in relation to shareholders and society and to live up to the expectations of customers, suppliers and business partners anew every day.

The Code of Conduct is supplemented, in particular, by the HELLA Declaration of Principles for Human Rights, the HELLA Anti-Corruption Policy and a Compliance Declaration on compliance with antitrust regulations. These and many other documents on the subject of compliance are publicly available on the Company's website at **www.hella.com/compliance**.

All regulations are based on a standardised basic understanding: Compliance – legally compliant behaviour and acting with integrity – is an integral part of HELLA's corporate culture, forms the basis for the business activities and is a prerequisite for sustained corporate success. At HELLA, the Corporate Compliance Office is responsible for the Group-wide compliance organisation and the compliance management system.

The Compliance Office manages global compliance activities, coordinates the Group-wide compliance organisation and develops the HELLA compliance system further. The Compliance Office is responsible, in particular, for the areas of antitrust law and anti-corruption as well as for the HELLA whistleblower system "tellUS!" and – together with other specialist functions such as Group Internal Audit and Group Security – for dealing with reports of possible misconduct at HELLA. The Compliance Office reports biannually to the Management Board and the Audit Committee of the Supervisory Board and as needed on an ad hoc basis. The Head of the Compliance Office reports to the Head of Legal & Compliance, who in turn reports to the Chairman of the Management Board. Local compliance officers are assigned to the Compliance Office. For the other compliance topics occupational safety and environmental protection (EHS), occupational and social standards (HR Compliance), fraud prevention, data protection, export control/customs, information security, anti-money laundering, capital market law, product integrity, accounting, taxes and safety management, there are

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

specialist functions in the HELLA Group as which act as “central compliance divisions”, performing these tasks in a proper and independent fashion with the support of the Compliance Office. The compliance organisation is complemented by local compliance officers / representatives who are responsible for compliance activities in day-to-day business at the individual companies.

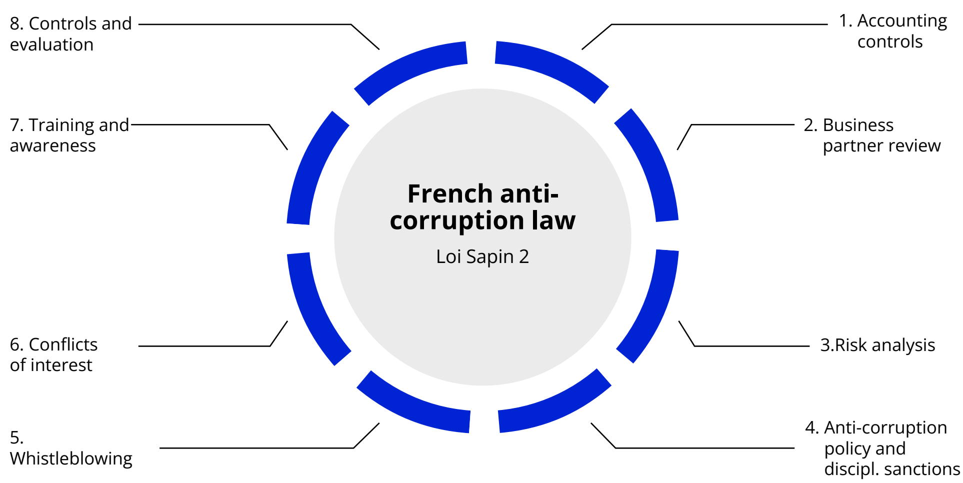
In addition to the basic elements of compliance organisation, objectives, culture and communication, the HELLA compliance system – based on the IDW auditing standard 980 – includes, above all, the elements of the compliance programme, which must be developed and further developed for each of the aforementioned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

Through (i) virtual and face-to-face events, eLearning and other training formats, (ii) guidelines, process instructions and other documents, (iii) newsletters and other publications and (iv) advice in day-to-day business, employees worldwide are familiarised with the respective legal and internal company regulations, including the HELLA Code of Conduct, and encouraged to behave in a compliant manner. These measures are key preventative components of continuous compliance management.

In the past fiscal year 2023, the Compliance Office's activities focused on the further development of the anti-corruption programme. This is also due to the requirements of the French anti-corruption law Sapin 2, to which HELLA is subject as a result of the acquisition of the majority stake by FORVIA (previously: Faurecia) and the consideration of the effective anti-corruption measures implemented at FORVIA. As part of the action plan drawn up in 2022, the following implementation measures, in particular, were carried out in the reporting period with a view to an effective anti-corruption programme:

- The Group guidelines Anti-Corruption, Gifts & Invitations, Donations & Sponsoring, Anti-Corruption Accounting Controls adopted by the Management Board in December 2022 deepened and expanded existing guidelines and were communicated throughout the Group and anchored in the organisation.
- As part of the anti-corruption-related “accounting controls”, HELLA introduced quarterly Group-wide audits of postings to certain accounts (including sales agent commissions, donations and sponsoring, gifts and invitations) and payments to recipients (suppliers) with bank accounts in sensitive countries during the reporting period.
- With the adoption of the Group guideline on conflicts of interest by the Management Board at the end of the fiscal year, HELLA has specified and deepened existing rules and established a procedure for the declaration of conflicts of interest by employees and for the review of declarations by the compliance organisation Group wide.

Loi Sapin 2



- At the end of the last fiscal year, the Management Board also adopted a Group whistleblowing policy, which formalises and supplements existing regulations on the speak-up culture as a whole and on reporting serious compliance violations via the web-based whistleblowing channel tellUS! The requirements of the EU Whistleblowing Directive and the German Whistleblower Protection Act as well as the German Supply Chain Due Diligence Act were taken into account.

- Finally, a new anti-corruption e-learning programme was created and was rolled out across the Group from December 2023. Participation in this e-learning course – as with all compliance e-learning courses – is mandatory for all relevant HELLA employees.

In the current fiscal year 2024, the intensive work and action plan to implement a robust and effective anti-corruption programme will continue, with the ongoing support and "tone from the top" of the Management Board and the involvement of second and third level controls.

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

The Management Board of HELLA GmbH & Co. KGaA has set a target for the proportion of women at the first management level below the Management Board of 7.0% for the German Group companies for the period from 1 July 2022. For the second management level below the Management Board, the new target level was set at 10%. It was decided that both targets were to be reached by 30 June 2027. No further determinations by the Supervisory Board pursuant to Section 111 (5) sentence 8 AktG have been made for reasons specific to the Company's legal form. In contrast to a stock corporation, the Supervisory Board of a KGaA does not have the authority to decide on the composition of the Management Board. The minimum shareholding requirement pursuant to Section 76 (3a) AktG for the Management Board of a stock corporation is also not applicable to the Management Board of HELLA GmbH & Co. KGaA for reasons specific to its legal form. In accordance with the diversity concept, however, HELLA pursues appropriate representation of both genders as a goal for the Management Board and has currently fulfilled the requirement of Section 76 (3a) AktG after Stefanie Rheker joined the Management Board on 1 March 2024.

Irrespective of the legally prescribed targets for the proportion of women in management positions at its German companies, HELLA has set itself the goal of increasing the proportion of women in the HELLA Group worldwide: The Management Board is aiming to achieve a 27% share of women among managers and professionals by 2027.

The composition of the Supervisory Board is governed by the mandatory requirement of Section 96 (2) AktG which specifies that at least 30% of its members must be women and at least 30% must be men. This requirement is met. Currently, seven of the 16 Supervisory Board members (and four of the eight shareholder representatives) are women, which corresponds to a quota of 43.75%. So far, neither the shareholder representative side nor the employee representative side has objected to the overall fulfilment of the quota requirement.

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

The General Partner as well as the Shareholder Committee and Supervisory Board of HELLA GmbH & Co. KGaA publishes an annual declaration in accordance with Section 161 AktG confirming conformity to the recommendations of the "Government Commission for the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official part of the Federal Gazette ("Bundesanzeiger") and discloses any recommendations which are or have not been conformed to, stating the reasons for this. The following declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued by the Management Board of the Company on 29 February 2024 and made available on the Company's website:

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

The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA (hereinafter referred to as "Company" or "HELLA") declare, pursuant to Section 161 AktG, that since the last time this declaration was made on 07 March 2023, and except for the deviations set out below, the Company has complied, and intends to comply in the future, with the recommendations of the German Corporate Governance Code ("GCGC", Deutscher Corporate Governance Kodex), as amended on 28 April 2022, taking into account the special features of its legal form described below.

I. Special features of the legal form

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

1. Management Board

Unlike a stock corporation, which is managed by the board of directors (Vorstand), a KGaA is managed by its general partners. Their appointment and dismissal is not a responsibility of the Supervisory Board; instead it is a task of the General Meeting. The Company has one General Partner, HELLA Geschäftsführungsgesellschaft mbH which has its registered office in Lippstadt, and is represented by its managing directors (Geschäftsführer) Bernard Schäferbarthold (President and CEO), Yves Andres, Stefan van Dalen and Jörg Weisgerber.[1] In contrast to the board of directors of a stock corporation, the managing directors of HELLA Geschäftsführungsgesellschaft mbH are appointed for an indefinite period of time. The shares in HELLA Geschäftsführungsgesellschaft mbH are held by the Company. The associated shareholder rights are exercised by the Shareholder Committee.

2. Shareholder Committee

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

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

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

3. Supervisory Board

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

4. General Meeting

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

[1] In addition, Stefanie Rheker and Philippe Vienney will join the HELLA Management Board per March 1, 2024.

General Meeting of HELLA GmbH & Co. KGaA adopts resolutions on the approval of the annual financial statements by law.

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

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

1. Period since submission of the last declaration of conformity on 07 March 2023
In the period since the last submission of the declaration of conformity on 07 March 2023, the following recommendations of the German Corporate Governance Code were not complied with. The deviation listed under letter b) has already been disclosed and explained in an update to the declaration of conformity on 26 January 2024.

a) Deviating from recommendation A.3 GCGC, the internal control system and the risk management system initially covered sustainability-related targets only to the extent required by law. The Company has therefore further developed the internal control system and the risk management system in the period since the last since the last submission of the declaration of conformity on 07 March 2023 in order to comply with recommendation A.3 GCGC.

b) Deviating from recommendation G.7 sentence 1 GCGC, the Shareholder Committee did not set the performance criteria for the variable remuneration for the fiscal year 2024 prior to its beginning. The details of the calculation of the new targets, which are to be applied to the short-term variable remuneration (STI) for the first time in the fiscal year 2024, have resulted in an increased need for coordination.

c) The Shareholder Committee subsequently adjusted the assessment basis for the STI for the fiscal year 2023 for extraordinary effects (missing earnings contribution from the Behr-HELLA Thermocontrol (BHTC) joint venture, delayed tax refund following a Federal Fiscal Court ruling on the deductibility of foreign withholding tax, and factoring effects). Out of an abundance of caution, this adjustment was assessed as a deviation from recommendation G.8 GCGC. It was necessary because otherwise the management's contribution to the Company's success in the fiscal year 2023 would not have been adequately reflected in the STI.

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

2. Forward-looking part
The General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA intend not to comply with the recommendation of the GCGC mentioned above under No. 1 letter d) in the future for the reasons stated above.

III. Proprietary transactions of management

In accordance with Article 19 of the EU Market Abuse Regulation persons who complete management tasks at HELLA GmbH & Co. KGaA or who have a close relationship to these persons must disclose reportable transactions with shares or debt instruments of HELLA GmbH & Co. KGaA or the associated derivatives or other financial instruments after a total volume of €20,000 has been reached within one calendar year. The Company publishes the transactions reported to it that require publication on the website **www.hella.com/directorsdealings**. In the past fiscal year, it was not notified of any transactions that require disclosure.

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

In the fiscal year 2023, HELLA GmbH & Co. KGaA was a dependent company of FORVIA S.E. in the period from 01 January 2023 to 31 December 2023, as defined in Section 312 AktG. The Management Board of the General Partner of HELLA GmbH & Co. KGaA has therefore prepared a management report on relations with affiliated companies pursuant to Section 312 (1) AktG, which contains the following final declaration:

“We declare that, in respect of the legal transactions and measures listed in the report on relations with affiliated companies from 1 January 2023 to 31 December 2023, the Company received appropriate consideration for each legal transaction, according to the circumstances known to us at the time the legal transactions were carried out or measures were taken or refrained from. If the Company suffered a disadvantage, it was granted a legal claim to an adequate benefit as compensation before the expiry of the fiscal year on 31 December 2023. The company has not suffered a disadvantage by the fact that measures were taken or refrained from.”

Non-financial report
of HELLA GmbH & Co. KGaA

Sustainable business activities that protect resources, the environment and health are a central challenge of this time and at the same time a driver of innovation in the automotive industry. The shift towards low-emission and zero-emission mobility is setting new standards and placing new demands on entrepreneurial action. For HELLA, this results in a wide range of economic opportunities and risks. To counteract these risks, the industry is taking on the challenge of gradually moving towards a climate-friendly circular economy. Responsible, fair and environmentally conscious action is therefore increasingly the focus of HELLA's operations.

About the non-financial report

In the non-financial report, HELLA reports annually on significant developments relating to the Company's sustainability performance. In the following Chapter, HELLA publishes a separate combined non-financial report in accordance with Section 315c in conjunction with 289c through 289e of the German Commercial Code (Handelsgesetzbuch – HGB). This report contains non-financial information that is material to and necessary to understand HELLA GmbH & Co. KGaA's development, performance and current position as well as the impacts of its operations. HELLA focuses its reporting on aspects that are based on the definition of materiality and the content requirements of the German Commercial Code. The non-financial report contains a section with the disclosures to be made in accordance with the EU Taxonomy Regulation (EU 2020/852 Art. 8 in conjunction with Art. 10 (2) of the Delegated Regulation 2021/2178). In this reporting period, HELLA is reporting in reference to the methodology of the Greenhouse Gas Protocol (GHG). In July 2023, the delegated act on Set 1 of the European Sustainability Reporting Standards (ESRS) was adopted by the European Commission. HELLA will report in accordance with these requirements from the coming reporting period.

The reporting period is the HELLA fiscal year 2023 from 1 January to 31 December 2023. The fiscal year rhythm has been harmonised with the calendar year as of 1 January 2023. Where possible, comparative values from prior years are also given for KPIs on a calendar year basis.

Reference framework and audit report

Unless stated otherwise, the information relates to the HELLA Group (hereinafter referred to as "HELLA") as well as the parent company HELLA GmbH & Co KGaA. Joint ventures are excluded. The financially fully consolidated subsidiaries Docter Optics and HELLA Gutmann Solutions were largely integrated into the non-financial reporting in this reporting period. Mazars GmbH & Co. KG audit firm conducted a voluntary audit of the non-financial report in accordance with ISAE 3000 (Revised) and IDW EPS 991 for limited assurance purposes.

Business model

The HELLA Group is a listed, internationally positioned automotive supplier of the FORVIA Group. The Company stands for high-performance lighting technology and vehicle electronics. At the same time, HELLA covers a broad service and product portfolio for the spare parts and workshop business as well as for manufacturers of special-purpose vehicles and small-volume manufacturers. HELLA has 37,773 employees (as of the balance sheet date of 31 December 2023) at more than 125 locations worldwide and generated currency and portfolio-adjusted sales of €8.1 billion in the fiscal year 2023 (1 January to 31 December 2023) (reported: €8.0 billion). HELLA is organised into three business groups: Lighting, Electronics and Lifecycle Solutions. In the **Lighting business group**, HELLA offers the complete range of lighting technology products and systems. In the **Electronics business group**, HELLA focusses on selected product fields that contribute to making mobility safer, more efficient and more comfortable. The **Lifecycle Solutions business group** consists of the three divisions Independent Aftermarket, Workshop Solutions and Special Original Equipment. HELLA is a partner for spare parts dealers and independent workshops in the Independent Aftermarket division. The Workshop Solutions division's offering includes vehicle diagnostics, emissions testing, battery testing, light adjustment, and calibration, as well as service and data-based services. In the Special Original Equipment division, HELLA develops, manufactures and distributes lighting and electronic products for special-purpose vehicles such as construction and agricultural machinery, buses and motor homes, as well as for the marine sector.

Further notes on the business model, the business groups, the corporate structure and the corporate strategy can be found in the "General information" section of the Group management report.

Sustainability management at HELLA

In order to operate responsibly and sustainably, HELLA considers not only the financial aspects but also the environmental, social and governance (ESG) impact of its business activities. The aim is to effectively anchor sustainability into the processes as a central aspect of HELLA's operations and thus into the Company's day-to-day business and to manage it effectively.

To this end, HELLA's Management Board determines the sustainability strategy, defines objectives in consultation with the respective departments and prioritises the resulting activities. Within the Management Board, the Chief Financial Officer is responsible for sustainability. He chairs the Sustainability Council, a cross-functional steering body. The Council ensures an intense, Company-wide exchange on a bi-weekly basis, in which key sustainability issues and trends as well as different stakeholder interests are identified, discussed and evaluated. This systematic consideration of non-financial issues makes it possible to identify opportunities and risks for business development at an early stage. In addition, the Council coordinates and monitors central projects for implementing the sustainability strategy. Progress is regularly reported to the Management Board. In the Council, various corporate functions from all business divisions and core projects are involved. The Sustainability Office organises the Council and actively steers sustainability projects. The Sustainability Office reports to the Chief Executive Officer, who is closely involved in sustainability activities.

Responsibility for and implementation of the sustainability goals lies with the respective business divisions and corporate functions. Key management elements such as a global network of HR managers and environmental, health & safety managers have been implemented at all HELLA locations. The reporting period was characterised in particular by the detailing of measures to achieve the climate targets as well as efforts to anchor sustainability criteria in purchasing and effectively expand the corresponding due diligence obligations, among other things with regard to the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG). The technical experts at HELLA and the parent company FORVIA SE maintain an intensive dialogue on sustainability activities. In this way, employees from both companies network with each other on sustainability matters to harmonise management systems and objectives in the medium term and to exchange best practices. One milestone on this path, for example, consists of the environmental and energy management and occupational safety guidelines adopted during the reporting period in the joint FORVIA Excellence System (FES), a tool for managing operational excellence.

Material sustainability issues

HELLA identifies material sustainability aspects for setting targeted priorities in its sustainability management. In the reporting period, HELLA carried out a new materiality analysis in accordance with the German Commercial Code in close cooperation with the parent company FORVIA and evaluated sustainability aspects from internal and external sources. The update was carried out on the basis of the increasing knowledge gained about the material effects of sustainability issues along the value chain and taking into account the thematic requirements of the future EU Corporate Sustainability Reporting Directive (CSRD). In the analysis, those responsible for the topics also represented the views of internal and external stakeholders such as employees, customers, investors, suppliers and local communities. As the main shareholder, FORVIA was directly involved in the evaluation of the key issues by subject experts. In the reporting period, the Sustainability Council and the HELLA Management Board confirmed the updated materiality analysis. HELLA has identified the following reportable topics for fiscal year 2023:

Matters in accordance with German Commercial Code (Handelsgesetzbuch – HGB)	Material non-financial HELLA topics
Environmental matters	■ Climate change ■ Circular economy
Social matters	■ Personal safety of end users
Employee matters	■ Health and safety – Own workforce ■ Health and safety – Workers in the value chain ■ Working Conditions – Own workforce ■ Diversity and inclusion ■ Employee development, talent acquisition and employee retention
Respect for human rights	■ Other work-related rights – Own workforce ■ Other work-related rights – Workers in the value chain
Combating corruption and bribery	■ Business Conduct – Compliance incl. corruption and bribery

The topics of Circular economy and Diversity and inclusion were newly categorised as material report topics. The previously reportable topic of Product innovations is included in the disclosures on the EU Taxonomy Regulation. The topic of Energy management and emissions has been renamed Climate change, and Product safety has been renamed Personal safety of end users. The previous topic of Social standards in the supply chain is now presented in the topics Other work-related rights –Workers in the value chain and Health and safety – Workers in the value chain. The disclosures on the topics of Employer attractiveness and Employee promotion and development are listed in 2023 under the topics of Employee development, talent acquisition and employee retention, Working conditions – Own workforce and Other work-related rights at HELLA.

HELLA also includes the environmental matters of water, waste and pollution, the employee matters of working conditions - workers in the value chain and the social matter of community invovement and corporate culture and management of relationships with suppliers in the report as voluntary disclosures. They are also audited as described above. They are labelled accordingly in the text.

Opportunity and risk assessment

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

EU taxonomy

The EU taxonomy is used to determine sustainable economic activities and aims to channel capital flows into them. This is intended to support the EU Green Deal, the EU environmental objectives and the Paris Climate Agreement.

Pursuant to the EU Regulation 2020/852 of 18 June 2020 (known as the “Taxonomy Regulation”) and the Delegated Act on the EU Climate Taxonomy 2021/2139 of 4 June 2021 and its amendments by Regulation 2023/2485 of 27 June 2023 and the supplement by EU Delegated Act 2023/2486 of 27 June 2023, which set out the conditions under which economic activities can be considered as substantially contributributing to the EU environmental objectives, HELLA is required to disclose the share of its turnover, capital expenditure and certain operating expenses for the fiscal year 2023 that result from economic activities that are considered eligible and aligned in terms of the six EU objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protecting and restoring biodiversity and ecosystems

An economic activity is taxonomy-eligible if it is part of the activities described in the Delegated Acts to the Taxonomy Regulation, corresponding to the activities identified by the EU as likely to substantially contribute to one of the six environmental objectives.

A taxonomy-eligible activity is taxonomy-aligned if it meets the following three criteria:

- It substantially contributes to one or more environmental objectives by meeting the technical screening criteria detailed in the Delegated Acts to the Taxonomy Regulation.

- It does not cause any significant harm to the other environmental objectives by meeting the "Do No Significant Harm" criteria described in the Delegated Acts to the Taxonomy Regulation.

- It is carried out in compliance with minimum safeguards and complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Taxonomy-eligible business activities

To prepare the required disclosures, HELLA has identified the relevant business activities for the financially consolidated companies throughout the Group that are classified as sustainable in accordance with the EU Taxonomy Regulation, the Delegated Acts and EU Commission's published statement on frequently asked questions. To this end, HELLA has carried out a central assessment of the entire product portfolio as well as capital expenditure and operating expenses using standardised interviews and templates. The valuation was carried out in close consultation with the parent company FORVIA. This interdisciplinary analysis led to the identification of the following taxonomy-eligible economic activities for 2023:

- Climate change mitigation Activity 3.4 Manufacture of batteries: HELLA manufactures components for battery systems, such as battery management systems, intelligent battery sensors and voltage converters.

- Climate change mitigation Activity 3.18 Manufacture of automotive and mobility components: The recent amendment to the Climate Change Delegated Act introduces this new category into the taxonomy. The disclosures under 3.18 are stated for the first time for this reporting period.

- Climate change adaptation activity 7.7 Acquisition and ownership of buildings: HELLA invests in the construction of new buildings. This information is being reported for the first time in 2023.

Given the essential role of automotive suppliers in achieving automotive manufactures' climate targets, HELLA considers that its business activities linked to plug-in hybrid vehicles with emissions below 50gr CO_2/km should also be taken into cosideration under the Climate change mitigation activity 3.3 Manufacture of low-carbon vehicles. However, to comply with the legal provisions of the taxonomy, HELLA presents the results without activity 3.3 and publishes a separate set of KPIs that states what the KPIs would look like if this activity were included.

- Climate change mitigation activity 3.3 Manufacture of low-carbon technologies for transport: HELLA takes into account its business activities with products for hybrid vehicles (<50gr CO_2/km). These vehicles are designed and produced as part of a joint effort between car manufacturers and component suppliers. Whereas manufacturers translate the consumer preferences into specifications for the design and assembly of vehicles, HELLA supplies the technologies and components that meet these parameters. HELLA researches, designs and produces systems (including lighting technologies and electronics) that are part of low carbon vehicles. These systems are inseparable from hybrid vehicles and their environmental performance.

HELLA has not identified any taxonomy-eligible economic activities among the activities newly included in the taxonomy in 2023 for the environmental objectives Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and restoration of biodiversity and ecosystems. HELLA has conducted a detailed review of the activities 1.2 Manufacture of electrical and electronic equipment and 5.2 Spare parts, both noted under the objective of transition to a circular economy. These activities contain no reference to business activities in the transport sector, neither in the description of the activities nor in the technical screening criteria. Accordingly, HELLA is not reporting any taxonomy-eligible activities for these environmental objectives.

Taxonomy-aligned business activities

Substantial contribution

100% of HELLA's sales and opex-related taxonomy-eligible business activities meet the substantial contribution criteria.

97% of HELLA's capex-related taxonomy-eligible business activities meet the substantial contribution criteria.

- Activity 3.4 Manufacture of batteries: The criteria for substantial contribution concern the production of battery components that substantially reduce greenhouse gas emissions. The battery components manufactured by HELLA make a substantial contribution to reducing greenhouse gas emissions in the automotive sector, for example by providing start-stop functionalities and recuperation for internal combustion engine vehicles, and by enabling the use of high-voltage battery systems for hybrid and electric vehicles;

- Activity 3.18 Manufacture of automotive and mobility components: HELLA considers that 100% of its taxonomy-eligible business activities meet the criteria of a substantial contribution. HELLA develops and manufactures components for zero-emission vehicles that are essential for delivering and improving the vehicles' environmental performance.

- Activity 3.3 Manufacture of low-carbon technologies for transport: In line with the analysis performed on eligibility, HELLA considers its components in the service of hybrid vehicles to meet the substantial contribution criteria.

- Activity 7.7 Acquisition and ownership of buildings, HELLA's capital expenditure does not meet the substantial contribution criteria.

Do No Significant Harm (DNSH) criteria

Preliminary note: All DNSH criteria were evaluated at the HELLA level. HELLA has not assessed the DNSH criteria at the level of the car manufacturers.

Climate change Adaptation

Together with HELLA, FORVIA has analysed the exposure and vulnerability of its business activities to physical climate risks under two global warming scenarios (IPCC scenarios SSP2 4.5 and SSP5 8.5) with the future time horizons 2030 and 2050. Together with the parent company FORVIA, HELLA is developing action plans to mitigate the risks that have been identified as the most significant for HELLA's production sites. HELLA aims to closely monitor the implementation of the corresponding action plans over the coming years.

100% of the taxonomy-eligible HELLA business activities that meet the substantial contribution criteria meet these DNSH criteria.

Sustainable use and protection of water and marine resources

HELLA carried out a risk analysis for its production sites to identify risks relating to maintaining water quality and avoiding water stress. Local action plans were drawn up in accordance with the existing environmental management system to cover risks that were categorised as material. The risk-based approach is part of the HELLA environmental management system and is subject to operational control and monitoring of the various regulatory obligations.

100% of the taxonomy-eligible HELLA business activities that meet the substantial contribution criteria meet these DNSH criteria.

Transition to a circular economy

The handling of waste is managed at all production sites worldwide and the waste recycling rate is monitored. Information about and the traceability of substances of concern in the manufactured products are managed via the International Material Data System (IMDS), which covers the entire product life cycle. HELLA also takes aspects of circularity into account during product development. The products are designed according to customer-specific requirements and taking into account the requirements of EU Directive 2000/53/EC on end-of-life vehicles. One example: The use of secondary materials is considered on a project-specific basis during the development process, as is the potential for resource efficiency or lightweight construction. As part of its strategic research activities, HELLA is investigating how the contribution of products to the circular economy can be further expanded.

100% of the taxonomy-eligible HELLA business activities that meet the substantial contribution criteria meet these DNSH criteria.

Prevention and reduction of environmental pollution

HELLA manages hazardous substances along the entire value chain, from suppliers to manufacturing customers, via the automotive industry's data recording system (International Management Data System). At the production sites, HELLA processes require an assessment of the substances used that are carcinogenic, mutagenic or toxic to reproduction. For this reason, material safety data sheets (MSDS) are analysed and included and validated in internal databases. In this way, HELLA ensures compliance with the REACH Regulation (EC) 1907/2006. Before validating all chemicals used, HELLA assesses whether the use of the substances complies with the regulations. Some of the substances of very high concern (SVHC) that are considered essential for their intended uses are still be used in HELLA's processes in 2023. HELLA continuously examines the possibility of replacing such substances. In any case, HELLA ensures adapted health and safety conditions in the handling of these substances to protect people and the environment and to reduce the risk when using them.

100% of the taxonomy-eligible HELLA business activities that meet the substantial contribution criteria meet these DNSH criteria.

Protecting and restoring biodiversity and ecosystems

HELLA has identified the production sites in the vicinity of a key biodiversity areas. The management of potential impacts on biodiversity is addressed by the principles described in the FORVIA Green Factory Whitebook, including the required environmental impact assessments for new construction sites. The FORVIA Group, supported by HELLA, has committed itself to the Act4Nature initiative to minimise the impact on biodiversity and contribute to the preservation of ecosystems. Accordingly, knowledge about ecosystems and the protection of biodiversity in the vicinity of the sites is communicated and local improvement measures are taken to reduce the impact on site.

100% of the taxonomy-eligible HELLA business activities that meet the substantial contribution criteria meet these DNSH criteria.

Minimum safeguards

HELLA complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Convention on Human Rights.

Human rights due diligence obligations

HELLA respects the international commitments and principles relating to human rights and labour standards. Processes have been put in place to ensure that appropriate due diligence is carried out. The HELLA Human Rights Policy, which has been rolled out, sets out expectations for the Company's stakeholders with regard to the implementation of their due diligence obligations. Following a risk-based approach, human rights risks are analysed and prioritised, and preventive measures are taken to avoid violations. Any significant violation is reported to the Management Board and remedial action is taken as appropriate.

Anti-corruption
HELLA's commitment to combating corruption is embedded in the Code of Conduct and the compliance guidelines. HELLA is subject to various anti-corruption laws and has introduced an internal programme to comply with these laws.

Taxation
HELLA endeavours to comply with tax law in the countries in which the Company is operating. The tax guideline complies with OECD guidelines, and realated tax risks are monitored by the Legal, Tax and Finance departments.

Fair competition
HELLA is committed to fostering a fair competitive environment with partners and competitors. To this end, a comprehensive antitrust risk management programme has been developed to raise awareness among internal stakeholders and offer preventative training activities.

Science, technology and innovation
HELLA promotes transparent collaboration on science, technology and innovation and recognises the need to ensure that scientific and technological developments have a positive impact on society and the environment.

Legal monitoring
HELLA monitors legal developments at Group and business division level and proactively identifies potential risks. The anonymous whistleblowing system "tellUs" is available to all stakeholders.

HELLA EU taxonomy KPIs: Sales, investments and operating expenses FY 2023

Key performance indicator	Taxonomy-eligible	Taxonomy-non-eligible	Taxonomy-aligend	Not taxonomy-aligned
Sales	21.6%	78.4%	21.6%	78.4%
Capital expenditure (CapEx)	21.1%	78.9%	20.5%	79.5%
Operating expenses (OpEx)	16.2%	83.8%	16.2%	83.8%

HELLA EU taxonomy KPIs: Sales, investments and operating expenses FY 2023 (incl. activity 3.3)

Key performance indicator	Taxonomy-eligible	Taxonomy-non-eligible	Taxonomy-aligend	Not taxonomy-aligned
Sales	25.4%	74.6%	25.4%	74.6%
Capital expenditure (CapEx)	23.5%	76.5%	22.9%	77.1%
Operating expenses (OpEx)	18.4%	81.6%	18.4%	81.6%

Specifications for the collection of taxonomy key performance indicators

The denominators of the KPIs were determined in accordance with the definition of the Delegated Act of 6 July 2021 and its annexes supplementing the EU Taxonomy Regulation. The underlying financial information was reviewed jointly by the finance and project management teams to ensure consistency and reconciliation with the annual financial statements. They are presented after elimination of reciprocal transactions and comprise the entire scope of consolidation of the Group (excluding companies consolidated using the equity method). In order to avoid double counting of various economic activities, HELLA has set up a successive process and carried out control activities. Sales, operating expenses and investments are identified at the division level and not at the site level so as to take consolidation effects into account.

Turnover

HELLA determines the relevant sales on the basis of the analysed products. Total sales, which are used as the denominator for calculating the taxonomy disclosures, amount as at 31 December 2023 to €7.95 billion and correspond to the total sales reported in the Company's consolidated financial statements. The numerator is made up of the sales allocated to climate protection activities 3.4 (€473.6 million) and 3.18 (€1,245.8 million). Taking activity 3.3 into account, a further €304.3 million is included in the numerator.

Capital expenditure (CapEx) and operating expenses (OpEx)

Investments and operating expenses are disclosed taking into account materiality thresholds. Economic activities that account for more than 0.5% of total taxonomy-relevant investments and operating expenses were assessed qualitatively in terms of their significance for HELLA. Costs that were classified as immaterial were not recognised as taxonomy-eligible and are therefore not reported further. This applies primarily to investments and operating expenses in connection with activities 7.2. Renovation of existing buildings, 7.3. Installation, maintenance and repair of energy-efficient appliances, 7.4. Installation, maintenance and repair of charging stations for electric vehicles, 7.5. Installation, maintenance and repair of instruments and equipment for measuring, regulating and controlling the system performance of buildings and 7.6. Installation, maintenance and repair of renewable energy technologies.

As at 31 December 2023, the investments used as the denominator for calculating the taxonomy figures amounted to €686.7 million, corresponding to the additions to property, plant and equipment and intangible assets over the period, including capitalised development costs and additions in connection with business combinations. The figures can be reconciled with the figures presented in the consolidated financial statements and with the figures presented in the consolidated cash flow statement (sections 30 Intangible assets and 31 Property, plant and equipment).

Investments in connection with taxonomy-eligible and taxonomy-compliant sales were also categorised as taxonomy-eligible and taxonomy-aligned, with the numerator amounting to €140.8 million (€157.5 million including activity 3.3.). HELLA also reports investments in the acquisition and ownership of buildings (climate change activity 7.7) that are above the materiality threshold.

Operating expenses, which are used as the denominator for calculating the taxonomy disclosures, amounted to €964.3 million as at 31 December 2023 and correspond to direct, non-capitalised costs from non-capitalised research and development activities, building renovation measures, short-term leases and other expenses in connection with the day-to-day maintenance of assets or property, plant and equipment. For the numerator, operating expenses related to taxonomy-eligible and compliant sales were also categorised as taxonomy-eligible and compliant and estimated based on the ratio of sales KPIs. They include expenses for research and development, maintenance, servicing and repair of facilities and assets, building renovation measures and all other expenses for the day-to-day maintenance of assets. The total was €156.7 million (€177.5 million including activity 3.3).

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

Share of sales associated with taxonomy-aligned business activities

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	**Code (2)**	**Turnover (3)**	**Portion of turnover, 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) turnover, 2022 (18)***	**Category enabling activity (19)**	**Category transitional activity (20)**
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	473.6	6.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	1,245.8	15.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**1,719.4**	**21.6%**	21.6%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		1,719.4	21.6%	21.6%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**0**	**0.0%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**1,719.4**	**21.6%**	21.6%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy non-eligibile activities (B)		6,234.7	78.4%																
Total		**7,954.1**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

Share of sales associated with taxonomy-aligned business activities
(incl. voluntary information on climate change mitigation activity 3.3.)

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute turnover (3)	Portion of turnover, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) turnover, 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	473.6	6.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	1,245.8	15.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of low carbon technologies for transport	CCM 3.3	304.3	3.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,023.7**	**25.4%**	25.4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		2,023.7	25.4%	25.4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**0**	**0.0%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**2,023.7**	**25.4%**	25.4%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		5,930.5	74.6%																
Total		**7,954.1**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

CapEx share associated with taxonomy-aligned business activities

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	CapEx (3)	Portion of CapEx, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) CapEx, 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	66.9	9.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	74.0	10.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**140.8**	**20.5%**	20.5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		140.8	20.5%	20.5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	4.0	0.6%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**4.0**	**0.6%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**144.8**	**21.1%**	21.1%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		541.9	78.9%																
Total		**686.7**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

Share of CapEx associated with taxonomy-aligned business activities (incl. activity 3.3.)

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	CapEx (3)	Portion of CapEx, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) CapEx, 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	66.9	9.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	74.0	10.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of low carbon technologies for transport	CCM 3.3	16.7	2.4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**157.5**	**22.9%**	22.9%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		157.5	22.9%	22.9%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	4.0	0.6%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**4.0**	**0.6%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**161.5**	**23.5%**	23.5%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		525.2	76.5%																
Total		**686.7**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

OpEx share associated with taxonomy-aligned business activities

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	OpEx (3)	Portion of OpEx, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) OpEx, 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	37.1	3.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	119.6	12.4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**156.7**	**16.2%**	16.2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		156.7	16.2%	16.2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**0**	**0.0%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**156.7**	**16.2%**	16.2%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		807.6	83.8%																
Total		**964.3**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Reporting forms in accordance with the EU Taxonomy Regulation (EU-Tax-VO)

OpEx share associated with taxonomy-aligned business activities (incl. 3.3)

Fiscal year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	OpEx (3)	Portion of OpEx, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Portion of taxonomy-aligend (A.1.) or taxonomy-eligible (A.2.) OpEx, 2022 (18)*	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of batteries	CCM 3.4	37.1	3.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of automotive and mobility components	CCM 3.18	119.6	12.4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of low carbon technologies for transport	CCM 3.3	20.8	2.2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**177.5**	**18.4%**	18.4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		177.5	18.4%	18.4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0	0	0%	0%														T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**0**	**0.0%**	0%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**177.5**	**18.4%**	18.4%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		786.8	81.6%																
Total		**964.3**	**100.0%**																

** Prior-year figures are not comparable due to the change in the reporting period.*

Climate change

Strategy

Climate protection is a central field of action in the HELLA sustainability strategy, as climate change and the associated effects pose enormous challenges for people and the environment. HELLA is aware that its own business activities and activities in the value chain have an impact on the climate. By implementing its own climate protection strategy, the Company is contributing to decarbonising the economy and protecting the planet for future generations.

Management of impacts, risks and opportunities

Climate protection activities are coordinated by the cross-divisional Sustainability Council under the direction of the Corporate Sustainability Office. This is also where the continuous reduction of greenhouse gas emissions from business operations is tracked and current developments are regularly reported to the Management Board. Project teams, which are staffed internationally and cross-functionally as needed, develop packages of measures that are implemented on site by technical experts.

To manage Scope 1 and Scope 2 emissions, Real Estate Management records, consolidates and analyses Company-wide energy consumption and the resulting emissions. Specialists also manage the activities regarding the purchase and self-generation of renewable energies and the reduction of energy consumption.

Activities relating to emissions in the upstream and downstream value chain (Scope 3) are coordinated by the Sustainability Office with the involvement of the specialist departments. The emissions are calculated in cooperation with the consultancy Deloitte. The Sustainability Council monitors the progress of the relevant measures to ensure that the climate targets are realised.

Policies

The HELLA policy on environmental protection and health and safety (EHS Policy) addresses the protection of resources, the use of renewable energy and the reduction of greenhouse gas emissions. HELLA is also planning to roll out a dedicated climate protection policy in the coming reporting period. HELLA sets out climate protection requirements for business partners in the supply chain in the Code of Conduct for Suppliers and Service Providers and in the Quality Guideline, among other things.

Engagement with own workforce and workers' representatives

HELLA offers employees information on climate protection via various communication channels such as town hall meetings or intranet articles. The Sustainability Office is the point of contact for sustainability-related questions and suggestions. Feedback on the Company's sustainability performance is also obtained in the global employee survey. Interested employees can expand their knowledge of climate protection, contribute their ideas to the FORVIA climate protection network and exchange ideas with each other.

Actions on material impacts, risks and opportunities

Mitigating climate change

HELLA determines the carbon footprints of numerous innovation projects to identify reduction levers and pursue targeted product carbon savings together with suppliers and customers. In the reporting period, the Company was able to further increase transparency with regard to carbon emissions and, for example, obtain more primary data on materials from the supply chain and logistics. The Company pursues reduction measures in line with the three central approaches "Use less, Use Better, Use Longer". Corresponding action plans are part of the strategic planning process and are to be further expanded.

Use less

Reducing the carbon footprint starts with reducing the consumption of resources. HELLA promotes measures such as the lightweight construction of products and energy efficiency and thereby aims to reduce the use of materials and resources. Saving energy in manufacturing and thus also reducing emissions make a contribution to climate protection at HELLA. Against this background, the Company has intensified the “Think.Act.Save!” initiative for systematic energy saving. The initiative has created a network of specialists in manufacturing who identify and implement local energy saving measures. The measures are followed up via the Company-wide tool for improvement projects. This ensures timely and efficient implementation as well as effective scaling and dissemination of projects within the Company.

Use better

HELLA endeavours to supply energy from renewable sources. In the 2023 fiscal year, the Company further expanded its own renewable electricity generation. During the year, photovoltaic systems were commissioned at the production sites in Changchun, China, as well as in Hamm and Recklinghausen, Germany, and a ground-mounted system at the logistics centre in Erwitte is under construction. The expansion of the plant in Ghiroda, Romania, will also be equipped with solar energy and geothermal energy.

Sustainable procurement practices play a crucial role in the management of Scope 3 emissions. HELLA plans to reduce its carbon footprint, for example by increasing the use of secondary materials for products and the use of energy from renewable sources in the supply chain as well. Efficient logistics that take greenhouse gas emissions into account are also part of the action plans.

Use longer

HELLA conducts research and development to promote the recycling and reuse of products and materials as well as waste streams. By promoting longevity and the circular economy, the Company is helping to minimise the consumption of natural resources. Further notes is provided in the chapter on the circular economy.

Adaptation to climate change

HELLA analyses physical climate risks to prepare for the possible effects of climate change and take appropriate local measures. A comprehensive analysis enables potential risks to be better understood, making it possible to develop appropriate adaptation strategies. This can help to minimise physical damage, strengthen the resilience of infrastructures and mitigate long-term economic impacts. HELLA has analysed the physical climate risks at its production sites according to two IPCC scenarios (SSP2 4.5 and SSP5 8.5) for the time horizons 2030 and 2050. The Company has assessed the locations accordingly with regard to their exposure to two climate risks:

- Effects of acute climate risks, i.e. risks from natural events with destructive consequences such as floods, extreme storms, heavy rainfall, forest fires or heat waves.
- Impacts of chronic climate risks caused by long-term changes in the average and variability of climate patterns, such as higher temperatures or humidity or increasing water stress.

Against this background, HELLA is developing a short and medium-term action plan for adapting to climate change in cooperation with the parent company FORVIA, which is to be implemented in the functions and units as required. In the reporting period, HELLA already had an early warning system in place to monitor natural disasters and weather phenomena such as storms, floods, extreme temperatures, earthquakes and others for production sites to respond to natural events accordingly. Further local measures, for example in relation to heatwaves and occupational health and safety, are being implemented.

Targets and metrics

In 2021, HELLA's Management Board set the following climate targets for the Company and specified them in the reporting period.

- By 2025, HELLA aims to reduce carbon emissions at its own production, administration and development sites with an area of more than 900 square metres by 80% in absolute terms (Scope 1 & 2 in reference to the Greenhouse Gas Protocol (GHG)). Remaining, unavoidable carbon emissions are to be offset by certified climate protection projects.
- By no later than 2025, HELLA will exclusively source electricity from renewable sources worldwide (100%).
- By 2025, the Company will reduce the specific electricity intensity (kWh in relation to €1,000 of sales) in production by 20 percent (base year 2019).
- By 2030, HELLA aims to reduce carbon emissions (Scope 3.1–3.15 excluding Scope 3.11 use of sold products) in reference to the GHG by 38% compared to the base year 2019.
- HELLA is aiming for net zero emissions along the entire value chain by 2045 at the latest.

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

Compared to the prior fiscal year, carbon intensity in Scope 1 and Scope 2 was reduced, which is partly due to successful energy saving programmes as well as an increase in the share of electricity from renewable sources.

HELLA CO_2 emissions (Scope 1, 2 and 3)* in tonnes CO_2e

Fiscal/calendar year	2019	2022	2023	Target
Scope 1				
Scope 1 – direct emissions from owned or controlled sources	56,680	48,830	37,000	**2025: -80% vs. 2019 absolute** (0 emissions incl. compensation)
Scope 2				
Scope 2 – indirect emissions from the generation of purchased electricity, heat and steam	293,240	182,250	205,860	
Scope 3				
Scope 3.1 Purchased goods	1,766,420	**1,527,720**	**1,903,520**	**2030: -38% vs. 2019**
Scope 3.1 Purchased services	57,340	**76,700**	**99,750**	
Scope 3.2 Capital goods	224,770	**250,500**	**212,630**	
Scope 3.3 Fuel and energy-related activities	70,640	**66,310**	**53,460**	
Scope 3.4 Transport and distribution (upstream)	125,280	**167,310**	**142,780**	
Scope 3.5 Waste generated in production	13,890	**17,150**	**27,330**	
Scope 3.6 Business travel	10,810	**12,290**	**23,040**	
Scope 3.7 Employee commuting	53,690	**35,050**	**40,310**	
Scope 3.8 Leased assets	7,190	**6,770**	**8,200**	
Scope 3.9 Transport and distribution (downstream)	52,880	**62,610**	**66,330**	
Scope 3.10 Processing of products sold	191,110	**185,680**	**210,110**	
Scope 3.12 End-of Life treatment of sold products	246,610	**205,780**	**207,580**	
Scope 3.15 Investments	85,660	**41,010**	**21,480**	
Scope 3.11 Use of sold products	6,485,190	**6,554,770**	**6,876,230**	
Total emissions (Scope 1, 2 and 3)	**9,741,390**	**9,440,720**	**10,135,600**	

**Detailed information on the methodology used to calculate carbon emissions can be found in the annex to the non-financial report.*

Emissions along the value chain (Scope 3) account for 98% of HELLA's carbon footprint. They include, for example, emissions caused by purchased goods and services, transportation, during product use or at the end of a product's life.

In order to reduce Scope 2 emissions as a priority, HELLA is continuously working on reducing energy consumption and increasing the proportion of electricity from renewable energy sources. The Company's target is to supply 100% of its sites with electricity from renewable sources in 2025. For this purpose, a roadmap was developed that provides for a country-based, step-by-step conversion of energy procurement to electricity from renewable sources as well as self-generation. In the reporting period, 32 per cent of the purchased electricity demand was already covered by renewable energy.

Energy consumption at HELLA and proportion of electricity from renewable sources*

Fiscal/calendar year	2019	2022	2023
GWh (absolute)	900.6	816.0	785.4
% share of electricity from renewable sources	0	27%	32%

** Consideration of green electricity contracts with and without certificates, the Company's own solar power generation and energy attribute certificates. Consumption data from 1 November 2022 to 31 October 2023 available. Data for calendar years 2019 and 2022 recalculated and not audited due to change in HELLA reporting period.*

Energy intensity at HELLA*

Fiscal/calendar year	2019	2022	2023	Target 2025
Energy intensity (kWh/€1,000 product sales)	139.8	118.9	104.9	-20% vs. 2019

** Consumption data from 1 November 2022 to 31 October 2023 available. Data for calendar years 2019 and 2022 recalculated and not audited due to change in HELLA reporting period.*

CO_2 intensity Scope 1 und 2*

Fiscal/calendar year	2019	2022	2023	Target 2023
CO_2 intensity Scope 1 & 2 (CO_2e t/mil. € product sales)	54.3	33.7	32.4	-20% vs. 2019

** Consumption data from 1 November 2022 to 31 October 2023 available. Data for calendar years 2019 and 2022 recalculated and not audited due to change in HELLA reporting period.*

Environmental management

Strategy

HELLA endeavours to reduce its ecological footprint and make a positive contribution to protecting the planet. Both our own production activities and the actions of our partners in the value chain have an impact on the environment, for example by consuming resources, releasing emissions and generating waste. Another aspect is that HELLA and business partners along the value chain use materials that can have a negative impact on the environment and health if handled improperly. Key reporting topics in the area of environmental management therefore include:

- **Pollution**
  HELLA has introduced global guidelines for production processes and the responsible handling of chemical substances to significantly reduce the risk of unintentional release into the environment and thus prevent potential pollution of water, soil and air.

- **Water**
  Water as a global resource is becoming scarcer, but is crucial for the preservation of ecosystems and their biodiversity. HELLA records its own water withdrawal and has set out the aim of reducing the impact of production on water stress and maintaining local water quality in the EHS Policy.

- **Circular economy – waste**
  Systematic waste management that prioritises recycling over landfill is part of the environmental management system. HELLA production sites worldwide are implementing measures to reduce scrap and waste and are already using reusable packaging for a large part of their business with car manufacturers.

The management of pollution, water and waste as well as Group-wide requirements and processes are controlled by HELLA's central, regional and site-specific environmental management. Corresponding details are noted below. Further details on the focal points, actions, objectives and metrics can be found in the respective sub-chapters.

Management of impacts, risks and opportunities

HELLA minimises negative effects by complying with legal regulations and taking risk-based, preventive measures. To this end, the Company is establishing environmental management systems worldwide in accordance with the international standard ISO 14001 for its own production sites (excluding the subsidiary Docter Optics). Part of the ISO 14001-certified environmental management system is the identification of risks as well as the monitoring and continuous improvement of environmental performance. Accordingly, HELLA implements relevant site-specific measures to manage the key environmental aspects and impacts that lead to a reduction in resource consumption, waste generation and the ecological footprint.

At its own production sites, HELLA relies on a network of environmental, health protection and occupational safety officers, which is supplemented by regional and Group-wide functions. HELLA carries out regular environmental audits at its production sites, which take into account the interests of and obligations towards stakeholder groups such as employees, authorities, customers and local residents. The results and environmental performance are regularly reported to local management and the HELLA Management Board. Through Company-wide specifications and processes for product development, HELLA ensures global standards with regard to quality, product safety and environmental protection at an early stage. For example, the HELLA environmental standard stipulates that products are to be designed in a way that conserves resources, that waste and pollutants are to be avoided and that lightweight construction to be promoted. Further production specifications ensure waste-avoiding manufacturing. Best practices are shared in the international, Group-wide network of EHS managers. Regular internal and external audits check the site-specific implementation of the requirements.

HELLA is aware of the crucial role that business partners in the value chain, especially direct and sub-suppliers, play in reducing the environmental footprint and minimising negative impacts. Co-operation with suppliers in their commitment to environmental protection is therefore part of HELLA's sustainability efforts. Sustainable procurement practices include requirements for certified environmental management systems at suppliers, a valid sustainability assessment from the rating provider Ecovadis and efforts to reduce carbon emissions and reusable packaging.

Policies

As part of HELLA's environmental, health and safety policy, HELLA is committed to protecting employees and nature. It includes the following requirements:

- Compliance with legal regulations and other obligations and respect for the rights of people and nature
- Safe and healthy working conditions for employees and business partners
- Targets for the continuous improvement of environmental protection, health and safety
- Preventive approach to eliminating hazards and systematic risk analyses
- Commitment to the use of renewable energies and to continuous improvement in the consumption of water, the generation of waste and hazardous substances
- Involvement of stakeholders

The HELLA Code of Conduct for Suppliers and Service Providers and the Global Purchasing Terms and Conditions set out corresponding specifications on environmental requirements for business partners.

Engagement with own workforce and workers' representatives

HELLA involves its own employees, employee representatives and business partners such as suppliers and customers in its environmental, health and safety activities. In Germany, for example, HELLA works together with the environmental committee of the works council. The local environmental managers are the first point of contact for employees.

Actions on material impacts, risks and opportunities

In the reporting period, HELLA and its parent company FORVIA jointly defined environmental standards as part of the new FORVIA Excellence System (FES), which are to be rolled out gradually. The FES programme describes environmental standards as an integral part of operational excellence at FORVIA and sets out requirements for reducing the environmental footprint and for environmentally sound business practices. The introduction of these environmental standards as part of the Excellence Initiative sets internal requirements for ecological responsibility, while at the same time promoting efficiency, quality and innovation in operational processes.

Metrics and targets

HELLA production locations with certified environmental management system*

Fiscal year	2023
Share of production sites certified under ISO 14001	100%
Direct and indirect employees (as a %) at production sites which are covered by a certified environmental management system	100%

** Including sites where only the main production site is certified. KPI does not include Docter Optics' four production sites, three of which are ISO 14001 certified. Due to the short financial year 2022, the KPIs are not comparable with the previous reporting period.*

Pollution

Voluntary reporting information

Actions on material impacts, risks and opportunities

HELLA is aware of the potential impact of production processes and the chemicals used on the environment and health and has introduced strict guidelines for their responsible handling. This includes, among other things, the substitution of hazardous substances with environmentally friendly alternatives, where economically viable, to ensure compliance with international standards and regulations. The conscientious handling of hazardous substances extends throughout the supply chain and promotes transparency and responsibility. For example, HELLA uses the International Material Data System (IMDS), an instrument in the automotive industry that serves as a central platform for the management and exchange of information on the materials used. It helps the Company to monitor environmental regulations such as the REACH Regulation and to fulfil customer-specific requirements by declaring the material and chemical compositions of components and products along the entire value chain. The IMDS plays a crucial role in complying with regulations limiting the use of hazardous substances in vehicles and vehicle components. The comprehensive database creates transparency in the supply chain and supports the industry's endeavours towards greater sustainability.

HELLA utilises substances of very high concern (SVHC) in processes and products. As part of product development, the Company examines whether these can be replaced and defines specifications such as adapted health and safety conditions and the avoidance of environmental pollution during production. HELLA evaluates the use of carcinogenic, mutagenic or reprotoxic substances (CMR) in its own production processes. Material safety data sheets (MSDS) are analysed accordingly and specifications for the safe storage and handling of these substances are in place.

Waste

Voluntary reporting information

Actions on material impacts, risks and opportunities

Efficient waste management is a cornerstone of HELLA's environmental management. The Company has introduced programmes to reduce scrap and waste and promotes recycling initiatives and reusable packaging. This comprehensive approach is based on the principles of the circular economy and focuses on the reuse and recycling of materials to minimise waste.

Metrics and targets

HELLA aims to reduce waste intensity by nine per cent by the end of the fiscal year 2025 and by 13 per cent by 2027 compared to the base year 2019.

Waste at HELLA production sites* in tonnes

Fiscal/calendar year	2019	2022	2023
Waste generation (without one-time effects such as demolition waste) in tonnes	30,439	30,437	33,608
of which hazardous waste	n.s.	n.s.	1,844
of which non-hazardous waste	n.s.	n.s.	31,764
Waste intensity (waste tonnes/mil. € product sales)	4.7	4.4	4.5

** Waste data from 01/11/2022 to 31/10/2023 available. The new production site in Olomouc, Czech Republic, is not included in the KPI calculation as production was ramped up in 2023. Data for calendar years 2019 and 2022 recalculated and not audited due to change in HELLA reporting period.*

Water

Voluntary reporting information

Actions on material impacts, risks and opportunities

HELLA considers water-related risks at the production sites. To this end, the Company uses the World Resources Institute (WRI) Aqueduct Water Risk Atlas to analyse site-specific risks in connection with maintaining water quality and avoiding water stress. As part of the ISO 14001-certified environmental management system and local regulatory requirements for water use and disposal, significant effects of HELLA production on water quality and biodiversity are taken into account. HELLA implements targeted water-saving measures on site. These include the detection of leaks or regional planting, which generally does not require irrigation. Cooling circuits in production are closed or open circuit systems.

Promoting the responsible use of water among employees is a topic that will be increasingly promoted in future as part of the FORVIA Excellence System.

Metrics and targets

In the reporting period, HELLA production sites set themselves site-specific targets and tracked these locally. A Group-wide target is to be adopted in the coming 2024 reporting period.

Water withdrawal at HELLA production sites*

Fiscal/calendar year	2022	2023
Water withdrawal (from all sources for all purposes) at HELLA production sites in m^3	874,300	869,534

Water withdrawal intensity at HELLA production sites*

Fiscal/calendar year	2022	2023
Intensity of water consumption (water m^3/ mil. € product sales)	127	116

** Water data available from 1 November 2022 to 31 October 2023. The new production site in Olomouc, Czech Republic, is not included in the KPI calculation as production was ramped up in 2023. Data for calendar years 2019 and 2022 recalculated and not audited due to change in HELLA reporting period.*

Circular economy

Strategy

The circular economy harbours opportunities: The transition to a circular economy ensures the long-term availability of resources and is a key contributor to the reduction of carbon emissions along the value chain. The growing market demand for products that take aspects of the circular economy into account and, for example, increasingly use secondary materials, harbours growth opportunities and competitive advantages. HELLA's activities along the value chain have an impact on the transition to a circular economy. Core aspects at HELLA include product design for a circular economy, the use of secondary materials and waste-avoiding production.

Management of impacts, risks and opportunities

HELLA consistently aligns its own product range with market requirements and trends. This also includes aspects of the circular economy, and the Company intends to gradually expand its activities in this area over the coming years. As part of the annual strategic planning HELLA reviews the current strategic orientation of the individual business divisions or central functions and develops and decides on new strategic initiatives. The central Strategy department steers and moderates this process, which the business divisions and the members of the Management Board actively help to shape. The result is the HELLA technology roadmap, in which product developments are prioritised and budgeted. In this way, HELLA ensures that innovations are developed in line with market requirements. In the reporting period, HELLA also took into account strategic levers for reducing its carbon footprint and promoting the transformation to a circular economy as part of its strategic planning.

The respective business segments are responsible for the exact design of the products from the product idea to series production. To this end, the employees of the international HELLA development centres work closely with the customer-oriented product centres. This also ensures coordination and alignment with customer-specific requirements, for example regarding the service life of the products, the use of secondary materials or recyclability at the end of the product's life. The specialist departments support the product development projects with their respective expertise. The Management Board is informed about progress at regular meetings.

Policies

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

Actions on material impacts, risks and opportunities

Contributors to the promotion of the circular economy can be found in the HELLA product range, for example in the sale of spare parts. The Company plans to expand its focus on the circular economy and is investing accordingly in business activities and research and development activities.

Spare parts for vehicles

The automotive industry's spare parts business contributes to circularity. In its Lifecycle Solutions business group, HELLA develops, manufactures and sells, among other things, replacement vehicle parts for independent dealers and independent workshops, which are designed to extend the value and service life of a vehicle. The product range of the spare parts business for independent garages comprises more than 45,000 parts. In the Lighting and Electronics business divisions, HELLA produces spare parts for its own product portfolio in ongoing series production and post-series production, mainly within the framework of legal requirements for vehicle manufacturers. HELLA spare parts help to conserve resources and reduce the ecological footprint of the automotive industry.

Product design for a transition to a circular economy

Circular product design aims to extend the lifespan of products, enable them to be repaired and reused and to recycle or reutilise materials at the end of their life. HELLA is researching appropriate solutions and incorporating the findings into product development. In the reporting period, HELLA is working with partners in the value chain to investigate, for example, how headlamps can be designed and produced more sustainable. Accordingly, the NALYSES project considers the entire product life cycle, from the purchase of materials to possible repairs and recyclability. HELLA also researches and develops resource-saving product solutions that make mechanical components redundant and replaces them with digital solutions. The steer-by-wire functionality makes it possible to steer vehicles using digital signals without a mechanical connection between the steering wheel and wheels. Brake-by-wire systems offer corresponding options for digital instead of mechanical brake control. Smart Car Access options are intended to make the radio key superfluous for vehicle users by having the key function assumed by an app on the mobile phone.

Efficient resource utilisation and integration of secondary materials

The efficient use of resources and the integration of secondary materials are crucial for a circular economy in which the life cycles of materials are extended and waste volumes are reduced. The gradual integration of recycled materials into HELLA products not only reduces the need for new raw materials, but also minimises the environmental impact of resource extraction and generates cost benefits. HELLA endeavours to use resources efficiently, promotes lightweight construction and waste avoidance and strives to increase the use of secondary materials such as recycled plastics and metals. The Company is in close dialogue with customers and suppliers regarding the selection of recycled materials used. Particular attention is paid to the quality and long-term availability of materials to ensure that the safety and reliability requirements of the automotive industry are met.

Waste management

Systematic waste management that prioritises recycling over landfill is part of the environmental management system. HELLA production sites worldwide are implementing measures to reduce waste, and already use reusable packaging for a large part of their business with car manufacturers. Further notes on waste management and the corresponding targets and metrics can be found in the waste chapter.

Health and safety

Strategy

HELLA aims to create safe and healthy workplaces for employees, contractors and visitors. Business activities therefore always focus on the protection of people and the integrity of their health. Compliance with legal requirements and the prevention of accident and health risks are top priorities for the Company. After all, accidents not only jeopardise the health and quality of life of the people affected, but can also have financial consequences due to production stoppages, damage to property or loss of reputation. Accordingly, occupational safety at HELLA aims to protect the health and well-being of employees in the best possible way by Corresponding preventing accidents.

Management of impacts, risks and opportunities

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

Policies

The HELLA policy on environmental protection, health and safety (EHS policy) describes the preventive approach and sets the framework for activities. In addition, protecting the health and safety of employees is a cornerstone of the FORVIA Excellence System (FES). The FORVIA Excellence System formulates the requirements for the management of production sites with regard to the pursuit of operational excellence. In the 2023 reporting year, the FES was extensively revised to bring together best practices from the parent company FORVIA and from HELLA. The right to safety in the workplace has been established as a core principle. The corresponding requirements are based on active risk prevention and support production activities in which employees and subcontractors may be exposed to the risk of occupational accidents. The FORVIA Excellence System is currently being introduced in the HELLA Group.*

Engagement with own workforce and workers' representatives

The local EHS managers are available to all employees worldwide as the first point of contact for questions and suggestions. The interests, views and rights of employees are represented, for example, by their official representatives such as works councils. These are involved in decisions such as the selection of personal protective equipment. At Group level, the specialist department seeks dialogue with the Group Works Council, and at the German sites there is an occupational safety committee in which the Works Council and occupational safety meet jointly.

Actions on material impacts, risks and opportunities

A uniform process landscape defines global safety standards and reporting channels at HELLA. The core element of occupational safety at HELLA is a preventive, systematic risk assessment, which results, inter alia, in detailed work instructions for handling machines in production or in specifications for the necessary personal protective equipment. These apply not only to employees, but also to temporary and agency workers or visitors.

Potential risks are identified during monthly safety site inspections and compliance with the requirements is checked on site. The effectiveness of occupational health and safety guidelines and measures is also analysed in internal and external audits.

HELLA employees are regularly trained on potential hazards in the workplace and the safe handling of risks, especially at technical workplaces in production. Regular training and instruction should ensure that employees are aware of the requirements and focus attention on personal responsibility for safe handling. HELLA also offers first-aid training to employees worldwide.

In the event of accidents or incidents, an investigation team is formed with the involvement of the

** The introduction of the FES is currently not planned at the fully consolidated subsidiary Docter Optics, as the Company manages the issues independently for historical reasons.*

local EHS officers, which carefully examines the reportable accidents, identifies the causes of accidents, defines measures to prevent accidents and shares best practices to achieve continuous improvements. To this end, the specialist department maintains an intensive dialogue with the occupational safety managers of the parent company FORVIA.

Metrics and targets

HELLA aims to continuously improve occupational safety measured in terms of accident rates and absenteeism. To this end, the occupational safety officers measure the frequency of reportable accidents (accident rate) as well as the severity of accidents (lost time rate) and fatalities caused by accidents. HELLA aims to continuously reduce the number of accidents and the resulting lost time and therefore sets annual targets for each location. These are based on the results of the prior year. Based on this, the management has set Group-wide targets of an accident rate of 2.5 accidents and 305 hours lost per 1 million working hours for the fiscal year 2023.

HELLA accident statistics*

Fiscal/calendar year	2022	2023	2023 target
Accident rate (accidents per 1 million work hours)	2.9	3.2	2.5
Lost time rate (work hours lost per 1 million work hours)	238	388	305

** Accident rate and absenteeism include HELLA permanent staff, contract workers and temporary workers. External companies are not included. For historical reasons, the fully consolidated subsidiary Docter Optics manages matters independently and is not integrated into the calculation of KPIs or target setting. In the 2023 fiscal year, the accident rate at Docter Optics was 16.5 with a lost time injury rate of 1,349. Data for calendar year 2022 was recalculated and not audited due to change in HELLA reporting period.*

As in the prior year, there were no fatalities due to accidents at HELLA in the reporting period. After the reporting period, HELLA recorded one fatal occupational accident in January 2024. The incident was systematically investigated. Targeted measures have been taken worldwide to prevent a similar accident from happening again.

For all HELLA production sites with more than 200 employees, the aim is to implement an externally certified occupational safety and health protection management system in accordance with the internationally recognised ISO 45001 standard by 2025. The occupational safety systems at other HELLA sites in Großpetersdorf, Austria and Lugoj, Romania have been successfully externally certified. As planned, HELLA is thus approaching the goal of having all production sites with more than 200 employees certified according to the ISO 45001 standard by 2025. 25 out of 30 production sites with more than 200 employees are ISO 45001 certified.

HELLA production sites with certified environmental management system*

Fiscal year	2023	Target 2025
Percentage of production sites with more than 200 employees with an ISO 45001-certified occupational health and safety management system	83%	100%
Direct and indirect employees (in %) at production sites >200 employees covered by the certified occupational health and safety management system	95%	100%

** Including sites where only the main production site is certified. KPI does not include Docter Optics' four production sites, none of which is ISO 45001 certified. Due to the short fiscal year 2022, the key figures are not comparable with the previous reporting period.*

HELLA employees

Strategy

HELLA's employees are a key pillar of the Company's success. The right and committed people worldwide ensure a competitive advantage and help to anticipate future trends, remain flexible and invest in innovation. HELLA supports the performance of its employees, promotes their personal development and thus contributes to a good quality of life. Focal points of personnel work include:

- **Respect and promotion of human rights**
  In its Human Rights Policy, HELLA undertakes to respect internationally recognised human rights and to comply with the corresponding duties of care.

- **Promoting diversity**
  HELLA is convinced that the promotion of diversity is an important driver for engagement. Diversity represents competitive advantages for the Group and enables technological progress and innovation through constantly changing perspectives and working methods.

- **Employee development, talent acquisition and employee retention**
  Employees should be given the opportunity for professional training and personal development throughout their working lives. This should enable them and the Company to benefit from technological progress and innovation.

- **Community Involvment**
  HELLA supports employees in various local initiatives to get involved in social projects or environmental protection in cooperation with local associations and non-profit organisations.

These aspects as well as Group-wide guidelines and processes are managed by HELLA's central, regional and site-specific HR network. Corresponding details are noted below. Further details on the focal points, actions, objectives and metrics can be found in the respective sub-chapters.

Management of impacts, risks and opportunities

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

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

Policies

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

FORVIA/HELLA values

- We drive with vision.
- We build on accountability.
- We cultivate teamwork.
- We embrace agility.
- We act with respect.
- We believe in open-mindedness.

HELLA is internationally committed to social standards and the protection of human rights. Guidelines in this regard are set out, among other things, in the HELLA Code of Conduct and in the Human Rights Policy. This describes the requirements based on the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation, the United Nations Guiding Principles for Business and Human Rights and the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD). Among other things, the policy prohibits child labour and all forms of forced labour and slavery. HELLA also respects the right to freedom of association and the right to employee representation within the framework of the applicable laws.

The tellUS! whistleblower system can also be used to report possible violations of HELLA values and guidelines, including information on discrimination, equal opportunities or diversity.

Engagement with own workforce and workers' representatives

HELLA creates structures and processes that are presented transparently via internal communication channels. The employees' perspective is obtained and taken into account via various channels. For example, HR managers work closely with elected employee representatives such as the Group Works Council or representatives on various committees. Employees have the right to form and join trade unions or employee representative bodies, elect their own representatives and organise their activities. HELLA is neutral in these activities. Employees or their representatives must not be discriminated against in any way on the basis of their trade union membership. In countries where these rights are restricted by local laws, local solutions for an open dialogue with employees are considered.

Feedback from employees is also gathered through communication channels such as staff meetings, but also through regular staff surveys.

Working conditions - Own workforce

Strategy

HELLA is convinced that all employees contribute to the success of the business. To support this, HELLA strives to ensure an attractive and inspiring working environment that promotes fairness, team spirit and commitment, as well as helping to shape the specific corporate culture. Employees should have a safe working environment with reasonable working hours, adequat pay and a good work-life balance.

Actions on material impacts, risks and opportunities

In its Human Rights Policy, HELLA commits itself to fair, competitive remuneration throughout the Group that is at least equivalent to the statutory minimum wage and guarantees a decent standard of living. The local cost of living and social benefits are taken into account. Corresponding regulations are intended to ensure fair and performance-related remuneration throughout the Group. Job evaluation is carried out as part of local job classification, and HELLA uses regional benchmarks with salary data as well as collective agreements for this. These are intended to guarantee equal treatment of employees, including gender equality. The remuneration structures of HELLA managers depend on several factors, including the level of responsibility exercised. The higher the level of responsibility, the greater the proportion of variable components in total remuneration.

Working hours, as well as break, rest and holiday times, at HELLA should comply with the locally applicable laws and protect the health and well-being of employees. HELLA wants to promote a good balance between work and private life. The various HELLA locations are developing appropriate local measures to further support employees. Flexible working time models such as part-time arrangements or mobile working for employees in administration and development are made possible at the Company. Site-specific regulations and Company agreements apply in this regard. Because HELLA is a development and production Company, a large proportion of its workforce is employed locally. Employees in production work in shifts.

HELLA focuses on permanent employment as far as possible. As is customary in the volatile automotive industry, temporary workers are also used to enable flexible and rapid responses to peaks in capacity utilisation, particularly in production.

Metrics and targets

Employees (number of people) by type of contract*

Fiscal year	2023
Employees (core workforce)	37,773
Temporary workers	3,718
Total	**41,491**

** Due to the short financial year 2022, the key performance indicators are not comparable with the previous reporting period.*

Collective bargaining

Fiscal year	2023
Percentage of employees covered by at least one collective labour agreement	86.3%

Employee representatives

Fiscal year	2023
Percentage of employees whose interests are represented by at least one body	99.2%

Diversity and inclusion

Strategy

HELLA values diversity and considers this to be an innovation driver and thus an important key to business success. Therefore, the Company fosters an inclusive culture in which disparate employees, as well as their ideas and perspectives, are a driver for innovation and engaged collaboration increases the Company's success.

Policies

At HELLA, the qualification for the requirements specific to the position is the decisive factor in HR decisions. HELLA rejects any form of discrimination on the grounds of age, ethnicity, skin colour, gender, language, religion, political or ideological conviction, national or social origin, wealth, birth, sexual orientation, gender identity, marital status, pregnancy, parenthood, health or disability, trade union activity or any other legally protected status. The Company is committed to equal treatment and equal opportunities, as set out in the Declaration of Principles for Human Rights, among other things. These principles are implemented worldwide by the HR managers based on the applicable national legal frameworks.

HELLA is a signatory to the Women Empowerment Principles (WEPs), an initiative of the United Nations Global Compact and UN Women, which is committed to promoting gender equality.

Actions on material impacts, risks and opportunities

HELLA has set targets for the promotion of women in manager and professional roles and has established a monthly reporting system to closely monitor developments. Results are systematically analysed on a regular basis and communicated to the management with recommendations for action as part of regular updates. From 2024, the target achievement of the proportion of female managers and professionals will also become part of the remuneration of HELLA Management Board members. The global diversity network at HELLA, in which regions and business units are represented, is responsible for strategic initiatives and the implementation of regional and local measures. Site-specific actions include, for example, training programmes on unconscious bias for managers as well as studies on pay equity and events. HELLA has analysed pay equity between men and women in the main countries. This did not give rise to any systematic deviations. Differences at individual level are adjusted in individual case decisions.

HELLA endeavours to both recruit and promote female employees to increase the proportion of female specialists and managers. Accordingly, HELLA encourages the recruitment agencies commissioned to focus on gender equality. As a concrete requirement, one in two profiles among the shortlisted applicants should be female.

Reconciling work and family life is a high priority in the promotion of equal opportunities. Flexible working time options and parental leave arrangements as well as a Company kindergarten at the Lippstadt site and other local offers are relevant.

Together with its parent company FORVIA, HELLA organises various events and panel discussions throughout the year that are primarily aimed at women. Digital HER WAY events, for example, present inspiring career paths of female colleagues who share their professional paths and challenges as well as their successes and tips.

Metrics and targets

In the reporting period, the Management Board defined new goals. The share of female employees in manager and professional positions is expected to be 26.1% in 2023 and 27% in 2027. This target for the 2023 reporting period could not be achieved as, among other things, fewer external female candidates were recruited than anticipated. The percentage of women in the entire HELLA workforce is 36%.

Share of female managers and professionals*

Fiscal year	2023	Target 2023	Target 2027
Percentage of female managers and professionals	25.8%	26.1%	27%

** The category of managers and professionals includes employees with personnel responsibility and technical experts without a management role. In contrast to the prior year, long-term absentees and early retirees were included in the calculation of the proportion of women. Accordingly, no prior-year figures are recognised. Temporary employees are excluded. The employees of the subsidiary Docter Optics are not included in the KPI or target setting.*

Employees (number of permanent staff) by region and gender*

	Gender		
Region	**Male**	**Female**	**Total**
Germany	6,061	1,882	**7,943**
Europe excluding Germany	8,770	6,247	**15,017**
Asia, Pacific, Rest-of-World	4,737	2,325	**7,062**
North, Central and South America	4,297	3,454	**7,751**
Total	**23,865**	**13,908**	**37,773**

** Due to the short fiscal year 2022, the key performance indicators are not comparable with the previous reporting period.*

Employees (number of permanent staff) by region and age group*

	Age groups				
Region	**to 29 years**	**30-39**	**40-49**	**over 50**	**Total**
Germany	562	1,865	2,040	3,476	7,943
Europe excluding Germany	2,956	5,246	4,022	2,793	15,017
Asia, Pacific, Rest-of-World	1,764	3,287	1,632	379	7,062
North, Central and South America	2,414	2,691	1,622	1,024	7,751
Total	**7,696**	**13,089**	**9,316**	**7,672**	**37,773**

** Due to the short fiscal year 2022, the key performance indicators are not comparable with the previous reporting period.*

Part-time employees

Fiscal year	2023
Proportion of permanent employees working part-time	1.6%

Employees with disabilities*

HELLA fulfils the country-specific legal requirements for employees with disabilities. In Germany, for example, the interests of disabled employees are supported by the works council's representative body for severely disabled employees.

Fiscal year	2023
Proportion of permanent employees with disabilities*	1.5%

** The concept of disability is defined by law in every country.*

Other work-related rights - Own workforce

Management of impacts, risks and opportunities

As an employer of over 37,000 people, HELLA's business practices have an impact on the protection of human rights. HELLA is committed to respecting internationally recognised human rights and complying with its due diligence obligations.

Policies

HELLA sets out guidelines for all employees and expectations of business partners in its Human Rights Policy. It is based on international standards:

- International Bill of Human Rights, consisting of the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966) and the International Covenant on Economic, Social and Cultural Rights (1966)
- Fundamental ILO Conventions, as set out in the ILO Declaration on Fundamental Principles and Rights at Work (1998);
- UN Guiding Principles on Business and Human Rights (2011)
- OECD Guidelines for Multinational Enterprises (2011)

HELLA is committed to respecting the following principles and is committed to worldwide compliance.

- No child labour
- No forced labour and free choice of employment
- Freedom of association and the right to collective bargaining
- Non-discrimination and equal opportunity
- Adequate wages and benefits
- Working Hours
- Education and Training
- Right to health and safety
- Guidelines for land acquisition
- Requirements to security personnel

Actions on material impacts, risks and opportunities

The implementation of the principles is governed by corresponding procedural requirements, for example for the recruitment of persons, the treatment of young employees such as trainees who require special protection, or in cooperation with employee representatives.

HELLA analyses human rights-related risks annually and on an ad hoc basis if the risk situation changes fundamentally. In HELLA's own business division, the internal risk analysis is carried out locally at selected locations throughout the Company; findings from the complaints procedure are also taken into account. The risks identified are prioritised in an appropriate manner. Based on the results of HELLA's internal risk analysis, suitable preventive measures are developed where necessary. The results of HELLA's internal risk analysis are passed on internally to the Management Board and other relevant departments.

When human rights violations are identified, appropriate remedial action is taken immediately to prevent, end or minimise the extent of the violation. The effectiveness of the remedial measures is reviewed annually or on an ad hoc basis.

To sensitise employees to the protection of human rights and their influence, HELLA launched a corresponding e-learning course in the reporting period.

Employee development

Strategy

HELLA offers further education and training programmes so that employees can develop their skills, maintain their performance and improve it in the long term. Various training programmes address the needs and potential of employees. HELLA focuses on technical training and personal development. Access to further education and training should be based on the principle of equal opportunities for all employees. Training and education opportunities enable employees to develop their skills in line with current and future business needs. Training and talent management are essential elements of forward-looking HR management and succession planning at HELLA.

Actions on material impacts, risks and opportunities

The Global Training Management Team at HELLA coordinates training and education programmes worldwide. The team is also a supporting partner and contact person for line managers and employees in case of training needs as well as for the design and introduction of new training opportunities. Training coordinators from the HR departments in the respective countries cooperate with the area managers on site and coordinate the local training activities. With the central My Talent Compass learning management system, HELLA offers a cloud-based platform on which online courses and in-person training can be booked and tracked. All employees with a computer connection have access to the platform. There, employees can see assigned compulsory training measures as well as other available training. The courses on offer can be booked and carried out via the tool. HELLA employees also have access to the parent company's online training platform FORVIA Learning Lab. This platform offers more than 2,000 training courses on topics such as communication, artificial intelligence, creativity, time management and sustainability. The training programme is correspondingly wide-ranging. It covers both function-specific and overarching topics such as occupational safety, project management and soft skills. Line managers are responsible for assigning training to employees according to their role, personal needs and potential. Training courses usually conclude with a learning success check. This ensures the training on offer is evaluated. The management is involved via the CEO, who is responsible for HR matters.

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

HELLA has organised special training courses for managers. Corresponding virtual learning modules focus on leadership topics such as setting targets, fostering global collaboration and developing employees.

Metrics and targets

In the reporting period, each HELLA employee completed an average of 16.7 hours of training.

Average training hours*

Fiscal year	**2023**
Average training hours per employee	16.7
Average training hours per office employee (white collar)	25.0
Average training hours per employee in the production environment (blue collar)	7.4
Total training hours	**678,908**

** The KPI also takes into account employees who were trained during the year and had left the Company by the reporting date of 31 December 2023. Employees of Docter Optics SE are not included.*

Talent acquisition and employee retention

Strategy

The skills and motivation of its employees play a key role in positioning HELLA at the forefront of global competition and successfully driving technological change in the automotive industry. HELLA's economic success is therefore inextricably linked to the acquisition of suitable talent for the Company, the qualification and commitment of employees and their loyalty to the Company. Against this backdrop, HELLA strives to provide employees with targeted support and create working environments in which they can exploit their potential.

Management of impacts, risks and opportunities

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

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

Actions on material impacts, risks and opportunities

Employee satisfaction is crucial for the success of the Company. HELLA implements a wide range of measures worldwide to maintain and increase its attractiveness as an employer and employee satisfaction. Accordingly, HELLA analyses the operational situation, for example by surveying employees, and derives specific starting points for improvements within the scope of operational possibilities. For example, a global employee survey was conducted in the reporting period.*

Employees were invited to rate aspects such as company development, job satisfaction, working conditions, training opportunities and working atmosphere. Together with an external survey company, the feedback was evaluated anonymously with the utmost care. Around 28,000 of 36,000 of the employees invited worldwide took part in the survey. Satisfaction with work at HELLA was rated at 76/100 points on average. Employees were particularly satisfied with the way the Company cares for its employees, the trust they have in management and the training programmes on offer. HELLA responds to employee suggestions with tailored packages. Based on the results of the global employee survey 2022, which found that HELLA was not sufficiently focused on its employees, including in Germany, HELLA launched the 'We CARE' project and has since expanded it internationally. Measures that contribute to improving the working atmosphere, employee offers and the expansion of social networks were identified and implemented in this context to make the working environment more attractive. Activities include employee events such as family days or after-work programmes, expanded sports offerings and training and workshops, as well as new communication channels such as town hall meetings.

**Docter Optics employees are not included in the survey.*

Metrics and targets

The turnover rate is used by HELLA as an indicator of competitiveness, working atmosphere and satisfaction with the Company. It measures the ratio of employees who voluntarily leave the Company against the average number of employees. In the reporting period, the turnover rate at HELLA Group-wide was 12.1%, meaning that the target of 13.5% was achieved. Turnover is distributed differently across the regions.

Turnover rate

Fiscal year	2023	Target 2023
Turnover rate	12.1%	13.5%

Results of the 2023 employee survey

Fiscal year	2023
Engagement Index of the HELLA employee survey	76

Community Involvement

Voluntary reporting information

Strategy

HELLA supports employees in various local initiatives in getting involved in social projects or environmental protection in cooperation with local associations and non-profit organisations.

Policies

The HELLA guideline for donations and sponsoring sets out basic rules for financial and in-kind donations by the Company. This includes taking into account all anti-corruption regulations, release regulations and transparency requirements. The management is involved in the approval process for higher donation amounts.

Actions on material impacts, risks and opportunities

HELLA fulfils its corporate social responsibility in the following core areas, for example:

- The parent company's FORVIA Foundation provides financial support to selected employee projects in partnerships with associations and organisations worldwide. Projects to promote education, mobility and environmental protection are realised with the financial support of the FORVIA Group and the expertise and active commitment of its employees. HELLA employees are also involved in proposing and implementing projects.

- Employees are involved in a wide range of local activities at each location. Employees at HELLA in Lippstadt can donate the cents of their salary to support local associations and social projects. In Romania, for example, employees have planted trees and flowering plants and supported social initiatives for children with school problems.

- In the Lippstadt area, the Dr Arnold Hueck Foundation, founded in 1999 on the occasion of HELLA's centenary, supports education, science and environmental protection. In particular, the promotion of skills and projects in the fields of natural sciences, technology, new media, data processing and computer-aided work, computer science and mathematics, as well as social projects, are the focus of the foundation's activities, which HELLA supports financially and through its work on the advisory board.

Safety of end-users

Strategy

Vehicles must be safe and must not endanger people or the environment. HELLA develops and manufactures products in accordance with the latest safety standards – always with the intention that products pose no danger to life, health or the environment.

Management of impacts, risks and opportunities

Quality

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

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

Policies

The HELLA Code of Conduct formulates the commitment to fully guarantee quality and product safety. The HELLA quality policy provides the corresponding framework.

Product safety

At HELLA, product safety is guaranteed by specifications established throughout the Company. HELLA products are developed and manufactured in accordance with current safety standards. The ISO 26262 standard for safety-relevant electrical and electronic systems in motor vehicles is an example of this. The independently organised central function monitors these specifications and measures, which are implemented by product safety managers. The Company aims to act in a legally secure manner and to avoid possible product recalls as well as resulting liability claims with loss of sales or reputation. Likewise, harm to people and the environment is to be avoided. In this context, HELLA is exposed to the risk of product warranty claims, which is described in detail in the opportunity and risk report. Product safety starts at the development stage and covers the entire life cycle up to monitoring performance in the market.

Actions on material impacts, risks and opportunities

Internal safety checks and tests in development and production must be successfully passed before HELLA products are created and delivered. Uniform methods are used and documented worldwide for this purpose. In addition, HELLA carries out monitoring in order to immediately remedy potential weaknesses in product safety when necessary, such as in the case of errors in the field, and to inform customers and authorities if required. Violations of product safety are consistently escalated to the responsible internal bodies (Product Safety Committee and the higher-level Product Safety and Conformity Committee). The HELLA Management Board nominates the representatives who are relevant to this case and is kept informed in regular meetings.

The Company consistently follows up on information about the safety of HELLA products via defined escalation channels. Internal audits are conducted on an ongoing basis to monitor efficiency and global implementation of the processes. These focus in particular on development sites that work with safety-related products.
Due to key industry trends such as autonomous driving and vehicle connectivity, HELLA is increasingly focusing on the topic of cyber security. Products are becoming increasingly complex and so are the safety requirements.

HELLA is in dialogue with stakeholders and customers in this regard. In the reporting period, internal cyber-security guidelines were further developed in line with legal regulations.

Metrics and targets

The Company aims to act in a legally secure manner and to avoid possible product recalls as well as resulting liability claims with loss of sales or reputation. Negative effects on human health and the environment should also be avoided.

HELLA certifies the quality management systems at the production sites in accordance with international standards.

HELLA production sites with certified quality management system*

Fiscal year	**2023**
Share of production sites with ISO 9001 or IATF 16949 certified quality management system	100%
Direct and indirect employees (as a %) at production sites which are covered by a certified quality management system	100%

** Including sites where only the main production site is certified. The Docter Optics production sites (all ISO 9001 certified) are not included. Due to the short fiscal year 2022, there is no comparability with the prior year's data.*

Business conduct

Strategy

Business conduct, also referred to as conducting business with integrity and ethics, is the foundation of a successful Company. HELLA's corporate culture, its values and its principles guide cooperation with various stakeholders in day-to-day business, protect its reputation and create trust as the basis for cooperation. The main contents of the report on business conduct at HELLA include:

- **Compliance including anti-corruption**
  HELLA is committed to legally compliant and honest business practices. The principles include a strict ban on corruption and bribery and the protection of whistleblowers who report potential misconduct.

- **Corporate culture and relationship management with suppliers**
  Working in partnership with suppliers and complying with legal regulations in the supply chain are directly linked to HELLA's corporate success. Accordingly, the Company favours open communication with its suppliers. This also includes the agreement of appropriate payment terms.

Compliance including anti-corruption

Strategy

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

Management of impacts, risks and opportunities

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

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

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

Further notes on the compliance organisation and the compliance system is contained in the declaration on corporate governance.

Policies

The HELLA Code of Conduct is a fundamental guide to the corporate and compliance culture at HELLA. It describes clear and binding principles for complying with rules and behaving with integrity at HELLA. Topics include, for example, labour and social standards, principles relating to the protection of data, information and the environment as well as fair business behaviour, including fair competition, compliance with cartel law, combating corruption and handling conflicts of interest. The Code helps employees as a framework and guide to act in compliance with the law and with integrity. It also provides guidance to make the right decision in case of doubt and to live the corporate values. Various departmental guidelines concretise the requirements of the Code of Conduct, such as the basic anti-corruption policy in the area of anti-corruption and the guidelines on certain corruption risk topics such as gifts and invitations, donations and sponsoring, as well as conflicts of interest.

Engagement with own workforce and workers' representatives

Employees and external stakeholders such as suppliers, customers and other third parties are encouraged to raise concerns and report violations of the Code of Conduct, laws and internal rules of behaviour within the Company and in the supply chain. This includes reports on fraud, theft, corruption and bribery, conflicts of interest, competition and antitrust law, occupational safety, human rights, environmental protection, harassment and discrimination, labour law, data protection, export control, accounting and tax regulations and product safety.

Various reporting channels are available to them for this purpose: Employees can contact the line manager, other managers, the HR department or the compliance contact person directly or, if direct contact is not possible or desired, they can also submit a report via the web-based whistleblower portal tellUS! Information can be submitted around the clock, anonymously and in the local language. The portal is operated by an external third party. HELLA protects the confidentiality of the identity of whistleblowers and protects them from possible disadvantages due to a report, provided that it was made in good faith. The Compliance Office acts as a reporting centre. It investigates all reports confidentially, objectively, carefully and consistently and, depending on the report, involves other specialised departments in examining the information. The Compliance Office informs whistleblowers about the receipt of the report as well as the status and outcome of the investigation. The duration of this procedure depends on the scope and complexity of the notification. When investigating reports, HELLA adheres to the principles of fair procedure, the presumption of innocence and proportionality, as well as data protection regulations. HELLA does not tolerate misconduct. Misconduct can have consequences under labour law, including termination of the employment contract or business relationship, as well as criminal prosecution and claims for damages.

Actions on material impacts, risks and opportunities

In a risk-oriented approach, employees are trained on combating corruption and other compliance topics, for example, in face-to-face events and through e-learning courses to which employees with computer workstations are invited. In the reporting period, HELLA gradually developed its anti-corruption programme, in particular. The background to this is the requirements of the French anti-corruption law Sapin 2, to which HELLA is subject as a result of the majority acquisition of HELLA shares by FORVIA, and the consideration of the effective anti-corruption measures implemented accordingly at FORVIA. As part of the action plan drawn up in 2022, the following implementation measures, in particular, were carried out in the reporting period with a view to an effective anti-corruption programme:

- In the first quarter of 2023, the updated Group guidelines on anti-corruption, gifts and invitations, donations and sponsoring and anti-corruption accounting controls, which were adopted by the Management Board in December 2022, were communicated throughout the Group and embedded in the organisation. In this context, more than 60 training events were also held with a total of around 1,800 employees from general management and other risk-related areas, in particular the global sales and purchasing organisations.

- As part of the anti-corruption-related accounting controls, HELLA introduced quarterly Group-wide audits of postings to certain accounts (including sales agent commissions, donations and sponsoring, gifts and invitations) during the reporting period. The audits were carried out by the country CFOs designated for individual companies, countries or divisions in coordination with and with the support of the compliance organisation. In addition, quarterly audits of payments to recipients (suppliers) with bank accounts in sensitive countries were introduced throughout the Group and carried out by the compliance organisation with the involvement of the business divisions and specialist departments on a risk-based basis.

- With the adoption of the Group guideline on conflicts of interest by the Management Board at the end of the fiscal year, HELLA has specified and deepened existing rules and established a procedure for the declaration of conflicts of interest by employees and for the review of declarations by the compliance organisation Group wide.

- At the end of the last fiscal year, the Management Board also adopted a Group whistleblowing guideline that formalises and supplements existing regulations. For one, the new Group guideline emphasises the relevance of the speak-up culture at HELLA, i.e. that concerns can be raised and misconduct reported in direct contact with managers, the HR department or the compliance organisation. It also explains how serious compliance violations can be reported via the web-based whistleblowing channel tellUS! and how HELLA deals with such reports, in accordance with the requirements of the EU Whistleblowing Directive and the German Whistleblower Protection Act as well as the German Supply Chain Due Diligence Act.

- Finally, the new anti-corruption e-learning programme was revised and was rolled out across the Group from December 2023. Participation in this e-learning course – as with all compliance e-learning courses – is mandatory for HELLA employees who work with computers.

Targets and metrics

HELLA commits employees to regular compliance training in order to make them aware of rule-compliant, exemplary and responsible behaviour.

Completion rate e-learning on Code of Conduct and compliance

In the reporting period, 18,005 employees completed the e-learning course on the Code of Conduct and compliance basics, to which HELLA employees working with computers were again invited in summer 2023. This corresponds to a completion rate of 96%. The target is 100% of employees in scope in 2025.

E-learning completion rate anti-corruption and antitrust law

2,731 employees completed the Anti-Corruption e-learning module (completion rate of 97%) and 1,895 employees completed the Antitrust e-learning module (completion rate of 95%).

When calculating the above completion rates, the assignment date (i.e. the date of the invitation) was changed to the due date of the e-learning courses for the invited employees (i.e. the date of the end of the period in which the e-learning course must be completed) for the reporting period for technical reasons, among others. This means that the completion rate includes all employees whose due date is in the reporting period (1 January – 31 December 2023) and who have completed the e-learning course on time. Employees of the subsidiary Docter Optics are not included in the calculation.

Information on serious violations

In the reporting period, as in the previous reporting period, HELLA did not identify any indications of serious violations of anti-corruption, antitrust law or respect for human rights and environmental protection within the Company. In 2023, HELLA investigated and confirmed a case of forced labour in its own supply chain and, in close cooperation with the supplier concerned, successfully remedied the situation. Further notes can be found in the chapter Employees in the supply chain.

Corporate culture and management of relationships with suppliers

Voluntary reporting information

Strategy

When working with business partners, HELLA relies on a trusting partnership and compliance with rules. By working together, synergies can be created to enable joint growth and a stable, reliable and sustainable supply chain.

Management of impacts, risks and opportunities

The responsibilities for purchasing are anchored in the respective organisations of the business divisions. The heads of the purchasing organisations are represented on the respective management boards of the business divisions and are therefore closely involved in Company decisions. At Group level, the CEO is responsible for purchasing activities and is regularly informed. HELLA payment practices can have a particular impact on the financial situation of small and medium-sized companies. Corresponding regulations on payment modalities are set out in the contract.

Processes for supplier selection and order placement shape relationship management. The cooperation is based on open communication between HELLA and direct suppliers, with clearly defined expectations and objectives for both parties. The exchange of information on requirements, including those relating to sustainability, production processes and quality assurance, enables a reliable supply chain.

Policies

The HELLA Code of Conduct for suppliers and service providers formulates requirements for sustainable business behaviour and is binding for establishing and maintaining business relationships with the Company via the General Terms and Conditions of Purchase. It stipulates that business partners must comply with applicable laws, including anti-corruption laws, as well as human rights and social and environmental standards.

Actions on material impacts, risks and opportunities

The General Terms and Conditions of Purchase are agreed with suppliers in the context of contract awards. These include quality and sustainability requirements as well as regulations on invoicing. Terms of payment are agreed in contractual documents and as part of the order. The contractually agreed payment terms for direct suppliers are generally between 30 and 90 days after receipt of invoice. Small and medium-sized suppliers are usually paid more quickly. In Europe and Mexico, for example, HELLA offers this group of suppliers the option of having their invoice paid within a few days in return for a small discount. HELLA thus offers suppliers in these regions, who are dependent on short payment terms, a corresponding option for action.

Workers in the value chain

Strategy

Working in partnership with business partners along the value chain is of the utmost importance to HELLA so it can ensure the supply of materials and components as the basis for its own products. The HELLA supply chain for production materials comprises an annual purchasing volume of over four billion euros and over 2,000 suppliers, including both large corporations and medium-sized companies. These direct business partners employ thousands of employees whose working conditions are indirectly influenced by HELLA. As a globally active Company with a complex, international and dynamic supplier network, HELLA is aware of its own social responsibility in the value chains. HELLA expects its business partners to create appropriate working conditions for employees that promote dignity, respect for human rights and the protection of health, and to pass on corresponding requirements to their supply chains. The chapter on workers in the value chain addresses the material aspects of health and safety and further work-related rights, as well as voluntary disclosures on working conditions - workers in the value chain.

Management of impacts, risks and opportunities

HELLA is committed to sustainable procurement practices and therefore anchors sustainability alongside costs, quality and resilience as a decision-making criterion in the purchasing process.

HELLA pursues a risk-based approach to identify and assess potential and actual violations of appropriate labour conditions, human rights and environmental regulations in its own supply chains. Among other things, HELLA uses a country-based risk filter based on external country rankings for compliance with sustainability and social standards for annual identification. The results of the analysis are passed on internally to the management and other relevant departments. The Company is investigating any information received. Appropriate preventive measures and, if necessary, remedial mechanisms are derived. These are intended to help mitigate or at best prevent any negative effects of HELLA's business activities.

Accordingly, HELLA assesses the sustainability maturity of its suppliers using the sustainability rating provider Ecovadis. New suppliers and existing suppliers in the context of new project awards must undergo the comprehensive sustainability assessment, which queries and evaluates ethical, social and environmental practices. Employee rights and working conditions such as no child labour, no forced labour, occupational health and safety, appropriate working hours and remuneration, for example, are part of the assessment. It takes into account country- and sector-specific risks and Company size and adapts the questionnaire accordingly. HELLA rolled out the requirement of the sustainability rating and its consideration in the awarding process in the reporting period. It will be gradually introduced by the purchasing organisation on a mandatory basis.

For the responsible procurement of minerals, HELLA is working to source the relevant raw materials from certified smelters in conflict and high-risk regions and thus prevent potential human rights violations and environmental damage in its own supply chain. For this purpose, HELLA surveys relevant suppliers in accordance with the Conflict Minerals Reporting Template (raw materials: tin, tantalum, tungsten and gold) and the Extended Minerals Reporting Template (raw materials: mica and cobalt) of the Responsible Minerals Initiative. If necessary, appropriate escalation processes take effect in purchasing. The reports are made available to clients and business partners upon request.

HELLA reserves the right to verify suppliers' compliance with human rights and environmental obligations through self-assessments, on-site visits and audits. If any of these audits reveal violations of the Code of Conduct, human rights or environmental requirements, corrective measures must be taken within a reasonable period of time. If necessary, escalations are made via the existing processes, first to the respective business division management and then to the HELLA Management Board. If suppliers fail to remedy serious violations, HELLA reserves the right to terminate the business relationship with the suppliers concerned.

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

Policies

The commitment to the protection of human rights is laid down in the HELLA Human Rights Policy and in the HELLA Code of Conduct for Suppliers and Service Providers. They include acting responsibly in accordance with applicable law and are based the principles described in international standards. These include in particular the standards of the International Labour Organisation (ILO), the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Guiding Principles for Human Rights and Business. The Policies are an integral part of HELLA's General Terms and Conditions of Purchase. Further notes on the policies can be found in the chapter HELLA employees.

Engagement with workers in the value chain

The perspective of workers in the value chain is primarily represented indirectly in the risk process through external studies and international standards.

As part of the investigation of indications of serious violations, HELLA aims to directly involve affected groups of people in the investigation of the circumstances and the redress. In the reporting period, for example, this was achieved through on-site discussions with selected affected employees at a supplier.

Employees in the value chain can also use the tellUS! whistleblower portal to report possible human rights or environmental violations and risks in the supply chain. The web-based portal is available around the clock in several languages worldwide. Prompt processing of reports by the Compliance Office and other specialist departments is ensured within the Company. Further notes can be found in the section on compliance, including combating corruption.

Actions on material impacts, risks and opportunities

In the reporting period, HELLA introduced the Ecovadis sustainability assessment in the supply chain. Corresponding processes have been defined and the employees involved have been trained accordingly.

In addition, HELLA began revising the Code of Conduct for Suppliers and Service Providers in the last quarter of the reporting period to further concretise existing requirements. The Company plans to roll out this update in the fiscal year 2024.

In the reporting period, HELLA investigated and confirmed a case of forced labour in its own supply chain for printed circuit boards and, in close cooperation with the supplier concerned, successfully remedied the situation. Migrant workers at the supplier had to pay disproportionate recruitment fees and spend a portion of their wages to pay them off. In close cooperation with the supplier concerned, these fees were refunded retroactively and new processes were introduced to prevent the payment of recruitment fees for new hires. The implementation has been examined on site by an external third party.

Targets and metrics

HELLA aims to cover 95 per cent of the purchasing volume of suppliers in the scope with a valid Ecovadis rating by the end of 2025. The interim target of a valid Ecovadis rating for 80% of the purchasing volume of suppliers in the scope for 2023 was not achieved, as the result was 42%. All Ecovadis ratings that achieve an overall score of at least 45 out of 100 points and are not below 40 out of 100 points in any assessment pillar were taken into account in the reporting period. The main reason for missing the target is the delayed start of the rollout in the third quarter of the fiscal year and the period of around four months between the start and completion of an Ecovadis assessment.

Purchasing volume of strategic suppliers with a valid sustainability assessment by Ecovadis*

Fiscal year	2023	Target 2025
Share of purchasing volume of strategic suppliers with a valid sustainability assessment by Ecovadis	42%	95%

** The suppliers that contribute to 80 per cent of HELLA's global purchasing volume are taken into account for the KPI calculation. The purchasing volume and suppliers of Docter Optics SE are not included.*

Notes

Specifications for the collection of environmental indicators

HELLA collects environmental indicators at a total of 41 production sites. Of these, 36 are categorised as main production sites and five as satellite sites, where outsourced production lines are subject to the management and processes of the main production sites. These are included in the calculation of the KPIs via the respective main production site, unless otherwise stated. Production at the new production site in Olomouc, Czech Republic, was ramped up during the reporting period and the management systems were gradually implemented. For this reason, the site has not yet been fully included in the calculation of the environmental indicators.

All HELLA locations, and not just the production sites, are used for the greenhouse gas emissions data.

The reporting period covers the period from 1 November 2022 to 31 October 2023 to ensure data collection and validation up to the publication date. The financial key performance indicators used to determine the intensity-based environmental key indicators include external product sales for the reporting period from 1 November 2022 to 31 October 2023.
Due to the short fiscal year 2022, it is often not possible to compare the key figures with the previous reporting period. Some of the prior year's data was recalculated on a calendar year basis and not audited.

Methodology for calculating carbon emissions

Scope 1 and 2

Scope 1 and 2 emissions are calculated in carbon equivalents. It is based on consumption data from 1 November 2022 to 31 October 2023. The calculation of Scope 1 emissions is based on the gas consumption of the sites and the diesel and petrol consumption of the standby generators, including the fuel consumption of the Company's vehicle fleet, in reference to the requirements of the GHG Protocol. For HELLA, fuel consumption in Germany is tracked using a fuel card. In other countries, emissions are estimated on the basis of the number of vehicles. The emission factors come from the UK Department for Environment, Food and Rural Affairs and the French Environment Agency ADEME. The process emissions (carbon emissions caused by chemical reactions of certain processes) of the sites concerned were also taken into account.

Indirect emissions related to electricity are calculated using the market-based approach, in accordance with the requirements of the Science Based Targets initiative (SBTi). Scope 2 emissions are calculated on the basis of electricity consumption (buildings and company cars) and external heat consumption and reported using the market-based approach. The emission factors used are, in order of availability, those of the market instruments (power purchase agreement, energy attribute certificates, etc.), then those of the suppliers, then those of the residual mix (AIB in Europe, Green-e in the USA), then those of the national electricity mix (Ministry of Ecology and Environment in China, International Energy Agency in other countries).

Scope 3

Emissions are calculated in reference to the GHG Protocol. They include all Scope 3 categories with the exception of downstream leasing and franchising, as these activities do not affect the Company. The uncertainties in the calculation of carbon emissions were assessed taking into account the accuracy of the activity data and the uncertainties in the emission factors. The methodology for the three most important Scope 3 categories in relation to emissions is described below:

Scope 3.1 Purchased goods and services

HELLA uses extracts from its tool to consolidate purchasing data. For product groups for which a weight-based data basis (in kg) is available, the emissions are determined on the basis of the availability of emission factors. The following sequence applies:

- Emission data transmitted by the supplier (primary data);
- Emission factors calculated from similar purchases from the parent Company FORVIA;
- Emission factors from a generic database, e.g. Footprint Database® of ADEME (secondary data).

For the remaining purchases that are not available in kg, expenditure is calculated using an expenditure-based emission factor (in tCO_2eq per 1,000 euros) taken from FORVIA data (weighted average of similar purchases) or from the ADEME Footprint Database®.

Scope 3.4 and 3.9 Transportation and distribution

For some of the purchased and sold goods for which HELLA is responsible for transport, the details of the five most important freight forwarders are used, accounting for around 50 per cent of transport orders. The calculations are performed based on one of the following types of data:

- Emissions data based on the values calculated directly by the suppliers;
- Distance-based method: Distance travelled and tonnes transported (t.km), multiplied by an emission factor of the Global Logistics Emissions Council (GLEC) for the corresponding vehicle type (over 99%).
- If this data is not available, the emissions are estimated on the basis of the costs associated with each transport (less than 1%).

Finally, these emissions are extrapolated for all expenditure (50%) that is not covered by the five largest transport companies.

Scope 3.11 Use of sold products

The emissions are calculated in two phases:

- Emissions associated with the indirect use of the sold products. These correspond to a mass allocation of emissions from vehicles in the utilisation phase in relation to the weight of HELLA products in the vehicles.
- Emissions in connection with the direct use of the products, which are related to the current consumption of HELLA products.

Several parameters are taken into account when calculating indirect use: the service life of the vehicle (set at 150,000 km), the weight of the HELLA products per vehicle, the weight of the vehicle with the HELLA products and the emission factor of the vehicle (in gCO_2e/km). The latter includes direct emissions from vehicle use (fuel combustion tank-to-wheel (TTW)) and indirect emissions (extraction and production of fuel and electricity generation, including the upstream areas of electricity generation, well-to-tank (WTT)). The emission factors for vehicles with combustion engines, the current consumption for electric vehicles and the weight data for the vehicles come from various regional databases, depending on the country in which the vehicle is sold. If no information about a vehicle is available in these databases, an average value of similar vehicles is used (e.g. average weight of an electric vehicle in the same segment). For electric and plug-in hybrid vehicles, the electricity emission factors of the IEA are adopted, assuming that the vehicle is used in the country in which it was sold. A correction coefficient is applied to the emission factors calculated according to the WLTP (Worldwide harmonised Light vehicles Test Procedure) to take into account the actual emissions associated with the use of the vehicles.

The power, estimated useful life of the products, efficiency and emission factor of the vehicle are used to quantify the emissions associated with the direct use of the products sold.

Methodological improvements

As part of a continuous improvement process, HELLA endeavours to improve the data quality of greenhouse gas emission calculations. With the support of Deloitte, methodological improvements were made, particularly in the most important categories of the footprint. The years 2019 and 2022 were recalculated accordingly.

For Scope 3.1 Purchased goods, the proportion of supplier-specific emission factors was increased instead of average values.

More detailed emission factors were used for Scope 3.3 Fuel and energy related activities, as the IEA published special emission factors in September 2023.

Several changes were implemented for Scope 3.11 Use of sold products:

- HELLA takes into account the proportion of products used in electric and plug-in hybrid vehicles instead of the average values of combustion engine vehicles, as was previously the case.
- When determining the emissions of products for electric and plug-in hybrid vehicles, the emissions upstream of electricity production were also taken into account in addition to the emissions associated with electricity production.
- The ratio of the power consumption of an electric vehicle to the weight of the vehicle was adjusted in comparison to vehicles with a combustion engine. More precise emission factors were used for hybrid vehicles.
- The average weight and average emission factor / current consumption of the similar vehicle type used for vehicles without data in regional databases depends on the segment and engine (e.g. average weight of an electric vehicle of the same segment for an electric vehicle).

For HELLA products for trucks, GLEC emission factors and underlying assumptions are used to match the source considered for Scope 3.4 and 3.9.

For Scope 3.12 End-of-life treatment of sold products, more accurate tCO_2e conversion ratios were used for emissions related to purchases (Scope 3.1) in metric tonnes of material. To estimate the emissions of scope 3.12, the tonnes of material purchased are multiplied by an emission factor for waste treatment, which varies depending on the type of material. However, as not all purchases are expressed in a unit of weight, the remaining weight of purchases is estimated for the calculations in Scope 3.12. This kind of ratio in t/tCO_2e is also used in Scope 3.1.

Everything relating to the carbon footprint calculations and the specification of the associated uncertainties was prepared with the support of Deloitte.

Independent Practitioner's Report on a limited assurance engagement on a combined separate non-financial group report

To HELLA GmbH & Co. KGaA, Lippstadt

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft has performed a limited assurance engagement on the German version of the combined separate non-financial group report and issued an independent practitioner's report in German language, which is authoritative. The following text is a non-binding translation of the original German independent practitioner's report.

Assurance conclusion

We have performed a limited assurance engagement on the separate non-financial report of HELLA GmbH & Co. KGaA, Lippstadt (hereinafter referred to as "Company"), which is combined with the non-financial report of the HELLA Group and which additionally comprises the chapter "General information on the HELLA Group" in the combined management report of the Company incorporated by reference for the purpose of complying with section 315c in conjunction with sections 289c to 289e of the HGB ["Handelsgesetzbuch": German Commercial Code] and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder for the period from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "non-financial group report").

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group report of the Company for the period from 1 January 2023 to 31 December 2023 is not prepared, in all material respects, in accordance with section 315c in conjunction with sections 289c to 289e of the HGB and Article 8 of EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the legal representatives as disclosed in section "EU Taxonomy".

Basis for the conclusion

We conducted our assurance engagement in accordance with the draft German auditing standard: Limited assurance engagement on non-financial (group) reports outside the scope of an audit of financial statements (IDW EPS 991 (11.2022), as issued by the Institute of Public Auditors in Germany, Incorporated Association [Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)] and the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibility is further described in the section "Practitioner's Responsibility for the limited assurance engagement related to the separate non-financial group report".

Our audit firm has applied the quality assurance system requirements by the IDW Standard on Quality Management in the Audit Firm (IDW QS 1) and accordingly of the International Standard on Quality Management (ISQM 1) as issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter - Principles for the preparation of the non-financial group report

Without modifying our conclusion, we draw attention to the explanations in the non-financial group report, in which the principles for the preparation of the non-financial group report are described. The non-financial group report was prepared by the Company to meet the requirements of section 315c in conjunction with sections 289c to 289e of the HGB and Article 8 of EU Taxonomy Regulation and the Delegated Acts adopted in this respect. Consequently, the non-financial group report is not suitable for other purposes.

Responsibility of the legal representatives and the supervisory board for the non-financial group report

The legal representatives are responsible for the preparation of the non-financial group report in accordance with the relevant German legal and European regulations and with the specific criteria outlined by the legal representatives, as well as for such internal control as the legal representatives determine it necessary to enable the preparation of a non-financial group report that is free from material misstatement, whether due to fraud or error (e.g. manipulation of the non-financial group report).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report as well as making assumptions and estimates about individual non-financial disclosures that are reasonable under the given circumstances.

The relevant regulations contain phrases and terms that are subject to considerable uncertainties of interpretation and for which authoritative comprehensive interpretations have not been published yet. Accordingly, the legal representatives have provided their interpretations of such phrases and terms in the section on the EU Taxonomy Regulation of the non-financial group report. The legal representatives are responsible for the reasonableness of these interpretations. Due to the immanent risk that such phrases and terms may be interpreted differently by regulators or courts, the legality of such interpretations is uncertain.

The supervisory board is responsible for overseeing the process of preparing the non-financial group report.

Practitioner's responsibility for the limited assurance engagement related to the non-financial group report

Our objective is to express a conclusion with limited assurance, based on our limited assurance engagement performed, as to whether any matters have come to our attention that cause us to believe that the non-financial group report has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as the substantiating criteria outlined by the legal representatives of the Company.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a significantly lower level of assurance is obtained. The selection of the assurance procedures is at the practitioner's discretion.

In the course of our limited assurance engagement, we performed the following assurance procedures and other activities, among others:

- Evaluation of the suitability of the criteria disclosed by the legal representatives in the non-financial group report,
- Inquiries of personnel responsible for the materiality analysis to gain an understanding of the Company's approach to identifying material issues and corresponding reporting boundaries,
- Inquiries of personnel involved on group level to gain an understanding of the preparation process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the combined separate non-financial group report,
- Inquiries of personnel involved in the preparation of the non-financial group report about the preparation process, internal controls relevant to that process and the disclosures in the non-financial group report,
- Identifying and assessing the risk of material misstatement of the non-financial group report,
- Inspection of the relevant documentation of the systems and processes for collecting, aggregating and validating the data from the relevant functions in the reporting period,
- Performing analytical procedures on selected disclosures in the non-financial group report,
- Evaluation of future-oriented disclosures. There is a significant unavoidable risk that future events will differ materially from the future-oriented disclosures and
- Evaluation of the overall presentation of the non-financial group report.

As set out in the description of the legal representatives' responsibilities, the legal representatives have interpreted the wording and terms contained in the relevant regulations; the legality of these interpretations is subject to the inherent uncertainties mentioned in this description.

Restriction of use

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

General Engagement Terms and Liability

The General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] dated 1 January 2017 **(https://www.mazars.de/Home/Services/Audit-Assurance/Auftragsbedingungen)** are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained therein no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the assurance report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Frankfurt am Main, March 13, 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Yvonne Meyer	Julian Klose
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	*(German Public Auditor)*

Report by the Supervisory Board

Ladies and Gentlemen,

In the fiscal year 2023, the Supervisory Board closely followed the situation and development of HELLA GmbH & Co. KGaA. The Supervisory Board performed the tasks incumbent upon it as provided for by applicable law and the articles of association, and advised and supervised the Management Board.

Work with the Management Board

The Management Board regularly provided the Supervisory Board with written and verbal information on the business performance of HELLA GmbH & Co. KGaA. In particular, the market and sales situation of the Company against the background of general economic developments, the financial situation of the Company and its subsidiaries as well as earnings trends were presented to the Supervisory Board. In the context of the monthly reporting, sales and earnings performance figures were discussed for the HELLA Group as a whole as well as broken down by business segment. Furthermore, during the Supervisory Board meetings, the current business situation, the sales, earnings and capital expenditure planning, as well as the operational targets were discussed. The Management Board provided a detailed commentary regarding any deviations in the course of business from the budgeted values. The Management Board also reported regularly on current market developments in the automotive industry and on the status of coordination and cooperation activities between HELLA and the parent company FORVIA. The Chairman of the Supervisory Board also engaged in regular dialogue with the CEO outside of the Supervisory Board meetings.

Focus of consultations of the Supervisory Board

In the fiscal year 2023, the Supervisory Board held four ordinary meetings, each of which was held in person. Resolutions were also passed by shareholder resolution passed in writing.

The ordinary meetings were held 20 March 2023, 24 July 2023, 28 September 2023 and 12 December 2023.

At the ordinary meeting on 20 March 2023, which was attended by representatives of the auditor, the annual financial statements of HELLA GmbH & Co. KGaA and the Group as well as the dependent company report and the remuneration report of HELLA GmbH & Co. KGaA for the short fiscal year 2022 were presented and discussed in detail. Based on the initial review by the Audit Committee, the Supervisory Board approved both sets of financial statements. It also endorsed the proposal of the General Partner for the appropriation of distributable profits. The dependency report for the short fiscal year 2022 was intensively discussed and approved by the Supervisory Board. The Supervisory Board also dealt with the remuneration report for the short fiscal year 2022 and noted it with approval. HELLA made use of an exemption option under commercial law in the short fiscal year 2022 and did not prepare its own non-financial reporting due to its inclusion in the reporting of FORVIA S.E. Against this background, the Supervisory Board was presented with an overview of joint non-financial reporting at FORVIA level for the short fiscal year 2022. It also dealt with the report on the Supervisory Board’s activities, and it discussed and adopted the proposed resolutions for the Annual General Meeting on 28 April 2023. In addition, the Management Board presented the current company situation, in particular the status of the cooperation between HELLA and FORVIA.

At the ordinary meeting on 24 July 2023, the Management Board once again reported to the Supervisory Board on the current status of the cooperation between HELLA and FORVIA, in particular on the establishment of a joint venture for the areas of Indirect Purchasing and IT, in addition to the current business development of the business segments and the Group. The current status of the annual strategic planning process was also presented. The Management Board also provided information on the implementation status of a new HELLA anti-corruption guideline and on current developments with regard to non-financial reporting for fiscal year 2023. Finally, considerations for the further organisation of the company headquarters in Lippstadt and measures for employee retention were presented and discussed.

At the ordinary meeting on 28 September 2023, the Supervisory Board discussed the process for the election of new employee representatives to the Supervisory Board in 2024. The gender quota to be fulfilled by the Supervisory Board was also discussed in this context. Other current corporate governance topics were also discussed, such as preparations for the efficiency review of the Supervisory Board in October 2023. In addition to the report on the further development of the HELLA technology portfolio of the Business Groups Lighting and Electronics, the Management Board reported to the Supervisory Board on the current situation of the company.

At the ordinary meeting on 12 December 2023, the Supervisory Board discussed the results of the 2023 efficiency review and the measures derived from it to further improve the cooperation of the Board. In addition to the Management Board's report on the current business situation, the current status of the restructuring of the company's headquarters in Lippstadt, as well as HELLA's sustainability strategy, were also discussed.

The average attendance at the meetings of the Supervisory Board in the short fiscal year 2022 was 98%. Britta Peter was unable to attend a meeting of the Supervisory Board. The other members of the Supervisory Board attended all meetings during their term of office.

Outside of the meetings, the Supervisory Board passed resolutions by shareholder resolution passed in writing in accordance with Section 15 (1) of the Articles of Association. This was to approve and adopt the ‘Declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)’ for 2023.

Work of the committees

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

The Audit Committee held five ordinary meetings in the fiscal year 2023, on 12 January 2023, 2 March 2023, 26 April 2023, 20 July 2023 and 6 November 2023, as well as two extraordinary meetings on 9 February 2023 and 4 December 2023. With the exception of the meetings on 26 April 2023, 20 July 2023 and 4 December 2023, which were held as video conferences, these were held as face-to-face events. With the exception of Paul Hellmann, who was unable to attend one of the meetings, all members of the Audit Committee took part in the meetings. This corresponds to an average presence of 96%. Representatives of the auditor for the short fiscal year 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), also attended the meetings from time to time. From the meeting on 20 July 2023, representatives of the auditor for the fiscal year 2023, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (Mazars), attended from time to time. By resolution of the Audit Committee, representatives of the Management Board of the General Partner also attended the meetings. Parts of the Audit Committee meetings are regularly reserved for consultations with the auditor, without the presence of the Management Board. The Chair of the Audit Committee also maintains a close dialogue with the auditor, the Management Board and the managers in the Finance/Controlling department outside of meetings.

At the meeting on 12 January 2023, the Management Board presented the half-year financial statement of the short fiscal year 2022. In addition to the half-year reports from Corporate Audit, Risk Management and Compliance Management, the Audit Committee also dealt with the draft report on the auditor selection process.

At the meeting on 9 February 2023, the Management Board presented the current status of the audit of the annual financial statements for the short fiscal year 2022. The HELLA authorisation guideline and the EMIR audit were also discussed. In connection with the selection process for the auditor from the fiscal year 2023 onwards, various auditors presented themselves at the Audit Committee meeting.

At the ordinary meeting on 2 March 2023, the Audit Committee examined the initial review of the annual financial statements and the consolidated financial statements, the combined management report, the proposal for the appropriation of profits, the dependency report and the dependent company report for the short fiscal year 2022. Furthermore, the Audit Committee received an overview of the remuneration report, HELLA's contribution to non-financial reporting by FORVIA and the proposed resolutions to be discussed at the Supervisory Board meeting on 20 March 2023 for the Annual General Meeting on 28 April 2023. Another subject of the meeting was, once again, the audit for the fiscal year 2023.

At the meeting on 26 April 2023, the Management Board presented the three-month financial statement of the fiscal year 2023. The Audit Committee also dealt with monitoring the quality of the audit of the financial statements for the short fiscal year 2022 and the scope of the audit engagement for the fiscal year 2023.

At the meeting on 20 July 2023, the Management Board presented the half-year financial statement for fiscal year 2023 and a scheme to strengthen cash flow generation in the HELLA Group. The Audit Committee also determined the focal points of the audit for the fiscal year 2023 and dealt with the half-year reports of Corporate Audit, Risk Management and Compliance Management. HELLA's future financing strategy and the agreements with the auditor and the Group auditor were also discussed.

At the meeting on 6 November 2023, the Management Board presented the nine-month financial statement of the fiscal year 2023. The Audit Committee also addressed the monitoring of the auditor's audit quality and the current status of Mazars' onboarding. The Audit Committee also discussed the internal audit plan for the fiscal year 2024 and the current status of risk management, ESG reporting and the company's financing strategy with the Management Board. Current developments in the Chinese market were also discussed.

At its meeting on 4 December 2023, the Audit Committee dealt intensively with the preliminary consolidated financial statements prepared as at 31 October 2023 (hard close) and the preparations for the audit of the consolidated financial statements for the fiscal year 2023.

The Nomination Committee, consisting of Andreas Renschler and Andreas Marti, which is responsible for preparing the Supervisory Board's proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board, did not meet in the fiscal year 2023.

Audit of the annual and consolidated financial statements

On 28 April 2023, the Annual General Meeting appointed Mazars as auditor both for the annual financial statements and for the consolidated financial statements for the fiscal year 2023. The annual financial statements and the management report of HELLA GmbH & Co. KGaA for the fiscal year 2023 were prepared by the General Partner in accordance with the provisions applicable under the German Commercial Code (Handelsgesetzbuch, “HGB”); the consolidated financial statements and the Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and in accordance with the additional commercial law provisions as they apply under Section 315a HGB. The two sets of financial statements, including the combined management report and the dependency report for the fiscal year 2023, were audited by the auditor Mazars, which issued an unqualified auditors’ certificate for all documents. In addition, the non-financial report was created for HELLA GmbH & Co. KGaA and the Group for the fiscal year 2023. This was audited by

Mazars on behalf of the Supervisory Board in accordance with the “limited assurance” standard and issued with an unqualified opinion. PwC has also issued an unqualified opinion for the remuneration report for the fiscal year 2023 in accordance with Section 162(3) AktG.

The Audit Committee of the Supervisory Board thoroughly reviewed the annual financial statements for the fiscal year 2023 at its meetings on 4 March 2024 and 13 March 2024. The representatives of the auditor, present at the meeting of the Audit Committee, reported on the result of their audits and gave additional information. In the course of its audit, the auditor did not find any material shortcomings in respect of the organisation and effectiveness of the internal control and risk management system. Furthermore, the Audit Committee discussed the initial review of the dependency report and the non-financial reporting for the fiscal year 2023. In this context, Mazars presented and discussed in detail the results of the audit of the dependent-company report and the non-financial report. In addition, the Audit Committee dealt with the remuneration report for the fiscal year 2023 at the meetings on 4 March 2024 and 13 March 2024.

Based on the preparatory initial review by its Audit Committee, the Supervisory Board, for its part, also reviewed the annual financial statements of HELLA GmbH & Co. KGaA, the consolidated financial statements, the combined management report, the dependency report and the non-financial report for the fiscal year 2023. Given the final result of the Supervisory Board’s review, there are no objections to be raised against the annual financial statements, the consolidated financial statements, the Management Board declaration at the end of the dependent-company report or the non-financial reporting. At its meeting on 14 March 2024, which was also attended by the representatives of the auditor Mazars, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the non-financial report, and endorsed the proposal of the General Partner for the appropriation of distributable profits. Furthermore, after review and discussion, the Supervisory Board noted, with approval, the remuneration report for the fiscal year 2023 prepared by the Management Board and the Shareholder Committee.

Composition of the Supervisory Board

On the shareholder representatives’ side, there were no changes in the reporting period.

On the employee representatives’ side, there were the following changes in the reporting period: Dr. Michaela Schäfer resigned as a member of the Supervisory Board with effect from 31 January 2023. At the request of the general partner and the Chair of the Supervisory Board, the Paderborn Local Court therefore appointed Anke Sommermeyer as the successor to Dr. Michaela Schäfer with effect from 11 July 2023.

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

The Supervisory Board would also like to express its gratitude and appreciation to the members of the Management Board and to all HELLA employees worldwide for their commitment and successful achievements in the fiscal year 2023, which was characterised by a challenging market environment, persistent cost inflation and disruptive geopolitical events.

Lippstadt, 14 March 2024

On behalf of the Supervisory Board

Andreas Renschler

Consolidated financial statements of HELLA GmbH & Co. KGaA

for the fiscal year 2023 from 01 January 2023 to 31 December 2023

Consolidated income statement

of HELLA GmbH & Co. KGaA from 1 January 2023 to 31 December 2023 and
from 1 June 2022 to 31 December 2022

€ thousand	Notes	2023	2022
Sales	10	**7,954,141**	**4,410,044**
Cost of sales	11	-5,943,353	-3,467,788
Gross profit		**2,010,789**	**942,256**
Research and development expenses	12	-881,633	-460,584
Distribution expenses	13	-380,650	-214,008
Administrative expenses	14	-315,464	-148,670
Other income	15	45,286	289,618
Other expenses	15	-28,281	-53,136
Earnings from investments accounted for using the equity method	32	13,947	26,850
Other income from investments		34	421
Earnings before interest and taxes (EBIT)		**464,027**	**382,749**
Financial income	16	59,646	12,202
Financial expenses	16	-126,699	-36,936
Net financial result	16	**-67,052**	**-24,733**
Earnings before income taxes (EBT)		**396,975**	**358,015**
Income taxes	17	-130,658	-5,940
Earnings for the period		**266,317**	**352,075**
of which attributable:			
to the owners of the parent company		263,919	350,528
to non-controlling interests		2,398	1,548
Basic earnings per share in €	19	**2.38**	**3.15**
Diluted earnings per share in €	19	**2.38**	**3.15**

At the start of fiscal year 2023, HELLA introduced the "operating income margin" key performance indicator for internal and external reporting. In the 2023 reporting period, the **operating income margin was +6.1%***, compared to +4.4% in the prior year. Operating income totalled EUR +486.3 million in absolute terms and EUR +194.8 million in the prior year. Please refer to chapter 21 for further information.*

Consolidated statement of comprehensive income

(after-tax view) of HELLA GmbH & Co. KGaA from 1 January 2023 to 31 December 2023
and from 1 June 2022 to 31 December 2022

€ thousand	**2023**	2022
Earnings for the period	**266,317**	**352,075**
Currency translation differences	-76,214	-31,965
Changes recognised in equity	-76,214	-31,794
Profits (-) / losses (+) reclassified to profit or loss	0	-171
Financial instruments for cash flow hedging	-10,238	25,981
Changes recognised in equity	21,925	22,538
Profits (-) / losses (+) reclassified to profit or loss	-32,163	3,444
Change in fair value of debt capital instruments held	2,301	-6,158
Changes recognised in equity	2,482	-6,199
Profits (-) / losses (+) reclassified to profit or loss	-181	41
Share of other comprehensive income attributable to associates and joint ventures	-8,539	-4,225
Items that were or can be transferred to profit or loss	**-84,150**	**-12,142**
Remeasurements of defined benefit plans	-25,067	36,439
Share of other comprehensive income attributable to associates and joint ventures	6	838
Items never transferred to profit or loss	**-25,067**	**36,439**
Other earnings for the period	**-109,217**	**24,297**
Comprehensive income for the period	**157,100**	**376,373**
of which attributable:		
to the owners of the parent company	156,041	375,478
to non-controlling interests	1,059	894

Other earnings from non-controlling interests are attributable to currency translation differences and remeasurement from defined benefit plans.

Consolidated statement of financial position

of HELLA GmbH & Co. KGaA as of 31 December 2023 and 31 December 2022

€ thousand	**Notes**	**31 December 2023**	31 December 2022
Cash and cash equivalents	23	1,090,450	1,285,924
Financial assets	24	127,929	185,780
Trade receivables	25	923,065	1,012,367
Other receivables and non-financial assets	26	263,426	269,842
Inventories	27	1,124,531	1,168,198
Current tax assets		38,147	33,807
Contract assets	28	116,774	48,834
Assets held for sale	29	72,587	0
Current assets		**3,756,909**	**4,004,752**
Intangible assets	30	544,954	477,552
Property, plant and equipment	31	2,247,591	2,267,298
Financial assets	24	78,799	94,069
Investments accounted for using the equity method	32	123,399	203,008
Deferred tax assets	33	88,391	93,411
Contract assets	28	115,824	69,958
Other non-current assets	34	105,777	87,492
Non-current assets		**3,304,735**	**3,292,788**
Assets		**7,061,644**	**7,297,540**
Financial liabilities	38	434,288	253,861
Trade payables	35	1,364,891	1,334,840
Current tax liabilities		72,922	54,015
Other liabilities	36	516,589	422,837
Provisions	37	154,520	227,603
Contract obligations	28	138,369	110,797
Current liabilities		**2,681,579**	**2,403,953**
Financial liabilities	38	840,375	1,174,952
Deferred tax liabilities	33	43,750	42,152
Other liabilities	36	77,679	48,476
Provisions	37	520,335	566,938
Non-current liabilities		**1,482,139**	**1,832,519**
Subscribed capital	39	222,222	222,222
Reserves and unappropriated surplus	39	2,671,207	2,835,100
Equity before non-controlling interests	39	**2,893,429**	**3,057,322**
Non-controlling interests	39	4,497	3,747
Equity		**2,897,926**	**3,061,069**
Equity and liabilities		**7,061,644**	**7,297,540**

Consolidated cash flow statement

of HELLA GmbH & Co. KGaA from 1 January 2023 to 31 December 2023
and from 1 June 2022 to 31 December 2022

€ thousand	**2023**	2022
Earnings before income taxes (EBT)	**396,975**	**358,015**
Depreciation, amortisation, impairments and reversals of impairment losses	556,701	-13,507
Change in provisions	-163,104	335,744
Other non-cash income / expenses and cash flows not attributable to operating activities	-60,011	-277,692
Profits/losses from the sale of property, plant and equipment and intangible assets	265	1,768
Net financial result	67,052	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	-41,537	5,530
Change in inventories	9,210	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	165,515	263,403
Tax refunds received	11,150	7,156
Taxes paid	-110,670	-39,811
Dividends received	6,887	13,463
Interest received	23,563	6,122
Interest paid	-36,302	-18,577
Cash flow from operating activities	**825,694**	**625,521**
Cash receipts from the sale of property, plant and equipment and of intangible assets	14,785	10,835
Payments for the purchase of property, plant and equipment	-464,383	-309,091
Payments for the purchase of intangible assets	-170,802	-94,191
Payments for loans granted to investments	-5,667	-2,630
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	-2,338	-3,143
Cash receipts from the sale of investments in associates and joint ventures and other investments	32,908	284,944
Payments for the acquisition of non-consolidated subsidiaries and other investments	-6,328	-245
Net payments for the purchase, sale and redemption of securities	63,329	240,986
Cash flow from investing activities	**-538,497**	**127,466**
Payments for the repayment of financial liabilities	-163,616	-22,378
Cash receipts from changes in financial liabilities	14,598	41,683
Dividends paid	-320,243	-54,496
Cash flow from financing activities	**-469,261**	**-35,192**
Net change in cash and cash equivalents	**-182,064**	**717,795**
Cash and cash equivalents at the beginning of the fiscal year	1,285,924	576,129
Effect of exchange rate changes on cash and cash equivalents	-13,410	-8,001
Cash and cash equivalents at the end of the fiscal year	**1,090,450**	**1,285,924**

See also chapter 40 for notes to the cash flow statement

Consolidated statement of changes in equity

of HELLA GmbH & Co. KGaA from 1 June 2022 to 31 December 2022 and from 1 January 2023 to 31 December 2023

€ thousand	Subscribed capital	Capital reserve	Reserve for currency translation differences	Reserve for financial instruments for cash flow hedging	Reserve for debt capital instruments
As at: 01 June 2022	**222,222**	**250,234**	**14,337**	**-32,724**	**-11,063**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-31,312	25,981	-6,158
Comprehensive income for the period	**0**	**0**	**-31,312**	**25,981**	**-6,158**
Distributions to shareholders	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**0**	**0**	**0**
As at: 31 December 2022	**222,222**	**250,234**	**-16,975**	**-6,743**	**-17,221**
As at: 01 January 2023	**222,222**	**250,234**	**-16,975**	**-6,743**	**-17,221**
Earnings for the period	0	0	0	0	0
Other earnings for the period	0	0	-74,846	-10,238	2,301
Comprehensive income for the period	**0**	**0**	**-74,846**	**-10,238**	**2,301**
Distributions to shareholders	0	0	0	0	0
Changes in ownership interests in subsidiaries	0	0	-49	0	0
Transactions with shareholders	**0**	**0**	**-49**	**0**	**0**
As at: 31 December 2023	**222,222**	**250,234**	**-91,870**	**-16,981**	**-14,920**

See also Chapter 39 for notes on equity

Other earnings from non-controlling interests are attributable to currency translation differences and remeasurement from defined benefit plans.

€ thousand	Remeasurement from defined benefit plans	Other retained earnings / profit carried forward	**Reserves and unappropriated surplus**	**Equity before non-controlling interests**	Non-controlling interests	**Equity**
As at: 01 June 2022	**-49,153**	**2,342,436**	**2,514,066**	**2,736,288**	**2,852**	**2,739,140**
Earnings for the period	0	350,528	350,528	350,528	1,548	352,075
Other earnings for the period	36,439	0	24,951	24,951	-653	24,297
Comprehensive income for the period	**36,439**	**350,528**	**375,478**	**375,478**	**894**	**376,373**
Distributions to shareholders	0	-54,444	-54,444	-54,444	0	-54,444
Transactions with shareholders	**0**	**-54,444**	**-54,444**	**-54,444**	**0**	**-54,444**
As at: 31 December 2022	**-12,714**	**2,638,520**	**2,835,100**	**3,057,322**	**3,747**	**3,061,069**
As at: 01 January 2023	**-12,714**	**2,638,520**	**2,835,100**	**3,057,322**	**3,747**	**3,061,069**
Earnings for the period	0	263,919	263,919	263,919	2,398	266,317
Other earnings for the period	-25,095	0	-107,878	-107,878	-1,340	-109,217
Comprehensive income for the period	**-25,095**	**263,919**	**156,041**	**156,041**	**1,059**	**157,100**
Distributions to shareholders	0	-320,000	-320,000	-320,000	-243	-320,243
Changes in ownership interests in subsidiaries	-2	116	65	65	-65	0
Transactions with shareholders	**-2**	**-319,884**	**-319,935**	**-319,935**	**-308**	**-320,243**
As at: 31 December 2023	**-37,812**	**2,582,555**	**2,671,207**	**2,893,429**	**4,497**	**2,897,926**

See also Chapter 39 for notes on equity

Other earnings from non-controlling interests are attributable to currency translation differences and remeasurement from defined benefit plans.

Consolidated notes

01 Basic information

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

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

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

The consolidated financial statements of the HELLA Group for the fiscal year 2023 were prepared on the basis of Section 315e(1) of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In the consolidated financial statements, the HELLA Group has applied all standards and interpretations adopted by the IASB and endorsed by the EU the application of which was mandatory as at 31 December 2023.

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

The consolidated financial statements are prepared using accounting and measurement methods that are applied consistently within the Group on the basis of amortised historical cost. This does not apply for assets that are held for sale and derivative financial instruments, which are measured at fair value. The consolidated income statement is prepared using the cost-of-sales method. The current/non-current distinction is observed in the consolidated balance sheet. The amounts reported under current assets or liabilities have a maturity of up to twelve months or are realised within the normal course of business. Accordingly, non-current items have a maturity of more than twelve months or are allocated to current assets due to

The most important subsidiaries are set out below:

			Share of equity (%)	
Company	Country	City	**31 December 2023**	31 December 2022
HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100	100
HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100	100
HELLA Slovakia Signal-Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100	100
Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100	100
HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100	100
HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100	100
HELLA Electronics Corporation	USA	Plymouth, MI	100	100
HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100	100
Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100	100
HELLA Fahrzeugkomponenten GmbH	Germany	Bremen	100	100

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

the normal course of business. In order to enhance the clarity of the presentation, items of consolidated balance sheet and consolidated income statement have been grouped together where this is appropriate and possible. These items are broken down and explained in the consolidated notes. Please note that where sums and percentages in the report have been rounded, differences may arise as a result of commercial rounding.

The Management Board released the consolidated financial statements for submission to the Supervisory Board on 29 February 2024. It is the responsibility of the Supervisory Board to review the consolidated financial statements and declare its approval. A resolution by the Supervisory Board approving the consolidated financial statements is expected to be passed at the ordinary Supervisory Board meeting to be held on 14 March 2024.

02 Scope of consolidation

In addition to HELLA GmbH & Co. KGaA, all significant domestic and foreign subsidiaries that are directly or indirectly controlled by HELLA are included in the scope of consolidation. In the current fiscal year 2023, the company HELLA Finance International BV was liquidated and the company HELLA Electronics Engineering GmbH was merged with HELLA GmbH & Co. KGaA.

Associate companies and joint venture companies are included in the consolidated financial statements using the equity method of accounting.

Number	**31 December 2023**	31 December 2022
Fully consolidated companies	75	77
Associated companies and joint ventures	22	22

Behr HELLA Thermocontrol GmbH (BHTC) is included in the consolidated financial statements as an associate and is recognised under assets held for sale from the date of this report (see Chapters 29 and 32). HELLA Pagid GmbH (hereinafter referred to as HELLA Pagid) was reclassified from associates to non-consolidated companies (see Chapter 3). Associate HELLA Faway Automotive Lighting (Tianjin) Co., Ltd was founded in the current fiscal year.

03 Company acquisitions

On 22 December 2023, the remaining 50% of shares in the German company HELLA Pagid GmbH were acquired. The purchase price totalled €3,375 thousand. This will lead to a change in the consolidation method in future, as HELLA Pagid was previously included in the consolidated financial statements using the equity method. HELLA Pagid is not fully consolidated in the 2023 consolidated financial statements and is recognised under non-current financial assets as it is of minor significance for the Group's net assets, financial position and results of operations. The Group's investments in this company were recognised at fair value.

04 Principles of consolidation

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

Business combinations

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

Non-controlling interests

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

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

Subsidiaries

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

Investments accounted for using the equity method

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

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

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

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

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

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

Intra-Group transactions

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

05 Currency translation

Foreign currency gains and losses from monetary assets and monetary liabilities are recognised in profit or loss. One exception to this rule is a monetary item designated as a hedging item in a cash flow hedge for which the Company has elected to recognise changes in fair value in other income.

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

Functional currency and reporting currency

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

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

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

1. Assets and liabilities are translated into euros for each balance sheet date using the spot exchange rate.
2. Income and expenses are translated for each income statement using the average exchange rate (unless this fails to give an appropriate approximation of the cumulative effects that would have arisen from currency translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the transaction dates).
3. Any currency translation differences are recognised in equity as separate items within the currency translation reserve and, hence, in other comprehensive income.

Transactions and outstanding balances

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

On consolidation, currency translation differences on financial liabilities and other currency instruments designated as hedges of such investments are recognised directly in equity. If a foreign business is sold, any currency translation differences so far recognised within equity are recognised in the

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

	Average		Reporting date	
	2023	2022	**31 December 2023**	**31 December 2022**
€ 1 = US dollar	1.0810	1.0202	1.1050	1.0666
€ 1 = Czech koruna	24.0017	24.5159	24.7240	24.1160
€ 1 = Japanese yen	151.9122	141.5888	156.3300	140.6600
€ 1 = Mexican peso	19.1796	20.3612	18.7231	20.8560
€ 1 = Chinese renminbi	7.6554	7.0755	7.8509	7.3582
€ 1 = Romanian leu	4.9464	4.9212	4.9756	4.9495
€ 1 = Indian rupee	89.2788	82.1661	91.9045	88.1710

income statement as part of the profit or loss derived from the sale. Goodwill arising from business combinations and from disclosed hidden reserves and liabilities that are recognised as adjustments to the carrying amounts of the assets and liabilities of the company concerned are translated using the end-of-year spot exchange rate on the balance sheet date in the same way as that applied to assets and liabilities.

06 New accounting standards

The Group has applied the following amendments which were adopted by the EU as European law as at the balance sheet date for the first time in the short fiscal year 2023:

IFRS 17 "Insurance Contracts"

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

In December 2021, the IASB published further amendments to IFRS 17 that affect entities applying IFRS 17 and IFRS 9 simultaneously for the first time. The addition made to IFRS 17 allows those adopting the standard for the first time to present financial assets in the comparative period as if the classification and measurement rules in IFRS 9 had been applied to these financial assets (classification overlay). The application of both amendments had no effect on HELLA's consolidated financial statements.

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

On 12 February 2021, the IASB published amendments to IAS 1 according to which it is only necessary to present the “material” accounting methods in the notes and thus to emphasise company-specific rather than standardised disclosures. To be considered “material”, the accounting policy must be related to material transactions or other events, and there must be an occasion for presentation. For example, the reason may be that the method has been changed, an option is involved, the method is complex or highly discretionary or it has been developed in accordance with IAS 8. This had no significant impact on the HELLA consolidated financial statements.

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

On 12 February 2021, the IASB published an amendment to IAS 8 that clarifies how companies can better distinguish changes in accounting policies from changes in estimates. For this purpose, the definition states that an accounting estimate is always related to an uncertain valuation of a financial value in the financial statements. In addition to input parameters, a company also uses valuation methods to establish an estimate. Valuation methods can entail estimation methods or measurement techniques. This had no significant impact on the HELLA consolidated financial statements.

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

On 7 May 2021, the IASB issued a pronouncement which amends IAS 12 restricting what is known as the “Initial Recognition Exemption” (IRE) so that this no longer applies to business transactions that give rise to deductible and taxable temporary differences of the same amount. The application had no material impact on HELLA’s consolidated financial statements.

IAS 12 “Income taxes”: International tax reform – "Pillar Two Rule Models"

On 23 May 2023, the IASB published further amendments to IAS 12, whereby a temporary exemption from the obligation to recognise deferred taxes resulting from the implementation of Pillar Two regulations was included for affected companies.

In addition, specific disclosure requirements have been introduced to help investors better understand the impact of the supplementary taxes on the company, particularly before the country-specific legislation implementing the minimum taxation comes into force. The regulations were adopted into European law by the EU on 8 November 2023 and they will apply retroactively from 1 January 2023.

In accordance with the national legal standards relevant to HELLA GmbH & Co. KGaA (Section 4 III, IV and Section 8 II MinStG), the indirect majority shareholding of FORVIA S.E. in HELLA GmbH & Co. KGaA qualifies FORVIA S.E. as the ultimate parent company within the meaning of BEPS Pillar 2 ("Base Erosion and Profit Shifting" Pillar 2). Corresponding disclosure requirements are included in the FORVIA consolidated financial statements. Due to the current investment structure, neither actual nor deferred income tax effects from BEPS Pillar 2 are therefore recognised in the HELLA consolidated financial statements.

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

Amendments to IAS 1 “Presentation of Financial Statements”:

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

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

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

IFRS 16 “Leases”: Lease liability in a sale and leaseback transaction

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

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

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

IAS 7 “Financial cash flow statement” and IFRS 7 “Financial Instruments: Details”: Supplier financing agreements

On 25 May 2023, the IASB published amendments to IAS 7 and IFRS 7 on supplier financing agreements ("reverse factoring" agreements). These supplement the existing disclosures in that companies are obliged to provide qualitative and quantitative information on financing agreements with suppliers. This is intended to increase the transparency of supplier financing agreements and their impact on a company's liabilities and cash flows as well as its liquidity risk. These amendments are mandatory for fiscal years commencing on or after 1 January 2024. The reverse factoring programmes implemented do not result in any changes in the relevant characteristics of trade payables. The trade payables included in these programmes are therefore still reported as such and the cash flows from these agreements are reported in the cash flow from operating activities. Due to the unchanged payment terms of the liabilities transferred under this programme, there are no material effects on the HELLA Group's liquidity. The specific effects on the HELLA consolidated financial statements are costs being analysed.

IAS 21 “The Effects of Foreign Exchange Rate Changes”: Lack of exchangeability of a currency

On 15 August 2023, the IASB published amendments to IAS 21. These provide for a standardised approach when assessing whether a currency is exchangeable into another currency. If this is not the case, IAS 21 now contains rules on how to determine the exchange rate to be used. In addition, extended disclosures in the notes are required. These amendments are mandatory for fiscal years commencing on or after 1 January 2025. Possible effects on the HELLA consolidated financial statements are currently being analysed.

07 Basis of preparation and accounting

Revenue recognition

Only product sales and services resulting from the Company's business activities are recognised as revenue. The five step model of IFRS 15 is applied to determine whether and in what amount revenue should be recognised. When applying the five steps to contracts with customers, the existing distinct performance obligations (definable) are identified. The transaction price for the customer contract is determined pursuant to IFRS 15. Variable amounts such as discounts, customer bonuses or other concessions are recognised during the year as sales deductions. Price increases (commercial claims) that are passed on to customers via unit price adjustments or one-off payments are also recognised as revenue in accordance with IFRS 15. Revenue is recognised in accordance with the allocated pro rata transaction price when the agreed performance obligation is satisfied or control is passed to the customer (control approach).

The HELLA Group generates sales primarily from the sale of goods to automotive manufacturers or other Tier 1 suppliers. In particular, the Group sells customer-specific lighting technology and electronics components and systems for the automotive industry, as well as standardised goods such as automotive parts and accessories and original equipment for special vehicles. In accordance with IFRS 15, the HELLA Group recognises sales revenue from customer-specific series production over time and sales revenue from the sale of standardised goods at a point in time. The measurement of the stage of completion for period-related sales recognition is based on the output-oriented method, which is based on the goods delivered. The production and delivery of similar goods from series production fulfils the conditions for the application of the output-oriented method. Revenue recognition at a point in time from the sale of standardised goods is based on the transfer of control of the goods to the customer. This is generally the case when delivery takes place.

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

In the Electronics and Lighting segments, vehicle-specific solutions, which are presented in Chapter 10 as income from the provision of services, are also developed. These performance obligations essentially comprise the HELLA Group's development services customised for the customer. Pursuant to the five-step model of IFRS 15, income is recognised in accordance with the terms of the contract when the performance obligation has been fulfilled (point-in-time). As the customers in these cases regularly first make payments only after the development work has been completed, this results in the contract assets reported in the Group.

Functional costs

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

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

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

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

Tools produced or purchased for production purposes are capitalised at acquisition or production cost in accordance with IAS 16 and reported separately in the statement of changes in non-current assets as production-related equipment. Each item of property, plant and equipment with historical cost that represents a significant portion of the total value of the item is recognised and depreciated separately.

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

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

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

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

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

Intangible assets

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

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

charged on capitalised development expenses is recognised in the cost of sales and incur in the Electronics and Lighting segments.

Acquired intangible assets

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

Impairment of non-monetary assets

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

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

Reversals of impairment losses

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

Contract assets and contract liabilities

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

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

Assets and liabilities held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Classification as held for sale requires a specific intention to sell and a highly probable sale within twelve months. The corresponding assets and liabilities are recognised separately in the statement of financial position. A non-current asset (or disposal group) classified as held for sale is generally recognised at the lower of fair value less costs to sell and carrying amount.

Inventories

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

Cash and cash equivalents

Cash consists of cash and bank balances as well as cheques. Cash equivalents are investments that are held to cover short-term cash obligations and are subject to an insignificant risk of changes in value. They are measured at fair value at the time of acquisition. They are allocated to the category "at amortised cost". Bills received are reported as cash equivalents if their maturity on receipt is less than three months and they can be directly converted into sight deposits almost without generating any loss. If maturity on receipt is more than three months or the bill cannot be converted directly into sight deposits, these bills are reported in the securities category within financial assets. Other subordinated bills in qualitative terms from banks with poor credit rating continue to be recognised as receivables.

Equity

Subscribed capital

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

Capital reserve

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

Reserve for currency translation differences

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

Cash flow hedging reserve

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

Reserve for FVOCI financial instruments (equity instruments)

The reserve for FVOCI financial instruments contains the cumulative net changes in the fair value of FVOCI equity instruments.

Reserve for FVOCI financial instruments(debt capital instruments)

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

Remeasurements of defined benefit plans

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

Other retained earnings/ profit carried forward

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

Trade payables

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

Current and deferred taxes

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

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

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

Employee benefits

Pension liabilities

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

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

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

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

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

Severance

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

Profit-sharing and other bonuses

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

Share-based remuneration

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

Partial retirement

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

Provisions

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

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

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

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

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

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

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

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

Contingent liabilities

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

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and, at the same time, a financial liability or equity instrument of another entity. Financial assets and liabilities are assigned to measurement categories in accordance with IFRS 9.

Financial assets

Financial assets and/or the purchase or sale of financial assets under normal market conditions are recognised in the statement of financial position if the Company is party to a contract concerning these assets.

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

Financial instruments are assigned to the following measurement categories:

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

At amortised cost

A financial asset is measured at amortised cost if it meets the following two conditions and is not classified as FVPL: First, it is held within a business model whose objective is to hold financial assets to collect contractual cash flows. Second, its contractual terms give rise to payments to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. When initially recognised, they are measured at fair value, taking into account transaction costs, using the effective interest method and recognised for any impairment. Financial assets at amortised cost are subsequently measured using the effective interest method less repayments, plus or less cumulative amortisation and adjusted for any impairment. Gains and losses are recognised in the income statement if the asset is derecognised, modified or impaired.

At fair value through other comprehensive earnings (FVOCI) (debt capital instruments)

A debt capital instrument that meets the following two conditions must be measured at FVOCI unless the asset is classified as FVPL: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. For debt instruments measured at FVOCI, interest income, currency revaluations and value adjustments related to credit ratings are recognised in the income statement and calculated in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. After derecognition of the financial assets, the cumulative change in fair value recognised in OCI of the financial assets is recycled to the income statement.

At fair value with changes in value in other comprehensive earnings (FVOCI) (equity instruments)

Equity instruments for which there is a strategic objective and no intention to trade are – after exercising the option – designated at fair value with changes in value recognised in other comprehensive earnings. Initial and subsequent measurement is at fair value. The changes in fair value are recognised in equity and remain in equity even after the disposal of these equity instruments. Dividend earnings are recognised in the income statement.

At fair value through profit or loss (FVPL)

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

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

Impairment

The Group measures the future expected credit loss for its receivables measured at amortised cost and its debt instruments measured at FVOCI. For trade receivables, the Group uses the simplified approach of IFRS 9 to measure lifetime expected credit losses since initial recognition.

Financial liabilities

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

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

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

Derivative financial instruments
The HELLA Group uses derivative financial instruments to hedge financial risks and market risks from expected transactions. Derivative financial instruments are recognised or derecognised on the trade date. In principle, all derivative financial instruments are allocated to the FVPL category unless they are designated as hedging instruments as part of hedge accounting.

Depending on whether the derivatives have a positive or negative fair value, they are reported within other financial assets or other financial liabilities. The recognition of changes in fair value depends on the classification of the financial asset and the financial liability. In principle, all derivative financial instruments are recognised at fair value through profit or loss. Changes in the fair value of assets held in this category are recognised directly in the income statement.

Derivatives held for hedging purposes are also recognised as other assets or other liabilities.

HELLA recognises certain risk hedges with derivative financial instruments in accordance with the requirements of IFRS 9 on hedge accounting. HELLA hedges currency risks of existing transactions as well as future highly probable planned transactions. The valuation rules for the hedged transactions do not change. As part of the cash flow hedges used by HELLA here, the effective portion of the change in the fair value of the derivative financial instrument and the cost of hedging are recognised in equity (reserve for financial instruments for cash flow hedging), while the ineffective portion is recognised in the income statement. The portion of the change recognised within equity is posted to the income statement as soon as the underlying transaction is recognised in the income statement. Further details on the design and implementation of the respective cash flow hedges can be found in the FX risk section.

Determination of the fair value
The fair value is the price that would be realised in a transaction between independent market participants in the sale of assets or paid in the transfer of liabilities. It is determined on the basis of financial instruments listed in active markets and price quotations, provided these are prices used in regular and current transactions. HELLA uses valuation techniques to determine the fair value of financial instruments if no quoted prices in active markets are available. The input parameters used are, as far as possible, observable data derived from prices of relevant financial instruments traded in active markets. The selection and application of valuation methods and parameterisation calls for assumptions and estimates by management. The valuation methods are based on models commonly used in the industry. If no market data is available, the parameters are determined from other relevant sources of information, historical data series and analyses of key economic data for the transaction or comparable transactions, and adjustments are made if necessary. In the case of a range of different fair values, the estimated value within the range that best reflects the fair value is used.

The financial assets and liabilities measured at fair value must be classified according to the input parameters of the valuation method used to determine the fair value:

- Measurement based on quoted prices in an active market (Level 1)
- Valuation methods based on observable parameters (Level 2)
- Valuation methods that use significant unobservable inputs (Level 3)

Fair values are disclosed for financial instruments measured at amortised cost. There are generally no active markets for these financial instruments, which requires more extensive assessments by the management.

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

As in the prior year, there were no borrowing costs directly attributable to the acquisition, construction or manufacture of a qualifying asset in fiscal year 2023. For this reason, borrowing costs were recognised directly as expenditure within the period.

Leases
At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A con-

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

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

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

Leases in which the Groupis the lessee

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

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

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

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

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

- initial payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate and are initially measured using the index or rate at the commencement date;
- amounts expected to be payable under residual value guarantees; and

- exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional extension period if the Group is reasonably certain to be able to exercise an extension option, and payments of penalties for terminating the lease early unless the Group is reasonably certain that it will not terminate the lease early.

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

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

The Group elected to report in its statement of financial position those usage rights from leases in property, plant and equipment and to report lease liabilities in current and non-current financial liabilities.

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

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

Leases in which the Group is the lessor

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

HELLA concludes finance lease agreements in the Lifecycle Solutions segment with workshop customers for its portfolio in the areas of diagnostic test devices and workshop equipment. The term of the contracts is usually five years. At the beginning of the term of these contracts, the present value of the discounted future lease payments is recognised as revenue. The corresponding receivables from finance leases are recognised under other assets.

Dividend distributions

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

08 Discretionary decisions and management estimates

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

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

Discretionary decisions and critical accounting estimates

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

Estimated goodwill impairment

In accordance with the accounting policies and measurement methods described herein, the Group tests for impairment on goodwill on an annual basis and whenever there is an indication of impairment. The recoverable amount from cash-generating units (CGUs) is calculated on the basis of the value in use. These calculations must be based on certain assumptions (see also Chapter 30).

Recognition and estimated impairments of non-current assets

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

The Group performs impairment tests on intangible assets (especially capitalised development expenses) and property, plant and equipment and net capital expenditures in associates and joint ventures as soon as any indication of impairment arises in a specific case (triggering event). An impairment loss is recognised by comparing the carrying amount with the estimated recoverable value. The cash flow forecasts and the discount factors used constitute particularly important estimated values when reviewing the value of non-current assets (see Chapter 30 and 31). The underlying forecasts are based on experience as well as expectations regarding future industry developments, particularly assumed sales volumes.

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

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

Provisions

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

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

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

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

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

Income taxes

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

The assessment of this uncertainty is carried out with the most probable value of the possible realisation of the uncertainty.

Uncertainties arise, firstly, in the actual taxes, which are taken into account by an appropriate estimate of potential retrospective tax payments. Secondly, they arise from the value of deferred tax assets, which is countered by means of operational planning. If the final tax amount for these transactions differs from the amount initially assumed, this is recognised in the reported taxes in the period in which the tax amount is conclusively determined (see Chapter 17).

Fair value of derivative and other financial instruments

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

Impairments for financial assets

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

Patent risks

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

Impacts of the current macroeconomic environment and climate-related issues

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

As the macroeconomic development in the automotive industry based on vehicle construction figures already improved in 2022 and a further increase is foreseeable for 2023, HELLA's forecasts have developed significantly more positively than in the previous fiscal year. As a result of this trend, some of the impairment losses recognised in prior years were reversed (see Chapter 31).

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

09 Prior-year figures

With effect from 1 January 2023, the fiscal year of HELLA GmbH & Co. KGaA was changed to the period from 1 January to 31 December of the respective year. For the prior year, the period from 1 June 2022 to 31 December 2022 was a short fiscal year. In the consolidated income statement, the reporting period from 1 January 2023 to 31 December 2023 is compared with the period from 1 June to 31 December 2022 as a comparative period. In the consolidated balance sheet, the valuations as of 31 December 2023 are compared with the valuations as of 31 December 2022. In the tables of the financial statement, the current fiscal year is titled 2023, and the short fiscal year 2022 is titled 2022.

The presentation of interest paid and received in the consolidated cash flow statement was adjusted in the current reporting period: Previously, interest paid was reported in cash flow from financing activities and interest received in cash flow from investing activities. In future, both interest components will be allocated to cash flow from operating activities. From the Company's perspective, this presentation represents a more appropriate allocation and thus provides more relevant and reliable information about the Company's cash flows. This adjustment is also reflected in the net cash flow as a performance indicator for Group management, in which both interest components are also included. Further details on this can be found in Chapter 40. The change in cash and cash equivalents remains unaffected by this adjustment. This does not result in any changes to other reporting elements. The following table presents the consolidated cash flow statement for the short fiscal year 2022 after the reclassification of the interest components:

€ thousand	2022 as reported	Adjustments	2022 adjusted
Earnings before income taxes (EBT)	**358,015**	**0**	**358,015**
Depreciation, amortisation, impairment losses and reversals of impairment losses	-13,507	0	-13,507
Change in provisions	335,744	0	335,744
Other non-cash income / expenses and cash flows not attributable to operating activities	-277,692	0	-277,692
Losses (+)/ profits (-) from the sale of property, plant and equipment and intangible assets	1,768	0	1,768
Net financial result	24,733	0	24,733
Change in trade receivables and other assets not attributable to investing or financing activities	5,530	0	5,530
Change in inventories	-40,827	0	-40,827
Change in trade payables and other liabilities not attributable to investing or financing activities	263,403	0	263,403
Tax refunds received	7,156	0	7,156
Taxes paid	-39,811	0	-39,811
Dividends received	13,463	0	13,463
Interest received	0	6,122	6,122
Interest paid	0	-18,577	-18,577
Cash flow from operating activities	**637,976**	**-12,456**	**625,521**
Cash receipts from the sale of property, plant and equipment and of intangible assets	10,835	0	10,835
Payments for the purchase of property, plant and equipment	-309,091	0	-309,091
Payments for the purchase of intangible assets	-94,191	0	-94,191
Repayments from loans granted to investments	0	0	0
Payments for loans granted to investments	-2,630	0	-2,630
Payments for capital contributions to associated companies, joint ventures and unconsolidated companies	-3,143	0	-3,143
Cash receipts from the sale of associate investments and joint ventures and from other investments	284,944	0	284,944
Payments made for acquiring non-consolidated subsidiaries and other investments	-245	0	-245
Payments for the purchase, sale and withdrawal of securities	240,986	0	240,986
Interest received	6,122	-6,122	0
Cash flow from investing activities	**133,588**	**-6,122**	**127,466**
Payments for the repayment of financial liabilities	-22,378	0	-22,378
Cash receipts from changes in financial liabilities	41,683	0	41,683
Interest paid	-18,577	18,577	0
Dividends paid	-54,496	0	-54,496
Cash flow from financing activities	**-53,769**	**18,577**	**-35,192**
Net change in cash and cash equivalents	**717,795**	**0**	**717,795**
Cash and cash equivalents at the beginning of the reporting period	576,129	0	576,129
Effect of exchange rate changes on cash and cash equivalents	-8,001	0	-8,001
Cash and cash equivalents at the end of the reporting period	**1,285,924**	**0**	**1,285,924**

10 Sales

Sales in the fiscal year 2023 amounted to €7,954,141 thousand (prior year: €4,410,044 thousand). Sales are attributable entirely to the sale of goods and performance of services.

They can be classified as follows:

€ thousand	**2023**	**2022**
Sales from the sale of goods	7,493,470	4,194,281
Sales from the rendering of services	460,671	215,763
Total sales	**7,954,141**	**4,410,044**

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

€ thousand	**2023**	**2022**
Europe	4,588,378	2,326,942
North, Central and South America	1,623,815	930,517
Asia / Pacific / RoW	1,741,948	1,152,586
Consolidated sales	**7,954,141**	**4,410,044**

11 Cost of sales

In the fiscal year, €5,943,353 thousand (prior year: €3,467,788 thousand) in cost of sales was recognised as an expense. Apart from directly attributable material and production costs, the cost of sales also comprises foreign currency gains and losses (largely from the purchase of materials) and gains and losses from the disposal of fixed assets. In the reporting period, exchange rate gains amounted to €42,597 thousand (prior year: €43,350 thousand), exchange rate losses amounted to €50,809 thousand (prior year: €38,508 thousand). The recognised gains on the disposal of fixed assets amounted to €593 thousand (prior year: €1,584 thousand), the losses on disposal of fixed assets to €7,350 thousand (prior year: €3,661 thousand).

The cost of sales also includes a reduction (consisting of the addition to, reversal and utilisation of) in provisions for onerous contracts totalling €131,393 thousand. The prior year included additions totalling €327,459 thousand (see note 37).

This item also includes impairment losses of €18,610 thousand recognised in the reporting period on intangible assets and property, plant and equipment in connection with impending losses. In the prior year, reversals of impairment losses in the amount of €254,970 thousand were recognised.

12 Research and development expenses

The research and development expenses serve to generate future sales and mainly consist of personnel expenses and material expenses. In the fiscal year, reported expenses totalled €881,633 thousand (prior year: €460,584 thousand).

13 Distribution expenses

The distribution expenses include all downstream production costs that can, however, be attributable directly to the provision of goods or services to customers. This covers storage, supplying customers locally, and outbound freight. Classification as distribution expenses is carried out on a Group-wide basis, but also within the individual companies. The reported expenses in the fiscal year totalled €380,650 thousand (prior year: €214,008 thousand).

14 Administrative expenses

The administrative expenses recognised cover all central functions that are not usually directly related to production, development or distribution. These essentially consist of the financial, human resources, IT and similar departments. The expenses recognised in the fiscal year amounted to €315,464 thousand (prior year: €148,670 thousand).

Reversals of impairment losses on intangible assets and property, plant and equipment totalling €23,184 thousand were also recognised in the prior year (see Chapters 30 and 31).

15 Other income and expenses

The other income and expenses, totalling €17,005 thousand (prior year: €236,482 thousand), were made up of income amounting to €45,286 thousand (prior year: €289,618 thousand) and expenses amounting to €28,281 thousand (prior year: €53,136 thousand).

Other income

€ thousand	2023	2022
Income from disposal of financial assets	11,006	252.,75
Valuation gain	6,053	10,475
Government grants	3,788	6,444
Reduction for allowances trade receivables	3,233	636
Reversal of provisions	953	3,823
Insurance reimbursements	863	403
Other income	19,389	15,261
Other operating income	**45,286**	**289,618**

Other expenses

€ thousand	2023	2022
Impairment for other investments	3,833	23,811
Additions for allowances trade receivables	1,240	826
Losses from disposal of financial assets	0	350
Expenses from the recognition of provisions	0	16.,30
Consulting costs	0	2,894
Other expenses	23,209	8,726
Other operating expenses	**28,281**	**53,136**

16 Net financial result

In addition to original interest expenses for financial instruments totalling €47,191 thousand (prior year: €11,523 thousand), the interest expense for the period includes accrued interest for provisions amounting to €28,501 thousand (prior year: €8,106 thousand). Please refer to Chapter 44 for information on other financial expenses and income.

€ thousand	2023	2022
Interest income	30,735	6,844
Income from securities and other loans	3	55
Other financial income	28,908	5,304
Financial income	**59,646**	**12,202**
Interest expenses	-75,692	-19,629
Other financial expenses	-51,007	-17,307
Financial expenses	**-126,699**	**-36,936**
Net financial result	**-67,052**	**-24,733**

17 Income taxes

€ thousand	2023	2022
Current income tax expense	-115,606	-46,305
Deferred income tax expense/income	-15,052	40,365
Recognized income taxes	-130,658	**-5,940**

The current tax expense includes net income and expenses attributable to prior years amounting to totalling €13,117 thousand were (prior year: €3,353 thousand).

Deferred taxes are calculated based on the tax rates applicable or announced, depending on the legal situation, in the individual countries at the expected time of realisation. The prevailing corporate income tax rate of 15% plus the trade tax and the solidarity surcharge results in an average tax rate of 31% for German companies. The tax rates outside Germany range from 7.5% to 34%.

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

Of the effects from changes in tax rates and laws, €-25,428 thousand is attributable to taxable exchange rate and inflation effects in Mexican units.

The effects from tax-free income in the prior year result in the amount of €73,487 thousand from the sale of the participation in HBPO.

In accordance with the national legal standards relevant to HELLA GmbH & Co. KGaA (Section 4 III, IV and Section 8 II MinStG), the indirect majority shareholding of FORVIA S.E. in HELLA GmbH & Co. KGaA qualifies FORVIA S.E. as the ultimate parent company within the meaning of BEPS Pillar 2 ("Base Erosion and Profit Shifting" Pillar 2). Corresponding disclosure requirements, including the amendments to IAS 12 "Income Taxes" "International Tax Reform – Pillar Two Rule Models", are stated in the FORVIA consolidated financial statements. Due to the current investment structure, neither actual nor deferred income tax effects from BEPS Pillar 2 are therefore recognised in the HELLA consolidated financial statements.

€ thousand	2023	2022
Earnings before tax	396,975	358,015
Expected income tax expense/income	**-123,062**	**-110,985**
Utilisation of previously unrecognised loss carryforwards	394	2,134
Reversal of previously unrecognised temporary differences	21,151	22,993
Unrecognised deferred tax assets	-33,176	-9,696
Subsequent recognition of deferred tax assets	1,959	1,450
Deferred tax assets from outside basis differences	-3,906	323
Tax effect of changes in tax rates and laws	-23,472	-4,729
Tax effect from tax-free income	11,803	82,185
Tax effect from investments accounted for using the equity method	4,324	9,202
Tax effect of non-deductible operating expenses	-10,129	-6,468
Tax effect for prior years	2,490	732
Non-deductible foreign withholding tax	-16,100	-7,053
Deviation in tax rates	37,101	10,262
Other	-35	3,710
Recognized income tax expense/income	**-130,658**	**-5,940**

18 Personnel

The average number of employees in the companies included in the consolidated financial statements totals 37,448 (prior year: 36,062) for the fiscal year 2023.

Number	**2023**	2022
Direct employees	8,988	8,894
Indirect employees	28,460	27,168
Total employees	**37,448**	**36,062**

The number of employees is stated as a headcount. Direct employees are directly involved in the manufacturing process, while indirect employees are employed mainly in the areas of quality, research and development, as well as administration and distribution. The number of apprentices stood at 313 during the fiscal year (prior year: 311).

In addition, 2,068 (prior year: 2,229) employees were in temporary employment. These are employees from a non-consolidated company who primarily work for other Group companies, but who also provide services for third parties in some cases.

Permanent employees in the HELLA Group by region:

Number	**2023**	2022
Europe	22,942	22,406
North, Central and South America	7,601	7,210
Asia / Pacific / RoW	6,906	6,446
Permanent employees worldwide	**37,448**	**36,062**

Personnel expenses for permanent employees break down as follows:

€ thousand	**2023**	2022
Wages and salaries	1,403,698	741,819
Social security and retirement benefit expenses	396,185	210,769
Total	**1,799,883**	**952,588**

The costs of restructuring measures are included in personnel expenses which amounted to €18,790 thousand (prior year: €14,037 thousand).

19 Earnings per share

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

The basic earnings per share amounted to €2.38 and, as in the prior year, are equivalent to the diluted earnings per share.

of units	**31 December 2023**	31 December 2022
Weighted average number of shares in circulation during the period		
Basic ordinary shares	111,111,112	111,111,112
Diluted ordinary shares	111,111,112	111,111,112
€ thousand	**2023**	**2022**
Share of profit attributable to owners of the parent company	263,919	350,528
€	**2023**	**2022**
Basic earnings per share	**2.38**	**3.15**
Diluted earnings per share	**2.38**	**3.15**

20 Appropriation of earnings

The Management Board will propose to the Annual General Meeting of HELLA GmbH & Co. KGaA that a dividend amounting to €78,889 thousand (€0.71 per no-par value share) be distributed from the net profit reported in the separate financial statements prepared for the parent company under commercial law for the fiscal year 2023.

A dividend totalling €2.88 per no-par value share was distributed in the prior year. In addition to the distribution of a regular dividend within the framework of the dividend policy of around 30% of the profit for the period attributable to the owners of the parent company. This also included a special dividend of €2.61 per share. The purpose of the special dividend was to distribute the proceeds from the sale of the 33.33% share in HBPO Beteiligungsgesellschaft mbH ("HBPO") previously held by HELLA to the shareholders.

21 Operating income

The HELLA Group is managed by the Management Board using financial key performance indicators. With the start of the fiscal year 2023, the operating income margin has taken on a prominent role in the management of the HELLA Group, in addition to the continued currency and portfolio-adjusted sales growth. A major guideline in assessing the suitability of management indicators is that they have to provide a transparent picture of the Company's operational performance.

The operating income margin is tracked uniformly and consistently throughout the Group. It is calculated by comparing the absolute amount of operating income to reported sales for a period. In contrast to the operating result EBIT, special components are not recognised in operating income.

These special items represent one-off effects that by their nature or amount lead to distortions and thus provide an inadequate assessment of the Company's operating performance ("non-recurring expenses and income"). This essentially comprises income and expenses in connection with changes in the legal structure of the Group, site closures, restructuring measures or the measurement of financial instruments.

The corresponding reconciliation for the first half of the short fiscal year 2022 and the fiscal year 2023 is as follows:

€ thousand	2023 as reported	Rectructuring	Scope of consolidation	Investments	Others	2023 adjusted
Sales	7,954,141	0	0	0	0	7,954,141
Cost of sales	-5,943,353	11,455	0	0	0	-5,931,898
Gross profit	**2,010,789**	**11,455**	**0**	**0**	**0**	**2,022,243**
Research and development expenses	-881,633	3,928	0	0	0	-877,705
Distribution expenses	-380,650	5,538	0	0	0	-375,112
Administrative expenses	-315,464	11,588	1,750	0	0	-302,126
Other income	45,286	-3,961	-82	-17,059	0	24,185
Other expenses	-28,281	4,152	0	3,152	15,837	-5,140
Operating Income		**32,700**	**1,668**	**-13,907**	**15,837**	**486,345**
Earnings from investments accounted for using the equity method	13,947					
Other income from investments	34					
Earnings before interest and taxes (EBIT)	**464,027**					

During the current 2023 reporting period, adjustments of included costs for structural measures in the amount of €32,700 thousand (prior year: €11,889 thousand) are made. This primarily includes expenses for strategic programmes initiated in Europe.

Furthermore, costs of €1,668 thousand in connection with the planned sale of the joint venture BHTC were adjusted and recognised in the above table under scope of consolidation. Expenses from the adjustment of contracts agreed to secure the supply of electronic components during the COVID-19 pandemic were adjusted in others (€15,837 thousand).

Furthermore, income from the remeasurement of investments amounting to €2,901 thousand (prior year: expenses of €13,739 thousand), which are partly related to venture capital activities, were adjusted. In addition, income in connection with the sale of shares as part of venture capital activities totalling €11,006 thousand (prior year: €2,208 thousand) was adjusted in the reporting period.

€ thousand	2022 as reported	Rectruc-turing	Scope of consolida-tion	Investments	Others	2022 adjusted
Sales	4,410,044	0	0	0	0	4,410,044
Cost of sales	-3,467,788	3,122	0	0	74,660	-3,390,006
Gross profit	**942,256**	**3,122**	**0**	**0**	**74,660**	**1,020,039**
Research and development expenses	-460,584	2,884	0	0	0	-457,700
Distribution expenses	-214,008	644	0	0	0	-213,364
Administrative expenses	-148,670	4,606	260	403	-23,184	-166,584
Other income	289,618	-6,135	-250,367	-12,683	0	20,433
Other expenses	-53,136	6,768	0	2,.811	14,506	-8,050
Operating Income		**11,889**	**-250,107**	**11,531**	**65,982**	**194,773**
Earnings from investments accounted for using the equity method	26,850					
Other income from investments	421					
Earnings before interest and taxes (EBIT)	**382,749**					

In the prior year, non-recurring income after deduction of transaction costs for the sale of the joint venture HBPO totalling €250,107 thousand was also adjusted.

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

Furthermore, due to an expected improvement in business development, previously recognised impairment losses of €278,154 thousand were reversed in the prior year.

In addition, provisions for onerous contracts totalling €320,748 thousand and the associated expenses for impairment losses of €8,883 thousand were adjusted in the same period of the prior year.

22 Segment reporting

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

With the onset of the short fiscal year 2022, internal reporting and, in the course of this, segment reporting was changed: the former Aftermarket and Special Applications segments were merged into the newly formed Lifecycle Solutions business group. At the same time, the Group stopped combining the Lighting and Electronics segments into the Automotive reporting segment and is reporting Lighting and Electronics separately.

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

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

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

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

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

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

The segments Lighting and Electronics generated sales of €1,366,049 thousand (prior year: €366,093 thousand) from a single customer in the reporting year and therefore accounted for approximately 17% of consolidated sales.

Currency and portfolio-adjusted sales growth and the operating income margin are used to manage the business segments. Assets and liabilities are not reported. The internal reporting applies the same accounting and measurement principles as the consolidated financial statements.

The segment information for the fiscal years 2023 and 2022 is as follows:

	Electronics		Lighting		Lifecycle Solutions	
€ thousand	**2023**	2022	**2023**	2022	**2023**	2022
Sales with third parties	3,048,628	1,731,689	3,830,678	2,102,631	1,059,142	568,744
Intersegment sales	323,553	167,778	56,810	35,885	10,228	6,105
Segment sales	**3,372,180**	**1,899,467**	**3,887,488**	**2,138,516**	**1,069,370**	**574,849**
Cost of sales	-2,429,782	-1,413,792	-3,257,896	-1,835,343	-618,115	-343,720
Gross profit	**942,398**	**485,675**	**629,592**	**303,173**	**451,255**	**231,129**
Research and development expenses	-519,476	-266,617	-308,546	-166,275	-48,854	-24,708
Distribution expenses	-66,003	-39,764	-74,345	-43,577	-234,894	-130,963
Administrative expenses	-131,261	-71,479	-120,529	-67,905	-44,884	-24,192
Other income	13,781	11,003	10,532	13,880	9,003	6,881
Other expenses	-7,257	-7,314	-4,707	-9,297	-4,090	-730
Operating Income	**232,182**	**111,503**	**131,997**	**29,999**	**127,536**	**57,417**
Additions to property, plant and equipment and intangible assets	302,570	180,486	238,998	148,380	40,277	27,910

Sales with non-Group companies for the fiscal years 2023 and 2022 are as follows:

	Electronics		Lighting		Lifecycle Solutions	
€ thousand	**2023**	2022	**2023**	2022	**2023**	2022
Sales revenue from the sale of goods	2,838,972	1,620,126	3,654,846	2,039,212	999,652	534,943
Sales revenue from the provision of services	209,656	111,563	175,832	63,419	59,490	33,801
Sales with third parties	**3,048,628**	**1,731,689**	**3,830,678**	**2,102,631**	**1,059,142**	**568,744**

Sales by region with non-Group companies for the fiscal years 2023 and 2022 are as follows:

	Electronics		Lighting		Lifecycle Solutions	
€ thousand	**2023**	2022	**2023**	2022	**2023**	2022
Europe	1,646,231	834,696	2,170,131	1,095,770	756,296	389,495
North, Central and South America	598,403	329,372	882,371	519,184	143,068	81,961
Asia/Pacific/RoW	803,993	567,621	778,177	487,677	159,778	97,288
Sales with third parties	**3,048,628**	**1,731,689**	**3,830,678**	**2,102,631**	**1,059,142**	**568,744**

The reconciliation of sales:

€ thousand	**2023**	2022
Total sales of the reporting segments	**8,328,039**	**4,612,832**
Sales in other areas	15,998	7,689
Elimination of intersegment sales	-390,895	-210,477
Consolidated sales	**7,954,141**	**4,410,044**

The reconciliation of the segment result to the consolidated net profit:

€ thousand	**2023**	2022
Operating income of the reporting segments	**491,715**	**198,920**
Operating income of other areas	-5,370	-4,146
Operating income adjustments	-36,298	160,704
Result from other investments	34	421
Earnings from investments accounted for using the equity method	13,947	26,850
Net financial result	-67,052	-24,733
EBT of the Group	**396,975**	**358,015**

The operating income of the reporting segments includes consolidation effects recognised in operating income. The operating income of other areas includes expenses for strategic investments in potential new technologies and business fields, depreciation and amortisation of assets not used for operations and expenses for central functions.

The operating income of the reporting segments and other areas together totalled €486,345 thousand (previous year: €194,773 thousand). For further reconciliations between the total and the consolidated income statement as a whole, please refer to section 21.

Non-current assets by region:

€ thousand	**2023**	2022
Germany	723,826	838,842
Europe excluding Germany	1,052,344	975,470
North, Central and South America	620,197	604,096
Asia/Pacific/RoW	583,488	583,005
Non-current assets for the Group	**2,979,854**	**3,001,413**

Depreciation and amortisation of non-current assets amounted to €282,066 thousand (prior year: €101,395 thousand) in the Lighting segment, €214,861 thousand (prior year: €115,686 thousand) in the Electronics segment and €33,831 thousand (prior year: €18,038 thousand) in the Lifecycle Solutions segment.

23 Cash and cash equivalents

Cash and cash equivalents include current account balances of €868,208 thousand (prior year: €649,252 thousand) and current investments of €222,242 thousand (prior year: €636,672 thousand), i.e. a total of €1,090,450 thousand as at 31 December 2023 (prior year: €1,285,924 thousand).

24 Financial assets

	31 December 2023		31 December 2022	
€ thousand	Non-current	Current	Non-current	Current
Securities	16,859	99,351	27,973	154,791
Other investments	61,776	0	65,928	0
Loans	126	24,021	128	19,635
Other financial assets	38	4,558	40	11,355
Total	**78,799**	**127,929**	**94,069**	**185,780**

The decrease in current and non-current financial assets is mainly due to the sale of securities.

25 Trade receivables

€ thousand	**31 December 2023**	31 December 2022
Trade receivables involving associates Joint ventures and investments	14,735	37,825
Trade receivables with affiliated companies not included in the consolidated financial statements	1,643	625
Trade receivables with companies of the Faurecia Group that do not belong to the HELLA Group	5,574	9,306
Total	**21,952**	**47,756**

Under a factoring programme contractually agreed in June 2022, HELLA can transfer receivables to third parties. For the receivables sold under the agreement, essentially all opportunities and risks are transferred to the buyer of the receivables; the receivables are consequently derecognised in full.

The trade receivables of €923,065 thousand (prior year: €1,012,367 thousand), include receivables from associates, joint ventures, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Faurecia Group that do not belong to the HELLA Group in the amount of €21,952 thousand (prior year: €47,756 thousand).

26 Other receivables and non-financial assets

Receivables from other taxes mainly include deductible input taxes. The other advance payments include sales-related discounts that are amortised over the term of the contract to reduce sales in the amount of €54,043 thousand (prior year: €31,674 thousand).

€ thousand	**31 December 2023**	31 December 2022
Other current assets	30,495	22,412
Receivables from finance leases	19,760	17,937
Insurance receivables	1,927	3,118
Positive market value of currency hedges	28,585	32,284
Subtotal other financial assets	**80,766**	**75,751**
Advance payments for services	6,722	6,810
Advance payments for insurances	2,789	26,246
Advance payments for licences	18,971	19,836
Other advance payments	61,411	41,083
Receivables for partial retirement	310	441
Advance payments to employees	1,758	2,154
Other tax receivables	90,698	97,522
Total	**263,426**	**269,842**

27 Inventories

Inventories are broken down as follows:

€ thousand	**31 December 2023**	31 December 2022
Raw materials and supplies	469,765	524,703
Unfinished goods	423,692	394,374
Finished goods	89,769	110,738
Merchandise	134,683	134,645
Other	6,622	3,739
Total inventories	**1,124,531**	**1,168,198**

The carrying amounts of the inventories recognised at fair value less the cost of sales amounted to €433,919 thousand (prior year: €364,719 thousand).

Impairments of €9,561 thousand (prior year: reversals of impairments of €20 thousand) were recognised under the cost of sales in the reporting year. This results in cumulative adjustments to inventory in the amount of €81.594 thousand for the reporting period (prior year: €72,033 thousand).

The historical cost of inventories amounting to €4,568,714 thousand (prior year: €2,605,269 thousand) was recognised as expenses in the reporting period.

28 Contract assets and contract obligations

The contract assets as at 31 December 2023 were the result of business transactions where the HELLA Group had already provided services, but where there was not yet an absolute payment entitlement with regard to the customer. The contract obligations as at 31 December 2023 were the result of customer payments received in connection with development services and customer tools for which the power of disposition had not yet been transferred to the customer, plus other payments received from contracts with customers.

Contract assets and contract obligations

€ thousand	**31 December 2023**	31 December 2022
short-term contract assets	116,774	48,834
long-term contract assets	115,824	69,958
Contract assets	232,598	118,791
Contract obligations	138,369	110,797
Revenue received as part of contract obligations at the start of the fiscal year		
and recognised during the reporting period	75,776	35,921
from performance obligations fulfilled in previous fiscal years	1,438	551

Compared to the prior year, the contract assets have increased. The increase is mainly due to performance obligations on the part of customers to compensate for inflation-related increases in material prices.

The contract obligations as at 31 December 2023 mainly involved service obligations yet to be fulfilled from development contracts. Their realisation is recognised at the point in time when the power of disposition over the finished development service is transferred to the customer. From this, expected sales in the amount of €107,805 thousand will be mainly realised over the next three years (prior year: €86,905 thousand).

29 Non-current assets held for sale

On 2 October 2023, HELLA and MAHLE agreed to sell the shares in the joint venture Behr-HELLA Thermocontrol GmbH, which is accounted for using the equity method, to the Taiwanese company AUO Corporation. The joint venture develops, produces and distributes air-conditioning control devices for the automotive industry. It also focuses on assembling printed circuit boards and mounting operating units, blower controllers and electronic control units for electric heater boosters. BHTC is allocated to the Electronics segment. Subject to foreign trade and antitrust approval, the HELLA Group expects to sell the shares in the joint venture and its subsidiaries by mid-2024. BHTC is reclassified to non-current assets held for sale at the book value as carrying amount.

30 Intangible assets

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 June 2022	**805,060**	**70,992**	**171,274**	**1,047,326**
Currency translation	-4,149	-531	-533	-5,212
Additions	86,596	0	7,594	94,191
Disposals	-3,312	0	-3,799	-7,111
As at: 31 December 2022	**884,195**	**70,461**	**174,537**	**1,129,193**
Accumulated depreciation and amortisation				
As at: 01 June 2022	**453,830**	**65,916**	**136,470**	**656,215**
Currency translation	-2,118	-511	-408	-3,038
Additions	27,923	0	7,624	35,547
Disposals	-320	0	-3,612	-3,932
Recorded impairments	5,814	215	20	6,049
Reversal of impairment losses	-37,682	0	-1,517	-39,199
As at: 31 December 2022	**447,446**	**65,620**	**138,576**	**651,642**
Carrying amounts 31 December 2022	**436,749**	**4,842**	**35,961**	**477,552**

€ thousand	Capitalised development expenses	Goodwill	Acquired intangible Assets	Total
Acquisition or manufacturing costs				
As at: 01 January 2023	**884,195**	**70,461**	**174,537**	**1,129,193**
Currency translation	-18,196	-827	-976	-20,000
Additions	157,405	0	18,849	176,254
Disposals	-20,005	0	-9,640	-29,645
As at: 31 December 2023	**1,003,399**	**69,634**	**182,769**	**1,255,803**
Accumulated depreciation and amortisation				
As at: 01 January 2023	**447,446**	**65,620**	**138,576**	**651,642**
Currency translation	-7,022	-799	-757	-8,578
Additions	70,513	0	14,818	85,331
Disposals	-14,259	0	-9,257	-23,517
Recorded impairments	13,434	0	0	13,434
Reversal of impairment losses	-7,464	0	0	-7,464
As at: 31 December 2023	**502,648**	**64,821**	**143,379**	**710,848**
Carrying amounts 31 December 2023	**500,751**	**4,813**	**39,390**	**544,954**

All capitalised development costs arose from internal developments. The amortisation of intangible assets amounting to €85,331 thousand (previous year: €35,547 thousand) was recognised in the income statement with €77,921 thousand (previous year: €31,567 thousand) in the cost of sales and €7,410 thousand (previous year: €3,980 thousand) in administrative expenses. Impairments of €13,434 thousand were mainly recognised in connection with the recognition of provisions for onerous contracts (Chapter 37) and, like the reversal of impairments of €7,464 thousand recognised in this context, are included in the cost of sales in the Lighting segment. The discount rate used in the context of the impairment loss was between 10.05% and 16.76% (prior year: between 8.82% and 9.51%). The acquired intangible assets mainly include software licences. Of the capitalised development expenses of €500,751 thousand (prior year: €436,749 thousand), € 141,554 thousand (prior year: €191,524 thousand) was still under development as of the reporting date.

Goodwill amounted to €4,813 thousand (prior year: €4,842 thousand) as of the reporting date. Of this amount, €4,796 thousand (prior year: €4,825 thousand) is attributable to the business segments, and a further €17 thousand (prior year: €16 thousand) has not been allocated to the operating business segments.

Goodwill
Goodwill is allocated to the business segments as follows:

€ thousand	31 December 2023	31 December 2022
Lighting	2,218	2,218
Electronics	1,782	1,798
Lifecycle Solutions	796	809
Total	**4,796**	**4,825**

Goodwill impairment monitoring in the HELLA Group is based on the CGUs in the operative segments. CGUs represent the smallest group of assets that generate cash flow, and are, therefore, the smallest reporting units. Since the fiscal year 2023, the Lighting, Electronics and Lifecycle Solutions segments have represented the smallest cash-generating unit. This reflected the increased responsibility of the segments as part of the ongoing decentralisation of management tasks. Based on the adjustment of the reporting structure in calendar year 2023 (the Automotive segment was broken down into the Lighting and Electronics segments), it was examined whether goodwill should be reallocated. The goodwill recognised in the balance sheet was not changed and remains unchanged for each segment. The recoverable amounts of all CGUs were significantly higher than the carrying amounts of the respective CGUs.

If it is determined that the recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognised. The recoverable amount is determined on the basis of the expected future discounted cash flows from planned use (value in use). These are based on plans approved by the Management Board covering a period of at least three years. These plans are based on experience, as well as expectations regarding future industry developments.

The discount rates applied within the scope of the measurement are calculated on the basis of market data. As in the prior year, consistent growth rates were used to extrapolate the cash flow after the detailed planning phase. The growth rates are based on analyses conducted by a specialist service provider and do not exceed the long-term growth rates for the sector or the region in which the CGUs are active.

To take into account the differentiation between segments, a specific peer group was used to determine the discount rates. The weighted capital cost of the segments is thus based on the capital structure of the relevant group of listed companies to which the segment in question is comparable in terms of its risk/reward structure. A cost of capital after tax of 11.86% was recognised for the CGU Lighting, 12.06% for the CGU Electronics and 11.59% for the CGU Lifecycle Solutions.

	Discount rates		Growth rates	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
Lighting	**10.05% to 15.61%**	8.82% to 13.86%	**1.00%**	1.00%
Electronics	**9.78% to 16.76%**	8.74% to 15.73%	**1.00%**	1.00%
Lifecycle Solutions	**8.76% to 65.78%**	7.83% to 46.60%	**1.00%**	1.00%

The risk-free interest rate applied is 2.71% (prior year: 2.03%) and the market risk premium (including country risk) ranges between 7.50% and 32.5% (prior year: between 7.50% and 32.5%). The inflation spreads applied ranged between -1.45% and 46.49% (prior year: between -2.34% and 27.24%).
In addition to impairment testing, two sensitivity analyses were carried out for each group of CGUs with goodwill. The most important sensitivity indicators for the impairment test are the discount rates and long-term growth rate. A sensitivity analysis performed for the business segments found that a 1 percentage point increase in the WACC or a 1 percentage point reduction in the long-term growth rate would change the outcome of the impairment test in the Lighting segment.

The tables below show the results of the sensitivity analysis, which can also be extended to non-current assets other than goodwill.

This would result in the following impairments (–):

	31 December 2023		31 December 2022	
Lighting segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-6,785
+ 1 percentage point	-	-	-9,311	-

	31 December 2023		31 December 2022	
Electronics segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-
+ 1 percentage point	-	-	-	-

	31 December 2023		31 December 2022	
Lifecycle Solutions segment	Change in € thousand	Change in € thousand	Change in € thousand	Change in € thousand
Change in percentage points	WACC	Long-term growth rate	WACC	Long-term growth rate
– 1 percentage point	-	-	-	-
+ 1 percentage point	-	-	-	-

For the Lighting, Electronics and Lifecycle Solutions segments, changes in the long-term growth rate and the WACC of 1% do not lead to any need to recognise impairment losses.

31 Property, plant and equipment

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 June 2022	**1,101,378**	**2,697,380**	**1,353,301**	**594,947**	**424,636**	**6,171,642**
Currency translation	-2,531	-10,028	-2,767	-298	-1,777	-17,401
Additions	31,355	31,721	11,398	29,528	210,961	314,963
Disposals	-18,288	-43,680	-18,354	-15,985	-1,947	-98,255
Reclassifications	18,252	91,138	34,733	7,990	-152,113	0
As at: 31 December 2022	**1,130,166**	**2,766,530**	**1,378,311**	**616,181**	**479,760**	**6,370,948**
Accumulated depreciation and amortisation						
As at: 01 June 2022	**588,907**	**1,927,868**	**1,189,446**	**444,612**	**64,339**	**4,215,172**
Currency translation	-1,981	-6,791	-1,854	-580	17	-11,190
Additions	25,210	115,513	43,226	30,556	0	214,505
Disposals	-13,446	-36,976	-19,307	-14,701	0	-84,429
Recorded impairments	0	2,297	2,521	89	3,640	8,547
Reversal of impairment losses	-71,391	-89,747	-13,752	-26,379	-37,687	-238,955
Reclassifications	-15	-10	-7	32	0	0
As at: 31 December 2022	**527,284**	**1,912,154**	**1,200,274**	**433,629**	**30,309**	**4,103,650**
Carrying amounts 31 December 2022	**602,882**	**854,377**	**178,037**	**182,552**	**449,451**	**2,267,298**

€ thousand	Land and buildings	Machinery	Production equipment	Operating and office equipment	Assets under construction	Total
Acquisition or manufacturing costs						
As at: 01 January 2023	**1,130,166**	**2,766,530**	**1,378,311**	**616,181**	**479,760**	**6,370,948**
Currency translation	-21,486	-52,640	-14,163	-9,356	-9,654	-107,300
Additions	25,837	98,230	39,225	60,476	286,683	510,451
Disposals	-17,949	-101,307	-301,167	-26,483	-2,490	-449,398
Reclassifications	25,869	149,825	123,899	8,324	-307,917	0
As at: 31 December 2023	**1,142,436**	**2,860,637**	**1,226,105**	**649,141**	**446,382**	**6,324,702**
Accumulated depreciation and amortisation						
As at: 01 January 2023	**527,284**	**1,912,154**	**1,200,274**	**433,629**	**30,309**	**4,103,650**
Currency translation	-8,488	-33,508	-10,514	-6,374	-145	-59,030
Additions	60,649	241,500	85,533	61,431	0	449,114
Disposals	-14,385	-94,551	-299,244	-24,728	-3	-432,910
Recorded impairments	50	320	7,684	728	9,999	18,782
Reversal of impairment losses	0	-539	-1,702	0	-254	-2,495
Reclassifications	586	-45,120	44,800	-255	-12	0
As at: 31 December 2023	**565,697**	**1,980,255**	**1,026,832**	**464,432**	**39,894**	**4,077,111**
Carrying amounts 31 December 2023	**576,740**	**880,382**	**199,273**	**184,709**	**406,488**	**2,247,591**

In the reporting period 2023, no restrictions on the powers of disposition over property, plant and equipment existed in the form of land charges and assignments.

The additions to property, plant and equipment include €21,125 thousand from leases. Please refer to Note 47, "Information on leases", for additional information on leases.

As part of the test of asset impairment which compared the carrying amounts that applied in each case with the corresponding recoverable amounts, that are impacted by lower earnings prospects as a consequence of higher inflation, an impairment loss for property, plant and equipment of €18,782 thousand (prior year: €8,547 thousand) was in the cost of sales recognised in the Lighting, Electronics and Lifecycle Solutions segments.

A discount rate between 11.59% and 12.06% was used for the valuation. The unit's long-term growth rate was set at 1%.

32 Investments accounted for using the equity method

The following is a list of the Group's investments accounted for using the equity method. The summarised IFRS financial information for the two joint ventures HBBL and InnoSenT is shown separately below, as they are of major importance for the at-equity measurement in the Group. The financial information of all joint ventures and associates is presented below.

HBBL

The HELLA BHAP Automotive Lighting Group (HBBL) consists of four companies based in China. HBBL develops technology in the field of lighting technology for the automotive industry. In addition, the Company's business activities include the production and sale of lighting technology components and systems as well as wholesale, order picking and import and export transactions relating to the aforementioned products and electronic start and stop systems. The financial information of the HBBL joint venture is presented below.

€ thousand	**31 December 2023**	31 December 2022
Share of equity (%)	**50**	**50**
Cash and cash equivalents	44,675	19,113
Other current assets	194,705	171,937
Non-current assets	147,803	132,557
Total assets	**387,183**	**323,607**
Current financial liabilities	22,436	3,935
Other current liabilities	246,486	204,815
Non-current financial liabilities	4,222	2,527
Other non-current liabilities	0	0
Total liabilities	**273,144**	**211,277**
Net assets (100%)	**114,039**	**112,331**
Pro rata share of the net assets	**57,019**	**56,165**
Eliminations, impairments and other valuations	-25,325	-22,713
Goodwill	0	0
Carrying amount of investment	**31,694**	**33,453**
Sales	363,739	182,052
Depreciation and amortisation	-16,020	-6,259
Interest income	229	323
Interest expenses	-819	-76
Taxes on income	-6,503	-694
Earnings before interest and income taxes (EBIT)	**25,088**	**13,410**
Earnings for the period	27,950	18,451
Other earnings for the period	0	0
Comprehensive income for the period (100%)	**27,950**	**18,451**
Share of comprehensive income for the period	13,975	6,399
Dividends received	**2,613**	**3,533**

InnoSenT

As one of the world market leaders for radar sensors, InnoSenT GmbH develops and produces radar technology for safety-relevant driver assistance systems in cars, such as lane change assistant or lane departure warning system. In addition, InnoSenT GmbH produces systems for traffic monitoring and building surveillance. The focus of the cooperation between HELLA and InnoSenT GmbH is primarily on the development and production of radar sensors for automotive applications in the worldwide HELLA network. The financial information of the InnoSenT joint venture is presented below.

€ thousand	**31 December 2023**	31 December 2022
Share of equity (%)	**50**	**50**
Cash and cash equivalents	1,081	498
Other current assets	24,696	24,964
Non-current assets	16,176	14,304
Total assets	**41,952**	**39,765**
Current financial liabilities	2,825	2,000
Other current liabilities	2,335	2,174
Non-current financial liabilities	0	0
Other non-current liabilities	0	5
Total liabilities	**5,160**	**4,180**
Net assets (100%)	**36,793**	**35,586**
Pro rata share of the net assets	**18,396**	**17,793**
Eliminations and impairments	-443	-443
Goodwill	8,284	8,284
Carrying amount of investment	**26,237**	**25,634**
Sales	41,196	20,599
Depreciation and amortisation	-1,236	-654
Interest income	12	192
Interest expenses	105	-26
Taxes on income	-1,498	-977
Earnings before interest and income taxes (EBIT)	**5,398**	**3,483**
Earnings for the period	4,007	2,672
Other earnings for the period	0	0
Comprehensive income for the period (100%)	**4,007**	**2,672**
Share of comprehensive income for the period	2,003	1,336
Dividends received	**1,400**	**1,300**

The Group also has shares in further joint ventures and associates, which are also accounted for using the equity method. The financial information of all joint ventures and associates – with the exception of HBBL and InnoSenT – is presented below.

As HELLA Pagid is no longer classified as a joint venture company as at the reporting date (see note 03), the disclosures in the balance sheet do not include this company, while the disclosures for the period up to the acquisition of all shares are included. The sales and contributions to earnings of joint venture BHTC are included in the following table, as they are reclassified to assets held for sale as at the balance sheet date in the amount of the carrying amount (see Chapter 29). The sales and earnings contributions of BHTC and HELLA Pagid from fiscal year 2023 are due to the HELLA Group in the amount of the shareholding.

€ thousand	**31 December 2023**	31 December 2022
100% basis		
Sales	783,570	445,886
Earnings before interest and income taxes (EBIT)	18,568	27,960
Group's total share of:		
Sales	366,719	205,344
Earnings before interest and income taxes (EBIT)	8,707	13,518
Earnings for the period	3,258	5,646
Other earnings for the period	-4,883	-3,415
Comprehensive income for the period recognised in the Group	-1,624	2,231
Carrying amount of investment of the remaining companies accounted for using the equity method	**65,468**	**107,555**

Of the earnings for amount of the other companies accounted for using the equity method in the amount of €3,258 thousand (prior year: €5,646 thousand), €61 thousand (prior year: €1,363 thousand) is attributable to associates and €3,197 thousand (prior year: €4,283 thousand) to joint venture companies. Other comprehensive income for the period totalling €-4,883 thousand (prior year: €-3,415 thousand) is attributable to the associated companies at €-3,471 thousand (prior year: €-1,621 thousand) and to the joint ventures at €-1,412 thousand (prior year: €-1,794 thousand). Of the comprehensive income for the period of €-1,624 thousand (prior year: €2,231 thousand), €-3,410 thousand (prior year: €-258 thousand) is attributable to associates and €1,786 thousand (prior year: €2,489 thousand) to joint venture companies.

Of the carrying amount of other companies accounted for using the equity method totalling €65,468 thousand (prior year: €107,555 thousand), €48,489 thousand (prior year: €51,613 thousand) is attributable to associates and €16,979 thousand to joint ventures (prior year: €55,942 thousand).

The financial information for all joint ventures and all associates is as follows:

€ thousand	31 December 2023	31 December 2022
100% basis		
Sales	1,188,506	1,237,836
Earnings before interest and income taxes (EBIT)	49,054	68,446

Group's total share of:

Sales	569,186	537,980
Earnings before interest and income taxes (EBIT)	23,950	31,958
Earnings for the period	13,249	26,850
Other earnings for the period	-8,533	-3,387
Comprehensive income for the period recognised in the Group	**4,716**	**23,463**

The Group’s total shareholding does not include HELLA Pagid, as the company is no longer classified as a joint venture as at the reporting date.

The recognised net assets of all joint ventures and all associates is broken down as follows:

€ thousand	**31 December 2023**	31 December 2022
Carrying amount of investment of BHTC	0	69,819
Carrying amount of investment of HBBL	31,694	33,453
Carrying amount of investment of InnoSenT	26,237	25,634
Carrying amounts of investments of material companies accounted for using the equity method	**57,932**	**95,453**
Proportional net assets of other companies accounted for using the equity method	160,229	134,370
Goodwill, eliminations and impairment	-94,762	-26,814
Carrying amount of investment of the remaining companies accounted for using the equity method	**65,468**	**107,555**
Investments accounted for using the equity method	**123,399**	**203,008**

** HBBL was not reported as a material company accounted for using the equity method on 31 December 2022 and is therefore not included in the total of material companies accounted for using the equity method. Instead it is included in the total of other companies accounted for using the equity method.*

€ thousand	**31 December 2023**	31 December 2022
Pro rata share of the net assets as at 1 June / 1 January	**203,008**	**224,182**
Earnings for the period	13,947	26,850
Other earnings for the period	-8,533	-3,387
Dividends	-4,270	-13,166
Capital increases/contributions	954	0
Reclassifications to assets held for sale	-72,588	0
Reclassifications to non-consolidated companies	-9,120	0
Disposals	0	-31,471
Pro rata share of net assets as at 31 December	**123,399**	**203,008**

The joint venture BHTC was reclassified as assets held for sale (see Chapter 29). The company HELLA Pagid GmbH was reclassified as a non-consolidated company (see Chapter 3).

33 Deferred tax assets/ liabilities

Deferred tax assets of €88,391 thousand (prior year: €93,411 thousand) and deferred tax liabilities of €43,750 thousand (prior year: €42,152 thousand) mainly relate to differences from the tax balance sheet valuations. Before offsetting and impairment, the current portion of deferred tax assets and liabilities totalled €135,680 thousand and €179,729 thousand respectively (prior year: €104,839 thousand and €127,625 thousand respectively).

The deferred tax assets and liabilities are broken down as follows:

€ thousand	Deferred tax assets	Deferred tax liabilities	Net deferred taxes as at 31 December 2022
Intangible assets	26,552	94,789	-68,237
Property, plant and equipment	82,790	76,431	6,359
Financial assets	22,862	3,329	19,533
Other non-current assets	0	17,047	-17,047
Receivables	2,500	3,494	-994
Inventories	14,483	17,476	-2,993
Other current assets	6,811	36,420	-29,609
Non-current financial liabilities	0	3,511	-3,511
Provisions for pensions and similar obligations	18,982	2,615	16,367
Other non-current provisions	51,690	11,039	40,650
Other non-current liabilities	25,972	1,872	24,100
Liabilities	5,925	9,014	-3,089
Other liabilities and accruals	54,262	60,949	-6,687
Other current liabilities	20,857	273	20,584
Subtotal	**333,687**	**338,259**	**-4,573**
Tax loss carryforwards	55,831	-	55,831
Netting	-296,107	-296,107	0
Total	**93,411**	**42,152**	**51,259**

There is sufficient probability that the loss carryforwards for which deferred tax assets are recognised will be realised. The amount of the loss carryforwards for which no deferred tax assets were recognised was €269,154 thousand as at 31 December 2023 (prior year: €171,209 thousand). Future offsetting against taxable profits is not sufficiently likely. Of this amount, €20,325 thousand (prior year: €4,470 thousand) will expire within the next five years and €248,829 thousand (prior year: €166,739 thousand) thereafter. Unrecognised deferred tax assets on temporary differences amounted to €82,300 thousand as at 31 December 2023 (prior year: €137,663 thousand).

As at 31 December 2023, deferred tax assets of €577 thousand (prior year: €37,382 thousand) were recognised in individual Group companies that reported a tax loss in the current or prior year, which resulted from recognised current losses, loss carryforwards and deductible differences. The realisability of these deferred tax assets is considered sufficiently probable in anticipation of future taxable profits.

On 31 December 2023, a temporary difference constituting a liability of €7,453 thousand (prior year: €0 thousand) was recorded in connection with shares in subsidiaries and €13,207 thousand (prior year: €10,306 thousand) in connection with associates and joint venture companies. No deferred tax liabilities were recognised for these differences under IAS 12.39, however, because the subsidiaries' dividend policy is determined by the Group's Management Board. The Group can thus control the reversal of these temporary differences. The Management Board does not expect the temporary differences to be reversed in the foreseeable future.

The amounts of the income tax recognised and disclosed directly in other comprehensive income amounted in the reporting period to -€3,004 thousand (prior year: -€12,546 thousand) for financial instruments used for cash flow hedging, -€1,739 thousand (prior year: €1,794 thousand) for financial instruments held at fair value through profit or loss and -€11,140 thousand (prior year: -€16,035 thousand) for the remeasurement of defined benefit plans.

Recognised in profit or loss	Recognised in other comprehensive income	**Net deferred taxes as at 31 December 2023**	Deferred tax assets	Deferred tax liabilities
18,032	-7,323	**-57,529**	62,791	120,319
-8,936	2,884	**307**	83,324	83,017
-25,104	885	**-4,686**	1,235	5,921
3,058	-925	**-14,914**	5,789	20,703
-14,184	-333	**-15,510**	2,694	18,204
-2,408	-606	**-6,007**	12,857	18,864
-22,312	-3,142	**-55,063**	9,200	64,263
-4,449	-270	**-8,230**	1	8,231
24,522	11,987	**52,876**	54,761	1,884
9,554	1,647	**51,851**	68,241	16,390
3,371	75	**27,545**	27,716	171
11,380	-1,045	**7,246**	18,253	11,006
18,685	2,797	**14,795**	77,586	62,791
-11,898	1,803	**10,489**	15,090	4,602
-691	**8,434**	**3,171**	**439,537**	**436,366**
-14,361	-	41,470	41,470	-
-	-	0	-392,616	-392,616
-15,052	**8,434**	**44,641**	**88,391**	**43,750**

34 Other non-current assets

€ thousand	31 December 2023	31 December 2022
Receivables from finance leases	41,379	27,855
Other non-current assets	488	827
Subtotal of other financial assets	**41,867**	**28,683**
Advance payments	63,910	53,555
Credit balances for insolvency protection of partial retirement schemes	0	5,254
Total	**105,777**	**87,492**

See Note 47 for more detailed explanations about receivables from leases.

The advance payments include sales-related discounts that are amortised over the term of the contracts to reduce sales in the amount of €59,243 thousand (prior year: €47,577 thousand).

35 Trade payables

In the fiscal year, there were liabilities to associate companies, joint venture companies, non-consolidated affiliates and companies in which a participating interest is held as well as companies of the Faurecia Group that do not belong to the HELLA Group in the amount of €19,135 thousand (prior year: €18,775 thousand).

€ thousand	31 December 2023	31 December 2022
Materials and services	1,186,056	1,178,815
Capital expenditures	159,700	137,250
Related parties	19,135	18,775
with associates, joint ventures and investments	6,134	7,337
with affiliated companies not included in the consolidated financial statements	9,471	8,847
with companies of the Faurecia Group that do not belong to the HELLA Group	3,530	2,591
Total trade payables	**1,364,891**	**1,334,840**

36 Other liabilities

	31 December 2023		31 December 2022	
€ thousand	Non-current	Current	Non-current	Current
Derivatives	68,427	7,115	36,128	16,016
Other financial liabilities	9,252	268,157	12,333	223,012
Subtotal other financial liabilities	**77,679**	**275,272**	**48,461**	**239,028**
Other taxes	0	41,112	15	37,587
Accrued personnel liabilities	0	194,743	0	146,221
Deferred revenue	0	5,463	0	0
Total	**77,679**	**516,589**	**48,476**	**422,837**

Other financial liabilities include mainly liabilities from outstanding invoices or credit notes in the amount of €264,561 thousand (prior year: €210,894 thousand). In the 2023 financial year, HELLA accrued sales-related financial liabilities in the Lighting and Electronics segments totalling € 54,195 thousand (prior year: € 57,279 thousand).

37 Provisions

The main components of provisions are presented below:

	31 December 2023		31 December 2022	
€ thousand	Non-current	Current	Non-current	Current
Provisions for post-employment benefits	282,795	0	242,421	50
Other provisions	237,540	154,520	324,517	227,553
Total	**520,335**	**154,520**	**566,938**	**227,603**

Provisions for post-employment benefits

The HELLA Group provides occupational pension benefits to the vast majority of its employees in Germany.Employees in many of the international HELLA companies also receive occupational pension benefits. There are both defined benefit and defined contribution pension plans.

The benefits provided by the German companies mainly consist of pension payments, the amount of which is based on length of service and which are paid in the form of old age, disability and survivors' pensions. In addition, one company has an old pension scheme whereby members receive a fixed sum depending on the income band in which they are classified. All employees can also participate in a contribution-based scheme through salary conversion. Management is offered a contribution-based scheme through salary conversion, which is financed through employers' pension liability insurance. Pension plans dating from 2009 onwards are fully reinsured with matching cover and are recognised as contribution-based schemes. Older pension plans, dating from before 2009, are recognised as defined benefit plans.

The companies continue to remain liable for fulfilment of the pension liabilities assigned to the pension fund, acting as guarantor in the event of non-performance, meaning that the pension liabilities and the corresponding trust assets will be included on a net basis in the consolidated balance sheet.

In the UK and the Netherlands, no new entitlements will be acquired in the former defined benefit pension systems. The accrued benefits will be financed through insurance policies. A contribution-based plan has been introduced for the actively contributing plan members in the Dutch company to set up future pension entitlements. For the UK plan, the insurance policies were transferred to the plan participants in the short fiscal year, so that the plan will no longer be accounted for in the future (“buy-out”).

Besides these systems, whose benefits are mostly paid on an annuity basis, employees of the companies in Mexico, Korea and India receive benefits in the form of a single capital payment. The amount of the obligation from the respective defined benefit plan is determined on the basis of the salary and number of years of service. In Mexico, the guaranteed pension benefits are supplemented by a contribution-based Flex Plan into which the employer can pay variable contributions. Employees in Slovenia and France receive a single capital payment on retirement based on their salary. In Italy and Turkey, capital is paid out at the end of the employment contract, irrespective of the reason for termination.

Granting of defined benefit plans entails the customary long life, inflation, interest rate and market (investment) risks; these risks are regularly monitored and assessed.

In the USA, Australia and Mexico, as well as in many European and Asian companies, employees receive company pension benefits in the form of what are referred to as defined contribution plans. Furthermore, in the USA there are liabilities for the medical care of active employees, although the costs of these benefits are not borne for former employees after retirement.

The funding status and the reconciliation to the balance sheet amounts are presented below:

€ thousand	**31 December 2023**	31 December 2022
Defined Benefit Obligation (DBO) at end of fiscal year	382,355	342,813
Fair value of plan assets at the end of the fiscal year	-99,560	-100,342
Recognised amount	**282,795**	**242,471**

The amounts carried are made up of the following balance sheet items:

€ thousand	**31 December 2023**	31 December 2022
Assets from covered pension plans	-696	-1,952
Pension provisions	269,854	220,453
Other provisions for post-employment benefits	13,637	23,970
Sum of the individual amounts	**282,795**	**242,471**

Asset cover for the pension provisions was as follows:

	31 December 2023		31 December 2022	
€ thousand	Present value	Plan assets	Present value	Plan assets
Without asset cover	272,994	0	241,339	0
At least partial asset cover	109,361	99,560	101,474	100,342
Total	**382,355**	**99,560**	**342,813**	**100,342**

Change in the present value of pension liabilities:

€ thousand	**31 December 2023**	31 December 2022
DBO at the beginning of the fiscal year	**342,813**	**400,972**
Current service cost	7,506	7,164
Past service cost	53	0
Interest expense	13,480	5,895
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	35	58
Actuarial gains (-)/losses (+) due to changes in financial assumptions	39,339	-54,801
Actuarial gains (-)/losses (+) due to changes in experience-based assumptions	929	-2,322
Pension payments	-25,915	-14,022
Transfers	-135	0
Currency effects	798	-131
Pension reclassification	3,452	0
DBO at end of fiscal year	**382,355**	**342,813**

Development of plan assets:

€ thousand	31 December 2023	31 December 2022
Fair value of plan assets at the beginning of the fiscal year	**100,342**	**109,090**
Interest income from plan assets	3,799	1,495
Actuarial gains (+)/losses (-) from plan assets	2,769	-6,326
Employer contributions	977	796
Pension payments from plan assets	-8,017	-4,580
Administrative costs	-3	-1
Transfers	-124	0
Currency effects	-139	-132
Pension reclassification	-44	0
Fair value of plan assets at the end of the fiscal year	**99,560**	**100,342**

The pension cost of the pension plans is broken down as follows:

€ thousand	31 December 2023	31 December 2022
Current service cost	7,506	7,164
Past service cost	53	0
Administrative costs	3	1
Net interest expense	9,681	4,400
Expense for defined benefit plans recognised in the consolidated earnings for the period	17,243	11,565
Actuarial gains (-)/losses (+) from scope of obligations	40,303	-57,065
Actuarial gains (-)/losses (+) from the plan assets	-2,769	6,326
Income (-)/ expense (+) from revaluation recognised in other comprehensive income	**37,534**	**-50,739**
Expense for defined benefit plans recognised in comprehensive income	**54,777**	**-39,174**

Development of the balance sheet amounts

€ thousand	31 December 2023	31 December 2022
Balance sheet amount at the beginning of the fiscal year	**242,471**	**291,882**
Service costs	7,562	7,165
Net interest expense	9,681	4,400
Expense from remeasurement recognised in other comprehensive income	37,534	-50,739
Pension payments	-17,898	-9,442
Employer contributions	-977	-796
Transfers	-11	0
Currency effects	937	1
Pension reclassification	3,496	0
Balance sheet amount at the end of the fiscal year	**282,795**	**242,471**

Actuarial gains/losses recognised in equity:

€ thousand	31 December 2023	31 December 2022
Actuarial gains (+) / losses (-) at the beginning of the fiscal year	**-16,389**	**-67,172**
Actuarial gains (+)/losses (-) during the fiscal year	-37,534	50,739
Currency effects	36	44
Pension reclassification	-24	0
Actuarial gains (+)/losses (-) at the end of the fiscal year	**-53,911**	**-16,389**

The present value was measured on the basis of the following assumptions:

	Germany		International	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
DBO (in € thousand)	343,848	314,706	38,507	28,107
Discount rate (in %)	3.15	3.84	6.30	6.46
Wage and salary trend (in %)	3.00	3.00	5.23	4.44
Pension trend (in %)	2.00	2.20	0.00	0.00

In addition, a one-off premium of 9.5% on the provision for pension recipients totalling €13,192 thousand is taken into account for the higher expected inflation.

The cost of the pension plans was calculated on the basis of the following assumptions at the start of the year:

	Germany		International	
Weighted average in %	**2023**	2022	**2023**	2022
Discount rate	3.90	2.30	6.56	4.74
Wage and salary trend	3.00	3.00	4.44	4.29
Pension trend	2.00	2.00	0.00	0.00

The discount rate was determined in 2023 on the basis of the yields on the capital markets in the various relevant regions.

The following table shows how the defined benefit obligation of the defined benefit pension liabilities would have changed at the balance sheet date if individual key assumptions had varied. The change was determined by a corresponding remeasurement of the portfolio.

€ thousand		**31 December 2023**	31 December 2022
Discount rate	+ 0.5 percentage points	-6.2%	-6.0%
	-0.5 percentage points	7.0%	6.8%
Pension dynamics	+ 0.5 percentage points	4.3%	4.3%
	-0.5 percentage points	-4.0%	-4.0%
Salary dynamics	+ 0.5 percentage points	0.3%	0.2%
	-0.5 percentage points	-0.3%	-0.2%
Death rate	+ 10 percentage points	-2.4%	-2.4%
	-10 percentage points	2.7%	2.6%

The average duration of the defined pension liabilities, weighted on the basis of the present values, is 14 years (prior year: 13 years).

Breakdown of plan assets:

€ thousand	**31 December 2023**	31 December 2022
Shares	3.92%	6.19%
Bonds	17.79%	19.19%
Insurance	76.78%	72.93%
thereof: no price quotation in an active market	76.78%	72.93%
Cash and cash equivalents	1.51%	1.69%
Total investment types	**100.00%**	**100.00%**

The domestic plan assets are largely managed by a pension fund and employers' pension liability insurance policies. The structure of the Group's plan assets is reviewed on an ongoing basis by an investment committee, taking into account the forecast pension liabilities. This committee regularly reviews the investment decisions and the underlying return expectations of the individual asset classes, taking into account empirical values and the selection of external fund managers.

Proper management and use of the trust assets is supervised by these external trustees. The pension fund and the insurance companies are also subject to supervision by the German Federal Financial Supervisory Authority (BaFin).

The plan assets do not include any own financial instruments or assets used by the Group itself.

The actual income from pension assets amounted to €6,567 thousand in the past fiscal year (prior year: expenses of €4,831 thousand).

The probable contributions for defined benefit pension plans for the year 2024 are €1,842 thousand (prior year: €1,382 thousand).

The following overview shows the payments expected for the next ten fiscal years (not discounted, excluding payments from the plan assets):

€ thousand	
2024	18,938
2025	18,891
2026	18,430
2027	18,657
2028	18,885
Total of the years 2029 to 2033	114,755

Group liabilities arising from defined contribution pension plans were recognised in profit and loss in the operating result. Expenses in the fiscal year just ended amounted to €109,156 thousand (prior year: €64,434 thousand). These expenses also include contributions to public pension insurance funds outside HELLA GmbH & Co. KGaA, which total €103,641 thousand (prior year: €55,390 thousand) for the fiscal year.

Other provisions

€ thousand	31 December 2022	Additions	Reversals	Compounding	Other	Utilisation	**31 December 2023**
Severance commitments	22,648	12,044	-372	0	73	-23,146	11,246
Partial retirement programme	39,610	17,143	-27	2,156	2,246	-28,607	32,522
Profit-sharing and other bonuses	29,745	19,065	-4,204	717	-2,483	-7,770	35,071
Warranty obligations	59,243	43,532	-26,938	504	-1,195	-34,221	40,926
Losses from supply and selling arrangements	359,589	40,202	-37,818	11,636	-1,520	-133,778	238,312
Other provisions	41,235	9,144	-10,043	7	-674	-5,685	33,985
Total	**552,070**	**141,131**	**-79,401**	**15,021**	**-3,552**	**-233,207**	**392,061**

HELLA is exposed to product liability claims in which the Company may be accused of violating its duties of care, breaches of warranty obligations or material defects. In addition, claims may be asserted from breaches of contract due to recalls or government proceedings. HELLA has taken out insurance policies for such risks, the scope of which is deemed appropriate from a commercial point of view.

Provisions for warranty obligations comprise burdens for specific individual cases in the Lighting and Electronics segment, in particular, for which the current portion amounts to €16,970 thousand (prior year: €26,413 thousand).

Insurance refunds expected in connection with warranty claims are recognised under other receivables and non-financial assets, and amounted to €1,927 thousand in the reporting period (prior year: €3,118 thousand).

Provisions for losses from supply and sales liabilities include liabilities under current third-party agreements from which future losses are expected. Of the total provisions for onerous contracts of €238,312 thousand (prior year: €320,748 thousand), €54,256 thousand constitutes current provisions with a maturity of less than one year. The remaining €184,056 thousand was classified as non-current provisions with a maturity of more than one year.

The allocations to provisions for severance pay and partial retirement relate to restructuring measures in Germany which were agreed in the current fiscal year, while the consumption of the provisions for severance pay relate to the restructuring measures in Germany which were agreed from September 2019 onwards.

The outstanding obligations to the provisions for severance pay are expected as outflows to a large extent in the next 24 months and the outflows to the partial retirement provisions in the next 36 months.

The profit-sharing provisions and other bonuses relate to the remuneration components of the Management Board and other employees of HELLA.

Expected charges against third parties for specific compensation claims from recent transactions were recognised in the remaining provisions.

Changes from currency translation are reported under "Other".

€ thousand	**31 December 2023**	31 December 2022
Present value of obligation	72,022	81,356
Fair value of plan assets	-39,500	-41,746
Provision for partial retirement programme	**32,522**	**39,610**

The provision for partial retirement programmes corresponds to the present value of the obligation on the balance sheet date less the fair value of plan assets on the balance sheet date. A discount rate of 4.06% was applied (prior year: 3.55%). The deducted plan assets are pledged securities. The change in the fair value of the plan assets is recognised under "Other" in the provisions table; in doing so, the change resulted in an important additional transfer.

38 Financial liabilities

Current financial liabilities with a maturity of less than one year amount to €434,288 thousand (prior year: €253,861 thousand) and include a bond in the amount of €299,924 thousand (prior year: €299,734 thousand), which was still reported under non-current financial liabilities at the end of the prior year, with a nominal volume of €300,000 thousand, an interest rate of 1.0% and a maturity date of 17 May 2024. Also included are notes payable of €77,806 thousand (prior year: €73,576 thousand), a current portion from finance leases of €34,251 thousand (prior year: €33,626 thousand) and current financial liabilities of €6,015 thousand to a factoring company (prior year: €12,757 thousand). Current financial liabilities were reduced compared to the end of the prior year by the repayment of a loan denominated in US dollars, which had a term until 29 January 2023 and was reported at €117,195 thousands as of 31 December 2022.

Non-current financial liabilities amount to €840,375 thousand (prior year: €1,174,952 thousand) and include a bond that was issued on 3 September 2019 and matures on 26 January 2027. It has a value of €499,275 thousand (prior year: €499,046 thousand) with a nominal volume of €500,000 thousand and an interest rate of 0.5%. Financial liabilities also include €76,761 thousand (prior year: €85,312 thousand) attributable to notes certificates denominated in yen issued in fiscal years 2002 and 2003 with a 30-year maturity, and a loan of €72,077 thousand (prior year: €78,753 thousand) denominated in yen with a 30-year maturity, both of which are fully currency-hedged to a value totalling €175,177 thousand (prior year: €175,177 thousand). Also included is a loan of €67,873 thousand (prior year: €70,317 thousand) denominated in US dollars and maturing on 29 January 2026. Capital from profit participation certificates of €5,000 thousand (prior year: €5,000 thousand) and finance lease liabilities amounting to €119,149 thousand (prior year: €136,675 thousand) are also recognised. Non-current financial liabilities were reduced compared to the end of the prior year mainly due to the reclassification of a bond from non-current to current financial liabilities.

In September 2022, HELLA negotiated a syndicated credit facility amounting to €450 million and an increase option of €150 million. This facility was concluded with a syndicate of international banks and has a term of three years (including two extension options of one year each) until September 2025. The first extension option of 15 months was exercised in August 2023. The second extension option of twelve months can be exercised in 2024. The end of the new term is December 2026. In the event of a loss of the investment grade rating, the continued existence of the syndicated credit facility is not at risk and it will remain in place. There would only be a special right of termination in the event of the entry of a squeeze-out or a domination agreement in the commercial register.

The following table shows the financial liabilities described above together with cash and cash equivalents. The resulting net financial debt totalled €56,284 thousand (prior year: net financial liquidity of €42,890 thousand).

€ thousand	**31 December 2023**	31 December 2022
Cash and cash equivalents	1,090,450	1,285,924
Financial assets (current)	127,929	185,780
Cash and cash equivalents	**1,218,379**	**1,471,704**
Current financial liabilities	-434,288	-253,861
Non-current financial liabilities	-840,375	-1,174,952
Financial liabilities	**-1,274,663**	**-1,428,814**
Net financial debt (-) / net financial liquidity (+)	**-56,284**	**42,890**

39 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 and is divided into 111,111,112 no-par value bearer shares. The shares have no par value. All issued shares are fully paid up. Each share confers one voting right and a right to dividends if distributions are agreed.

In addition to “Other retained earnings/profit carried forward” and the capital reserve, “Reserves and unappropriated surplus” include the differences stemming from the currency translation of the annual financial statements of foreign subsidiaries not recognised in the income statement and the impact arising from the measurement of derivative financial instruments acquired for hedging purposes also not recognised in the income statement, as well as the reserve for the financial instruments from the available-for-sale category (IAS 39) and/or the reserve for debt capital instruments (IFRS 9). Also included are the results from the remeasurement of defined benefit plans, recognised directly in equity. A detailed overview of the composition and changes in the results recognised directly in equity is presented in the consolidated statement of changes in equity.

Actuarial losses before taxes of €37,534 thousand were recognised during the reporting period (prior year: the income before taxes of €50,739 thousand). The change in value of the defined benefit liabilities or of the assigned plan assets is attributable to calculation parameters and in particular the discount rate used here, which was 3.15% at the end of December 2023 (prior year: 3.84%).

The owners of the parent company will receive a dividend of €320,000 thousand for the short fiscal year 2022 (1 June 2022 to 31 December 2022), which has already been distributed in full (prior year: €54,444 thousand). This corresponds to €2.88 per no-par value share (including the special dividend of €2.61 per no-par value share from the sale of HBPO shares); the prior year's dividend was €0.49 per no-par value share.

The objective of the Group is to maintain a strong equity base. The Group strives to strike a balance between a higher return on equity, which would be possible through greater external financing, and the advantages and security offered by a sound equity position. The Group is aiming to not exceed a ratio of 1.0 for net financial debt to reported earnings before interest, taxes, depreciation and amortisation (EBITDA) in the long term. The ratio was 0.1 on 31 December 2023. In the prior year, the Group reported net financial assets (thus exceeding the criterion).

40 Notes to the cash flow statement

As was the case in the prior year, the cash funds are solely made up of cash and cash equivalents.

In the current reporting period, depreciation, amortisation, recognised impairment losses and reversals of impairment losses of €556,701 thousand (prior year: €-13,507 thousand), consisting of write-downs and, in the opposite direction, write-ups, were recognised.

The change in provisions in the current fiscal year was significantly influenced by the utilisation of provisions for delivery and sales obligations as well as personnel and warranty obligations, while the increase in the prior year was due to provisions for losses from delivery and sales obligations. This increase in the prior year is due in particular to selected customer contracts in the Lighting segment, for which provisions for onerous contracts had to be recognised due to increased costs.

The other non-cash income and expenses and cash flows not attributable to operating activities reported in the cash flow statement mainly include valuation and discounting effects and the result from investments accounted for using the equity method. The prior year mainly includes the income from the sale of the shares in the associate HELLA Behr Plastic Omnium (HBPO) less derecognised assets amounting to €250,367 thousand.

The factoring programme increased the Group’s cash and cash equivalents by a total of €48,808 thousand (prior year: €206,707 thousand). This change consists on the one hand of the sale of additional receivables, which increased the inflow of trade receivables and other assets not attributable to investing or financing activities by €55,548 thousand (prior year: €194,023 thousand), and on the other hand of a repayment within current financial liabilities to the factoring company totalling €6,741 thousand (prior year: addition of €12,683 thousand).

The current fiscal year includes on balance cash inflows from the sale of securities, primarily from the sale of bonds, amounting to €63,329 thousand (prior year: €240,986 thousand).

In the past reporting period, the payment received from the sale of HBPO totalling €281,667 thousand was allocated to cash receipts from the sale of investments in associates and joint ventures as well as other investments.

In the current reporting period, repayments and proceeds from financial liabilities representing total payments of €149,018 thousand were significantly influenced by the timely repayment of the bank loan of a Mexican subsidiary in the amount of €115,634 thousand as at the end of January 2023 and payments from lease liabilities in the amount of €38,934 thousand (prior year: proceeds totalling €19,305 thousand).

The dividends paid totalling €320,243 thousand (prior year: €54,496 thousand) in the current and previous reporting period consist primarily of payments to the owners of the parent company. Hence, after the Annual General Meeting on 28 April 2023, dividends totalling €320,000 thousand (€2.88 per no-par value share) distributed to owners of the parent company. In the previous reporting period, dividends totalling €54,444 thousand (€0.49 per no-par value share) were distributed to owners of the parent company.

The following table shows the (net) changes in the total r current and non-current financial liabilities and thus represents the non-cash changes of the line items, in addition to the cash flow statement. The "Other changes" line primarily contains non-cash interest expenses and non-cash changes to the fair value.

€ thousand		**Bonds**	**Loans**	**Lease Liabilities**	**Other financial liabilities**	**Total financial liabilities**
As at:	**31 May 2022**	**887,517**	**289,256**	**163,934**	**48,819**	**1,389,525**
Cash changes	(Net) changes	-1,464	-15,518	-22,279	39,989	728
Non-cash changes	New lease agreements	0	0	26,142	0	26,142
	Effect of exchange rate fluctuations	-2,050	4,247	44	-2,423	-182
	Other changes	5,163	5,028	2,462	-52	12,601
As at:	**31 December 2022**	**889,166**	**283,013**	**170,301**	**86,333**	**1,428,814**
Cash changes	(Net) changes	0	-112,416	-38,934	2,332	-149,018
Non-cash changes	New lease agreements	0	0	19,473	0	19,473
	Effect of exchange rate changes	-8,551	-8,829	-3,418	-4,845	-25,644
	Other changes	327	-5,266	5,977	0	1,038
As at:	**31 December 2023**	**880,942**	**156,501**	**153,400**	**83,821**	**1,274,663**

41 Net cash flow

Relative to sales, net cash flow investments fell to 2.6% (prior year: 5.3%).

For the internal management of the HELLA Group, net cash flow has been used as a performance indicator for Group management since the beginning of the fiscal year 2023. Net cash flow is a key performance indicator that is not defined in the International Financial Reporting Standards. However, it is reported as additional information in the HELLA Group's financial reporting as it is used for internal management purposes. The net cash flow is shown in relation to sales in order to provide appropriate information independent of the respective business volume of a reporting period.

For this purpose, the cash inflows from the sale of equipment and intangible assets, plant and equipment as well as the payments for the procurement of equipment and intangible assets, plant and equipment are added to the cash flow from operating activities. The resulting figure is the net cash flow.

Net cash flow fell to €205,294 thousand in the fiscal year 2023 (prior year: €233,073 thousand). This development is mainly due to higher cash-relevant investment activities for property, plant and equipment and intangible assets, which at €620,400 thousand were higher than in the short fiscal year 2022 (prior year: €392,448 thousand). This was mitigated by operating improvements, which can be seen in the higher cash flow from operating activities totalling €825,694 thousand (prior year: €625,521 thousand). The net cash flow decreased to 2.6% (prior year: 5.3%) in relation to sales of €7,954,141 thousand (prior year: €4,410,044 thousand).

The performance of the net cash flow for the fiscal years 2023 and 2022 are shown in the following table:

€ thousand	**2023**	2022
Cash flow from operating activities	**825,694**	**625,521**
Cash receipts from the sale of property, plant and equipment and of intangible assets	14,785	10,835
Payments for the purchase of property, plant and equipment	-464,383	-309,091
Payments for the purchase of intangible assets	-170,802	-94,191
Net cash flow	**205,294**	**233,073**

42 Information on related party relationships

HELLA GmbH & Co. KGaA and its subsidiaries maintain business relationships with many companies and individuals in the course of their normal operations. In addition to the business relationships with fully consolidated companies, relationships exist with associates, joint ventures and companies in which shares are held; these are classified as related parties under IAS 24. In addition, business relationships with the FORVIA Group have been reported as related parties since February 2022 if these companies are not part of HELLA Group. Corresponding disclosures are made for expenses and income.

There were supply and service relationships between companies within the scope of consolidation and related parties, particularly with associates, joint ventures, non-consolidated affiliates and FORVIA Group entities. The outstanding items from the purchase or sale of goods and services between companies in the scope of consolidation and associates, joint ventures, non-consolidated affiliates and FORVIA Group entities are presented under the respective items. For further information on goods and services, see Chapters 25 and 35.

Key management personnel at HELLA GmbH & Co. KGaA are the members of the Management Board, the members of the Shareholder Committee and the Supervisory Board, at FORVIA S.E. the members of the Board of Directors and the Executive Committee, and at FORVIA Germany GmbH the members of the Management Board.

These individuals, immediate members of their families, and the companies they jointly or individually control are considered to be related parties under IAS 24.

The following transactions were made with related parties:

€ thousand	**2023**	2022
Income from the sale of goods and services	**93,559**	**159,216**
with associates	23,250	114,153
with joint ventures	19,426	15,411
with affiliated companies not included in the consolidated financial statements	288	283
Forvia Group	44,045	29,250
Management in key positions:	99	29
Companies controlled by management in key positions	31	90
Expenses from the purchase of goods and services	**152,107**	**64,621**
with associates	155	0
with joint ventures	108,979	44,422
with investments	1,803	820
with affiliated companies not included in the consolidated financial statements	31,706	16,545
Forvia Group	9,432	2,667
Management in key positions:	0	0
Companies controlled by management in key positions	32	167

Business relationships with related parties operate under normal market conditions. They do not fundamentally differ from supply and service relationships with third parties. The HELLA Group concluded no significant transactions with related party individuals. Income generated with members of the management in key positions or with companies they control mainly concerns the shipments of goods, while the expenses are related to shipments of goods, rental expenses and other services.

For assuming personal liability in its role as General Partner, HELLA Geschäftsführungsgesellschaft mbH receives liability remuneration of €1 thousand (prior year: €1 thousand). Moreover, the entity is entitled to reimbursement by HELLA GmbH & Co. KGaA for all of the expenses arising in connection with the management of the Company's business activities, including the remuneration of the corporate bodies.

Remuneration for management in key positions:

€ thousand	2023	2022
Current benefits	9,300	7,507
Post-employment benefits	2,027	542
Other non-current benefits	1,101	967
Share-based payment	2,065	5,709
Termination benefits	0	2,770*
Total	**14,493**	**17,495**

** Includes the severance payments to be paid in the fiscal year 2023 for two managing directors following the mutually agreed cancellation of their respective management contracts*

The following table shows the total remuneration of the corporate bodies (Section 314 (1) (6a and b)) of the German Commercial Code (Handelsgesetzbuch – HGB) for the fiscal year 2023 and the respective prior-year figures of the short fiscal year 2022:

Total remuneration paid to the management bodies:

€ thousand	2023	2022
Total remuneration paid to the active institution members	**9,300**	**13,387**
Management Board	7,014	12,068
Supervisory Board	1,103	599
Shareholder Committee	1,183	720
Total remuneration paid to the former institution members and their surviving dependants	**3,726**	**6,474**
Management Board	**3,726**	6,474
Supervisory Board	0	0
Shareholder Committee	0	0

Remuneration of the active members of the Management Board

The expenses for the remuneration of active members of the Management Board recognised in accordance with IFRS in the fiscal year 2023 amounted to €12,206 thousand (prior year: €16,176 thousand). The members of the Management Board receive an annual fixed salary paid in 12 monthly instalments, the appropriateness of which is reviewed annually. It amounted to a total of €3,302 thousand for all active members of the Management Board in the fiscal year 2023 (prior year: €1,948 thousand). In addition, active members of the Management Board receive benefits in kind and other fringe benefits, short-term variable remuneration (STI), long-term variable remuneration (LTI) and pension commitments. The remuneration in kind and other fringe benefits of the members of the Management board active in the reporting period totalled an equivalent value of €155 thousand (prior year: €76 thousand) in the fiscal year 2023. Benefits in kind were measured on the basis of actual cost. These mainly consist of the private use of a company car, the assumption of service-related accommodation and travel costs, and inclusion in the Group's directors and officers liability insurance (D&O insurance).

The expense recognised under IFRS for short-term variable remuneration (STI) in the fiscal year 2023 totalled €3,557 thousand for all active members of the Management Board (prior year: €4,164 thousand), and the provision for this totalled €3,557 thousand as at 31 December 2023 (prior year: €4,164 thousand). The short-term variable remuneration is granted as an annual cash bonus as a multiple of the annual fixed salary depending on the degree of achievement of certain targets. These targets are composed of operational key performance indicators (in the past financial year: EBT and OFCF) and special (prioritised) targets, which in turn consist of collective/team targets (including ESG-related targets) and individual targets and are redefined annually.

Up to and including the short fiscal year 2022 as the base fiscal year, the long-term variable remuneration (LTI) was still granted on a share-based basis and paid out in cash following a five-year calculation period on the basis of the share price development and Group-specific performance targets (RoIC and EBT margin). An LTI base amount was allocated for the first fiscal year of the calculation period, the amount of which depends on the RoIC achieved. Over the four following years of the period, the three aforementioned target figures are compared annually with the values of the first fiscal year. One fifth each of the partial amount determined in this way are added to the amount paid out, along with the LTI base amount. The expenses were determined using a suitable valuation model (Monte Carlo simulation[1]). The expense recognised in accordance with IFRS for the share-based long-term variable remuneration in the fiscal lyear 2023 totalled €2,065 thousand for all active members of the Management Board (prior year: €5,709 thousand) and the provision for this totalled €9,641 thousand as at 31 December 2023 (prior year: €8,945 thousand). Since the beginning of the 2023 financial year, the share-based LTI scheme has no longer been practised. The new LTI regulation used since then stipulates that two equally weighted LTI components are granted, each comprising a four-year reference period with a two-year assessment period (LTI component 1) and a three-year assessment period (LTI component 2). Whether and to what extent a payment will be made will only be determined after the end of the reference period, which for the fiscal year 2023 tranche ends at the end of the fiscal year 2026.

The expense recognised under IFRS for share-based long-term variable remuneration in the short fiscal year 2023 totalled €1,101 thousand for all active members of the Management Board (prior year: €967 thousand) and the provision for this totalled €1,016 thousand as at 31 December 2023 (prior year: €1,055 thousand).

The total remuneration shown above for the Management Board (Section 314 (1) No. 6 a and b HGB (the German Commercial Code)) for the fiscal year 2023 does not include a long-term variable remuneration (LTI). This is due to the fact that the Company has no longer practised a share-based LTI scheme since the beginning of the fiscal year 2023 and that no measurement periods for previous share-based LTI tranches expired in the fiscal year 2023.

If a Management Board member terminates their service agreement or if the service agreement ends for a compelling reason as defined in Section 626 of the German Civil Code (Bürgerliches Gesetzbuch – BGB) for which the Management Board member is responsible, any LTI remuneration claims that have not yet been paid out under both the old share-based LTI regulation and the new non-share-based LTI regulation will lapse. In the event of termination of the service agreement for other reasons, there may be a pro rata reduction of the LTI tranches whose calculation period has not yet expired at the time of termination.

In addition, the Company grants pension commitments within the framework of a defined contribution capital account system, into which a percentage (40% or 50% in the case of the President & CEO) of the annual fixed salary is allocated each year as a financial contribution. The members of the Management Board also have the option of making optional payments by way of deferred compensation. Upon pension eligibility arising, the accrued capital is paid either in a single lump sum or – subject to the Company's approval – in instalments over a maximum period of eight years. As a general rule, the capital account is closed on 31 May of

[1] Monte Carlo simulation assumptions: share price simulation based on the Black-Scholes model over the remaining term of the LTI; initial price: €82.50 (Xetra trading platform; closing price 31 Dec.2023); annualised volatility (250 days; volatility expected in line with the remaining term of the LTI based on historical volatility appropriate to the term); risk-free interest rate in line with the remaining term of the LTI (in accordance with the yield curve for listed German government bonds published by the Deutsche Bundesbank); dividends in accordance with the dividend announcement (no planned values)

the year following the member of the Management Board's 58th birthday. Eligibility for payment only arises once the member of the Management Board has left the Company. This period may be extended at the member of the Management Board's request and is subject to the Company's approval.

The defined benefit obligation for liabilities from the defined contributions capital account system for active members of the Management Board was €5,377 thousand on 31 December 2023 (prior year: €14,513 thousand). The financing contributions structured in the form of investment fund units and pledged to the active beneficiaries were valued at €976 thousand as of the balance sheet date (prior year: €1,395 thousand). As at the balance sheet date, there were plan assets totalling € 4,368 thousand (previous year: € 9,194 thousand).

In certain circumstances, members of the Management Board may be entitled to severance payments. If the Company revokes the appointment of a member of the Management Board prior to the date of expiry of the service agreement, the service agreement may be terminated prematurely for cause. In these cases in which the service agreement is terminated for compelling reasons for which the member of the Management Board is not responsible, they are entitled to a severance payment of two times their annual remuneration or, if the residual term of the service agreement is less than two years, an amount reduced on a pro-rata basis. A member of the Management Board is also entitled to a special right of termination until 31 December 2027. The provisions for severance payments to be paid to members of the Management Board totalled €0 thousand (prior year: €2,770 thousand) as at the balance sheet date.

Remuneration of the former members of the Management Board

There are provisions for the pension liabilities towards former members of the Management Board and their surviving dependants amounting to €14,158 thousand (prior year: €11,080 thousand). In addition, claims totalling € 3,076 thousand (previous year: € 2,802 thousand) were transferred to Allianz Pensionsfonds AG. The net obligation of the share transferred to Allianz Pensionsfonds AG comes to €193 thousand (prior year: €-44 thousand). The defined benefit obligation from the defined contributions capital account system towards former members of the Management Board and their surviving dependants is €8,260 thousand (prior year: €7,894 thousand). The financing contributions structured in the form of investment fund units and pledged to the beneficiaries in this group were valued at €7,797 thousand as at the balance sheet date (prior year: €7,665 thousand).

Pension payments to former members of the Management Board and their surviving dependants came to €956 thousand (prior year: €505 thousand). The total remuneration paid to former members of the Management Board came to €3,726 thousand in the fiscal year 2023 (prior year: €6,474 thousand), which comprised mainly of LTI instalments payable for prior years, severance payments and payments under liabilities.

Remuneration of the members of the Supervisory Board

The expense recognised under IFRS for the remuneration of the members of the Supervisory Board (fixed remuneration and committee work) totalled €1,103 thousand for the fiscal year 2023 (prior year: €599 thousand). Of this amount, €978 thousand (prior year: €528 thousand) is attributable to fixed remuneration and €125 thousand (prior year: €70 thousand) to committee work. Variable remuneration is not provided for in the remuneration system for the Supervisory Board. The employee representatives on the Supervisory Board receive standard market remuneration.

Remuneration of the members of the Shareholder Committee

The expense recognised under IFRS for the remuneration of the members of the Shareholder Committee totalled €1,183 thousand plus VAT for the fiscal year 2023 (prior year: €720 thousand plus VAT). The entire amount is accounted for by fixed remuneration; variable remuneration or remuneration for committee work is not provided for in the remuneration system for the Shareholder Committee.

No loans or advances were granted to the members of the Management Board, the Supervisory Board or the Shareholder Committee.

See the remuneration report for details on the remuneration systems for the Management Board of HELLA Geschäftsführungsgesellschaft mbH and the members of the Supervisory Board and the Shareholder Committee of HELLA GmbH & Co. KGaA.

43 Declaration of Conformity with the Corporate Governance Code

On 29 February 2024, the General Partner as well as the Shareholder Committee and the Supervisory Board of HELLA GmbH & Co. KGaA (the "Company") approved a joint Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) which states that the recommendations of the German Corporate Governance Code have been and will be complied with as well as which recommendations have not been or are not being applied. This version has been made permanently accessible on the Company's website at **www.hella.com/declarationofconformity.**

44 Disclosures on financial instruments

The carrying amounts and fair values of classes of financial instruments and the carrying amounts in accordance with IFRS 9 measurement categories as at 31 December 2023 and 31 December 2022 are set out below.

€ thousand	Measurement category under IFRS 9	Carrying amount 31 December 2023	Fair value 31 December 2023	Carrying amount 31 December 2022	Fair value 31 December 2022	Fair value hierarchy
Cash and cash equivalents	Amortised cost	1,090,450	1,090,450	1,285,924	1,285,924	
Trade receivables	Amortised cost	923,065	923,065	1,012,367	1,012,367	
Financial assets						
Debt capital instruments	FVOCI	99,351	99,351	154,791	154,791	Level 1
Loans	Amortised cost	24,021	24,021	19,635	19,635	
Other bank balances	Amortised cost	4,558	4,558	11,355	11,355	
Other financial assets						
Derivatives designated as hedging instruments	n.a.	26,443	26,443	30,692	30,692	Level 2
Derivatives not designated as hedging instruments	FVPL	2,142	2,142	1,593	1,593	Level 2
Other receivables associated with financing activities	Amortised cost	52,182	52,182	43,467	43,467	
Current financial assets		**2,222,211**	**2,222,211**	**2,559,822**	**2,559,822**	
Financial assets						
Equity instruments	FVPL	55,313	55,313	58,022	58,022	Level 3
Equity instruments	FVOCI	5,708	5,708	7,905	7,905	Level 1
Equity instruments	FVOCI	756	756	0	0	Level 2
Debt capital instruments	FVOCI	16,859	16,859	27,973	27,973	Level 2
Loans	Amortised cost	126	126	128	128	Level 2
Other receivables associated with financing activities	Amortised cost	38	38	40	40	Level 2
Other financial assets						
Trade receivables	Amortised cost	41,867	41,867	28,683	28,683	Level 2
Non-current financial assets		**120,666**	**120,666**	**122,752**	**122,752**	
Financial assets		**2,342,877**	**2,342,877**	**2,682,574**	**2,682,574**	
Financial liabilities						
Financial liabilities to banks and bond	Amortised cost	100,113	100,113	220,235	220,235	
Bonds		299,924	299,924	0	0	
Trade payables	Amortised cost	1,364,891	1,364,891	1,334,840	1,334,840	
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	5,080	5,080	14,628	14,628	Level 2
Derivatives not designated as hedging instruments	FVPL	2,035	2,035	1,388	1,388	Level 2
Other financial liabilities	Amortised cost	268,157	268,157	223,012	223,012	
Current financial liabilities		**2,040,201**	**2,040,201**	**1,794,103**	**1,794,103**	
Financial liabilities						
Financial liabilities to banks	Amortised cost	145,190	159,427	154,184	173,142	Level 2
Bonds	Amortised cost	576,036	516,592	884,093	784,496	Level 1
Other financial liabilities						
Derivatives designated as hedging instruments	n.a.	40,454	40,454	23,493	23,493	Level 2
Derivatives not designated as hedging instruments	FVPL	27,973	27,973	12,635	12,635	Level 2
Other financial liabilities	Amortised cost	9,252	9,252	12,333	12,333	
Non-current financial liabilities		**798,905**	**753,699**	**1,086,738**	**1,006,099**	
Financial liabilities		**2,839,106**	**2,793,899**	**2,880,841**	**2,800,202**	

€ thousand	Carrying amount 31 December 2023	Fair value 31 December 2023	Carrying amount 31 December 2022	Fair value 31 December 2022
Of which aggregated under IFRS 9 measurement categories:				
Financial assets				
FVPL	74,313	74,313	87,588	87,588
Amortised cost	2,136,307	2,136,307	2,401,598	2,401,598
FVOCI	105,814	105,814	162,696	162,696
Financial liabilities				
Amortised cost	2,763,564	2,718,357	2,828,696	2,748,057
FVPL	30,008	30,008	14,024	14,024

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, the fair values of comparable market transactions are used as well as financial methods based on market parameters (net present value method, forward standard method, derivation of fair value from comparable market-oriented values) 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 respective company'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 2023 reporting period.

The carrying amounts of current financial instruments correspond to the fair value due to the short residual terms and the high credit rating of the counterparties.

Non-current financial instruments on the assets side were mainly made up of other investments, securities as covering assets for pension provisions, and loans. The non-current equity instruments represent other investments recognised as FVOCI and valued at €6,464 thousand (prior year: €7,905 thousand) and non-consolidated affiliates recognised as FVPL and valued at €55,313 thousand (prior year: €58,022 thousand). A sensitivity analysis is not performed for reasons of materiality.

Pledged collateral

As at 31 December 2023, interest-bearing investments of €39,500 thousand (prior year: €47,000 thousand) were pledged to a trustee as statutory insolvency protection for partial retirement fund assets. These are netted at the settlement amount of the partial retirement obligation against the obligations from partial retirement.

The following table shows the net result from financial instruments for each IFRS 9 measurement category for the fiscal year 2023:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	**2023**
Financial assets FVPL	0	0	16,859	0	16,859
Financial assets FVOCI	2,440	0	181	0	2,621
Financial assets amortised cost	24,261	0	0	-7,584	16,677
Financial liabilities amortised cost	-46,587	0	0	-21,177	-67,764
Total	**-19,886**	**0**	**17,040**	**-28,761**	**-31,607**

The following table shows the net result from financial instruments for each IFRS 9 measurement category for the fiscal year 2022:

€ thousand	Interests	Dividends	Fair value measurement	Currency translation	**2022**
Financial assets FVPL	123	52	-6,558	476	-5,908
Financial assets FVOCI	214	0	-283	1,137	1,068
Financial assets amortised cost	6,247	0	0	-3,537	2,711
Financial liabilities amortised cost	-19,369	0	0	2,406	-16,963
Total	**-12,785**	**52**	**-6,842**	**482**	**-19,092**

Net profit/loss per measurement category

When determining the net result from financial instruments, value adjustments and value recoveries, income and expenses resulting from the application of the effective interest method, income and expenses from currency translation, gains or losses on disposals, and other changes in the fair value of financial instruments recognised in the income statement is taken into account.

Financial risk management

The HELLA Group is exposed to various financial risks in the course of its operations. In particular, these include liquidity, currency and interest rate risks.

Risk management is carried out by the central financial management department in accordance with the guidelines adopted by the corporate bodies. Detailed information is provided in the management report.

On the procurement side, there are risks relating to the general security of supply, among others. Moreover, credit risks arise from trade receivables, lease receivables, and also from receivables relating to financial transactions, such as the investment of cash or cash equivalents or the acquisition of securities. Liquidity risks can arise from a significant decline in the operating business performance as well as from the risk categories mentioned above.

Management of liquidity risks

HELLA works with mainly centralised liquidity structures in order to pool liquidity across the Group ("cash pooling"). The centralised liquidity is calculated on a regular basis and planned using a bottom-up process. HELLA actively manages the loan portfolio on the basis of the liquidity planning.

The following tables show the maximum settlements to be paid. These show the worst-case scenario for HELLA – i.e. the earliest possible contractual payment date. This takes into account creditor cancellation rights. Foreign currency items are always converted at the spot rate applicable on the balance sheet date. Interest payments for items with variable interest rates are always measured at the reference interest rate applicable on the balance sheet date. In addition to non-derivative financial instruments, derivative financial instruments (e.g. foreign currency forwards) are taken into account. For derivatives where gross payments are settled between the parties involved, only the settlements are shown in line with the worst-case scenario. These settlements are offset by cash receipts, which are also shown. In addition, loans granted but not yet drawn in full and financial guarantees issued are included in the settlements to be paid.

Maximum future settlements as at 31 December 2023

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	2,035,985	706,721	177,627	2,920,333
Derivative financial instruments	1,106,555	192,339	233,543	1,532,437
Loan commitments/financial guarantees	0	0	0	0
Lease liabilities	34,251	100,017	39,792	174,060
Total	**3,176,791**	**999,077**	**450,962**	**4,626,830**
Proceeds from derivative financial instruments	1,125,049	164,575	165,315	1,454,939

Maximum future settlements as at 31 December 2022

€ thousand	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivative financial liabilities	1,466,939	938,091	260,535	2,665,565
Derivative financial instruments	1,036,529	189,275	247,511	1,473,315
Loan commitments/financial guarantees	0	0	0	0
Lease liabilities	33,626	106,277	57,088	196,992
Total	**2,537,094**	**1,233,643**	**565,134**	**4,335,872**
Proceeds from derivative financial instruments	1,056,941	165,354	188,861	1,411,156

The Group's liquidity supply is also sufficiently assured through cash and bank balances on hand, marketable short-term securities on hand and the available unused bank lines of credit.

The table below sets out the main liquidity instruments:

€ thousand	**31 December 2023**	31 December 2022
Cash and cash equivalents	1,090,450	1,285,924
Marketable securities	113,119	160,793
Available, unused cash line of credit	497,252	512,034
Total	**1,700,821**	**1,958,751**

The total of the cash lines of credit available to the HELLA Group amounts to roughly €501,362 thousand (prior year: €521,979 thousand). These consist of a syndicated credit with a volume of €450,000 thousand (term until 2026, utilisation as at 31 December 2023: 0%) and short-term money market lines with a volume of €51,362 thousand (utilisation as at 31 December 2023: 8%). In some cases, standard lenders' rights to call in a loan apply to the latter (as part of financial covenants). These covenants are reviewed on an ongoing basis as part of corporate planning and are currently being complied with. Owing to the broad and international base of core banks and the utilisation of the capital market for financing, the refinancing risk is classified as very low. There are no concentration risks in the provision of liquidity.

Management of currency risks

Currency risks (in the context of transaction risks) arise from receivables, liquid funds, securities and executory contracts in a currency other than the functional currency. The HELLA Group's currency risk is calculated as a net exposure by aggregating the Company's planned foreign currency cash flow.

The net exposure is constantly monitored and managed by regularly adjusting the hedge ratio to conform to the HELLA hedging strategy, which is regularly reviewed. Currency derivatives, primarily foreign currency forwards, are used to offset exchange rate-related fluctuations impacting these payments and positions.

In principle, changes in the fair value of currency derivatives are recognised in the income statement. In the case of cash flow hedge accounting within the meaning of IFRS 9, the unrealised gains and losses from the effective part of the hedging transaction are initially recognised in the statement of “Changes in equity with no impact on the income statement”. The gains and losses are only realised and transferred to the income statement when the hedged risk of the underlying transaction is also recognised in profit or loss.

Hedging of foreign currency risks from long-term refinancing in foreign currencies

HELLA mainly designates currency derivatives to hedge foreign currency cash flow from funding taken out in JPY and maturing in 2032 or 2033 under flow hedge accounting (micro-hedges).

Hedging is carried out using the spot-to-spot method. The costs in excess of the spot components of the currency hedging derivative are recognised separately in equity as transaction-related hedging costs and are recognised in profit or loss when they are used.

The effectiveness of hedging relationships is determined using the hypothetical derivative method.

Hedging of planned and highly probable transactions

Planned, highly probable foreign currency transactions are hedged spot to spot. The price component of the exchange rate that exceeds the spot component is recognised as the cost of hedging and reversed in accordance with the management of the respective maturity bands. Hedging transactions with currency derivatives almost exclusively have a term of less than one year and are used to hedge currency risks from operating cash flows.

This offsetting reflects the HELLA Group's expectation that the fair value measurements of the hedged item and hedging instrument normally move in opposite directions. Accordingly, forward agreements are entered into to sell future cash flows from sales denominated in a foreign currency. A change in the exchange rate may have a positive impact on the cash flows from the flow currency sales but a negative effect on the currency forward, or vice versa.

The effective changes in the value of currency derivatives recognised in equity are recognised in the same period and in the same item of the income statement as the planned underlying transaction is recognised in the income statement. If hedged transactions are no longer expected to occur, the amounts are reclassified to other income.

The other currency derivatives are also used to hedge currency risks from underlying transactions, whereby no hedge accounting is applied.

The relatively high sensitivities to the annual result are mainly attributable to market fluctuations of non-derivative financial instruments and planned cash flows that are not hedged within the meaning of IFRS 9.

The sensitivity analysis is performed on the basis of the hedge ratios as at the balance sheet date. They are reviewed regulations in the course of the fiscal year and may be above or below the level at the balance sheet date.

The following sensitivity analyses show the effects a 10% change in the exchange rate of each foreign currency would have on equity or on the net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the balance sheet date and only takes into account the largest gross exposure in the HELLA Group:

Effects of a 10% fluctuation in the exchange rate on equity and net profit/loss for the year

€ thousand			**31 December 2023**			31 December 2022	
Exchange rate	Foreign currency	Net exposure	depreciates by10%	appreciates by10%	Net exposure	depreciates by10%	appreciates by10%
Change in equity owing to fluctuations in the market value of currency derivatives used for hedging purposes (cash flow hedge accounting)	CNY		18,814	-22,995	-	19,721	-24,103
	CZK		-16,661	20,363	-	-11,927	14,577
	JPY		-577	806	-	-3,609	7,404
	MXN		-15,023	18,361	-	-11,314	13,829
	RON		-19,847	24,257	-	-13,925	17,019
	USD		17,946	-21,933	-	11,117	-13,588
Change in net profit/loss for the year owing to unhedged currency exposures in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	CNY	122,562	-11,142	13,618	160,192	-14,563	17,799
	CZK	-112,428	10,221	-12,492	-118,706	10,791	-13,190
	JPY	-20,793	1,890	-2,310	-17,667	1,606	-1,963
	MXN	-75,031	6,821	-8,337	-64,654	5,878	-7,184
	RON	-122,111	11,101	-13,568	-149,660	13,605	-16,629
	USD	85,993	-7,818	9,555	57,603	-5,237	6,400

The following table shows the nominal values and measurements of the hedging instruments, aggregated for all currencies, as well as their balance sheet category and the change in ineffectiveness.

The following tables contain quantitative disclosures on the hedging instruments used in each category, broken down by the most important currencies:

Nominal values and measurements of hedging instruments

€ thousand		**Nominal amount of the hedging instrument**	**Carrying amount of the hedging instrument**		**Line items in the statement of financial position that include the hedging-**	**Changes in fair value for the calculation of hedge ineffectiveness**
Cash flow hedges			Assets	Liabilities		
31 December 2023	Exchange rate risk (forecast transactions)	987,893	28,087	-5,177	Other assets/liabilities	-
	Exchange rate risk (financing)	175,177	0	-70,772	Other assets/liabilities	-
31 December 2022	Exchange rate risk (forecast transactions)	953,758	31,430	-7,086	Other assets/liabilities	-
	Exchange rate risk (financing)	175,177	0	-47,226	Other assets/liabilities	-

Hedging instruments per risk category

	Nominal amount in € thousands		
	<1 year	1-5 years	>5 years
Exchange rate risk as at 31.12.2023	850,728	137,165	175,177
Exchange rate risk as at 31.12.2022	818,812	134,946	175,177

Average hedging rates

Exchange rate risk	Average prices over the entire termof the hedging instruments as at 31.12.2023	Average prices over the entire termof the hedging instruments as at 31.12.2022
EUR/USD	1.09	1.07
EUR/CZK	24.76	25.70
EUR/JPY	145.05	135.98
EUR/RON	5.11	5.27
EUR/CNY	7.57	7.28
USD/MXN	19.34	21.99

The following table contains information about designated hedged items in each risk category. HELLA only uses cash flow hedges for currency risks.

Since the hedged items consist of planned cash flows that have not (yet) been recognised in the financial statements, only the carrying amount of the hedging instrument portfolio is reported.

Designated hedged items per risk category

€ thousand			Cash flow hedge reserve	
Cash flow hedges		Change in value forcalculation of hedgeineffectiveness	Ongoing hedging activities	Hedging activities that no longer qualify for hedge accounting
31 December 2023	Exchange rate risk for forecast transactions	-	22,911	-
	Exchange rate risk for financing	-	-40,476	-
31 December 2022	Exchange rate risk for forecast transactions	-	24,317	-
	Exchange rate risk for financing	-	-31,827	-

Gains and losses from cash flow hedges are as follows:

Profits and losses from cash flow hedges

Cash flow hedges in € thousand		Earnings from hedging recognised directly in equity	"Hedge ineffectiveness recognised in profit or loss"	Earnings line in the statement of comprehensive income that contains hedge ineffectiveness	"Amount reclassified from the CFH reserve to the income statement"	Individual income statement items affected by the reclassification
31 December 2023	Exchange rate risk (planned cash flows)	22,911	-	Other operating earnings	50,995	Other operating earnings
	Exchange rate risk (financing)	-40,476	-	Other operating earnings	-15,338	Other operating earnings
31 December 2022	Exchange rate risk (planned cash flows)	24,317	-	Other operating earnings	498	Other operating earnings
	Exchange rate risk (financing)	-31,827	-	Other operating earnings	-4,031	Other operating earnings

The following table reconciles the equity items relating to currency risks in other comprehensive income (OCI):

Reconciliation of equity items from currency risks

	2023			2022		
€ thousand	**Reserve for financial instruments to secure payment flows**	**Hedging costs**	**Total**	**Reserve for financial instruments to secure payment flows**	**Hedging costs**	**Total**
As at 1 June / 1 January	**-26,456**	**14,336**	**-12,120**	**-37,305**	**-13,268**	**-50,572**
Profits or losses from effective hedging relationships	71,614	-120,975	-49,361	-14,742	56,727	41,985
Reclassifications due to being recognised in profit or loss	-81,415	117,072	35,657	25,591	-29,123	-3,533
As at 31 December	**-36,257**	**10,433**	**-25,824**	**-26,456**	**14,336**	**-12,120**

The fair values and changes in currency derivatives used to hedge items recognised in the balance sheet are shown in the following table.

Currency derivatives without hedge accounting

	Fair values		
€ thousand	**31 December 2023**	31 December 2022	Change
Currency derivatives	-1,344	419	-1,763

Management of interest rate risks

Interest rate risks arise when fluctuations in interest rates lead to changes in the value of financial assets and liabilities on the statement of financial position of HELLA. These may affect the amount of the interest income and expenses in the fiscal year as well as the market value of derivative contracts and other financial assets measured at fair value. As at 31 December 2023, interest rate-sensitive net financial debt stood at €971,847 thousand (prior year: €1,135,405 thousand).

These risks are managed by the HELLA Group through natural hedging, i.e. the elimination of interest rate risks by assuming offsetting items and through the targeted use of interest rate derivatives.

The following sensitivity analyses show how a one percentage point movement in the respective market interest rate would change equity and the net profit/loss for the year (before taxes). The analysis is based on the respective risk position on the balance sheet date. The calculation method used is the net present value method.

Equity instruments

HELLA has acquired shares in a company in the form of shares with strategic objectives.

HELLA actively manages the price risks. By continuously observing and analysiang the markets, it is possible to manage investments in real time. Negative developments on the capital markets can thus be identified at an early stage and appropriate measures taken. Derivatives are only used to manage other price risks in exceptional cases.

Effects of a 1% fluctuation in the market interest rate on equity and net profit/loss for the year

€ thousand	**31 December 2023**		31 December 2022	
Market interest rate	rises by 1 percentage point	falls by 1 percentage point	rises by 1 percentage point	falls by 1 percentage point
Change in equity owing to fluctuations in the market value of fixed-income securities recognised directly in equity at fair value	11,733	-10,582	8,113	-4,998
Change in net profit/loss for the year owing to variable interest items in the case of non-derivative financial instruments and fluctuations in the market value of derivative financial instruments	9,718	-9,718	11,354	-11,354

Management of default risks

Default risks arise for the HELLA Group from its operations and from financial investments and financial derivatives with positive fair values. Default risks from trade receivables, contract assets or other financial assets pose the risk that the receivables will be collected significantly late or not at all if a customer or another contracting party fails to satisfy its contractual commitments.

The Company considers the probability of default when initially recognising an asset as well as whether the credit risk has continually increased significantly in every reporting period. To determine whether the credit risk has increased significantly, the Company compares the default risk of the asset on the balance sheet date to the default risk at the time of initial recognition. The Group makes this assessment based on quantitative and qualitative information that is reasonable and appropriate, including past experience and/or forward-looking information that can be obtained without excessive effort or expense. The default risk largely depends on the characteristics of the customers and their industry and is thus monitored by central and regional financial officers. The credit ratings and payment practices of contracting partners are regularly analysed.

Regardless of the outcome of the above assessment, the Group presumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and appropriate information that proves otherwise.

A financial asset is in default or credit impaired if any of the following criteria have been met:

- Insolvency or similar event indicating significant financial difficulties and a probable default on the part of the counterparty
- Probable debt waiver
- Other reasons for credit managers to assume that it is more likely that the receivables are not collectible.

In addition, all past-due trade receivables are tested for impairment during the year.

Financial assets are written off if there is no reasonable expectation of settlement. The residual value of these written-off financial assets can still be recovered, possibly with the involvement of legal counsel, if the customer enters insolvency. No residual value was recovered from the written-off receivables in the past fiscal year, as was the case in the prior year. Any amounts collected are recognised in profit or loss.

The maximum default risk for the financial assets corresponds to their carrying amount. Netting off is not carried out due to the full or partial lack of offsetting criteria under IAS 32. Collateral is accepted in individual cases as described below, which means that the actual default risk is smaller.

The HELLA Group's derivative transactions are typically concluded by HELLA GmbH & CO. KGaA and internally passed on to HELLA subsidiaries. HELLA GmbH & Co. KGaA buys and sells all derivatives involving external counterparties on the basis of the German Master Agreement for Financial Derivatives Transactions (DRV). DRV versions used in the past generally did not meet the requirements for offsetting since the offsetting of outstanding amounts would only have been legally enforceable following future events, such as a contracting partner's insolvency. However, most current versions of the DRV now contain offsetting options, which makes it likely that they will be instituted in existing contract versions in future. If local regulations prohibit internal forwarding of derivatives, a HELLA subsidiary can conduct transactions directly with a bank under an individual contract, which will generally be based on the Master Agreement of the International Swaps and Derivatives Association (ISDA) with compensation possibilities. The following table shows the offsetting potential for derivatives taken out by HELLA GmbH & Co. KGaA that are subject to the aforementioned agreements.

Potential for offsetting derivatives

31 December 2023

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	28,585	-	28,585	6,900	21,685
Liabilities – derivatives	-75,520	-	-75,520	6,900	-68,620

31 December 2022

€ thousand	Gross	IAS 32.42	Net prior to potential for offsetting	Potential for offsetting	Net
Assets – derivatives	32,284	-	32,284	11,976	20,308
Liabilities – derivatives	-52,108	-	-52,108	11,976	-40,132

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Debt capital instruments at FVOCI
- Other financial assets at amortised cost
- Receivables from finance leases

Trade receivables

The Group's credit risk results from trade receivables and is mainly influenced by the individual characteristics of each customer. However, management also considers the factors that affect the credit risk of the customers and the customer portfolios, including the default risk associated with the industry and country where the customer is located. HELLA has established a process in which it individually assesses the creditworthiness of every new customer before offering the Group's customary payment and delivery terms. In conducting the review, the Group considers external ratings (if available), financial statements, credit reports, industry information and, in some cases, bank references. Operational risk is mainly managed by continuously monitoring receivables. In addition, all past-due trade receivables are tested for impairment during the year.

Specific default risks are addressed upon identification by recognising corresponding impairments. In individual cases, HELLA Group companies also demand collateral to secure receivables. This includes warranties, performance guarantees and advance payment guarantees. HELLA has drawn up internal rules for accepting collateral. The only acceptable collateral providers are banks and insurance firms with good credit ratings. Many shipments to customers are also subject to retention of title clauses.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses for trade receivables, receivables from finance leases and contract assets are measured using the credit losses expected over the entire term. Detailed information on receivables from finance leases can be found in Chapter 47 "Information on leases". Advance payments are usually used in the area of contract assets. There are no significant counterparty risks for the remaining portion.

The recoverability of all the receivables, which do not include past-due or impaired financial assets, is considered very high. This assessment is primarily based on ratings issued by large rating agencies and the fact that the HELLA Group maintains long-standing business relationships with most of its customers. The historical default rate of these trade receivables is extremely low.

Trade receivables are essentially spread over key accounts from the automotive and automotive supply industry. To avoid concentration risks, analysing customers and customer portfolios is part of portfolio management in the Group's strategic planning.

The current general economic conditions created both by the COVID-19 pandemic and the Ukraine crisis do not change this estimation. As at 31 December 2023, there were no significant defaults on receivables attributable to the impact of the COVID-19 pandemic or the Ukraine crisis. It was not possible to identify any increased credit risk for the major customers in the Lighting and Electronics sector or the majority of customers in the Lifecycle Solutions segment, which means that no significant defaults on receivables are currently expected.

An impairment analysis is carried out at each balance sheet date based on the age structure within the overdue receivables. In this case, the receivables are impaired depending on the overdue portfolio. Portfolios older than 6 months are taken into account; impairment rates are applied as follows: Overdue receivables in the portfolio (stage 2) older than 6 months 25% (€340 thousand; prior year: €158 thousand), in the portfolio older than 9 months 50% (€81 thousand; prior year: €0 thousand) and in the portfolio (stage 3) older than 12 months 100% (€615 thousand; prior year: €797 thousand). Individual transactions that have already been individually impaired are not included in the calculation within the portfolios. The maximum credit risk on the balance sheet date is the carrying amount (cf. Note 24).

Using this as a basis, the value adjustment for trade receivables as of 31 December 2023 and 31 December 2022 (applying IFRS 9) was calculated as follows:

Detailed overview of value adjustment for trade receivables

31 December 2023

			Value adjustment		
€ thousand	Regions	Gross carrying amount	ECL	Specific value adjustments	Net carrying amount
Trade receivables	Germany	148,780	94	475	148,211
	Europe excluding Germany	202,976	209	1,428	201,338
	North Central and South America	163,892	231	0	163,661
	Asia / Pacific / RoW	416,591	502	6,233	409,856
Total		**932,238**	**1,037**	**8,136**	**923,065**

31 December 2022

			Value adjustment		
€ thousand	Regions	Gross carrying amount	ECL	Specific value adjustments	Net carrying amount
Trade receivables	Germany	157,613	198	95	157,320
	Europe excluding Germany	160,629	147	1,240	159,242
	North Central and South America	260,784	302	0	260,482
	Asia / Pacific / RoW	444,900	308	9,269	435,323
Total		**1,023,926**	**955**	**10,604**	**1,012,367**

Value adjustments for trade receivables carried at amortised cost as at 31 December 2023 are shown below and reconciled with the value adjustments for opening losses.

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

Reconciliation of value adjustments fortrade receivables

€ thousand	**31 December 2023**	31 December 2022
As at 1 June / 1 January	**11,559**	**12,187**
Additions	1,415	1,729
Utilisation	142	-515
Reduction	-3,408	-1,539
Other	-534	-303
As at 31 December	**9,173**	**11,559**

Apart from business growth, there were no material changes in the gross amounts of the trade receivables that affected the estimation of the value adjustment. Compared to the prior year, the value adjustments for financial assets decreased by around €2 million due to various developments in the area of utilisation/reduction.

Debt investments

The Group solely invests in listed debt instruments that carry very little credit risk. The Group's debt instruments at fair value through OCI consist exclusively of listed bonds that are categorised by rating agencies in the top investment category (very good and good) and are therefore considered to be low-risk investments.

The Group measures the value adjustment for financial instruments in the OCI category using the CDS values. The expected credit losses (ECLs) for securities consider the exposure at default (EaD), the probability of default in the next 12 months (12m PD) and the loss given default (LGD).

In the fiscal year 2023, the Group recognised a value adjustment of €40 thousand (prior year: €221 thousand) for expected credit losses for its debt instruments measured at fair value through FVOCI. There were reversals of impairment losses in the amount of €181 thousand.

The maximum exposure as at 31 December 2023 is the carrying amount of these investments of €99,351 thousand (prior year: €154,791 thousand).

The estimation techniques or main assumptions used to estimate the value adjustment for these financial assets did not change in the current reporting period.

Notes on the abbreviations used:
POCI: Purchased or originated credit-impaired financial assets.

The Group's credit risk exposure to debt capital instruments at FVOCI can be summarised as follows:

Summary of credit risk exposure for debt capital instruments measured at FVOCI

	2023				
€ thousand	12-month ECL	LifetimeECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**99,351**	0	0	0	**99,351**
Value adjustments OCI	-40	0	0	0	-40

	2022				
€ thousand	12-month ECL	Lifetime ECL without credit impairment	Lifetime ECL with credit impairment	POCI	Total
Gross carrying amounts	**154,791**	0	0	0	**154,791**
Value adjustments OCI	-221	0	0	0	-221

Financial assets at fair value through profit or loss

The Company is also exposed to credit risk in connection with financial assets measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments amounting to €74,313 thousand (prior year: €87,588 thousand).

Capital risk management

The HELLA Group manages its capital with the aim of ensuring that all Group companies can continue their business activities. By optimising the debt-equity ratio as needed, capital costs are kept as low as possible. These measures help to maximise shareholder income.

The capital structure consists of the current and non-current liabilities in the statement of financial position less the cash representing net borrowings and the balance sheet equity. The Risk Management Committee assesses and reviews the Group's capital structure on a regular basis. Risk-adjusted capital costs are taken into account in this assessment.

The overall capital risk management strategy pursued in the current fiscal year has not changed from the prior year.

Other financial assets at amortised cost

The value adjustments for other receivables, mainly receivables from finance leases, as at 31 December 2023 are shown in the table below.

Reconciliation of value adjustments for other receivables

€ thousand	**2023**	2022
As at 1 June / 1 January	**209**	**259**
Additions	130	0
Utilisation	0	0
Reduction	0	-50
As at 31 December	**339**	**209**

45 Contractual commitments

There were contractual commitments to purchase or use property, plant and equipment amounting to €170,705 thousand as at the balance sheet date (prior year: €196,904 thousand). Contractual commitments for the acquisition of intangible assets amounted to €3,099 thousand at the end of December 2023 (prior year: €1,560 thousand).

46 Contingent liabilities

As at 31 December 2023, there were no contingent liabilities within the HELLA Group, as was the case in the prior year.

47 Information on leases

The HELLA Group as lessee

The HELLA Group regularly operates as a lessee.

HELLA has entered into lease agreements for various assets and includes leases for buildings, vehicles and office equipment in the accounting accordingly. Leases are usually fixed for a particular period – generally 4 years for motor vehicles and between 5 and 15 years for buildings – but may include extension options. Some leases for buildings and office equipment include extension and termination options for the Group as a whole. These terms are utilised to maximise operational flexibility. Most extension and termination options can only be exercised by the Group, not by the lessor.

Leases are negotiated individually and cover a wide range of different terms and contract conditions. The HELLA Group is not subject to any obligations or restrictions from leases.

Usufructuary rights to assets:

€ thousand	Land and buildings	Machinery	Operating and office equipment	Total
As at: 1 June 2022	**125,303**	**2,741**	**9,604**	**137,648**
Additions	25,764	738	4,366	30,868
Depreciation/amortisation	-18,837	-768	-3,226	-22,831
Disposals	-4,337		-67	-4,404
Reversal of impairment losses	23,788	0		23,788
Changes in classification	-98	0	98	0
Currency translation	112	9	-34	87
As at 31 Dec 2022	**151,695**	**2,721**	**10,741**	**165,156**
As at: 1 January 2023	**151,695**	**2,721**	**10,741**	**165,156**
Additions	12,512	27	8,586	21,125
Depreciation/amortisation	-28,483	-1,149	-6,460	-36,092
Disposals	-1,973	-2	-138	-2,113
Changes in classification	38	-35	-3	0
Currency translation	-3,046	-51	-56	-3,153
As at: 31 December 2023	**130,744**	**1,510**	**12,669**	**144,923**

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

Lease liabilities:

€ thousand	31 December 2023	31 December 2022
Up to 1 year	34,251	33,626
Between 1 and 5 years	89,539	94,452
More than 5 years	29,610	42,223
Total	**153,400**	**170,301**

Amounts recognised in profit or loss sheet

€ thousand	2023	2022
Interest expenses for lease liabilities	-6,049	-2,480
Variable lease payments that are not included in the valuation of the lease liability	-1,845	-1,509
Expenses from current leases	-9,455	-5,256
Expenses from leases in which the underlying assets are low in value	-4,097	-1,386

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

Payments of €38,934 thousand (prior year: €22,279 thousand) are recognised in the cash flow statement.

The portfolio of short-term leases is identical to the portfolio "up to one year". There are no additional lease liabilities.

There are no leases with residual value guarantees or pending leases that the Group has committed to.

The HELLA Group as lessor

In the Lifecycle Solutions 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. Income from finance leases totalled €3,290 thousand for the period (prior year: €1,606 thousand).

Distribution of minimum lease payments (not discounted):

€ thousand	31 December 2023	31 December 2022
Up to 1 year	23,197	20,507
Between 1 and 2 years	19,087	15,632
Between 2 and 3 years	13,120	10,034
Between 3 and 4 years	9,106	4,616
Between 4 and 5 years	4,458	800
More than 5 years	0	0
Future interest income under finance leases	-7,828	-5,797
Total	**61,139**	**45,792**

Distribution of the present values of minimum lease payments:

€ thousand	31 December 2023	31 December 2022
Up to 1 year	19,760	17,937
Between 1 and 5 years	41,379	27,855
More than 5 years	0	0
Total	**61,139**	**45,792**

An impairment analysis is carried out at each balance sheet date on the basis of credit history, which is based on the current payment practices of customers. Overdue lease receivables for which dunning proceedings have been initiated are impaired by 50% (Stage 2). As soon as the lease agreement is cancelled by HELLA, the lease receivables are impaired by 100% (Stage 3).

As at 31 December 2023, impairments for unrecoverable receivables from leases amounted to €374 thousand (prior year: €231 thousand).

48 Events after the balance sheet date

On 9 January 2024, HELLA concluded an agreement to transfer the People Sensing business to the Swiss company Xovis. The transaction is expected to be finalised within the next three to six months.

49 Audit fees

The total fees for the services of the auditor Mazars GmbH & Co. KG Audit firm (prior year: PricewaterhouseCoopers GmbH) for the fiscal year 2023 amounts to €1,560 thousand (prior year: €1,565 thousand), of which €408 thousand relates to prior years, and includes the fees and expenses for the audit of financial statements. An additional €504 thousand (prior year: €2 thousand), of which €0 thousand related to prior years, was recognised in expenses for tax advisory services, and €0 thousand (prior year: €234 thousand), of which €0 thousand related to prior years, was recognised in expenses for other assurance services. Other services accounted for €261 thousand (prior year: €9 thousand) relating to the prior year.

The auditing services relate to the audit of the annual and consolidated financial statements of the parent company. The other assurance services mainly include the audit of the remuneration report, the non-financial report and other assurance services in connection with the half-year financial statements for the Faurecia Group. The tax advisory services almost exclusively pertain to the tax implications of intragroup settlements.

Lippstadt, 29 February 2024

The General Partner of HELLA GmbH & Co. KGaA

HELLA Geschäftsführungsgesellschaft mbH

Bernard Schäferbarthold
(President and CEO of HELLA
Geschäftsführungsgesellschaft mbH)

Yves Andres
(Director of HELLA
Geschäftsführungsgesellschaft mbH)

Jörg Weisgerber
(Director of HELLA
Geschäftsführungsgesellschaft mbH)

Stefan van Dalen
(Director of HELLA
Geschäftsführungsgesellschaft mbH)

Scope of consolidation fiscal year 2023

Affiliated companies included in the consolidated financial statements:

				Investment	
No.	Company	Country	City	in %	in
1	HELLA GmbH & Co. KGaA	Germany	Lippstadt	100.0	
2	HELLA Innenleuchten-Systeme GmbH*	Germany	Wembach	100.0	1
3	HELLA Innenleuchten-Systeme Bratislava, s.r.o.	Slovakia	Bratislava	100.0	2
4	HELLA Fahrzeugkomponenten GmbH*	Germany	Bremen	100.0	1
5	HFK Liegenschaftsgesellschaft mbH	Germany	Bremen	100.0	4
6	HELLA Aglaia Mobile Vision GmbH*	Germany	Berlin	100.0	1
7	HELLA Distribution GmbH*	Germany	Erwitte	100.0	1
8	RP Finanz GmbH*	Germany	Lippstadt	100.0	1
9	Docter Optics SE*	Germany	Neustadt an der Orla	100.0	1
10	Docter Optics Inc.	USA	Gilbert, AZ	100.0	9
11	Docter Optics Components GmbH	Germany	Neustadt an der Orla	100.0	9
12	Docter Optics s.r.o.	Czech Republic	Skalice u Ceské Lípy	100.0	9
13	Docter Optics Asia Ltd.	South Korea	Seoul	100.0	9
14	HELLA Saturnus Slovenija d.o.o.	Slovenia	Ljubljana	100.0	1
15	HELLA Werkzeug Technologiezentrum GmbH*	Germany	Lippstadt	100.0	1
16	HELLA Corporate Center GmbH*	Germany	Lippstadt	100.0	1
17	HELLA Gutmann Holding GmbH*	Germany	Ihringen	100.0	1
18	HELLA Gutmann Solutions GmbH*	Germany	Ihringen	100.0	17
19	HELLA Gutmann Anlagenvermietung GmbH*	Germany	Breisach	100.0	17
20	HELLA Gutmann Solutions A/S	Denmark	Viborg	100.0	17
21	HELLA Gutmann Solutions AS	Norway	Porsgrunn	100.0	20
22	TecMotive GmbH	Germany	Berlin	100.0	17
23	HELLA OOO	Russia	Moscow	100.0	1
24	HELLA Geschäftsführungsgesellschaft mbH*	Germany	Lippstadt	100.0	1
25	UAB HELLA Lithuania	Lithuania	Kaunas	100.0	1
26	HELLA Holding International GmbH*	Germany	Lippstadt	100.0	1
27	HELLA Shanghai Electronics Co., Ltd.	China	Shanghai	100.0	26
28	HELLA Changchun Tooling Co., Ltd.	China	Changchun	100.0	26
29	HELLA Corporate Center (China) Co., Ltd.	China	Shanghai	100.0	26
30	Changchun HELLA Automotive Lighting Ltd.	China	Changchun	100.0	26
31	Beifang HELLA Automotive Lighting Ltd.	China	Beijing	100.0	26
32	HELLA Asia Pacific Pty Ltd	Australia	Mentone	100.0	26
33	HELLA Australia Pty Ltd	Australia	Mentone	100.0	32
34	HELLA-New Zealand Limited	New Zealand	Auckland	100.0	32
35	HELLA Asia Pacific Holdings Pty Ltd	Australia	Mentone	100.0	32
36	HELLA Korea Inc.	South Korea	Seoul	100.0	35
37	HELLA India Automotive Private Limited	India	Gurgaon	100.0	35
38	HELLA Emobionics Pvt Ltd.	India	Delhi	100.0	37
39	HELLA UK Holdings Limited	Great Britain	Banbury	100.0	26

No.	Company	Country	City	Investment in %	in
40	HELLA Limited	Great Britain	Banbury	100.0	39
41	HELLA Corporate Center USA, Inc.	USA	Plymouth, MI	100.0	26
42	HELLA Electronics Corporation	USA	Plymouth, MI	100.0	41
43	HELLA Automotive Sales, Inc.	USA	Peachtree City GA	100.0	41
44	HELLA Ventures, LLC	USA	Delaware	100.0	41
45	HELLA España Holdings S. L.	Spain	Madrid	100.0	26
46	Manufacturas y Accesorios Electricos S.A.	Spain	Madrid	100.0	45
47	HELLA S.A.	Spain	Madrid	100.0	45
48	HELLA Handel Austria GmbH	Austria	Vienna	100.0	26
49	HELLA Fahrzeugteile Austria GmbH	Austria	Großpetersdorf	100.0	48
50	HELLA S.A.S.	France	Le Blanc Mesnil-Cedex	100.0	26
51	HELLA Engineering France S.A.S.	France	Toulouse	100.0	50
52	HELLA Benelux B.V.	The Netherlands	Nieuwegein	100.0	26
53	HELLA S.p.A.	Italy	Caleppio di Settala	100.0	26
54	HELLA Autotechnik Nova s.r.o.	Czech Republic	Mohelnice	100.0	26
55	HELLA Hungária Kft.	Hungary	Budapest	100.0	26
56	HELLA Polska Sp. z o.o.	Poland	Warsaw	100.0	26
57	Intermobil Otomotiv Mümessillik Ve Ticaret A.S.	Turkey	Istanbul	56.0	26
58	HELLA Centro Corporativo Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	26
59	HELLA Automotive Mexico S.A. de C.V.	Mexico	Tlalnepantla	100.0	58
60	HELLAmex S.A. de C.V.	Mexico	Naucalpan	100.0	58
61	HELLA A/S	Denmark	Aabenraa	100.0	26
62	Hella India Lighting Ltd.	India	New Delhi	85.2	26
63	HELLA Asia Singapore Pte. Ltd.	Singapore	Singapore	100.0	26
64	HELLA Trading (Shanghai) Co., Ltd.	China	Shanghai	100.0	63
65	HELLA Slovakia Holding s.r.o.	Slovakia	Kocovce	100.0	26
66	HELLA Slovakia Lighting s.r.o.	Slovakia	Bánovce nad Bebravou	100.0	65
67	HELLA Romania s.r.l.	Romania	Ghiroda-Timisoara	100.0	26
68	HELLA do Brazil Automotive Ltda.	Brazil	São Paulo	100.0	26
69	HELLA Automotive South Africa (Pty) Ltd	South Africa	Uitenhage	100.0	26
70	HELLA Middle East FZE	United Arab Emirates	Dubai	100.0	26
71	HELLA Middle East LLC	United Arab Emirates	Dubai	49.0	70
72	HELLA China Holding Co., Ltd.	China	Shanghai	100.0	26
73	HELLA (Xiamen) Electronic Device Co., Ltd.	China	Xiamen	100.0	72
74	Jiaxing HELLA Lighting Co., Ltd.	China	Jiaxing	100.0	72
75	HELLA Vietnam Company Limited	Vietnam	Ho Chi Minh City	100.0	26

** As in the prior year, the Company exercises the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB).*

Associates / joint ventures:

No.	Company	Country	City	Investment in %	in
76	Behr-Hella Thermocontrol GmbH	Germany	Lippstadt	50.0	1
77	Behr-Hella Thermocontrol (Shanghai) Co., Ltd.	China	Shanghai	100.0	76
78	Behr-Hella Thermocontrol Inc.	USA	Wixom, MI	100.0	76
79	Behr-Hella Thermocontrol India Private Limited	India	Pune	100.0	76
80	Behr-Hella Thermocontrol Japan K.K.	Japan	Tokyo	100.0	76
81	Behr-Hella Thermocontrol EOOD	Bulgaria	Sofia	100.0	76
82	BHTC Mexico S.A. de C.V.	Mexico	Queretaro	100.0	76
83	BHTC Finland OY	Finland	Tampere	100.0	76
84	Beijing SamLip Automotive Lighting Ltd.	China	Beijing	24.5	35
85	Changchun Hella Faway Automotive Lighting Co., Ltd.	China	Changchun	49.0	27
86	Chengdu Hella Faway Automotive Lighting Co., Ltd.	China	Chengdu	100.0	85
87	Faway Hainuo Automotive Technology (Changzhou) Co., Ltd.	China	Changzhou	61.0	85
88	Hella Faway Automotive Lighting (Tianjin) Co., Ltd	China	Tianjin	100.0	85
89	InnoSenT GmbH	Germany	Donnersdorf	50.0	1
90	Beijing Hella BHAP Automotive Lighting Co., Ltd.	China	Beijing	50.0	72
91	Hella BHAP (Sanhe) Automotive Lighting Co., Ltd.	China	Sanhe	100.0	90
92	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd.	China	Tianjin	100.0	90
93	Hella BHAP (Tianjin) Automotive Lighting Co., Ltd., Changzhou Branch	China	Changzhou	100.0	92
94	Hella BHAP Electronics (Jiangsu) Co., Ltd.	China	Zhenjiang	50.0	26
95	HELLA Evergrande Electronics (Shenzhen) Co.,Ltd.	China	Shenzhen	49.0	26
96	HELLA MINTH Jiaxing Automotive Parts Co., Ltd.	China	Jiaxing	50.0	26
97	HELLA Evergrande Electronics (Yangzhou) Co.,Ltd.	China	Yangzhou	100.0	95

The companies listed below were not consolidated as they are of minor significance for the Group's financial position, financial status and results of operations. For this reason, the other disclosures under Section 313 (2) (4) HGB could also be omitted. The Group's investments in these companies were recognised at fair value.

Companies not included in the consolidated financial statements:

No.	Company	Country	City	Investment in %	Investment in
98	Electra Hella's S.A.	Greece	Athens	73.0	26
99	HELLA Japan Inc.	Japan	Tokyo	100.0	26
100	CMD Industries Pty Ltd.	Australia	Mentone	100.0	35
101	Hella Mexico Tooling, S.A. de C.V.	Mexico	El Salto, Jalisco	100.0	58
102	Hella-Stanley Holding Pty Ltd.	Australia	Mentone	50.0	1
103	FWB Kunststofftechnik GmbH	Germany	Pirmasens	100.0	1
104	H+S Verwaltungs GmbH i.L.	Germany	Pirmasens	50.0	1
105	INTEDIS GmbH & Co. KG i.L.	Germany	Würzburg	50.0	1
106	INTEDIS Verwaltungs-GmbH i.L.	Germany	Würzburg	50.0	1
107	The Drivery GmbH	Germany	Berlin	100.0	6
108	HELLA Fast Forward Shanghai Co., Ltd.	China	Shanghai	100.0	72
109	avitea GmbH	Germany	Lippstadt	100.0	1
110	avitea Industrieservice GmbH	Germany	Lippstadt	100.0	109
111	hvs Verpflegungssysteme GmbH	Germany	Lippstadt	100.0	1
112	The Drivery Holding GmbH	Germany	Berlin	100.0	6
113	The Drivery Shanghai	China	Shanghai	100.0	112
114	Ahead Automotive GmbH	Germany	Berlin	25.0	1
115	Hella Colombia Autopartes S.A.S	Colombia	Bogota	100.0	47
116	FH Services S.A.S	France	Nanterre	25.0	1
117	Hella Pagid GmbH	Germany	Essen	100.0	1

Since no significant influence is exercised over the following companies, they were treated as investments.

Investments:

No.	Company	Country	City	Investment in %	Investment in
118	PARTSLIFE GmbH	Germany	Neu-Isenburg	9.7	1
119	TecAlliance GmbH	Germany	Ismaning	7.0	1
120	EMC Test NRW GmbH electromagnetic compatibility	Germany	Dortmund	11.6	1
121	KFE Kompetenzzentrum Fahrzeug Elektronik GmbH	Germany	Lippstadt	12.0	1
122	Brighter AI Technologies GmbH	Germany	Berlin	10.8	1
123	Gapwaves AB (publ)	Sweden	Gothenburg	10.0	26

Certificate of independent auditor

To HELLA GmbH & Co. KGaA, Lippstadt

Report on the audit of the consolidated financial statements and of the Group management report

Audit opinions

We have audited the consolidated financial statements of HELLA GmbH & Co. KGaA, Lippstadt, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2023, and the consolidated notes, including a summary of significant accounting policies. We have also audited the Group management report of HELLA GmbH & Co. KGaA, which is combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2023. In accordance with German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other information" section of our auditor's certificate.

In our opinion, on the basis of the findings obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and give a true and fair view of the financial position of the Group as at 31 December 2023, and of the results of its operations for the fiscal year from 1 January to 31 December 2023, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of those parts of the group management report listed in the "Other information" section.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as the "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditors' certificate.

We are independent of the group entities in- with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In-, pursuant to Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the next session, we present the key audit matters from our point of view:

Sales revenue

Related information in the consolidated financial statements and Group management report

The Company's disclosures on the sales are contained in sections "07 Basis of preparation and accounting" and "10 Sales" of the consolidated notes.

Facts and risk for the audit

Sales of goods totalling €7,493.5 million is reported in the consolidated financial statements. The HELLA Group generates sales revenue primarily from the sale of goods to automotive manufacturers or other tier-1 suppliers. In particular, the Group sells customer-specific speed components and systems in the areas of lighting technology and electronics for the automotive industry, as well as standardised goods like automotive parts and accessories for vehicles and original equipment for special-purpose vehicles.

In accordance with IFRS 15, the HELLA Group recognises sales from customer-specific series production over time and sales from the sale of standardised goods at a point in time. The HELLA Group uses the output-oriented method, which is based on the goods delivered, to measure the stage of completion for the recognition of sales over time. The production and delivery of similar goods from series production takes place almost "just in time", which is why the output-oriented method is used for revenue recognition. Revenue recognition at a point in time from the sale of standardised goods is based on the transfer of control of the goods to the customer. This is the case when the delivery is made.

Revenue from the sales of goods also includes price increases (so-called commercial claims), which were negotiated as compensation for general cost and price increases and are passed on to customers via unit price adjustments or one-off payments.

The consolidated financial statements also recognise sales revenue from the provision of services in the amount of €460.7 million for the fiscal year 2023. HELLA generates these revenues primarily from the development of vehicle-specific solutions in the Electronics and Lighting segments. The revenue recognition at the point in time when the power of disposition over the finished development service is transferred to the customer. As customers generally only make payments after the development work has been completed in the form of a one-off payment or an agreed surcharge on the product price, this results in contract assets.

Overall, sales represent a significant item in terms of amount, the correct recognition and accrual of which must be categorised as complex under the Group-wide application of the IFRS 15 accounting standard. The delimitation of the performance obligations and the determination of the time of fulfilment of the performance obligations are based on estimates and assumptions by the legal representatives. Revenue recognition was therefore of particular significance for our audit.

Audit approach and findings

As part of our audit, we first analysed the processes set up by the Company to record revenue as well as the related IT systems and control systems. Building on our understanding, we conducted an IT system audit with the involvement of internal specialists to test the structure and effectiveness of the control system established by the Group in the sales area. The IT systems and interfaces relevant to revenue recognition were tested and the mapping and processing of the business processes were analysed. The focus of our system audit was on the testing of general IT controls, specific IT application controls and manual controls.

We also obtained an understanding of the Company's accounting policies in relation to the various contractual arrangements. As part of this audit, we have, in particular, examined and assessed the identification of performance obligations and the timing of revenue recognition in accordance with IFRS 15. Based on this, we carried out individual case reviews. We reviewed customer contracts and other supporting documentation on a test basis to ensure the completeness and accuracy of revenue from the sales of goods and the rendering of services.

The risk of error arising from manual bookings was mainly addressed by means of substantive audit procedures. One focus of this audit was the manual bookings in connection with the price increases ("commercial claims") that HELLA has negotiated with its customers as compensation for general cost and price increases. We first obtained an understanding of the accounting practices and the process established by the Company to document the compensation payments. Based on our understanding, we assessed the contractual or quasi-contractual claims and the related judgements of the executive directors with regard to the requirements of IFRS 15 on a test basis.

We were able to satisfy ourselves that sales revenue was recognised in accordance with the International Financial Reporting Standards.

Recoverability of capitalised development expenses

Related information in the consolidated financial statements and Group management report

The Company's disclosures on capitalised development expenses and their impairment test are contained in sections "07 Basis of preparation and accounting", "08 Management judgements and estimates" and "30 Intangible assets" in the notes to the consolidated notes.

Facts and risk for the audit

Intangible assets amounting to €544.9 million are reported in the consolidated financial statements as at 31 December 2023. Of this amount, €500.8 million is attributable to capitalised development expenses. The Group recognises costs related to development projects that are subject to IAS 38 as intangible assets if it is likely, given their economic and technical viability, that the project will be successful and the costs can be reliably determined. Otherwise, the development costs and research expenses are recognised in profit or loss. Capitalised development expenses are amortised on a straight-line basis over their expected useful life starting with the date on which the product goes into commercial production.

HELLA reviews the recoverability of capitalised development expenses on a quarterly basis as part of a control mechanism and also on an ad hoc basis if there are indications of possible impairment (triggering event). Impairment is assessed at contract level by comparing the carrying amount with the recoverable amount. The recoverable amount is generally determined using the value in use. In addition, the recoverability of capitalised development expenses is tested indirectly by determining the provisions for onerous contracts. HELLA recognises provisions for impending losses from delivery and sales obligations if the unavoidable costs of fulfilling a contractual obligation are higher than the expected economic benefit from the contract. For all onerous contracts, the Group reviews whether the capitalised development expenses attributable to the contract must be written off before a provision for onerous contracts is recognised.

The result of the impairment tests is highly dependent on the estimates of the legal representatives with regard to future cash inflows, the discount rates used, the growth rates and other assumptions and is therefore generally subject to considerable uncertainty. In addition, the contractual relationships on which the orders are based also offer scope for discretion with regard to the accounting assessment. This is exercised by the Company to the effect that the production costs of unfinished development services for which not all contractual aspects have been documented in writing or finally negotiated, but for which realisation is sufficiently certain due to commercial practice in the automotive industry and the processes practised with the respective customer, are also capitalised. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

Audit approach and findings

As part of our audit, we first examined the valuation model for testing the recoverability of capitalised development expenses, verified the calculations methodically and mathematically and assessed compliance with the requirements of IAS 36. With the involvement of internal specialists, we assessed the plausibility of the key assumptions underlying the valuation, such as the discount rates. Assumptions about future cash flows included in the valuation models were also assessed by obtaining supporting evidence and through interviews. In addition, with the involvement of internal IT specialists, we carried out a structural audit of the main business process and a functional test of the specific IT application controls and tested manual controls.

The calculation of provisions for impending losses from delivery and sales obligations also includes an assessment of the recoverability of capitalised development expenses. \We have therefore also addressed the risk of error with regard to the reliability of the data basis and planning data used in the calculation of provisions. In particular, we performed substantive audit procedures. For example, we obtained supply and service agreements on a sample basis and analysed the scope of obligations (delivery volumes) as well as the assumptions regarding cost development and the passing on of cost increases to customers. In addition, we verified the calculation scheme for the provisions for impending losses from delivery and sales obligations based on the incoming valuation parameters and scrutinised the planned timing of utilisation. We were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the recognition and measurement of the provisions for onerous delivery and sales obligations, including the priority write-down of capitalised development expenses, are sufficiently substantiated.

Overall, the valuation parameters and assumptions used by the legal representatives are within the ranges considered by us to be reasonable. Overall, the impairment assessment of capitalised development expenses is in line with our expectations.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following non-audited components of the Group management report:

- the declaration on corporate governance in accordance with Sections 289f and 315d HGB,
- the separate non-financial report in accordance with Section 289b (3) and Section 315b (3) HGB, to which reference is made in the Group management report,
- the remuneration report pursuant to Section 162 AktG, to which reference is made in the Group management report, and
- the information in the sections "Opportunity and risk report" relating to the management board's statement on the internal control and risk management system, "Group fundamentals" relating to information on the sustainability strategy, cost synergies resulting from the collaboration with FORVIA and technologies in the area of research and development, which is not part of the management report and has been labelled as unaudited.

The other information also includes:

- the assurances pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB on the consolidated financial statements and Group management report,
- the report of the Supervisory Board and
- the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited Group management report and our auditors' certificate.

The legal representatives and the Supervisory Board are jointly responsible for the remuneration report. The Supervisory Board is responsible for the report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, to assess whether the other information:

- is materially inconsistent with the consolidated financial statements, the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and for ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the financial position, financial status and results of operations of the Group. Furthermore, the legal representatives are responsible for such internal controls as they deem necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of accounting records and impairment of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue with business activities. They also have the responsibility for disclosing, as applicable, matters related to the continuation of business activities. In addition, they are responsible for accounting based on the going concern principle unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

Furthermore, the legal representatives are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibilityfor the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the audit findings, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditors' certificate that includes our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk that material misstatements resulting from fraudulent actions will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent actions may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the legal representatives and the acceptability of estimates and related disclosures made by the legal representatives.

- conclude on the appropriateness of the legal representatives' use of the continuation of business activities basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue its business activities. If we conclude that a material uncertainty exists, we are required to draw attention in the auditors' certificate to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditors' certificate. However, future events or conditions may cause the Group to cease to be able to continue its business activities.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the financial position, financial status and results of operations of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and implementation of the audit of the Group financial statements. We bear sole responsibility for our audit opinions.

- evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we reproduce, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions used. There is a significant unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to have an effect on our independence and, where applicable, the actions taken or safeguards applied to address any threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditors' certificate unless legislation or other legal regulations preclude public disclosure about the matter.

Other legal and regulatory requirements

Report on the audit in accordance with Section 317 (3a) HGB on the electronic reproduction of the consolidated financial statements and the Group management report prepared for publication purposes

Audit opinion

We have conducted an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the information contained in the file "HELLA KA_ESEF-2023-12-31.zip" (MD5 hashvalue:ea6ecf91c0d2cdac3f763598010b616b) and the reproduction of the consolidated financial statements and the Group management report (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the aforementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the aforementioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB on the electronic reporting format. We do not express any audit opinion on the information contained in this reproduction nor on any other information contained in the aforementioned file beyond our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the fiscal year from 1 January 2023 to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above.

Basis for the audit opinion

We conducted our audit on the reproduction of the consolidated financial statements and the Group management report contained in the aforementioned electronic file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: Audit in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AuS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (revised). Our responsibilities under these standards are further described in the "Responsibilities of the auditors of the consolidated financial statements for the audit work on the ESEF documents" section. Our auditing practice has applied the quality management system requirements of the International Standard on Quality Management (ISQM 1).

Responsibilities of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the markup of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

In addition, the legal representatives of the Company are responsible for such internal controls as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether intentional or unintentional.

The Supervisory Board is responsible for overseeing the preparation process of the ESEF documents as part of the accounting process.

Responsibilities of the auditors of the consolidated financial statements for the audit work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether intentional or unintentional. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether intentional or unintentional, design and perform audit procedures reacting to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of the internal controls relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents; i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as at the balance sheet date, on the technical specification for this file.
- assess whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited Group management report.
- evaluate whether the markup of ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, in the version applicable as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 of the EU Audit Regulation

We were selected as auditors of the consolidated financial statements by the Annual General Meeting on 28 April 2023 and engaged by the Supervisory Board on 7 November 2023. We have served as auditors of the consolidated financial statements of HELLA GmbH & Co. KGaA Germany since the fiscal year 2023.

We declare that the audit opinions expressed in this auditors' certificate are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matters – utilisation of the audit opinion

Our auditors' certificate should always be read in conjunction with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and the Group management report converted to ESEF format – including the versions to be entered in the company register – are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Senior German Public Auditor

The auditor responsible for the audit is
Dr. Julia Füssel.

Frankfurt am Main, 13 March 2024

Mazars GmbH & Co. KG
Audit firm
Tax consultancy firm

Dr. Marcus Borchert German Public Auditor	Dr. Julia Füssel German Public Auditor

Responsibility statement

on the consolidated financial statements, annual financial statements, Group management report and management report of HELLA GmbH & Co. KGaA dated 31 December 2023

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

Lippstadt, 29 February 2024

Bernard Schäferbarthold
(CEO of HELLA Geschäftsführungs-gesellschaft mbH)

Yves Andres
(Managing Director of HELLA Geschäftsführungsgesellschaft mbH)

Jörg Weisgerber
(Managing Director of HELLA Geschäftsführungsgesellschaft mbH)

Stefan van Dalen
(Managing Director of HELLA Geschäftsführungsgesellschaft mbH)

Corporate bodies of HELLA GmbH & Co. KGaA

Supervisory Board

Andreas Renschler
Since 30 September 2022,
Chair of the Supervisory Board,
independent management consultant,
former member of the Board of
Management of Volkswagen AG

Britta Peter
Since 27 September 2019,
Deputy Chair of the Supervisory Board,
First Authorised Representative and Treasurer
of the German Metalworkers' Union (IG Metall)
Hamm-Lippstadt

Tatjana Bengsch
Since 9 February 2022,
Head of Legal, North Europe, FORVIA (Faurecia)

Judith Buss
Since 30 September 2022,
Independent business consultant

Paul Hellmann
Since 27 September 2019,
Member of technical staff, works council member

Gabriele Herzog
Since 9 February 2022,
Managing Director of Faurecia
Automotive GmbH, Forvia Germany GmbH

Susanna Hülsbömer
Since 14 October 2009,
Member of commercial staff,
works council member

Rupertus Kneiser
Since 9 February 2022,
Independent business consultant

Oliver Lax
Since 23 July 2022,
Technical employee, works council member

Andreas Marti
Since 9 February 2022,
Managing Director / Labour Director of Faurecia
Automotive GmbH

Thorsten Muschal
Since 9 February 2022,
Executive Vice President Sales & Program
Management, FORVIA (Faurecia)

Christian van Remmen
Since 23 July 2022,
Counsel of the German Metalworkers' Union
(IG Metall) North Rhine-Westphalia

Christoph Rudiger
Since 1 October 2018,
Member of commercial staff,
works council member

Dr. Michaela Schäfer
01 July 2022 until 31 January 2023,
Senior executive

Franz-Josef Schütte
Since 27 September 2019,
Member of technical staff,
works council member

Kirsten Schütz
Since 9 February 2022,
Vice President Head of Human Resources Germany, Siemens Energy, Self-employed lawyer

Anke Sommermeyer
Since 11 July 2023,
Senior executive

Shareholder Committee

Dr. Wolfgang Ziebart
Since 30 September 2022,
Chairman of the Shareholder Committee, Independent business consultant, among othes, formerly CEO of Infineon Technologies AG

Patrick Koller
Since 4 February 2022,
Deputy Chairman of the Shareholders Committee, Chief Executive Officer, FORVIA (Faurecia)

Judith Buss
Since 30 September 2022,
Independent business consultant

Nolwenn Delaunay
Since 4 February 2022 to 10 November 2023,
Executive Vice President, Group General Counsel, FORVIA (Faurecia)

Olivier Durand
Since 14 July 2022,
Executive Vice President, Chief Financial Officer, FORVIA (Faurecia)

Jill Greene
Since 5 February 2024,
Executive Vice President, Group General Counsel & Corporate Secretary, FORVIA (Faurecia)

Andreas Renschler
Since 30 September 2022,
Independent business consultant, former CFO of Volkswagen AG

Christophe Schmitt
Since 4 February 2022,
Executive Vice President, Business Group Seating, FORVIA (Faurecia)

Jean-Pierre Sounillac
Since 4 February 2022,
Executive Vice President,
Human Resources, FORVIA (Faurecia)

Management Board

HELLA Geschäftsführungs-gesellschaft mbH

General Partner

Bernard Schäferbarthold
Since 1 November 2016,
CEO, Sustainability, Quality, Legal and Compliance (since 1 January 2024)
Finance, Controlling, Information Technology and Process Management (until 29 February 2024)
Human Resources (until 29 February 2024)

Michel Favre
Since 1 July 2022 until 31 December 2023,
CEO, Sustainability, Quality, Legal and Compliance

Yves Andres
Since 15 April 2022,
Business Group Lighting

Dr. Lea Corzilius
1 October 2020 until 30 April 2023,
Human Resources, Business Group Lifecycle Solutions

Stefan van Dalen
Since 1 April 2023,
Business Group Lifecycle Solutions

Stefanie Rheker
Since 1 March 2024,
Human Resources

Björn Twiehaus
1 April 2020 until 31 March 2023,
Business Group Electronics

Philippe Vienney
Since 1 March 2024
Finance, Controlling, Risk Management and Internal Control System

Jörg Weisgerber
Since 1 April 2023,
Business Group Electronics

Glossary

Actuator technology
Usually electric motors or electromagnetic valves that convert signals from a control unit into an action

AFLAC (American Family Life Assurance Company)
US insurance company specialised in health and life insurance

AfS (available-for-sale)
Available-for-sale financial assets

Asia/Pacific/RoW
Countries of Asia as well as Australia and New Zealand; "Rest of world"is the term used to cover all other countries outside of those regions mentionedspecifically

Associates
Associates are companies over which the Group exercises significant influence but no control

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

Capital expenditures
Payments for the acquisition of property, plant and, the and intangible assets less cash receipts from the sale of property, plant and equipment and intangible assets as well as payments received for series production

Cash-generating unit (CGU)
A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are further independent of the cash inflows of other assets or other groups of assets

CCBS (Cross Currency Basis Spread)
Unit to measure how well a currency is performing; results in additional hedging costs that have an impact on both currencies

CDS (Credit Default Swap)
Credit default swap is a credit derivative in which the risk of defaults from credits, bonds or borrowers is negotiated (credit default insurance)

Compliance
Adherence to statutory and internal Company regulations

Currency and portfolio-adjusted Group sales growth
Development of Group-wide sales compared to the prior year, assuming constant exchange rates and excluding the effects of portfolio changes

DBO (Defined Benefit Obligation)
Value of obligations arising from the Company pension scheme

EaD (Exposure at Default)
Exposure at default quantifies the amount of the credit claim that exists at the time of a borrower's default

EBIT (earnings before interest and taxes)
Earnings before interest payments and income taxes

EBIT margin
Earnings before interest payments and income taxes in relation to the sales reported according to the consolidated financial statements

EBITDA (earnings before interest, taxes, depreciation and amortisation)
Earnings before interest, income taxes, depreciation and amortisation

EBITDA margin
Earnings before interest payments, income taxes, depreciation and amortisation in relation to the sales reported according to the consolidated financial statements

EBT (earnings before taxes)
Earnings before income taxes

ECL (Expected Credit Losses)
Measurement of expected credit losses from financial instruments

Europe excluding Germany
This region comprises all countries in Europe including Turkey and Russia but excluding Germany

FLAC (financial liabilities at amortised cost)
Financial liabilities measured at amortised cost

FVOCI (Fair Value through other Comprehensive Income)
Financial instrument measured at fair value with changes in value recognised in other comprehensive income

FVPL (Fair Value through Profit or Loss)
Financial instrument measured at fair value with changes in value in profit or loss

IFRS (International Financial Reporting Standards)
International accounting rules for company financial statements to guarantee international comparability of annual and consolidated financial statements

IT
IT stands for information technology and refers to all types of computer expertise including software and hardware

KGaA (Kommanditgesellschaft auf Aktien)
Legal form of a company that combines the elements of a stock corporation with those of a limited partnership

LaR (loans and receivables)
Loans and receivables

LGD (Loss Given Default)
Loss given default is the expected percentage loss in the event of insolvency

n.a. (not applicable)
Not applicable

Net financial debt
Net financial debt is the balance of cash and cash equivalents and current financial assets and current and non-current financial liabilities

Net cash flow
Sum of cash flow from operating activities and cash inflows and outflows from the sale/procurement of intangible assets and property, plant and equipment

Net cash flow in relation to sales
Net cash flow in relation to reported sales according to the consolidated financial statements

North, Central and South America
The North, Central, and South America region comprises all the countries on the continents of North and South America

Operating Income
Operating earnings before interest and taxes (EBIT) according to the consolidated financial statements, excluding special components, less the result from investments accounted for using the equity method and other income from investments

Operating income margin
Absolute value of operating income in relation to reported sales according to the consolidated financial statements

Operating result
Total services and income less total operating expenses

Operating performance
Sum of sales, stock changes and other internally produced and capitalised assets (in the annual financial statements of HELLA GmbH & Co. KGaA)

PD (Probability of Default)
Probability of default is the likelihood of default on receivables and thus describes the possible loss incurred by a credit institution or from a business relationship

POCI (Purchased or originated credit impaired financial assets)
Financial assets with a credit rating already impaired at the time of acquisition or origination

Rating
In terms of financial accounting, the rating is a method for classifying creditworthiness. This rating is issued by independent rating agencies on the basis of a company analysis

Return on equity
Return on equity is a ratio calculated by dividing net income by shareholders' equity

RoIC (return on invested capital)
The ratio of operating income before financing costs and after taxes to invested capital

R&D
Research and development

Segment sales
Total sales of a business group as a reporting segment according to the consolidated financial statements, including sales with non-Group companies and other business segments

SPPI
(Solely Payments of Principal and Interest)
Contractual cash flows that represent solely principal and interest payments on the outstanding principal amount

SOE, Special OE (Special Original Equipment)
Designation of "special original equipment" at HELLA . In this division, HELLA systematically taps customer target groups outside the automotive original equipment market, such as manufacturers of caravans, agricultural and construction vehicles and machinery, as well as municipalities

Tier-1 supplier
First-level supplier

Legal notice

Publisher

HELLA GmbH & Co. KGaA
Corporate Communications
Rixbecker Strasse 75
59552 Lippstadt, Germany
presse@hella.com
www.hella.com

This report is available in German and English. Both versions are available on the company's website at **www.hella.de/geschaeftsbericht** and **www.hella.com/annualreport**

Contact details for Investor Relations

Tel. +49 2941 38 1349
investor.relations@hella.com

Credits

Photos on the cover and inside:
Bernhard Huber (3); Jonas Knüdeler (2); Porsche AG (2); FORVIA (1); David Lohmüller (1); HELLA (17)

Project management + design:
C3 Creative Code and Content GmbH
Heiligegeistkirchplatz 1, 10178 Berlin, Germany

Comparison of key performance indicators over three years

	2023	2022	2021/2022
Currency and portfolio-adjusted sales (in € million)	8,125	4,410	6,326
Operating income margin	6.1%	4.4%	4.0%
Net cash flow in relation to sales	2.6%	5.3%	-4.5%

In € million	**2023**	2022	2021/2022
Sales	7,954	4,410	6,326
Operating income	486	195	251
Earnings before interest and taxes (EBIT)	464	383	278
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,021	369	703
Earnings for the period	266	352	184
Earnings per share (in €)	2.38	3.15	1.63
Net cash flow	205	233	-284
Research and development (R&D) expenses	878	458	693
Capital expenditures	620	392	560

	2023	2022	2021/2022
EBIT margin	5.8%	8.7%	4.4%
EBITDA margin	12.8%	8.4%	11.1%
R&D expenses in relation to sales	11.0%	10.4%	11.0%
Capital expenditures in relation to sales	7.8%	8.9%	8.9%

	31 December 2023	31 December 2022	31 May 2022
Net financial debt (-) / net financial liquidity (+) (in € million)	-56	+43	-387
Equity ratio	41.0%	41.9%	42.5%
Employees	37,773	36,280	36,008

Development of the HELLA share (in €)	**2023**	2022	2021/2022
Closing price	82.50	76.05	67.05
Highest price	83.70	82.10	67.24
Lowest price	64.70	63.65	52.96
Dividend per share (2023: Dividend proposal, 2022: incl. special dividend after sale of HBPO shares)	0.71	2.88	0.49

HELLA has changed its fiscal year to the calendar year with effect from 1 January 2023. As HELLA had a seven-month short fiscal year (1 June to 31 December 2022) in the prior year for this reason, the periods presented here are only comparable to a limited extent.

HELLA GmbH & Co. KGaA
Rixbecker Strasse 75
59552 Lippstadt /Germany
Tel. + 49 2941 38 - 0
Fax +49 294138-71 33
info@hella.com
www.hella.com