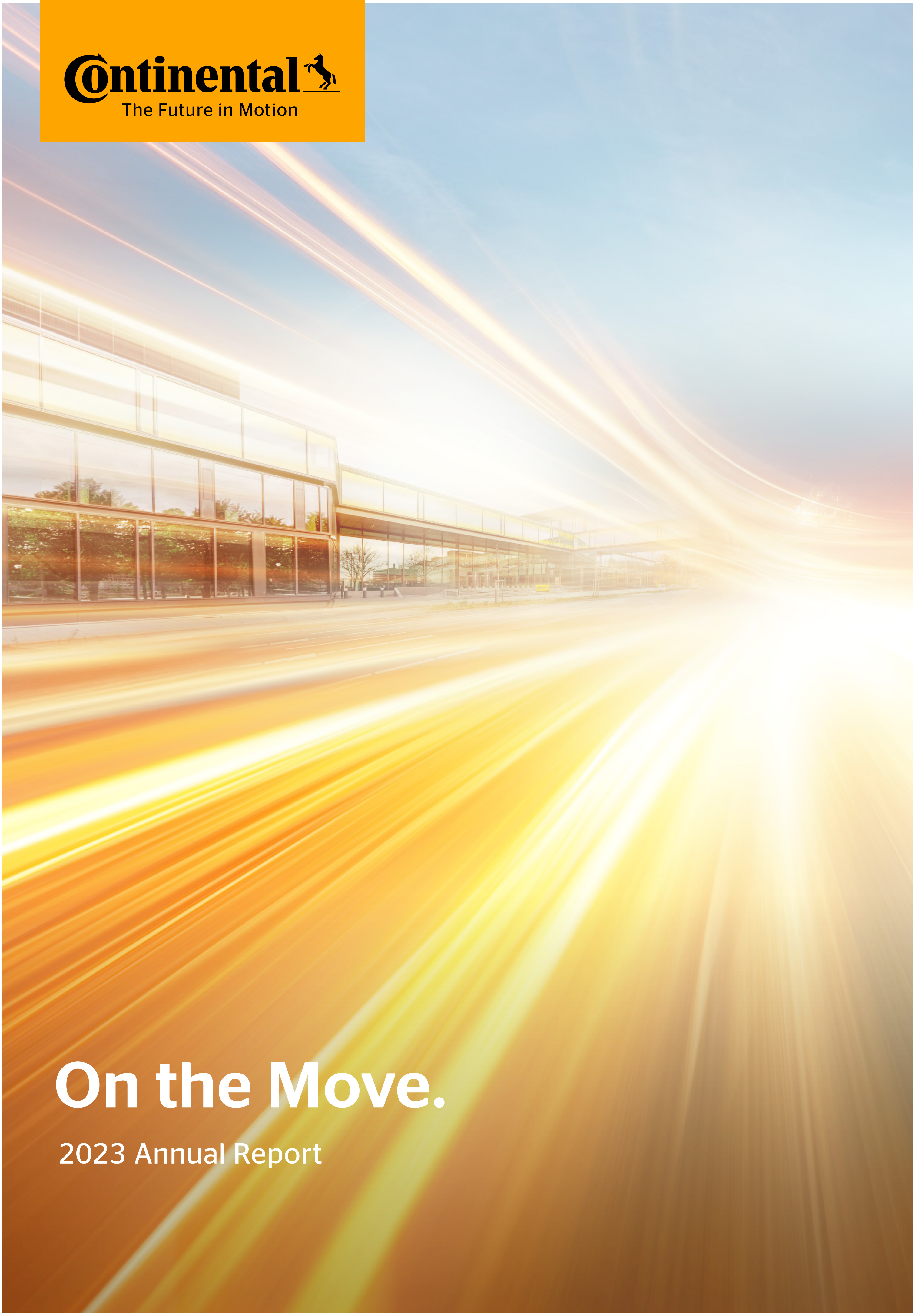
Continental
The Future in Motion



On the Move.

2023 Annual Report

Continental Group 2023

- › Sales at €41.4 billion
- › Adjusted EBIT margin at 6.1%
- › Equity ratio at 37.4%

Key Figures

€ millions	**2023**	2022	Δ in %
Sales	41,420.5	39,408.9	5.1
EBITDA	4,078.9	3,966.1	2.8
in % of sales	9.8	10.1	
EBIT	1,853.8	754.8	145.6
in % of sales	4.5	1.9	
Net income attributable to the shareholders of the parent	1,156.4	66.6	1,635.3
Basic earnings per share in €	5.78	0.33	1,635.3
Diluted earnings per share in €	5.78	0.33	1,635.3
Adjusted sales[1]	41,302.2	39,335.6	5.0
Adjusted operating result (adjusted EBIT)[2]	2,517.2	1,912.6	31.6
in % of adjusted sales	6.1	4.9	
Free cash flow	1,159.0	90.6	1,179.3
Net indebtedness	4,037.9	4,499.4	-10.3
Gearing ratio in %	28.6	32.8	
Total equity	14,125.1	13,735.0	2.8
Equity ratio in %	37.4	36.2	
Number of employees as at December 31[3]	202,763	199,038	1.9
Dividend per share in €	2.20[4]	1.50	
Share price at year end[5] in €	76.92	55.98	37.4
Share price at year high[5] in €	78.26	99.80	
Share price at year low[5] in €	59.20	44.31	

1 Before changes in the scope of consolidation.
2 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.
3 Excluding trainees.
4 Subject to the approval of the Annual Shareholders' Meeting on April 26, 2024.
5 All market prices are quotations of the Continental share in the Xetra system of Deutsche Börse AG. Data source: Bloomberg.

Overview of the Continental Group and 2023 Key Figures

Structure of the Continental Group in 2023

Continental Group

Sales: €41.4 billion; Employees: 202,763

Automotive	Tires	ContiTech	Contract Manufacturing
Sales: €20.3 billion Employees : 102,413	Sales: €14.0 billion Employees : 56,349	Sales: €6.8 billion Employees : 41,949	Sales: €0.5 billion Employees : 1,478

Key figures for the group sectors

	Automotive			Tires			ContiTech			Contract Manufacturing		
€ millions	**2023**	2022	Δ in %	**2023**	2022	Δ in %	**2023**	2022	Δ in %	**2023**	2022	Δ in %
Sales	20,295.4	18,321.6	10.8	13,958.0	14,005.2	-0.3	6,841.5	6,594.3	3.7	512.4	665.6	-23.0
EBITDA	982.1	962.5	2.0	2,585.8	2,644.7	-2.2	693.0	486.4	42.5	28.9	44.7	-35.4
in % of sales	4.8	5.3		18.5	18.9		10.1	7.4		5.6	6.7	
EBIT	-57.4	-970.1	94.1	1,742.6	1,723.6	1.1	380.1	166.5	128.3	5.1	9.5	-46.0
in % of sales	-0.3	-5.3		12.5	12.3		5.6	2.5		1.0	1.4	
Adjusted sales[1]	20,295.4	18,321.2	10.8	13,958.0	13,933.6	0.2	6,723.2	6,593.0	2.0	512.4	665.6	-23.0
Adjusted operating result (adjusted EBIT)[2]	388.2	-62.6	719.8	1,887.0	1,831.3	3.0	448.3	312.8	43.3	8.0	2.9	177.3
in % of adjusted sales	1.9	-0.3		13.5	13.1		6.7	4.7		1.6	0.4	

1 Before changes in the scope of consolidation.
2 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

"With our hardware, software and digitalization portfolio, we are uniquely positioned – as the mobility and material technology group for safe, smart and sustainable solutions."

Nikolai Setzer
Chairman of the Executive Board

Contents

114

Consolidated Financial Statements

221

Further Information

Chairman's Letter

Dear shareholders,

In the past fiscal year, Continental became more robust and efficient, achieving its adjusted targets for 2023. Despite continuing to face major challenges due to the geopolitical situation, additional inflation-related costs, negative exchange-rate effects and high costs for special freight, we performed well and generated solid earnings. Consistently aligning the company with our strategy is clearly paying off. Continental is well positioned for the future – as the mobility and material technology group for safe, smart and sustainable solutions.

Our results in 2023 show that we are on the right track:

- At €41.4 billion, our sales were 5.1 percent higher year-on-year. We were also able to increase our adjusted EBIT margin from 4.9 percent in the previous year to 6.1 percent.
- In the Automotive group sector, we improved by adopting and rigorously implementing the right measures, significantly increasing sales and the adjusted EBIT margin to €20.3 billion and 1.9 percent. This represents a further step toward the profitability we are striving for.
- With sales of €14.0 billion and an adjusted EBIT margin of 13.5 percent, the Tires group sector once again achieved a very good result. Tires is highly profitable and excels when it comes to technology and sustainability.
- In a weak industrial environment, the ContiTech group sector demonstrated its resilience, with sales totaling €6.8 billion and an adjusted EBIT margin up significantly at 6.7 percent.
- Thanks to an improvement in operating earnings and a reduction in inventories and receivables, we significantly increased our adjusted free cash flow to €1.3 billion.

As a team, we are capable of great things. Our approximately 200,000 employees worldwide achieved a lot in 2023 despite the challenging conditions. Competition is tough, and the transformation in our industries is incredibly demanding. The entire Executive Board would therefore like to extend its thanks and appreciation to all employees at Continental. Together, we have entered a new phase: a phase of growth and increased value creation.

This is based on three key elements:

- Continental has a clear strategy to achieve its mid-term targets.
- We will invest in particular in those areas with value creation upside and continuously expand our technology position in areas where we can expect to gain an edge over the competition.
- The Automotive, Tires and ContiTech group sectors make up a balanced and resilient portfolio.

With these elements in mind, we made some key decisions in 2023:

- The Automotive group sector will pursue the strategy of becoming the preferred system integrator for software-defined vehicles. As part of this, the User Experience business area will become organizationally independent, which will open up new strategic options for this business. In addition, further business activities will be reviewed that contributed around €1.4 billion to consolidated sales in fiscal 2023.
- In the Tires group sector, we see strong growth potential in the Asia-Pacific region as well as in North and South America. Based on our strategy of being in the market for the market, we will therefore expand production capacity in these regions.
- The Original Equipment Solutions (OESL) business area within the ContiTech group sector – comprising the automotive business, with the exception of surface materials – will also become organizationally independent, allowing for options such as the entry of a strategic investor, a joint venture or a sale.

Our mid-term targets – sales of around €51 billion to €56 billion and an adjusted EBIT margin of around 8 to 11 percent – serve as a clear guide for the future, thus creating the foundation for further investment. In the short term, we hope to already reach the lower end of our profitability target.

As shareholders of Continental, you should also benefit from this increase in value. The Executive Board and Supervisory Board will therefore propose a dividend of €2.20 per share to the Annual Shareholders' Meeting. At our Capital Market Day in December 2023, we presented an adjusted dividend payout corridor. We now intend to distribute 20 to 40 percent of net income to ensure Continental remains a worthwhile investment.

With our hardware, software and digitalization portfolio, as well as our employees' expertise, we are uniquely positioned. Continental is on the right track – of that I am certain.

Yours,
Nikolai Setzer

Nikolai Setzer
Chairman of the Executive Board

Members of the Executive Board

Philipp von Hirschheydt
Born in 1977 in Münden, Germany
Automotive Group Sector
Appointed until April 2026

Dr. Ariane Reinhart
Born in 1969 in Hamburg, Germany
Group Human Relations
Director of Labor Relations
Group Sustainability
Appointed until September 2025

Philip Nelles
Born in 1974 in Berlin, Germany
ContiTech Group Sector
Appointed until May 2029

Nikolai Setzer
Born in 1971 in Groß-Gerau, Germany
Chairman of the Executive Board
Group Communications and Public Affairs
Group Strategy
Contract Manufacturing Group Sector
Chinese Market
Appointed until March 2029

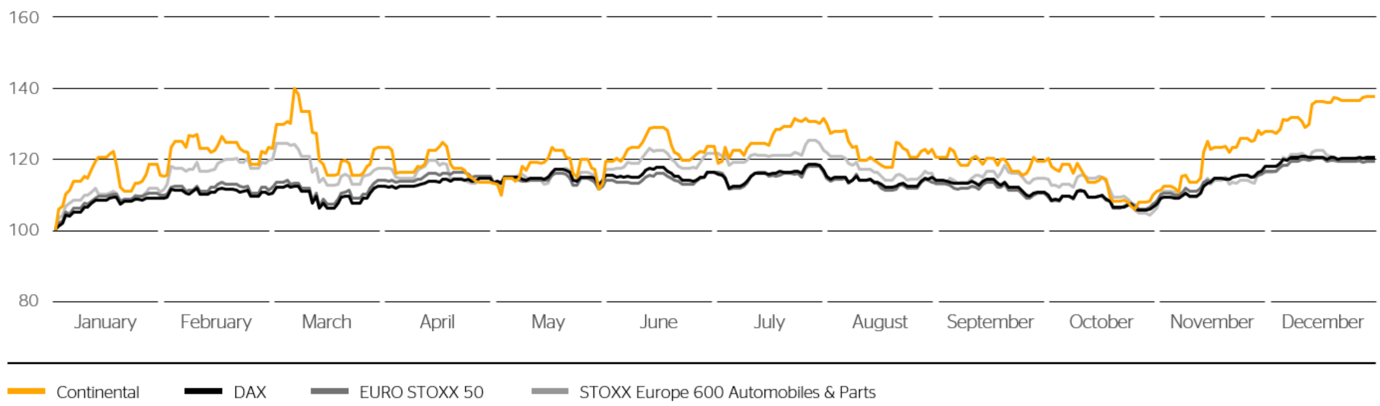
Katja Garcia Vila
Born in 1972 in Göttingen, Germany
Group Finance and Controlling
Group Information Technology
Appointed until December 2024

Christian Kötz
Born in 1970 in Braunschweig, Germany
Tires Group Sector
Group Purchasing
Appointed until April 2027

Olaf Schick
Born in 1972 in Tübingen, Germany
Group Compliance
Group Internal Audit
Group Law and Intellectual Property
Group Quality, Technical Compliance, Continental Business System and Environment
Group Risks and Controls
Appointed until April 2026

Continental Shares and Bonds

Price performance of Continental shares in 2023 versus selected stock indexes Indexed to January 1, 2023



Data source: Bloomberg.

Positive trend on the stock markets
In 2023, the stock markets were influenced in particular by solid corporate earnings as well as investor expectations regarding interest rate developments. The overall trend on the stock markets was positive in the first half of 2023, despite some global challenges. With price increases for energy and production materials having weighed heavily on global stock markets in 2022, a positive effect was felt in the first half of 2023 thanks to initial relief measures, among other factors. Nevertheless, persistently high inflation and consecutive interest rate hikes by the Federal Reserve and the European Central Bank (ECB), for example, led to repeated price losses.

Expectations of a possible recession also dampened stock market sentiment, while fears of a global banking crisis following the insolvency of Silicon Valley Bank caused share prices to fall in March in particular. However, the markets recovered more quickly than expected.

Inflation eased from the second quarter onward, first in the USA and then in the eurozone. In response to this, central banks such as the Federal Reserve and the ECB announced a pause in interest rate rises, resulting in a strong year-end rally on the stock markets.

The DAX, which reached a new all-time high of 17,003.28 points in mid-December, closed 2023 at 16,751.64 points. This represented an increase of 20.3% compared with the end of 2022, when it was quoted at 13,923.59 points. The EURO STOXX 50 rose by 19.2% in 2023 and ended the year at 4,521.65 points.

Significant rally among automotive stocks
Many automotive stocks benefited from a gradual stabilization of supply chains in 2023, together with an overall improvement in the availability of semiconductors and other electronic products. At the same time, recurring fears of a recession and the resulting purchasing restraint shown by consumers weighed on the automotive industry. Overall, however, manufacturers were able to increase car production compared with the previous year. Even the strike in the US automotive industry, which lasted several weeks, had no long-term impact on stock market values following the share price rally at the end of the year.

Despite this challenging environment, which was additionally driven by inflationary pressure and cost increases, most automotive suppliers were able to achieve solid earnings in 2023, causing the share prices of many listed suppliers to increase. The STOXX Europe 600 Automobiles & Parts rose to 627.86 points in 2023, recording growth of 19.1% compared with the end of 2022.

Good performance by Continental shares
In the first quarter of 2023, Continental's share price performance – like that of other automotive suppliers – was influenced in particular by the improvement in global supply chains and the expectation of falling production costs. However, after a strong start to the year, Continental shares underperformed in a negative market environment.

This sharp decline was followed in the second quarter by a period of stabilization at a level between €60 and €70. On April 28, 2023, the share price was marked down to reflect the dividend of €1.50 for fiscal 2022 resolved by the Annual Shareholders' Meeting.

Continental's share price remained relatively stable in the third quarter. In the fourth quarter, it fell initially before expectations regarding the Capital Market Day in December and the company's announced strategy led to a sharp increase.

At the end of 2023, Continental's shares were listed at €76.92. This represented an increase of 37.4% compared with the year-end price of €55.98 in 2022. Taking into account a reinvestment of the dividend paid out on the distribution date, the share price rose by 40.7% in 2023.

Continental's key bonds outstanding as at December 31, 2023

WKN/ISIN	Coupon p.a.	Maturity	Volume in € millions	Issue price	Price as at Dec. 31, 2023	Price as at Dec. 31, 2022
A28YEC/XS2193657561	1.125%	September 25, 2024	625.0	99.589%	98.016%	96.018%
A2YPAE/XS2056430874	0.375%	June 27, 2025	600.0	99.802%	96.117%	92.549%
A28XTR/XS2178586157	2.500%	August 27, 2026	750.0	98.791%	98.922%	95.896%
A35138/XS2672452237	4.000%	March 1, 2027	500.0	99.658%	102.347%	–
A30VQ4/XS2558972415	3.625%	November 30, 2027	625.0	100.000%	101.708%	97.187%
A351PU/XS2630117328	4.000%	June 1, 2028	750.0	99.445%	103.346%	–

Price gains for Continental bonds
Interest rates for European corporate bonds rose sharply in the reporting period as a result of the overall increase in interest rates. With some central banks announcing a pause in interest rate rises, bond prices also increased. Continental's outstanding bonds were quoted at a higher price at the end of 2023 compared with the end of 2022.

Successful placement of two new euro bonds
Under the Debt Issuance Programme (DIP), two new Continental AG euro bonds were successfully placed with investors in Germany and abroad at the end of May and the end of August.

The first euro bond was offered on May 24, 2023, with an interest coupon of 4.000% p.a. and a term of five years. With a nominal volume of €750.0 million, the issue price amounted to 99.445%. The bond was launched on the regulated market of the Luxembourg stock exchange on June 1, 2023. The second euro bond was offered on August 23, 2023, with an interest coupon of 4.000% p.a. and a term of three and a half years. The nominal volume of the bond was set at €500.0 million. The issue price was 99.658%. The bond was launched on the regulated market of the Luxembourg stock exchange on August 31, 2023.

Positive earnings per share
The significant rise in automotive production, combined with a gradual stabilization of supply chains, resulted in a positive overall earnings trend in the year under review. In addition, the prior year was negatively affected by impairment losses owing to higher interest rates and other valuation-related effects. Consequently, net income attributable to the shareholders of the parent increased to €1,156.4 million in fiscal 2023 (PY: €66.6 million). Earnings per share amounted to €5.78 in 2023 (PY: €0.33).

Dividend proposal of €2.20 for fiscal 2023
As announced at the 2023 Capital Market Day, Continental AG has adjusted its target range for dividend distribution to between 20% and 40% of net income attributable to the shareholders. The Executive Board and the Supervisory Board have resolved to propose to the Annual Shareholders' Meeting, which will be held in Hanover on April 26, 2024, that a dividend of €2.20 per share be paid out for the past fiscal year and that the retained earnings for fiscal 2023 be carried forward to new account. For fiscal 2022, a dividend of €1.50 per share was paid out on May 3, 2023.

Share capital unchanged
As at the end of fiscal 2023, the share capital of Continental AG still amounted to €512,015,316.48. It is divided into 200,005,983 no-par-value shares with a notional value of €2.56 per share.

In line with Article 20 of Continental AG's Articles of Incorporation, each share grants one vote at the Shareholders' Meeting. The current Articles of Incorporation are available on our website at www.continental.com under Company/Corporate Governance. All shares have the same dividend and voting rights.

Free float stable at 54.0%
As in the previous year, free float as defined by Deutsche Börse AG amounted to 54.0% as at the end of 2023. The most recent change took place on September 17, 2013, when our major shareholder, the IHO Group, Herzogenaurach, Germany, announced the sale of 7.8 million Continental shares, reducing its shareholding in Continental AG from 49.9% to 46.0%.

As at the end of 2023, the market capitalization of Continental AG amounted to €15.4 billion (PY: €11.2 billion). Market capitalization on the basis of free float averaged €8.0 billion over the last 20 trading days of the reporting year (PY: €6.1 billion). Free-float market capitalization is the decisive factor for index calculation in the regulatory framework of Deutsche Börse AG. At the end of 2023, Continental AG ranked 37th in terms of free-float market capitalization on the DAX (PY: 39th).

Free-float distribution largely stable in 2023
As at the end of the year, we once again determined the distribution of free float of Continental shares by way of shareholder identification.

We were able to assign 107.9 million of the 108.0 million shares held in the form of shares or alternatively as American depositary receipts (ADRs) in the USA to more than 664 institutional investors, banks and asset managers across 43 countries. The identification ratio was 99.9% (PY: 98.5%).

The identified level of Continental shares held in Europe was slightly higher than in the previous year at 51.1% of free float (PY: 49.7%).

In particular, the identified level of shares held by investors from the UK and Ireland, at 31.5%, led to the year-on-year rise (PY: 30.0%).

Continental share data

Type of share	No-par-value share
German stock exchanges (regulated market)	Frankfurt (Prime Standard), Hamburg, Hanover, Stuttgart
German securities code number (WKN)	543900
ISIN	DE0005439004
Reuters ticker symbol	CONG
Bloomberg ticker symbol	CON
Index memberships (selection)	DAX, Prime All Share, Prime Automobile, NISAX
Outstanding shares as at December 31, 2023	200,005,983
Free float as at December 31, 2023	54.0%

Continental's American depositary receipt (ADR) data

Ratio	1 share : 10 ADRs
SEDOL number	2219677
ISIN	US2107712000
Reuters ticker symbol	CTTAY.PK
Bloomberg ticker symbol	CTTAY
ADR level	Level 1
Trading	OTC
Sponsor	Deutsche Bank Trust Company Americas
ADRs issued as at December 31, 2023	35,472,020 (with 3,548,202 Continental shares deposited)

The identified free-float holdings of German investors increased to 6.9% in the year under review (PY: 5.9%).

The free-float holdings of Scandinavian investors fell to 3.3% in 2023 (PY: 3.6%).

French investors held 3.1% of Continental free-float shares at the end of 2023 (PY: 3.5%).

Investors in other European countries reduced their share of free float slightly to 6.3% in 2023 (PY: 6.7%).

Shareholdings of investors in North America decreased year-on-year in 2023. In total, they held 44.9% (PY: 46.0%) of the free float in the form of shares or ADRs.

The identified shareholdings of investors in Asia, Australia and Africa were at 2.4% at the end of 2023 (PY: 2.8%).

Continental share listings

Continental's shares continue to be officially listed on the German stock exchanges in Frankfurt, Hamburg, Hanover and Stuttgart on the regulated market. They are also traded on other unofficial stock exchanges in Germany and in other countries around the world.

Continental ADR listings

In addition to being listed on European stock exchanges, Continental shares are traded in the USA as part of a sponsored ADR program on the over-the-counter (OTC) market. They are not admitted to the US stock market.

Continental Investor Relations online

For more information about Continental shares, bonds and credit ratings, please visit www.continental-ir.com.

Key figures of the Continental share

€ (unless otherwise specified)	2023	2022
Basic earnings per share	5.78	0.33
Diluted earnings per share	5.78	0.33
Dividend per share	2.20[1]	1.50
Dividend payout ratio (%)	38.1[1]	–[2]
Dividend yield[3] (%)	3.2[1]	2.3
Share price at year end	76.92	55.98
Annual average share price	67.70	66.01
Share price at year high	78.26	99.80
Share price at year low	59.20	44.31
Number of outstanding shares, average (in millions)	200.0	200.0
Number of outstanding shares as at December 31 (in millions)	200.0	200.0

All market prices are quotations of the Continental share in the Xetra system of Deutsche Börse AG. Data source: Bloomberg.
1 Subject to the approval of the Annual Shareholders' Meeting on April 26, 2024.
2 Not applied.
3 Dividend per share at the annual average share price.

Corporate Governance
Report of the Supervisory Board

Dear shareholders,

The Supervisory Board comprehensively fulfilled all tasks incumbent upon it under applicable law, the Articles of Incorporation and By-Laws in fiscal 2023. We closely supervised, carefully monitored and advised the Executive Board in the management of the company. We were directly involved in a timely manner in all decisions of fundamental importance to the company.

The Executive Board provided the Supervisory Board with regular, timely and comprehensive updates at its meetings as well as verbally and in writing on all issues of relevance to the company. In particular, these include the business performance, business strategy, planning, significant business transactions in the company and the Continental Group, and the related risks and opportunities, as well as compliance issues. The members of the Supervisory Board were also available to the Executive Board for consultation outside the meetings. As chairman of the Supervisory Board, I had regular contact with the members of the Executive Board, in particular with its chairman, and discussed current company issues and developments with them. Pursuant to a suggestion of the German Corporate Governance Code, I also held discussions with investors in fiscal 2023, for example as part of a governance roadshow in November, on topics specific to the Supervisory Board.

Meetings of the Supervisory Board and the committees
The Supervisory Board convened for five ordinary meetings and one extraordinary meeting in fiscal 2023, as well as for the strategy meeting. The meeting in July and the extraordinary meeting in December took place virtually, while all other meetings were held in person. At its meetings, the Supervisory Board regularly conferred part of the time in the absence of the Executive Board.

The Chairman's Committee held five meetings in the reporting year (four in person or hybrid and one virtually) and passed one resolution by written procedure. The Audit Committee met four times in 2023 (three in person and one virtually). The Nomination Committee held two meetings virtually in the reporting year and prepared the resolution for introducing the concept of a "staggered board" for the Supervisory Board and selecting the candidates for shareholder representatives on the Supervisory Board for the 2024 Annual Shareholders' Meeting. It also discussed updating the profile of skills and expertise for the Supervisory Board. The Mediation Committee in accordance with Section 27 (3) of the German Co-determination Act *(Mitbestimmungsgesetz – MitbestG)* was not required to meet in 2023, and neither was the Committee for Related Party Transactions (RPT Committee).

The special committee formed in connection with the Supervisory Board's investigation into the manipulation of emission limits by certain automotive manufacturers (Special Emissions Committee) met three times in the year under review. The special committee formed in connection with the investigation into irregularities in the production of air conditioning lines and industrial hoses in two of the ContiTech group sector's business areas (Special ContiTech Committee) also met three times in the year under review. Upon completion of the investigation, the Supervisory Board resolved at its meeting on December 13, 2023, to dissolve the Special ContiTech Committee.

There are no other committees. All committees report to the plenary session. The corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code *(Handelsgesetzbuch – HGB)* starting on page 16 describes their responsibilities in more detail and names their members.

The following overview provides information on the individual attendance of the Supervisory Board members at meetings of the Supervisory Board and its committees.

Individual attendance of Supervisory Board members at in-person and virtual meetings of the Supervisory Board and its committees in fiscal 2023

	Attendance	
	Number of meetings	Percentage
Supervisory Board plenary session		
Prof. Dr.-Ing. Wolfgang Reitzle (chairman)	7 / 7	100
Dorothea von Boxberg	7 / 7	100
Stefan E. Buchner	7 / 7	100
Dr. Gunter Dunkel	7 / 7	100
Satish Khatu	6 / 7	86
Isabel Corinna Knauf	7 / 7	100
Sabine Neuß	7 / 7	100
Prof. Dr. Rolf Nonnenmacher	7 / 7	100
Klaus Rosenfeld	7 / 7	100
Georg F. W. Schaeffler	7 / 7	100
Christiane Benner	7 / 7	100
Hasan Allak	7 / 7	100
Francesco Grioli	7 / 7	100
Michael Iglhaut	7 / 7	100
Carmen Löffler	7 / 7	100
Dirk Nordmann	7 / 7	100
Lorenz Pfau	7 / 7	100
Jörg Schönfelder	7 / 7	100
Stefan Scholz	7 / 7	100
Elke Volkmann	5 / 7	71
Chairman's Committee		
Prof. Dr.-Ing. Wolfgang Reitzle (chairman)	5 / 5	100
Christiane Benner	5 / 5	100
Georg F. W. Schaeffler	5 / 5	100
Jörg Schönfelder	5 / 5	100

	Attendance	
	Number of meetings	Percentage
Audit Committee		
Prof. Dr. Rolf Nonnenmacher (chairman)	4 / 4	100
Francesco Grioli	3 / 4	75
Michael Iglhaut	4 / 4	100
Dirk Nordmann	4 / 4	100
Klaus Rosenfeld	4 / 4	100
Georg F. W. Schaeffler	4 / 4	100
Nomination Committee		
Prof. Dr.-Ing. Wolfgang Reitzle (chairman)	2 / 2	100
Isabel Corinna Knauf	2 / 2	100
Prof. Dr. Rolf Nonnenmacher	2 / 2	100
Georg F. W. Schaeffler	2 / 2	100
Special Emissions Committee		
Prof. Dr.-Ing. Wolfgang Reitzle	3 / 3	100
Prof. Dr. Rolf Nonnenmacher	3 / 3	100
Dirk Nordmann	3 / 3	100
Special ContiTech Committee		
Prof. Dr.-Ing. Wolfgang Reitzle	3 / 3	100
Prof. Dr. Rolf Nonnenmacher	3 / 3	100
Dirk Nordmann	3 / 3	100

Key topics dealt with by the Supervisory Board and the Chairman's Committee

At each ordinary meeting of the plenary session, the Executive Board informed the Supervisory Board in detail of the sales, results and employment development in the Continental Group and individual group sectors as well as the financial situation of the company. Where the actual course of business deviated from the defined plans and targets, the Executive Board provided detailed explanations. It discussed the reasons for these deviations and the measures introduced in depth with the Supervisory Board. In addition, the Executive Board regularly informed us about the Continental Group's main procurement and sales markets and about Continental AG's share price performance.

In addition, the work of the Supervisory Board and its collaboration with the Executive Board in the year under review continued to be shaped by the transformation process in the automotive industry and its consequences for the company. Sustainability-related issues – in particular the reduction of CO_2 emissions – were also regularly discussed. Another focus of the Supervisory Board's work was again on the Supervisory Board's investigation into the manipulation of emission limits in vehicles of specific automotive manufacturers, including monitoring of the corresponding investigative proceedings by public prosecutors. The Supervisory Board also addressed the irregularities in the production of air-conditioning lines and industrial hoses. The Supervisory Board discussed both of these issues at each ordinary meeting. In addition, the Supervisory Board received regular reports on the processing of the cyberattack from the previous fiscal year and the measures taken to improve cybersecurity. Finally, reporting on strengthening the risk management and internal control system and compliance management system overseen by the newly created Executive Board function for Integrity and Law was regularly discussed, as was reporting on further internal investigations.

At its meeting on **March 15, 2023**, the resolution of December 14, 2022, to create a new Executive Board function for Integrity and Law and appoint Olaf Schick to head this function was specified such that he would take up his new position on May 1, 2023. Olaf Schick is responsible for the central areas of Group Compliance; Group Internal Audit; Group Law and Intellectual Property; Group Quality, Technical Compliance, Continental Business System and Environment; and the new area of Group Risks and Controls. The company's annual financial statements and the consolidated financial statements for 2022 were also discussed and subsequently approved in the presence of the auditor. As part of the reporting for the current fiscal year, the business development of the Autonomous Mobility business area, the partnership with Ambarella International LP and the status of the business model with Aurora Innovation Inc. were discussed in detail.

The decision by the Executive Board to again hold the Annual Shareholders' Meeting virtually in 2023 was also approved, as was the draft agenda for the Annual Shareholders' Meeting. The agenda included granting the Executive Board the authorization to decide, for a period of three years, whether the Annual Shareholders' Meeting would be held virtually or as an in-person event. Finally, the Supervisory Board adopted its proposed resolutions for the Annual Shareholders' Meeting. The Supervisory Board additionally addressed the status of the investigation into the cyberattack on Continental in fiscal 2022 and received reports on the investigation activities. It also dealt with the reorganization of the ContiTech group sector into the Industrial Solutions (Americas, APAC, EMEA), Surface Solutions and Original Equipment Solutions business areas. Finally, discussions were held on the planned sale of shares in Russian subsidiaries of the Tires group sector with the resolution to sell the companies OOO Continental Tires RUS and OOO Continental Kaluga to the Russian joint-stock company S8 Industrial Assets.

At the Supervisory Board meeting on **April 27, 2023**, we decided to reappoint Nikolai Setzer as a member of the Executive Board and chairman of the Executive Board from April 1, 2024, for a period of five years until March 31, 2029. In addition, Philipp von Hirschheydt was appointed as member of the Executive Board responsible for the Automotive group sector from May 1, 2023, for a period of three years until April 30, 2026. The ongoing business development was also discussed.

At the meeting on **July 6, 2023**, we decided to reappoint Philip Nelles as member of the Executive Board responsible for the ContiTech group sector from June 1, 2024, for a period of five years until May 31, 2029. Measures to reduce fixed costs in the Automotive group sector were another important topic of discussion. The Supervisory Board also addressed the steps being taken to strengthen the risk and compliance management system. Finally, the Supervisory Board took note of the Executive Board's decision to exit the business at the Gifhorn plant in the Automotive group sector as well as its efforts to develop employment prospects for affected employees.

At the full-day strategy meeting held on **September 26, 2023**, the Executive Board and the Supervisory Board discussed in detail the strategic objectives and strategic planning of the Continental Group, the Automotive group sector (with a focus on measures to reduce costs and increase efficiency) and the Tires and ContiTech group sectors. The strategy of the Executive Board function for Integrity and Law, the Continental Group's sustainability requirements – as well as own sustainability ambitions – and the HR strategy were also discussed. In particular, the "from work to work" initiative was presented, which aims to ensure a seamless transition to new jobs for employees through training programs and to help shape the transformation process.

At the meeting on **September 27, 2023**, discussions were initially held without the Executive Board present, including discussions relating to succession planning for the Executive Board. It was also decided that shareholder representatives would in the future follow the staggered board concept. Under this concept, the terms of office of the shareholder representatives do not run in parallel but are staggered, each for a term of office of four years. Five shareholder representatives will thus be up for election every two years. To establish the rhythm of the staggered election cycles, five shareholder representatives are to stand for election at the Annual Shareholders' Meeting for a one-time term of office of two years. The Supervisory Board also discussed adjustments to the remuneration system of the Executive Board, which are to be presented for approval to the Annual Shareholders' Meeting in fiscal 2024. In the course of the presentation on ongoing business development, the Executive Board gave another status report on the processing of the cyberattack on Continental and improvements to IT security. Discussions were also held with the Executive Board on options for the planned exit from the business at the Gifhorn plant.

As part of the extraordinary meeting of the plenary session on **December 3, 2023**, the Executive Board presented the content of Continental AG's Capital Market Day, held on December 4, 2023, to the Supervisory Board. In particular, the status of its strategic review of measures for the Automotive group sector was described and discussed.

At its meeting on **December 13, 2023**, the adjustments to the remuneration system that were discussed for the first time at the meeting on September 27, 2023, were resolved without the Executive Board present. The revised remuneration system with these adjustments will be submitted to the upcoming Annual Shareholders' Meeting for approval. In addition, the Supervisory Board determined the targets for the short-term incentive (STI) and the long-term incentive (LTI). The Supervisory Board also discussed updating its profile of skills and expertise and agreed to pass a resolution in February 2024 and create an updated qualifications matrix. The shareholder representatives additionally passed a resolution on the candidates for election to the Supervisory Board at the Annual Shareholders' Meeting in 2024. The shareholder representatives will all stand for re-election, with five standing for a (one-time) shortened term of two years to allow for a transition to elections according to the staggered board concept that has been adopted. In the presence of the Executive Board, the Supervisory Board extensively addressed the annual planning for 2024 and the long-term planning. It also approved the planning and investment plans for fiscal 2024. As part of the regular reporting on irregularities in the production of air conditioning lines and industrial hoses, the Executive Board prepared its final report on the internal investigation that had been ongoing since 2022. By means of a resolution, the Supervisory Board declared the investigation previously resolved at the meeting on December 14, 2022, to be complete and dissolved the Special ContiTech Committee. Following an in-depth discussion on the status of the Executive Board's decision to exit the business at the Gifhorn plant, the Supervisory Board approved this measure on the condition that the Executive Board continue to examine and – where reasonably feasible – implement potential mergers and acquisitions as well as a transfer of staff in accordance with the "from work to work" approach.

The **Chairman's Committee** held five meetings in the year under review, in which it primarily prepared the personnel-related decisions of the plenary session and made recommendations for resolutions. At its first meeting on **March 15, 2023**, the appointment of Olaf Schick to head the Executive Board function for Integrity and Law was adjusted to become effective from May 1, 2023. In addition, proposals to the plenary session relating to targets set for the variable remuneration of the Executive Board were resolved. The committee also approved Dr. Ariane Reinhart's request to assume a supervisory board appointment at Evonik Industries AG. In March, the Chairman's Committee approved an increase to the budget for the completion of the new company headquarters.

At the meeting on **April 27, 2023**, the Chairman's Committee resolved to submit proposals to the plenary session to recommend the reappointment of Nikolai Setzer as a member of the Executive Board and chairman of the Executive Board from April 1, 2024, for a period of five years until March 31, 2029. It also decided to recommend to the plenary session that Philipp von Hirschheydt be appointed as member of the Executive Board responsible for the Automotive group sector from May 1, 2023, for a period of three years.

At its meeting on **July 6, 2023**, it decided to recommend to the plenary session that Philip Nelles be reappointed as member of the Executive Board responsible for the ContiTech group sector from June 1, 2024, for a period of five years until May 31, 2029.

At the meeting on **September 27, 2023**, the Chairman's Committee first approved the decision by the Executive Board to acquire a plot of land in Texas, USA, in order to expand a warehouse in the Tires group sector. The committee also approved Katja Garcia Vila's request to assume a supervisory board appointment at a DAX 40 company, for which she will stand for election in 2024. Finally, it discussed adjustments to the remuneration system for the Executive Board.

At its meeting on **December 13, 2023**, the recommendations to the plenary session regarding amendments to the remuneration system were discussed and resolved, as were the recommendations regarding the targets for the variable remuneration of the Executive Board.

Key topics dealt with by the Audit Committee
The Audit Committee was also informed by the Executive Board in detail and on an ongoing basis about sales, results and employment development in the Continental Group and individual group sectors as well as the financial situation of the company. The Executive Board is assisted by the head of Accounting and the head of Group Controlling, who attend the meetings of the Audit Committee and can thereby provide information directly. In addition, the chairman of the Audit Committee is in regular contact with the chief financial officer, the Executive Board member for Integrity and Law and the auditor of the Continental Group outside of meetings and has access to senior employees entrusted with tasks relating to accounting, the internal control system, the risk management system, internal auditing and compliance. The chairman of the Audit Committee shares key information with the Audit Committee.

As a focus of each of its quarterly meetings, the Audit Committee talked with the Executive Board about the accounting as at the end of the previous quarter and the outlook for the year as a whole as well as the quarterly statements and the half-year financial report prior to their publication. Another focus of the Audit Committee's work in the past fiscal year was again on dealing with the company's internal control system and risk management system. The work of the Group Compliance and Group Internal Audit functions and reporting on significant risks and incidents were also regular topics at each meeting. This included in particular the matters described in more detail in the report on risks and opportunities and in the notes to the consolidated financial statements.

At its meeting on **March 3, 2023**, the Audit Committee discussed the company's annual financial statements and the consolidated financial statements as well as the combined non-financial statement for 2022 with the Executive Board and the auditor, and recommended their approval to the plenary session of the Supervisory Board. The global minimum tax regulations introduced by the OECD were also discussed. Finally, the Audit Committee discussed and assessed the quality of the audit.

The meeting on **May 5, 2023**, focused on regularly recurring topics, with the Audit Committee addressing in particular detail the efforts to strengthen the company's internal control system and risk management system. At the meeting on **August 1, 2023**, the Audit Committee additionally addressed requirements for future sustainability reporting. It resolved to take note of and confirm the appointment of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, by the Executive Board to audit the implementation of the process for future sustainability reporting. The Audit Committee then received and discussed a report on the status of implementation of the new export control and customs unit. Finally, the committee addressed an external assessment of the Continental Group's protection against cyberattacks and the current status of internal investigations. At the meeting on **November 2, 2023**, the Audit Committee issued the mandate for the audit of the 2023 annual and consolidated financial statements, including the combined non-financial statement, the report on relations with affiliated companies and the remuneration report, to the auditor appointed by the Annual Shareholders' Meeting, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover branch. In addition, the Audit Committee defined an approval framework for commissioning the auditor with permissible non-audit services in accordance with the EU Audit Regulation. The Executive Board regularly informs the Audit Committee about the use of this authorization. The committee also addressed the perception of Continental on the capital market and discussed Group Internal Audit's audit plan for fiscal 2024 in detail.

Corporate governance

At its meeting on December 13, 2023, the Supervisory Board adopted its declaration in accordance with Section 161 *AktG* on the recommendations of the German Corporate Governance Code. At the same meeting, the Supervisory Board also discussed updating its profile of skills and expertise and agreed to pass a resolution in the first quarter of 2024 and create an updated qualifications matrix. The resolution was passed in February 2024 in the form of a circular resolution.

The chairman of the Supervisory Board was not notified of any potential conflicts of interest in 2023. For conflicts of interest for which notification was received in fiscal 2022 and that are still ongoing, it continues to be ensured that the Supervisory Board members in question do not participate in discussions of the Supervisory Board and its committees on the topics that could constitute a conflict of interest, and also do not receive any information in this regard. These still do not constitute such significant and long-term conflicts of interest that would require the members to step down. In its opinion, the Supervisory Board also had an appropriate number of independent members, in particular on the shareholder side, as defined in the code at all times in the period under review. Further information on this topic and on corporate governance in general is included in the corporate governance statement pursuant to Sections 289f and 315d *HGB* (starting on page 16).

Annual and consolidated financial statements; combined non-financial statement for 2023

PwC audited the annual financial statements as at December 31, 2023, prepared by the Executive Board in accordance with the provisions of the *HGB*, the 2023 consolidated financial statements and the combined management report for the company and the Continental Group, including the accounts and the system for early risk recognition. The 2023 consolidated financial statements of Continental AG were prepared in accordance with the International Financial Reporting Standards (IFRS). The auditor issued unqualified opinions. In addition, PwC audited the Executive Board's report on relations with affiliated companies pursuant to Section 312 *AktG* (dependent company report). PwC issued the following unqualified opinion on this report in accordance with Section 313 (3) *AktG*:

"Based on the results of our statutory audit and evaluation we confirm that:

- the actual information included in the report is correct,
- with respect to the transactions listed in the report, payments by the company were not unduly high, and
- there are no circumstances in favor of a significantly different assessment than that made by the Executive Board in regard to the measures listed in the report."

The Audit Committee discussed the documents relating to the annual financial statements, including the dependent company report, as well as the auditor's reports and the remuneration report with the Executive Board and the auditor on March 4, 2024. Furthermore, the plenary session of the Supervisory Board discussed these at length at its meeting to approve the annual financial statements on March 12, 2024. The discussions also concerned the combined non-financial statement for the Continental Group and for Continental AG according to Sections 289b and 315b *HGB*. The required documents were distributed to all members of the Audit Committee and the Supervisory Board in good time before these meetings so that the members had sufficient opportunity to review them. The auditor was present at these discussions. The auditor reported on the main results of the audits and was available to provide additional information to the Audit Committee and the Supervisory Board. Based on its own review of the annual financial statements, the consolidated financial statements, the combined management report of Continental AG and of the Continental Group, as well as the dependent company report including the final declaration of the Executive Board, and based on the report and the recommendation of the Audit Committee, the Supervisory Board concurred with the results of the auditor's audit. There were no objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements.

The annual financial statements are thereby adopted. PwC issued an unqualified opinion for the combined non-financial statement. Based on the Supervisory Board's own review, the Audit Committee's report on its preliminary examination and its recommendation, and PwC's audit and unqualified opinion on the combined non-financial statement, the Supervisory Board finds that the combined non-financial statement is correct and appropriate and was prepared in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e *HGB*. The auditor reviewed the remuneration report prepared by the Executive Board and the Supervisory Board and issued a report that is attached to the remuneration report.

The Supervisory Board together with the Executive Board will propose to the Annual Shareholders' Meeting on April 26, 2024, that a dividend of €2.20 per share entitled to dividends be paid out for the past fiscal year and that the retained earnings be carried forward to new account.

Personnel changes on the Supervisory Board and Executive Board

There were no personnel changes on the Supervisory Board in the past fiscal year.

Information on the members of the Supervisory Board and its committees who were in office in the year under review can be found on pages 10 and 11 and on pages 224 and 225.

As resolved at its meeting on December 14, 2022, the Supervisory Board created a new Executive Board function for Integrity and Law, and appointed Olaf Schick to head this function for a period of three years. Olaf Schick took up his position on May 1, 2023. At its meeting on April 27, 2023, the Supervisory Board also resolved to appoint Philipp von Hirschheydt as member of the Executive Board responsible for the Automotive group sector for a period of three years. Philipp von Hirschheydt likewise took up his position on May 1, 2023. At the same meeting, the Supervisory Board decided to reappoint Nikolai Setzer as a member of the Executive Board and chairman of the Executive Board from April 1, 2024, for a period of five years until March 31, 2029. Finally, at the meeting on July 6, 2023, it decided to reappoint Philip Nelles as member of the Executive Board responsible for the ContiTech group sector from June 1, 2024, for a period of five years until May 31, 2029.

The Supervisory Board would like to thank the Executive Board, all the employees and the employee representatives for their considerable dedication over the past year.

Hanover, March 12, 2024

Prof. Dr.-Ing. Wolfgang Reitzle
Chairman

Corporate Governance Statement Pursuant to Sections 289f and 315d of the German Commercial Code *(HGB)*

Responsible corporate governance is what governs the actions of the Executive Board and the Supervisory Board.

Good, responsible corporate governance geared toward sustainable, long-term value creation and in the interests of all stakeholder groups is what governs the actions of the Executive Board and Supervisory Board of Continental AG. The following corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (*Handelsgesetzbuch – HGB*), to which reference is made in the management report, outlines corporate governance at Continental. The remuneration report for fiscal 2023 on the remuneration of the Executive Board and the Supervisory Board together with the auditor's report and the valid remuneration system for the remuneration of the Executive Board are available on Continental's website under Company/Corporate Governance/Executive Board. The valid remuneration system for remuneration of the Supervisory Board is described in the remuneration report for fiscal 2023 and is available on Continental's website under Company/Corporate Governance/Supervisory Board.

Declaration pursuant to Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)* and deviations from the German Corporate Governance Code *(Deutscher Corporate Governance Kodex – DCGK)*

In December 2023, the Executive Board and the Supervisory Board issued the following annual declaration pursuant to Section 161 *AktG*:

"The Executive Board and the Supervisory Board of Continental AG declare in accordance with Section 161 German Stock Corporations Act *(AktG)* that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022 (published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette *(Bundesanzeiger)* on June 27, 2022) have been complied with in the reporting year and will continue to be complied with, with the exception set out below.

Reference is made to the declaration of the Executive Board and the Supervisory Board of December 2022 as well as to previous declarations in accordance with Section 161 *AktG* and the deviations from the recommendations of the German Corporate Governance Code explained therein.

According to recommendation C.2 of the German Corporate Governance Code, the Supervisory Board shall set an age limit for members of the Supervisory Board. The Supervisory Board does not set an age limit because it does not consider such a general criterion to be appropriate for evaluating the qualifications of a Supervisory Board member.

Hanover, December 2023

Prof. Dr.-Ing. Wolfgang Reitzle
Chairman of the Supervisory Board

Nikolai Setzer
Chairman of the Executive Board"

The declaration of compliance is published on Continental's website under Company/Corporate Governance. Earlier declarations pursuant to Section 161 *AktG* can also be found there. Out-of-date corporate governance statements can also be found there for a period of at least five years from the date they were issued.

Key corporate governance practices

The following documents are key foundations of our sustainable and responsible corporate governance:

- Continental AG's corporate guidelines. The vision, mission and values, desired behavior and self-image of the Continental Group; available on Continental's website under Company/Corporate Governance/Vision & Mission.
- Sustainability ambition; available on Continental's website under Sustainability/Framework/Sustainability Ambition.
- Compliance with the binding Code of Conduct for all Continental employees. For more information, see Continental's website under Sustainability/Strategy and Sustainable Corporate Governance/Organization and Management.

Corporate bodies

In line with the law and the Articles of Incorporation, the company's corporate bodies are the Executive Board, the Supervisory Board and the Shareholders' Meeting. As a German stock corporation, Continental AG has a dual management system characterized by a strict personnel division between the Executive Board as the management body and the Supervisory Board as the monitoring body. The cooperation between the Executive Board, Supervisory Board and Shareholders' Meeting is depicted on the next page.

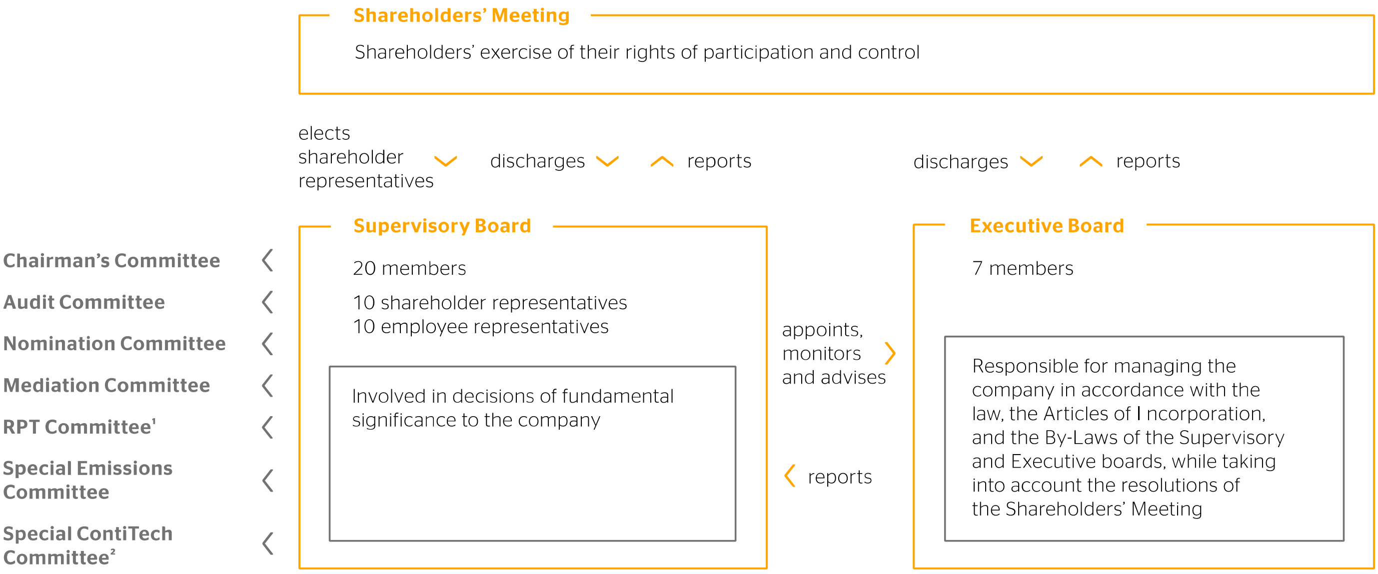
The Executive Board and its practices

The Executive Board has sole responsibility for managing the company in the interests of the company, free from instructions from third parties in accordance with the law, the Articles of Incorporation and the Executive Board's By-Laws, while taking into account the resolutions of the Shareholders' Meeting. All members of the Executive Board share responsibility for the management of the company jointly. Regardless of this principle of joint responsibility, each Executive Board member is individually responsible for the areas entrusted to them. The chairman of the Executive Board is responsible for the company's overall management and business policy. He ensures management coordination and uniformity on the Executive Board and represents the company to the public. The Executive Board jointly develops the company's strategy, agrees it with the Supervisory Board and ensures its implementation.

The Executive Board had seven members as at December 31, 2023, and as at the date of this statement. Information on areas of responsibility and resumes of the Executive Board members are available on Continental's website under Company/Corporate Governance/Executive Board. The Executive Board was expanded from five to seven members effective May 1, 2023. The Executive Board function for Integrity and Law was newly created and filled. In addition, the management of the Automotive group sector was transferred from the chairman of the Executive Board to a new member of the Executive Board. The first time a person is appointed to the Executive Board, his or her term as a rule is three years only. As a rule, a member of the Executive Board is not appointed beyond the statutory retirement age. Only under exceptional circumstances will a member of the Executive Board be reappointed earlier than one year prior to the end of their term of appointment with simultaneous annulment of their current appointment. More information on the members of the Executive Board can be found on page 223 and on Continental's website under Company/Corporate Governance/Executive Board.

The Executive Board has By-Laws that regulate in particular the allocation of duties among the Executive Board members, key matters pertaining to the company and its subsidiaries that require a decision to be made by the Executive Board, the duties of the Executive Board chairman, and the process in which the Executive Board passes resolutions. The Executive Board By-Laws are available on Continental's website under Company/Corporate Governance/Executive Board. The Supervisory Board By-Laws on the basis of the Articles of Incorporation require the consent of the Supervisory Board for significant actions taken by management.

Corporate bodies of the company



[1] Committee for Related Party Transactions. [2] Committee was dissolved by resolution of the Supervisory Board at its meeting on December 13, 2023.

The Executive Board has established separate boards for the Automotive, Tires and ContiTech group sectors. This measure supports the decentralization of responsibility that the global organization of the company seeks to achieve, and relieves the burden on the Executive Board. In addition to establishing these boards, the Executive Board has delegated to them decision-making powers for certain matters that affect only the relevant group sectors.

The boards for the three group sectors each comprise the Executive Board member responsible for the group sector in question as their chairman, the heads of the relevant business areas within the group sector, as well as further members from among the central functions of the relevant group sectors.

The Supervisory Board and its practices

The Supervisory Board appoints the members of the Executive Board and collaborates with the Executive Board to develop a long-term succession plan. The Supervisory Board discusses this at least once a year without the Executive Board. In order to become acquainted with potential successors, the Supervisory Board, in consultation with the Executive Board, offers them the opportunity to deliver presentations to the Supervisory Board.

The Supervisory Board supervises and advises the Executive Board in managing the company. This includes, in particular, issues relating to the company's strategy, planning, business development, risk situation, risk management, compliance and sustainability. The Supervisory Board is directly involved in decisions of material importance to the company. As specified by law, the Articles of Incorporation or the Supervisory Board By-Laws, certain corporate management matters require the approval of the Supervisory Board. The chairman of the Supervisory Board coordinates its work and represents it vis-à-vis third parties. Within reasonable limits, he is prepared to talk to investors about issues specific to the Supervisory Board. He maintains regular contact between meetings with the Executive Board, and in particular with its chairman, to discuss issues relating in particular to the company's strategy, business development, risk situation, risk management and compliance.

Composition of the Supervisory Board

The Supervisory Board comprises 20 members in accordance with the German Co-determination Act *(Mitbestimmungsgesetz – MitbestG)* and the company's Articles of Incorporation. Half the members of the Supervisory Board are elected individually by the shareholders in the Shareholders' Meeting (shareholder representatives), while the other half are elected by the employees of Continental AG and its German subsidiaries (employee representatives). Both the shareholder representatives and the employee representatives have an equal duty to act in the interests of the company. The Supervisory Board's chairman is a shareholder representative. In accordance with the provisions of the Co-determination Act, he has the casting vote in the event of a tie.

The current Supervisory Board was constituted on April 26, 2019. The term of office of the Supervisory Board members lasts until the end of the 2024 Annual Shareholders' Meeting. The chairman of the Supervisory Board is Prof. Dr.-Ing. Wolfgang Reitzle who, in accordance with the German Corporate Governance Code, is independent of the company and its Executive Board. The Supervisory Board does not include any members who previously belonged to the Executive Board of Continental AG, who exercise an executive function or advisory role at a major competitor of Continental, or who have a personal relationship with such a competitor.

In the year under review, the Supervisory Board resolved at its meeting on September 27 that shareholder representatives would in the future follow the staggered board concept. Moreover, shareholder representatives will be nominated for terms of office of four years each. Under this staggered board concept, the terms of office of the shareholder representatives do not run in parallel but are staggered between two groups of five shareholder representatives, each for a term of office of four years. Five shareholder representatives will thus be up for election every two years. This increased flexibility in the Supervisory Board's composition makes it easier for the Supervisory Board to respond to the changing demands on its tasks and areas of expertise. To establish the rhythm of the staggered election cycles, five shareholder representatives will stand for election at the 2024 Annual Shareholders' Meeting for a one-time term of office of two years.

The company has set up an informational program that provides newly elected members of the Supervisory Board with a comprehensive overview of the company's products and technologies as well as finances, controlling and corporate governance at Continental.

The Supervisory Board has drawn up its own By-Laws that supplement the law and the Articles of Incorporation with more detailed provisions, including provisions on Supervisory Board meetings, the duty of confidentiality, the handling of conflicts of interest and the Executive Board's reporting obligations, and a list of transactions and measures that require the approval of the Supervisory Board. The Supervisory Board By-Laws are available on Continental's website under Company/Corporate Governance/Supervisory Board. The Supervisory Board also consults on a regular basis in the absence of the Executive Board. Before each regular meeting of the Supervisory Board, the representatives of the shareholders and of the employees each meet separately with members of the Executive Board to discuss the upcoming meeting.

The Supervisory Board regularly reviews how effectively it and its committees have fulfilled their responsibilities. It recently carried out such a review in 2021 with the help of an external consultant. This confirmed the Supervisory Board's efficient and professional approach to its work in the past years. The Supervisory Board has adopted the recommendations from the 2021 self-assessment.

Profile of skills and expertise for the Supervisory Board

In accordance with recommendation C.1 of the German Corporate Governance Code, the Supervisory Board has prepared a profile of skills and expertise and specified targets for its composition. The Supervisory Board updated the current profile of skills and expertise in the reporting year and adopted it by circular resolution in February 2024.

The Supervisory Board as a whole should possess the skills and expertise noted below. It is not expected that all Supervisory Board members possess all of the skills and expertise noted below. Instead, each area of expertise must be covered by at least one Supervisory Board member. The profile of skills and expertise assumes that all Supervisory Board members possess the knowledge and skills required for the proper performance of their duties and the characteristics necessary for successful Supervisory Board work in an internationally active, capital market-oriented company. In particular, these include integrity, commitment, capacity for discussion and teamwork, sufficient availability and discretion.

The Supervisory Board members should collectively cover all skills, expertise and experience deemed to be significant in view of Continental's business activities. These include in particular:

- Skills, expertise and experience related to **corporate governance**, particularly in the areas of:
  - Executive board experience
  - Supervisory board experience
  - Strategy and management
  - Mergers and acquisitions (M&A)
  - Organizational development
  - Strategic personnel planning
  - Law and compliance

- **Sector- and company-specific experience**, particularly in the areas of:
  - Industry (i.e. automotive and chemical industries)
  - IT, software and telecommunications
  - Mobility services and digital business models
- **International experience**, particularly in the regions of:
  - Europe
  - North and South America
  - China
  - Asia-Pacific
- Skills, expertise and experience related to **sustainability**, particularly in the areas of:
  - Environment
  - Social responsibility
- Skills, expertise and experience related to **risk management and reporting**, particularly in the areas of:
  - Financial and sustainability reporting, control systems
  - Auditing of financial statements

The Supervisory Board has also specified the following targets for its composition:

- **Professional skills and expertise:** The personal and professional qualifications defined in the profile of skills and expertise should be covered as broadly as possible by the candidates proposed for election. The progress achieved to date in implementing the profile of skills and expertise can be viewed in the qualifications matrix.
- **Independence:** The Supervisory Board should have an appropriate number of members on the shareholder side whom it deems to be independent in accordance with the German Corporate Governance Code. Taking into account the ownership structure, a Supervisory Board member is therefore considered independent if they are independent of the company and its Executive Board, and also independent of a controlling shareholder. The Supervisory Board has specified the following targets for this purpose:
  - **More than half of the shareholder representatives should be independent of Continental AG and its Executive Board.**

    The independence of shareholder representatives was assessed in accordance with the German Corporate Governance Code by shareholder representatives on the Supervisory Board. As part of the assessment of independence from the Executive Board and the company, it was taken into account that four shareholder representatives will have been members of the Supervisory Board for more than 12 years in 2023. In the assessment of the independence of these four shareholder representatives, given the former and ongoing administration of the members in question, the shareholder representatives overall see no grounds to accept changing the existing assessment of independence. The shareholder representatives currently on the Supervisory Board are therefore all, without exception, independent of Continental AG and its Executive Board.
  - **At least five shareholder representatives should be independent of the controlling shareholder, the IHO Group, headquartered in Herzogenaurach, Germany.**

    It was taken into consideration in the assessment of independence from any controlling shareholder that two Supervisory Board members are linked to the controlling shareholder, the IHO Group, Herzogenaurach, Germany. As determined in the assessment by the shareholder representatives on the Supervisory Board, the Supervisory Board still has an appropriate number of members on the shareholder side who are independent in accordance with the German Corporate Governance Code. These include:
    - Prof. Dr.-Ing. Wolfgang Reitzle
    - Dorothea von Boxberg
    - Stefan E. Buchner
    - Dr. Gunter Dunkel
    - Satish Khatu
    - Isabel Corinna Knauf
    - Sabine Neuß
    - Prof. Dr. Rolf Nonnenmacher
- **Term of office:** In its nominations for election to the Supervisory Board, the Supervisory Board as a rule does not nominate candidates who at the time of election have already been a member of the Supervisory Board for 12 years.

In its nominations of candidates for election to the Supervisory Board, the Supervisory Board takes into account the requirements of the profile of skills and expertise for the board as a whole as well as the aforementioned targets.

Qualifications matrix

		Shareholder representatives									
		Prof. Dr.-Ing. Wolfgang Reitzle	Dorothea von Boxberg	Stefan E. Buchner	Dr. Gunter Dunkel	Satish Khatu	Isabel Knauf	Sabine Neuß	Prof. Dr. Rolf Nonnenmacher	Klaus Rosenfeld	Georg Schaeffler
Corporate governance	Executive board experience	●	●	●	●	●	●	●	◕	●	◔
	Supervisory board experience	●	◔	●	●	●	◕	●	●	●	●
	Strategy and management	●	●	●	●	●	●	●	◕	●	◕
	Mergers and acquisitions (M&A)	●	◔	◕	●	◕	●	◕	◔	●	◕
	Organizational development	●	◕	●	◕	●	◕	●	◔	●	◔
	Strategic personnel planning	◕	◔	◕	◕	◕	◔	◕	◔	◕	◔
	Law and compliance	◕	◔	◔	◕	◔	◕	◔	●	◕	●
Sector- and company-specific experience	Industry (i.e. automotive and chemical industries)	●	◔	●	◕	◕	◔	◕	◕	◕	◕
	IT, software and telecommunications	◔	◕	◕	◕	●	◔	◕	○	○	◔
	Mobility services and digital business models	◕	●	◔	◔	●	◔	◔	○	◔	◔
International experience	Europe	●	●	●	●	◕	●	●	◕	◕	◕
	North and South America	◕	◕	◕	●	●	●	●	○	◕	◕
	China	◕	◔	◔	◔	◕	◕	◕	○	◔	◔
	Asia-Pacific	◕	◔	◕	◔	●	◕	◔	○	◔	◔
Sustainability	Environment	◔	◕	◕	○	◔	◕	◕	◔	◕	◔
	Social responsibility	◔	◔	◔	○	◔	◕	◔	◔	◔	◔
Risk management and reporting	Financial and sustainability reporting, control systems	◔	◕	◔	◔	◔	◔	◔	●	●	◕
	Auditing of financial statements	◔	◔	◔	◕	◔	◔	○	●	◕	◔

○ = No specific knowledge ◔ = Basic knowledge ◕ = Good knowledge ● = Expert knowledge

Qualifications matrix

		Employee representatives									
		Christiane Benner	Hasan Allak	Francesco Grioli	Michael Iglhaut	Carmen Löffler	Dirk Nordmann	Lorenz Pfau	Jörg Schönfelder	Stefan Scholz	Elke Volkmann
Corporate governance	Executive board experience	◕	○	◔	○	○	◔	○	○	◕	◔
	Supervisory board experience	◕	◕	●	◔	◔	◕	◕	◕	●	◕
	Strategy and management	◕	◕	◔	◔	◔	◔	◔	◔	◕	◔
	Mergers and acquisitions (M&A)	◔	◔	◔	○	○	◔	○	◔	◕	◔
	Organizational development	●	◕	◕	◔	◔	◔	◔	◕	◕	◕
	Strategic personnel planning	◕	◕	◕	◕	◔	◔	◔	◕	◕	◕
	Law and compliance	◔	◔	◔	◔	◔	○	◔	◔	◕	◔
Sector- and company-specific experience	Industry (i.e. automotive and chemical industries)	◕	◕	◕	◔	◔	◔	◕	◕	◕	◕
	IT, software and telecommunications	◔	◔	○	○	◔	○	◔	◔	◔	◔
	Mobility services and digital business models	◕	◔	○	○	○	○	○	◔	◔	◔
International experience	Europe	◔	◔	◔	◔	◔	◔	◔	◕	◕	◔
	North and South America	◕	○	○	○	○	○	○	◔	◕	○
	China	◔	○	○	○	○	○	○	◔	◕	○
	Asia-Pacific	◔	○	○	○	○	○	○	◔	◔	○
Sustainability	Environment	◔	◔	◔	○	◔	◔	○	◔	◕	◔
	Social responsibility	●	●	●	◕	◕	◕	◕	◕	◕	◕
Risk management and reporting	Financial and sustainability reporting, control systems	◔	◔	◕	◔	◔	◔	○	◔	◕	○
	Auditing of financial statements	◔	◔	◔	◔	○	◔	○	◔	◕	○

○ = No specific knowledge ◔ = Basic knowledge ◕ = Good knowledge ● = Expert knowledge

Targets for composition | Independence from the company and Executive Board in accordance with the *DCGK*

	Was the Supervisory Board member a member of the Executive Board of Continental AG in the two years prior to their appointment?	Does the Supervisory Board member currently maintain or have they maintained a material business relationship with the company or a company dependent on it (e.g. as a customer, supplier, lender or consultant), either directly or as a co-owner/shareholder or in a responsible function of a company outside the company, in the year up to their appointment?	Is the Supervisory Board member a close family member of a member of the Executive Board?	Has the Supervisory Board member been a member of the Supervisory Board for more than 12 years?
Prof. Dr.-Ing. Wolfgang Reitzle	○	○	○	●
Dorothea von Boxberg	○	○	○	○
Stefan E. Buchner	○	○	○	○
Dr. Gunter Dunkel	○	○	○	●
Satish Khatu	○	○	○	○
Isabel Corinna Knauf	○	○	○	○
Sabine Neuß	○	○	○	○
Prof. Dr. Rolf Nonnenmacher	○	○	○	○
Klaus Rosenfeld	○	○	○	●
Georg F. W. Schaeffler	○	○	○	●

● = Yes ○ = No

Committees of the Supervisory Board

The Supervisory Board currently has five committees with decision-making powers: the Chairman's Committee, the Audit Committee, the Nomination Committee, the committee formed in accordance with Section 27 (3) *MitbestG* (the Mediation Committee) and the committee for the approval of company transactions with related persons (Committee for Related Party Transactions, RPT Committee) (Section 107 (3) Sentence 4; Section 111b (1) *AktG*).

Key responsibilities of the **Chairman's Committee** are preparing the appointment of Executive Board members and concluding, terminating and amending their employment contracts and other agreements with them. However, the plenum of the Supervisory Board alone is responsible for stipulating the total remuneration of the Executive Board members. Another key responsibility of the Chairman's Committee is deciding on the approval of certain transactions and measures by the company as specified in the Supervisory Board By-Laws. The Supervisory Board has conferred some of these participation rights on the Chairman's Committee, each member of which may however, in individual cases, demand that a matter again be submitted to the plenary session for decision. The members of the Chairman's Committee are Prof. Dr.-Ing. Wolfgang Reitzle (chairman); his vice chairperson, Christiane Benner; Georg F. W. Schaeffler; and Jörg Schönfelder.

The **Audit Committee** primarily deals with the audit of the accounts, the monitoring of the accounting process and the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements (including sustainability reporting and examination thereof) and compliance. In particular, the committee deals with the preliminary examination of Continental AG's annual financial statements and the consolidated financial statements, and makes its recommendation to the plenary session of the Supervisory Board, which then passes resolutions pursuant to Section 171 *AktG*. Furthermore, the committee discusses the company's draft interim financial reports. It is also responsible for ensuring the necessary independence of the auditor and deals with additional services performed by the auditor. The committee engages the auditor, determines the focus of the report as necessary, negotiates the fee and regularly reviews the quality of the audit. The chairman of the Audit Committee regularly consults with the auditor on the progress of the audit and reports on this to the committee. The committee also regularly consults with the auditor without the Executive Board. It also gives its recommendation for the Supervisory Board's proposal to the Annual Shareholders' Meeting for the election of the auditor. The Audit Committee is also responsible for the preliminary audit of non-financial reporting and for the engagement of an auditor for its review, if any. The chairman of the Audit Committee is Prof. Dr. Rolf Nonnenmacher, who is independent in accordance with the German Corporate Governance Code. As an auditor with many years of professional experience in management positions, he has in-depth knowledge and experience in auditing. Another committee member, Klaus Rosenfeld, is also a financial expert, and as chief financial officer in a number of companies has in-depth knowledge and experience in accounting and internal control and risk management systems. The other members are Francesco Grioli, Michael Iglhaut, Dirk Nordmann and Georg F. W. Schaeffler. Neither a former Executive Board member nor the chairman of the Supervisory Board may act as chairman of the Audit Committee.

The **Nomination Committee** is responsible for nominating suitable candidates for the Supervisory Board to propose to the Annual Shareholders' Meeting for election. In addition, the committee must propose targets for the Supervisory Board's composition and profile of skills and expertise and review both regularly. The Nomination Committee consists entirely of shareholder representatives, specifically the two members of the Chairman's Committee, Prof. Dr.-Ing. Wolfgang Reitzle (chairman) and Georg F. W. Schaeffler; the chairman of the Audit Committee, Prof. Dr. Rolf Nonnenmacher; and Isabel Corinna Knauf.

In accordance with Section 31 (3) Sentence 1 *MitbestG*, the **Mediation Committee** becomes active only if the first round of voting on a proposal to appoint a member of the Executive Board or to remove a member by consent does not achieve the legally required two-thirds majority. This committee must then attempt mediation before a new vote is taken. The members of the Chairman's Committee are also the members of the Mediation Committee.

The **Committee for Related Party Transactions (RPT Committee)** deals with transactions between Continental AG and a related person, where these transactions require the prior consent of Continental AG's Supervisory Board in accordance with Sections 111a and 111b *AktG*. Transactions in this case require the prior consent of the Supervisory Board. In addition to the chairman of the Supervisory Board, Prof. Dr.-Ing. Wolfgang Reitzle, and the chairman of the Audit Committee, Prof. Dr. Rolf Nonnenmacher, the Committee for Related Party Transactions includes two further members elected by the Supervisory Board from among the employee representatives where necessary.

The **Special Emissions Committee** supports the Supervisory Board's investigations into the manipulation of emission limits by certain automotive manufacturers. This committee is available to external law firms as a point of contact, source of information and recipient of reports, regularly reports to the plenary session on the investigations and prepares any resolutions required for the plenary session or committees. The members of the Special Emissions Committee are Prof. Dr.-Ing. Wolfgang Reitzle, Prof. Dr. Rolf Nonnenmacher and Dirk Nordmann. The **Special ContiTech Committee** assumed the same function with regard to the investigation into irregularities in the production of air conditioning lines and industrial hoses in two business areas of the ContiTech group sector. This special committee was dissolved following the conclusion of its investigations by resolution of the Supervisory Board at its meeting on December 13, 2023. The members of the Special ContiTech Committee up until its dissolution were Prof. Dr.-Ing. Wolfgang Reitzle, Prof. Dr. Rolf Nonnenmacher and Dirk Nordmann.

The Sustainability Working Group established by the Supervisory Board deals with sustainability issues relevant to Continental. The working group includes two shareholder representatives, Dorothea von Boxberg and Stefan E. Buchner, and two employee representatives, Hasan Allak and Stefan Scholz.

More information on the members of the Supervisory Board and its committees can be found on pages 224 and 225. Current resumes, which are updated annually, are available on Continental's website under Company/Corporate Governance/Supervisory Board. They also contain information on how long each member has held their position on the Supervisory Board.

Shareholders and the Shareholders' Meeting

The company's shareholders exercise their rights of participation and control at the Annual Shareholders' Meeting. The Annual Shareholders' Meeting, which must be held in the first eight months of every fiscal year, decides on all issues assigned to it by law, such as the appropriation of profits, the election of shareholder representatives to the Supervisory Board, the discharging of Supervisory Board and Executive Board members, the appointment of auditors and the approval of the remuneration system and remuneration report. Each Continental AG share entitles the holder to one vote. There are no shares conferring multiple or preferential voting rights and no limitations on voting rights.

All shareholders who register in a timely manner and prove their entitlement to participate in the Shareholders' Meeting and to exercise their voting rights are entitled to participate in the Shareholders' Meeting. To facilitate the exercise of their rights and to prepare them for the Shareholders' Meeting, the shareholders are fully informed about the past fiscal year and the points on the upcoming agenda before the Shareholders' Meeting by means of the annual report and the invitation to the meeting. All documents and information on the Annual Shareholders' Meeting, including the annual report, are published on Continental's website in German and English. Moreover, the Annual Shareholders' Meeting can also be watched in full in an audio-visual stream on the company's website. When holding the Annual Shareholders' Meeting, the chairperson presiding over the meeting is guided by the fact that an ordinary annual shareholders' meeting should be concluded after four to six hours. To make it easier for shareholders to exercise their rights, the company offers all shareholders who cannot or do not want to exercise their voting rights during the Annual Shareholders' Meeting themselves the opportunity to vote at the Annual Shareholders' Meeting via a proxy who is bound by instructions or through absentee voting. The required voting instructions can also be issued to the proxy via an Internet service (InvestorPortal) before the end of the general debate on the day of the Shareholders' Meeting. In addition, the service provider that assists the company with conducting the Shareholders' Meeting is instructed not to forward the individual voting instructions to Continental until the day before the Shareholders' Meeting.

Accounting and auditing of financial statements

The Continental Group's accounting is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The annual financial statements of Continental AG are prepared in accordance with the accounting regulations of the German Commercial Code. The Annual Shareholders' Meeting on April 27, 2023, elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover branch (PwC) to audit the consolidated financial statements for fiscal 2023 as well as the interim financial reports of the company. Dr. Arne Jacobi is the responsible auditor at PwC.

Internal control system and risk management
Diligent corporate management and good corporate governance also require that the company deal with risks responsibly. Continental has a corporate-wide internal control and risk management system that is used to analyze and manage the company's risk situation. We report on this in detail in the report on risks and opportunities starting on page 93, which forms part of the management report for the consolidated financial statements.

Transparent and prompt reporting
As part of our investor relations and corporate communications, we regularly report to shareholders, analysts, shareholders' associations, the media and interested members of the public in equal measure on significant developments in the company and its situation. All shareholders have instant access to all the information that is also available to financial analysts and similar parties. The website of Continental AG provides the latest information, including the company's financial reports, presentations held at analyst and investor conferences, press releases and ad-hoc disclosures. The dates of key periodic publications (annual report, quarterly statements and half-year report) and events as well as of the Annual Shareholders' Meeting and the annual press conference are announced well in advance in a financial calendar on the website of Continental AG. For the scheduled dates for 2024, see the Investors/Events/ Financial Calendar section.

Reporting pursuant to Section 289f (2) Nos. 4 to 6 *HGB*
Pursuant to Section 96 (2) *AktG*, the Supervisory Board of Continental AG as a listed stock corporation subject to the German Co-determination Act consists of at least 30% women and at least 30% men. This minimum quota must, as a general rule, be fulfilled by the Supervisory Board as a whole. Due to an objection by the employee representatives against the overall fulfillment in accordance with Section 96 (2) Sentence 3 *AktG* before the election of the Supervisory Board in spring 2019, the minimum quota for the Supervisory Board of Continental AG must be fulfilled separately by the shareholder representatives and the employee representatives. Women made up 30% of both the shareholder and employee representatives on the Supervisory Board of Continental AG as at December 31, 2023.

For Continental AG, as a listed stock corporation subject to the German Co-determination Act, the ratio requirement as set out in Section 76 (3a) *AktG* applies, according to which any Executive Board composed of more than three persons should have at least one woman and one man as members of the Executive Board. This requirement was met in the fiscal year under review. The Supervisory Board continues to follow the general debate around the representation of women on executive and supervisory boards and will take any future regulations into account.

In accordance with Section 76 (4) *AktG*, the Executive Board of Continental AG is required to set targets for the ratio of women in the first two management levels below the Executive Board and a deadline for achieving these targets. In December 2021, the Executive Board set new target quotas for women in the first two management levels below the Executive Board at Continental AG for the period up until December 31, 2026: 37% for the first management level and 33% for the second management level. As at December 31, 2023, the ratio of women was 30% in the first management level and 30% in the second management level.

As a global company, Continental continues to attach high priority to the goal of steadily increasing the proportion of women in management positions throughout the Continental Group, above and beyond the legal requirements in Germany.

Diversity concept
Continental counts on the diversity of its employees. The current focus of its commitment to promote diversity is on internationality and a balanced gender ratio.

The Supervisory Board also pays attention to the diversity of the composition of the Executive Board. The Executive Board does the same when appointing people to management positions. As a basic principle, the Executive Board aims to achieve a balanced ratio of domestic to international managers everywhere. The proportion of local and international managers varies according to region. In 2023, a total of around 49% of the Continental Group's managers came from countries other than Germany (PY: around 49%). Continental is also working on increasing the proportion of women in management positions. In 2023, we were able to increase this number to around 20% across the Continental Group (PY: 19%). The proportion is to be increased to 25% by 2025.

In drawing up the Executive Board's succession plan, the Supervisory Board together with the Executive Board makes use of the measures and programs to promote internationality and women in management positions, thus making it possible to identify and develop potential international candidates and female managers for positions on the Executive Board. The aim in the medium term is to use these measures to increase the diversity of the Executive Board even further.

The Supervisory Board also pays attention to the diversity of its own composition. For the Supervisory Board, diversity refers to age, gender, background and professional experience, among other things. The Supervisory Board is convinced that it will achieve diversity in its composition in particular by fulfilling the profile of skills and expertise and meeting the targets for its composition.

Management Report

The following management report is a combined management report as defined in Section 315 (5) of the German Commercial Code *(Handelsgesetzbuch – HGB)*, as the future opportunities and risks of the Continental Group and of the parent company, Continental AG, are inextricably linked.

25

Management Report

Glossary of Financial Terms

The following glossary of financial terms applies to the management report and the consolidated financial statements.

Adjusted EBIT. EBIT before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects. Special effects include, for example:

- Impairment on goodwill, other intangible assets, and property, plant and equipment
- Income and expenses from restructuring measures
- Gains and losses from disposals of companies and business operations
- Significant special effects from extraordinary events; in particular, one-off effects from acquisitions of companies and business operations (e.g. negative goodwill, purchase price refunds) or significant changes to the corporate structure (e.g. spin-off effects)

Since it eliminates one-off effects, adjusted EBIT can also be used to compare operational profitability between periods.

Adjusted EBIT margin. Adjusted EBIT as a percentage of adjusted sales. Since it eliminates one-off effects, the adjusted EBIT margin can also be used to compare operational profitability between periods and, by using a percentage value, to compare specific units.

Adjusted free cash flow. Free cash flow adjusted for acquisitions and divestments of companies and business operations. Since it eliminates one-off effects, adjusted free cash flow can also be used to compare financial strength between periods.

Adjusted sales. Sales adjusted for changes in the scope of consolidation.

American depositary receipts (ADRs). ADRs securitize the ownership of shares and can refer to one, several or even a portion of a share. ADRs are traded on US stock exchanges in the place of foreign shares or shares that may not be listed on US stock exchanges.

Capital employed. The funds used by the company to generate its sales.

Cash conversion ratio. Ratio of adjusted free cash flow to net income attributable to the shareholders of the parent.

Changes in the scope of consolidation. Changes in the scope of consolidation include additions and disposals as part of share and asset deals as well as other transactions. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.

Continental Value Contribution (CVC). The absolute amount of additional value created. The delta CVC represents the change in absolute value creation compared with the prior year. The delta CVC allows us to monitor the extent to which operating units generate value-creating growth or employ resources more efficiently.

The CVC is measured by subtracting the weighted average cost of capital (WACC) from the return on capital employed (ROCE) and multiplying this by the average operating assets for the fiscal year. The WACC calculated for the Continental Group corresponds to the required minimum return. The cost of capital is calculated as the weighted average ratio of the cost of equity and borrowing costs.

Currency swap. Swap of principal payable or receivable in one currency into similar terms in another currency. Often used when issuing loans denominated in a currency other than the functional currency of the lender.

Derivative instruments. Transactions used to manage interest-rate and/or currency risks.

Dividend payout ratio. The ratio between the dividend for the fiscal year and the earnings per share.

EBIT. Earnings before interest and tax. In Continental's financial reports, this abbreviation is defined as earnings before financial result and tax. It is the result of ordinary business activities and is used to assess operational profitability.

EBITDA. Earnings before interest, tax, depreciation and amortization. In Continental's financial reports, this abbreviation is defined as earnings before financial result, tax, depreciation and amortization. It equals the sum of EBIT; depreciation of property, plant and equipment; amortization of intangible assets; and impairment, excluding impairment on financial investments. This key figure is used to assess operational profitability.

Financial result. The financial result is defined as the sum of interest income, interest expense, the effects from currency translation (resulting from financial transactions), the effects from changes in the fair value of derivative instruments, and other valuation effects. The financial result is the result of financial activities.

Free cash flow. The sum of cash flow arising from operating activities and cash flow arising from investing activities. Also referred to as cash flow before financing activities. Free cash flow is used to assess financial performance.

Gearing ratio. Net indebtedness divided by equity. Also known as the debt-to-equity ratio. This key figure is used to assess the financing structure.

Gross domestic product (GDP). A measure of the economic performance of a national economy. It specifies the value of all goods and services produced within a country in a year.

Hedging. Securing a transaction against risks, such as fluctuations in exchange rates, by entering into an offsetting hedge transaction, typically in the form of a forward contract.

IAS. International Accounting Standards. Accounting standards developed and resolved by the IASB.

IASB. International Accounting Standards Board. Independent standardization committee.

IFRIC. International Financial Reporting Interpretations Committee (predecessor of the IFRS IC).

IFRS. International Financial Reporting Standards. The standards are developed and resolved by the IASB. In a broad sense, they also include the IAS, the interpretations of the IFRS IC or of the predecessor IFRIC as well as the former SIC.

IFRS IC. International Financial Reporting Standards Interpretations Committee.

Interest-rate swap. The exchange of interest payments between two parties. For example, this allows variable interest rates to be exchanged for fixed interest or vice versa.

Net indebtedness. The net amount of interest-bearing financial liabilities as recognized in the statement of financial position, the fair values of the derivative instruments, cash and cash equivalents, as well as other interest-bearing investments. This figure is the basis for calculating key figures of the capital structure.

Operating assets. The assets less liabilities as reported in the statement of financial position, without recognizing the net indebtedness, sale of trade accounts receivable, deferred tax assets, income tax receivables and payables, as well as other financial assets and debts. Average operating assets are calculated as at the end of the quarterly periods and, according to our definition, correspond to the capital employed.

Organic sales growth. Sales performance of a unit before changes in the scope of consolidation and exchange-rate effects. Therefore describes a unit's performance relying on its own resources.

PPA. Purchase price allocation. The process of breaking down the purchase price and assigning the values to the identified assets, liabilities and contingent liabilities following a business combination. Subsequent adjustments to the opening statement of financial position – resulting from differences between the preliminary and final fair values at the date of initial consolidation – are also recognized as PPA.

Rating. Standardized indicator for the international finance markets that assesses and classifies the creditworthiness of a debtor. The classification is the result of an economic analysis of the debtor by specialist rating companies.

Research and development expenses (net). Research and development expenses (net) are defined as expenses for research and development less reimbursements and subsidies that we received in this context.

Return on capital employed (ROCE). The ratio of EBIT to average operating assets for the fiscal year. The ROCE corresponds to the rate of return on the capital employed and is used to assess the company's profitability and efficiency.

SIC. Standing Interpretations Committee (predecessor of the IFRIC).

Tax rate. The ratio of income tax expense to the earnings before tax. It can be used to estimate the company's tax burden.

Unrestricted cash and cash equivalents. Cash and cash equivalents after the deduction of cash and cash equivalents that are subject to certain restrictions, as is the case, for example, with pledged amounts and balances in countries with foreign-exchange restrictions or other barriers to accessing liquidity. Taxes to be paid on the transfer of cash assets from one country to another are not usually considered to represent a restriction on cash and cash equivalents.

Weighted average cost of capital (WACC). The weighted average cost of the required return on equity and net interest-bearing liabilities.

Working capital. Inventories plus trade accounts receivable less trade accounts payable. Sales of trade accounts receivable are not included.

Corporate Profile
Structure of the Continental Group

Automotive, Tires and ContiTech: the three strong pillars of the Continental Group.

Organizational structure
The Continental Group is divided into four group sectors: Automotive, Tires, ContiTech and Contract Manufacturing. As of January 1, 2024, these comprise a total of 16 business areas.

A group sector or business area with overall responsibility for a business, including its results, is classified according to product requirements, market trends, customer groups and distribution channels.

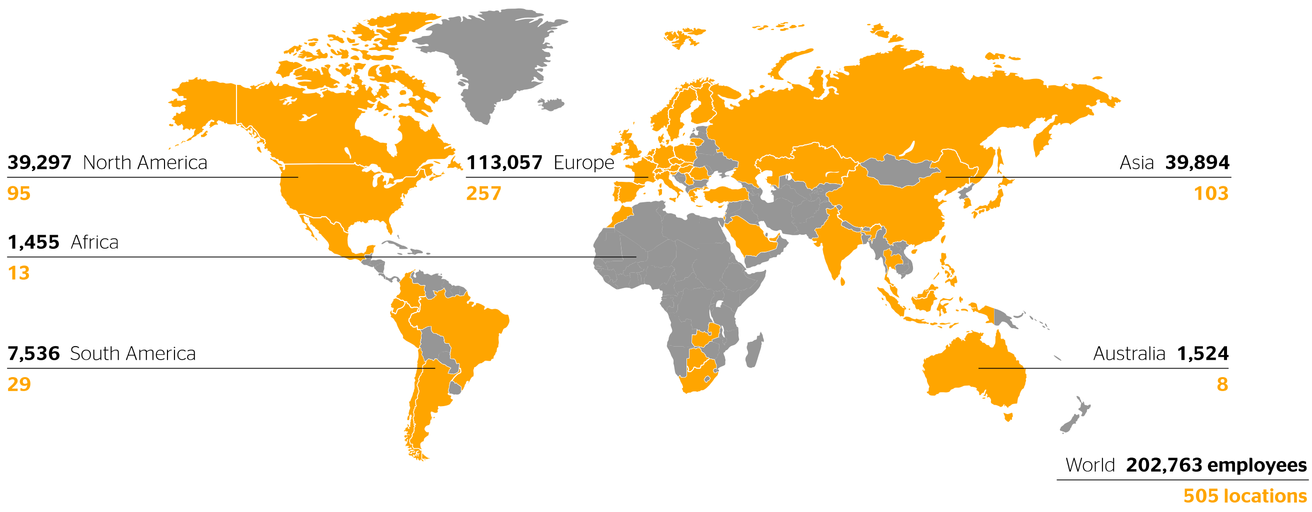
Business responsibility
Overall responsibility for managing the company is borne by the Executive Board of Continental Aktiengesellschaft (AG). The Automotive, Tires and ContiTech group sectors are each represented on the Executive Board.

The group functions of Continental AG are represented by the chairman of the Executive Board, the chief financial officer, the Executive Board member responsible for Human Relations and the Executive Board member responsible for Integrity and Law, and assume the functions required to manage the Continental Group across the group sectors. They include, in particular, Finance, Controlling, IT, Human Relations, Sustainability, Law and Intellectual Property, Internal Audit, Quality Management, and Compliance. The Group Purchasing group function is represented by the Executive Board member responsible for the Tires group sector.

Customer structure
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is our most important customer group. This industry is particularly important for the growth of the Automotive group sector. In the Tires group sector, sales to dealers and end users represent the largest share of the tire-replacement business. In the ContiTech group sector, the customer base is made up of the energy, agriculture and construction industries, interior design and the automotive and replacement businesses. In the Contract Manufacturing group sector, Vitesco Technologies constitutes the sole customer.

Companies and locations
Continental AG is the parent company of the Continental Group. In addition to Continental AG, the Continental Group comprises 457 companies, including non-controlled companies. The Continental team is made up of 202,763 employees at 505 locations for production, research & development and administration in 56 countries and markets. Added to this are distribution locations, with 865 company-owned tire outlets and a total of around 5,300 franchises and operations with a Continental brand presence.

505 locations in 56 countries and markets



Structure of the Continental Group in 2023

Continental Group

Automotive	Tires	ContiTech	Contract Manufacturing

The **Automotive group sector** offers technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio also includes innovative solutions for assisted and automated driving, display and operating technologies, audio and camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services.

The group sector is divided into five business areas as of January 1, 2024:

- Architecture and Networking
- Autonomous Mobility
- Safety and Motion
- Software and Central Technologies
- User Experience

The Smart Mobility business area was discontinued effective December 31, 2023, and since January 1, 2024, has been included in the Automotive group sector.

With its premium portfolio in the car, truck, bus, two-wheel and specialty tire segment, the **Tires group sector** stands for innovative solutions in tire technology. Intelligent products and services related to tires and the promotion of sustainability complete the portfolio. For specialist dealers and fleet management, Tires offers digital tire monitoring and tire management systems, in addition to other services, with the aim of keeping fleets mobile and increasing their efficiency. With its tires, Continental contributes to safe, efficient and environmentally friendly mobility. In the reporting year, 26% of sales in Tires related to business with vehicle manufacturers, and 74% related to the tire-replacement business. The group sector is divided into five business areas:

- Original Equipment
- Replacement APAC
- Replacement EMEA
- Replacement The Americas
- Specialty Tires

The **ContiTech group sector** focuses on development and materials expertise in products and systems made from rubber, plastic, metal and textiles, which can also be equipped with electronic components to optimize their functionality for custom service applications. ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. ContiTech also serves the automotive and transportation industries along with the railway engineering sector. In the reporting year, 48% of sales in ContiTech related to business with automotive manufacturers, and 52% to business with other industries and in the automotive replacement market.

The group sector is divided into five business areas as of January 1, 2024:

- Industrial Solutions Americas
- Industrial Solutions APAC
- Industrial Solutions EMEA
- Original Equipment Solutions
- Surface Solutions

The Advanced Dynamics Solutions, Conveying Solutions, Industrial Fluid Solutions, Mobile Fluid Systems and Power Transmission Group business areas, as they existed in this setup until December 31, 2023, have been reassigned to the three regional Industrial Solutions business areas and the Original Equipment Solutions business area.

The contract manufacturing of products by Continental companies for Vitesco Technologies is consolidated in the **Contract Manufacturing group sector**. This contract manufacturing is not intended to be a permanent situation; rather, the operational separation of production will continue to be promoted and the volume of contract manufacturing reduced. Contract Manufacturing includes one business area:

- Contract Manufacturing

Globally interconnected value creation

Research and development (R&D) took place at 95 locations in the reporting year, predominantly in close proximity to our customers to ensure that Continental can respond flexibly to their various requirements and to regional market conditions. This applies particularly to projects of the Automotive and ContiTech group sectors. In the Tires group sector, R&D is largely centrally organized, since product requirements for tires are much the same across the world. They are adapted according to the specific requirements of each market. Continental generally invests around 7% of sales in R&D each year. For more information, see the Research and Development section.

Continental processes a wide range of raw materials and semi-finished products. The purchasing volume in the reporting year was €29.1 billion in total, €19.8 billion of which was for production materials. Electronics and electromechanical components together make up around 43% of the Continental Group's purchasing volume for production materials, which are primarily used in the Automotive and Contract Manufacturing group sectors, while mechanical components account for around 20%. Natural rubber and oil-based chemicals as well as synthetic rubber and carbon black are key raw materials for the Tires and ContiTech group sectors. The total purchasing volume for these materials likewise amounts to around 20% of the total volume for production materials. For more information, see the Development of Raw Materials Markets section in the economic report.

Production and sales in the Automotive and ContiTech group sectors are organized across regions. For the Tires group sector, economies of scale play a key role when it comes to tire manufacturing. Low production costs coupled with large volumes and proximity to our customers or high rates of regional growth constitute key success factors. For this reason, manufacturing takes place at major locations in the dominant automotive markets, namely Europe, the USA and China. Tires are sold worldwide via our dealer network with tire outlets and franchises, as well as through tire trading in general.

Globally interconnected value creation

R&D	Purchasing	Production	Sales & Distribution
Innovative €2.9 billion in expenditure	**Diverse** €29.1 billion in volumes	**Global** 209 locations	**Local** €41.4 billion in sales

Strategy of the Continental Group

Continental is the mobility and material technology group for safe, smart and sustainable solutions.

In 2023, Continental announced its updated strategy for increasing value creation at its Capital Market Day in December. This will allow Continental to develop into the mobility and material technology group for safe, smart and sustainable solutions and is based on three key elements:

- Continental has a clear strategy to achieve its mid-term targets.
- The company will invest in particular in those areas with value creation upside and continuously expand its technology position in areas where it can expect to gain an edge over the competition.
- The Automotive, Tires and ContiTech group sectors make up a balanced and resilient portfolio.

These elements build upon the three strategic pillars introduced by Continental in 2020 in response to the transformation in the mobility industry and to pave the way for profitable growth. Its overall organizational structure and management processes were realigned to turn the transformation in the mobility industry into an opportunity.

- **Strengthening operational performance**
  By strengthening its operational performance, Continental can ensure its future viability and competitiveness. The company is aligning its cost structure to global market conditions.
- **Differentiating the portfolio**
  Continental continues to pursue the targeted differentiation of its product portfolio with a focus on growth and value.
- **Turning change into opportunity**
  Continental's comprehensive organizational structure helps it to seize market opportunities and translate them into profit even more quickly. Transparent structures and a high level of autonomy make the company more flexible in an increasingly complex market environment.

Continental's strategic goals are based on its vision:

CREATING VALUE FOR A BETTER TOMORROW.
OUR TECHNOLOGIES. YOUR SOLUTIONS. POWERED BY THE PASSION OF OUR PEOPLE.

"CREATING VALUE": Continental aims to create value in everything it does. This can be financial value for its shareholders as well as value for its customers, its employees and the social environment in which it operates.

"A BETTER TOMORROW": With its products and services, Continental contributes to making the world a little better. It develops and produces the mobility of tomorrow in a way that is more convenient and comfortable, safer and more sustainable. At the same time, "a better tomorrow" means acting now and not in the distant future.

"OUR TECHNOLOGIES. YOUR SOLUTIONS": Continental is a technology company and believes that it will only be able to tackle the challenges of our time by rapidly developing the right technologies. Continental's technology should help its customers make their products even better and more useful. Because Continental is customer-focused in everything it does.

"POWERED BY THE PASSION OF OUR PEOPLE": Continental stands for a certain culture. A culture of mutual respect. A culture of togetherness. And a culture of passion.

Automotive: focus on value-creating business areas with high growth

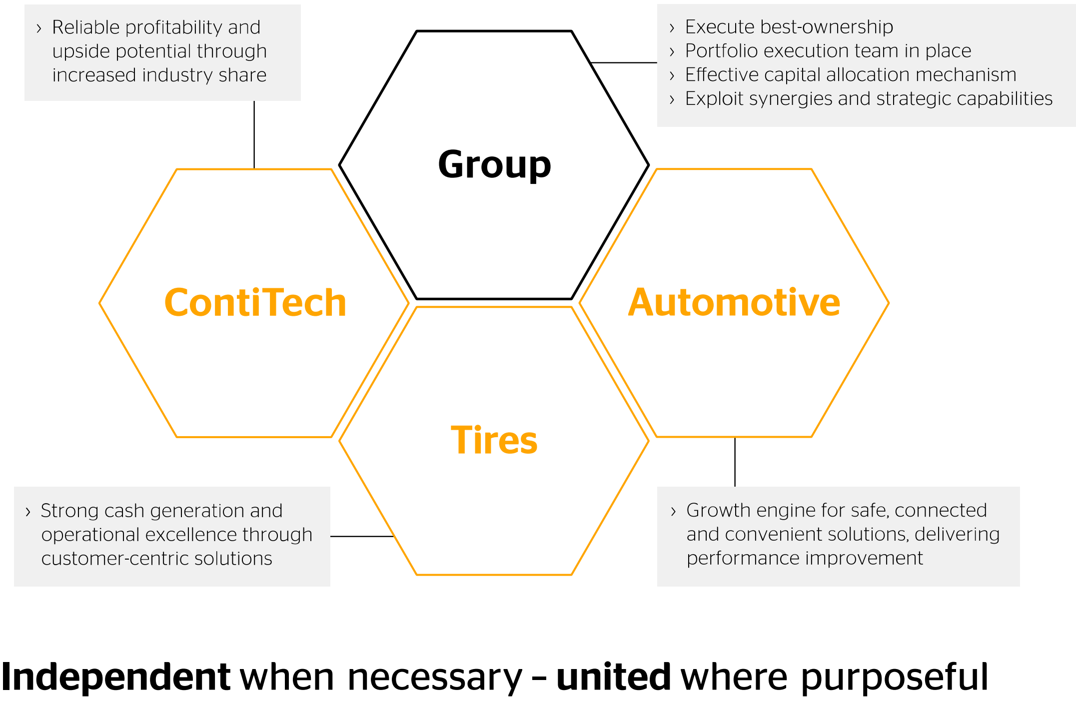
In the Automotive group sector, Continental will step up its focus on value-creating business areas with high growth. With its updated strategy, the group sector aims to increase its long-term profitability and competitiveness. The strategy is geared toward achieving a leading market position in all business areas and becoming the preferred system integrator for software-defined vehicles.

The group sector decided on a number of measures in 2023, including making the User Experience business area organizationally independent, which will open up new strategic options for this business. With sales of €3.5 billion in 2023 and a total order volume of more than €7 billion (production launch after 2022), User Experience is among the market leaders in display solutions, head-up displays and digital instrument clusters.

The Automotive group sector is also reviewing further business activities that contributed around €1.4 billion to consolidated sales in fiscal 2023. A review is therefore being carried out with a view to improving performance or selling or discontinuing these business activities.

Continental is aiming for above-average growth of 3% to 5% in the Automotive group sector compared with the market environment. This is to be achieved by improving the group sector's market share – in particular among Asian automotive manufacturers, which are growing at a disproportionate rate – increasing value creation per vehicle and adjusting prices. In addition, Continental has taken various measures to optimize operational costs and cash inflow. These include increasing efficiency in the manufacture of electronic components, reducing freight costs and optimizing inventory turnover.

2024+ Era of Execution



Independently of this, Automotive is aiming to reduce costs significantly by €400 million per year from 2025. Administrative structures, interfaces, hierarchy levels and complexity will be reduced, for example, and decision-making structures and processes simplified. Automotive is also planning to further optimize its use of research and development resources. The group sector is therefore aiming to reduce net research and development expenses in the short term to around 11% of sales (2023: 11.8%). In the medium term, the share is expected to be less than 10%. This will be achieved by consolidating its approximately 80 development locations worldwide, for example.

Tires: premium tires will continue to create opportunities for profitable growth
In the Tires group sector, Continental will continue to rely on stable earnings and operational excellence. Sustainability, electric mobility and digital tire services will also create various opportunities for further profitable growth and exceptional value creation. Over the past five years, Tires has increased its sales by an average of 4.3% annually. The basis for the group sector's commercial success is its operational efficiency. Capacity and modern production technologies are continually adapted to changing market requirements. This enables Tires to benefit from major economies of scale and scope, with more than 80% of its global production capacity bundled in so-called megafactories.

Continental already offers its most sustainable passenger car tire on the market as a production tire and is growing strongly in the area of data-based tire services. In total, it has more than 500 original equipment approvals for supplying fully electric models from automotive manufacturers worldwide, including the 10 highest-volume manufacturers of fully electric cars.

The Tires group sector sees strong growth potential in the Asia-Pacific region as well as North and South America. Based on its strategy of being in the market for the market, production capacity will therefore be expanded in these regions. The recovery of the current weak demand, particularly in the European tire-replacement business, continuous increases in efficiency, the ongoing trend worldwide toward larger and higher-performing tires as well as high cost discipline will form the basis for sales and margin increases.

ContiTech: group sector to strengthen strategic focus on industrial business
In its ContiTech group sector, Continental will focus on reliable profitability thanks to material solutions made from rubber and plastics. At the same time, the group sector will strengthen its strategic focus on the industrial business and plans to increase the share of sales accounted for by the industrial business from 52% currently to 60% in the medium term. ContiTech's ambition is to achieve an industrial share of sales of around 80%. This is to be achieved organically through greater market development and an expanded product portfolio, as well as inorganically through investments and divestments.

ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. These industrial fields place high demands on materials and products, for which the group sector is well positioned thanks to its high level of materials expertise, including for hoses, belts, conveyor belts and surfaces, as well as its diverse product portfolio.

As already announced, the Original Equipment Solutions (OESL) business area – comprising the automotive business of ContiTech, with the exception of surface materials – will also become organizationally independent. OESL is expected to become fully independent in 2025. All strategic options will be reviewed as part of this process.

Continental's strategy forms the basis for its mid-term targets
The mid-term targets are as follows:

- Based on its updated strategy, Continental aims to achieve consolidated sales of around €44 billion to €48 billion in the short term (two to three years) and around €51 billion to €56 billion in the medium term. The target for its adjusted EBIT margin is more than 8% in the short term and around 8% to 11% in the medium term. The cash conversion ratio is expected to exceed 70% in the short and medium term.

- For the Automotive group sector, Continental expects sales of around €22 billion to €24 billion in the short term and around €26 billion to €29 billion in the medium term. The adjusted EBIT margin is expected to exceed 6% in the short term and to be around 6% to 8% in the medium term. Additionally, it aims to achieve a return on capital employed (ROCE) of more than 15% in the short term and more than 20% in the medium term.

- For the Tires group sector, Continental expects sales of around €15 billion to €16 billion in the short term and around €17 billion to €18 billion in the medium term. The adjusted EBIT margin is expected to exceed 13% in the short term and to be around 13% to 16% in the medium term. It aims to achieve an ROCE of more than 20% in the short term and more than 23% in the medium term.

- For the ContiTech group sector, Continental expects sales of around €7 billion to €8 billion in the short term and around €8 billion to €9 billion in the medium term. The adjusted EBIT margin is expected to exceed 9% in the short term and to be around 9% to 11% in the medium term, assuming that the share of the industrial business is around 60%. It aims to achieve an ROCE of more than 20% in the short term and more than 22% in the medium term.

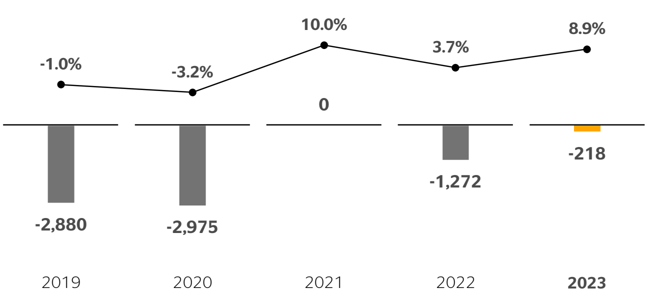
Increase in value creation
We are confident that our strategic setup, with the three group sectors mentioned above, is our path to long-term success. The three group sectors make up a balanced and resilient portfolio. Our business activities continue to be independent when necessary and united where purposeful. Together with the group functions, Automotive, Tires and ContiTech make up the mobility and material technology group for safe, smart and sustainable solutions.

Corporate Management

The goal is the sustained increase in the Continental Group's value.

Value management
Value management at Continental is focused on value creation through profitable sales growth. Key financial performance indicators are sales, the adjusted EBIT margin, capital expenditure, adjusted free cash flow and capital employed. For management purposes and to map interdependencies, we use key figures based on these financial performance indicators as part of a value-driver system. Our mid-term corporate objectives center on the sustainable enhancement of the value of each individual operating unit. This goal is achieved by generating a positive return on the capital employed that sustainably exceeds the associated equity and debt financing costs within each individual unit. Crucial to this is that the absolute contribution to value (the Continental Value Contribution (CVC)) increases year-on-year. This can be achieved by increasing the return on capital employed (with the costs of capital remaining constant), lowering the costs of capital (while maintaining the return on capital employed) or decreasing capital employed over time. The performance indicators used are earnings before income and tax (EBIT), capital employed and the weighted average cost of capital (WACC), which is calculated from the proportional weight of equity and debt costs.

Continental Value Contribution (CVC) € millions **ROCE** %



For 2021, the figures for continuing operations are shown.

EBIT is the net total of sales, other income and expenses plus income from equity-accounted investees and from investments but before financial result and income tax expense. In the year under review, EBIT for the Continental Group was €1.9 billion.

Capital employed is the funds used by the company to generate its sales. At Continental, this figure is calculated as the average of operating assets as at the end of the quarterly reporting periods. In 2023, average operating assets amounted to €20.7 billion.

The return on capital employed (ROCE) represents the ratio of these two calculated values. Comparing a figure from the statement of income (EBIT) with one from the statement of financial position (capital employed) produces an integral analysis. We deal with the problem of the different periods of analysis by calculating the capital employed as an average figure over the ends of quarterly reporting periods. The ROCE amounted to 8.9% in 2023.

The WACC is calculated to determine the cost of financing the capital employed. Equity costs are based on the return from a risk-free alternative investment plus a market risk premium, taking into account Continental's specific risk. Borrowing costs are calculated based on Continental's weighted debt-capital cost rate. Based on the long-term average, the cost of capital for our company is about 10%.

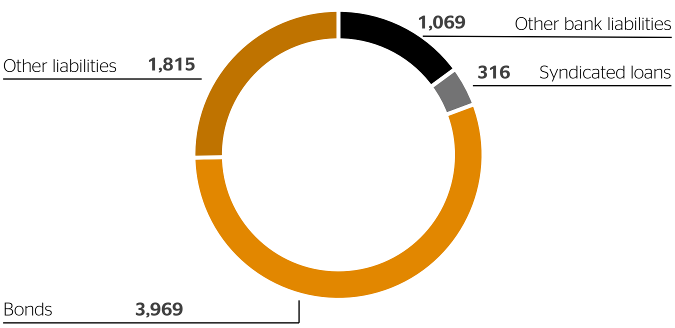
Value is added if the ROCE exceeds the WACC. We call this value added, produced by subtracting the WACC from the ROCE multiplied by average operating assets, the Continental Value Contribution (CVC). In 2023, the CVC amounted to -€217.6 million.

ROCE by group sector (%)	**2023**	2022
Automotive	-0.6	-11.1
Tires	22.9	23.0
ContiTech	11.6	5.1
Contract Manufacturing	1.1	1.5
Continental Group	**8.9**	**3.7**

Financing strategy
Our financing strategy aims to support the value-adding growth of the Continental Group while at the same time complying with an equity and liabilities structure adequate for the risks and rewards of our business.

The Finance & Treasury group function provides the necessary financial framework to finance corporate growth and secure the long-term existence of the company. The company's annual investment requirements are likely to continue to range from 6% to 7% of sales in the coming years.

Composition of gross indebtedness (€7,170 million)



Our goal is to finance ongoing investment requirements from the operating cash flow. Other investment projects, such as major acquisitions, should be financed from a balanced mix of equity and debt depending on the ratio of net indebtedness to equity (gearing ratio) and the liquidity situation to achieve constant improvement in the respective capital market environment. In general, the gearing ratio should be below 40% in the coming years. If justified by extraordinary financing reasons or specific market circumstances, we can rise above this ratio under certain conditions. The equity ratio should exceed 30%. In the reporting year, the equity ratio was 37.4% and the gearing ratio 28.6%.

Gross indebtedness amounted to €7,170.3 million as at December 31, 2023. Key financing instruments are the syndicated loan with a revolving credit line of €4.0 billion that has been granted until December 2026, and bonds issued on the capital market. Our gross indebtedness should be a balanced mix of liabilities to banks and other sources of financing on the capital market. For short-term financing in particular, we use a wide range of financing instruments. As at the end of 2023, this mix consisted of bonds (55%), a syndicated loan (4%), other bank liabilities (15%) and other indebtedness (25%) based on gross indebtedness. The syndicated loan that was renewed ahead of schedule in December 2019 consists of a revolving tranche of €4.0 billion and has an original term of five years. The margin for the loan will also depend on the Continental Group's sustainability performance. If the Continental Group achieves the performance improvements in sustainability as set out in detail in the loan agreement, this will reduce the margin; non-achievement will result in a margin increase. Continental has exercised two options, each extending the term of the loan by one year. This ensures the financing commitment of the banks until December 2026.

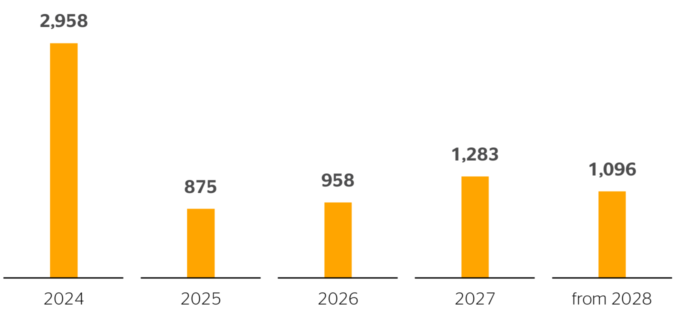
The company strives to have at its disposal unrestricted liquidity of about €1.5 billion. This is supplemented by committed, unutilized credit lines from banks in order to cover liquidity requirements at all times. These requirements fluctuate during a calendar year owing in particular to the seasonal nature of some business areas. In addition, the amount of liquidity required is also influenced by corporate growth. Unrestricted cash and cash equivalents amounted to €2,683.4 million as at December 31, 2023. There were also committed and unutilized credit lines of €4,569.1 million.

As at December 31, 2023, €316.3 million of the revolving credit line of €4.0 billion had been utilized. Around 55% of gross indebtedness is financed on the capital market in the form of bonds. The interest coupons vary between 0.231% and 4.000% p.a. In 2023, Continental redeemed two maturing bonds in the amounts of €500.0 million and €750.0 million. In conjunction with this, and in order to optimize the maturity profile of its indebtedness, Continental issued two new bonds in June and August 2023. One bond with a volume of €750.0 million and a term of five years and a second bond with a volume of €500.0 million and a term of three and a half years were placed with investors. Both bonds have an interest rate of 4.000% p.a. In addition to the forms of financing already mentioned, there were also bilateral credit lines with various banks in the amount of €1,982.0 million as at December 31, 2023. Continental's corporate financing instruments currently also include sale-of-receivables programs and commercial paper programs. As in the previous year, Continental had two commercial paper programs in Germany and the USA in 2023. Neither of these two programs had been utilized as at the end of 2023.

Maturity profile

Continental strives for a balanced maturity profile, particularly with respect to its capital market liabilities, in order to be able to repay the amounts due each year from free cash flow as far as possible. Aside from short-term indebtedness, most of which can be rolled on to the next year, two bonds in the amounts of €625.0 million and €100.0 million, respectively, will mature in 2024. The other bonds issued in the period from 2019 to 2023 require repayments of €600.0 million in 2025, €750.0 million in 2026, €1,125.0 million in 2027 and €750.0 million in 2028.

Maturities of gross indebtedness (€7,170 million)



Continental's credit rating unchanged

In the reporting period, Continental AG was rated by the three rating agencies Standard & Poor's, Fitch and Moody's, each of which maintained their investment-grade credit ratings in 2023. The rating outlook from Standard & Poor's improved in March 2023 from negative to stable. The most recent rating adjustment took place in spring 2020, when all three rating agencies adjusted their long-term credit rating downward by one notch. Our goal remains a credit rating of BBB/BBB+.

Credit rating for Continental AG

	December 31, 2023	December 31, 2022
Standard & Poor's[1]		
Long-term	BBB	BBB
Short-term	A-2	A-2
Outlook	stable	negative
Fitch[2]		
Long-term	BBB	BBB
Short-term	F2	F2
Outlook	stable	stable
Moody's[3]		
Long-term	Baa2	Baa2
Short-term	P-2	P-2
Outlook	stable	stable

1 Contracted rating since May 19, 2000.
2 Contracted rating since November 7, 2013.
3 Contracted rating since January 1, 2019.

Research and Development

Continental is developing the new horsepower for the mobility of the future.

Continental is leading the way with its technology solutions for the new era of mobility. These range from innovative, high-performance computers and solutions for the rapid, cost-efficient implementation of digital mobility to sustainable vehicle interiors of the future and environmentally friendly tires that enhance energy efficiency when driving. Continental's technology portfolio extends from the road to the cloud. The shift from hardware-based mechatronic products to more software-driven solutions is well underway, and we are helping to shape this new era with our proven expertise in software-driven mobility. A large number of new cars worldwide are already fitted with hardware and software solutions from Continental – ensuring safety, convenience and sustainability.

Continental and Aurora partnership for commercially scalable autonomous trucking systems
The technology companies Continental and Aurora entered into an exclusive partnership in April 2023. Together, they will deliver the first commercially scalable generation of Aurora's integrated hardware and software system – the Aurora Driver – in the USA. The SAE (Society of Automotive Engineers) Level 4 system will be available to carriers and commercial fleet operators across the USA to help reduce costs to facilitate broader adoption. Production is set to commence in 2027.

In order to industrialize the Aurora Driver, Continental will bring its decades of experience in the field of system development for safe and reliable vehicle solutions to the partnership. Continental will contribute not only the entire hardware system, but also a new fallback system. This ensures, in the unlikely event of a malfunction of the autonomous primary system, that the driverless truck's fallback system will safely take over and safely drive to the nearest safe location. In addition, Continental will take care of the entire life cycle of the supplied autonomous hardware solutions for the Aurora Driver, from the production line all the way through to decommissioning.

Continental and Google Cloud equip cars with generative artificial intelligence (AI)
Continental announced a partnership with Google Cloud at IAA Mobility in September 2023. Together, the two companies will equip cars with artificial intelligence (AI), making Continental one of the first automotive suppliers to integrate Google Cloud capabilities directly into vehicle computers – allowing drivers quite literally to "talk" with their vehicles. No matter if drivers, for example, need helping find the right tire pressure when the car is fully loaded or want to know more about local places of interest at their destination or along their route, the generative AI gathers the required information and answers the driver's questions. The two companies each bring their respective expertise to the partnership, namely in automotive, software, artificial intelligence and cloud computing.

With this technology, Continental is offering yet another building block from the road to the cloud and expanding the instrumentation, entertainment and driver assistance functions already integrated into its high-performance computer for smart cockpits (Smart Cockpit HPC). This, in turn, cuts the development time and effort, complexity and cost for automotive manufacturers. The Smart Cockpit HPC combines user experience and system performance, while meeting customer requirements for typical cockpit designs featuring driver and center displays. The pre-integrated functionality reduces costs, which ultimately results in fast time to market – from order to start of production in just 18 months.

Continental and Synopsys accelerate software development
Continental and Synopsys are accelerating the development and validation of software features and applications for the software-defined vehicle. The companies have teamed up to develop advanced virtual prototyping solutions for virtual electronic control units (vECUs), combining the virtual prototyping of Synopsys with Continental's cloud-based development framework, Automotive Edge (CAEdge). The result is a digital twin that helps automotive manufacturers simplify software development and get their product to market faster.

Continental and DeepDrive develop wheel hub drive with integrated brake
In October 2023, Continental entered into a strategic partnership with Munich-based high-tech firm DeepDrive to develop core technologies for electric vehicles. As an initial milestone, the two companies are jointly developing a combined unit comprising drive system and brake components that will be mounted directly on a vehicle's wheel. DeepDrive specializes in developing efficient electric motors and has extensive experience in large-scale automotive production. Continental, for its part, will contribute its technological know-how in brake systems and its expertise in industrializing innovative technologies.

Research and development expenses (net)	2023 € millions	2023 % of sales	2022 € millions	2022 % of sales
Automotive[1, 2]	2,384.8	11.8	2,273.1	12.4
Tires[1]	336.0	2.4	320.8	2.3
ContiTech[1]	175.1	2.6	169.2	2.6
Contract Manufacturing[1]	0.0	0.0	0.1	0.0
Consolidation	0.0	–	-0.2	–
Continental Group[1, 2]	**2,896.0**	**7.0**	**2,762.9**	**7.0**
Capitalization of research and development expenses	**17.6**		**24.4**	
in % of research and development expenses[1, 2]	0.6		0.9	
Depreciation on research and development expenses	**50.4**		**46.4**	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

Continental starts production of its most sustainable tire to date and presents concept tire Conti CityPlus
In mid-2023, Continental started production of the UltraContact NXT, its most sustainable production tire to date, at its plant in Lousado, Portugal. Comprising up to 65% renewable, recycled and mass balance-certified materials, the tire combines a high share of sustainable materials with maximum safety and performance. All sizes have the highest possible rating ("A") of the EU tire label in terms of rolling resistance, wet braking and exterior noise.

Continental unveiled its new Conti CityPlus concept tire at IAA Mobility in Munich in September 2023. The new tire technology reduces energy consumption by up to 10%, meaning lower CO_2 emissions for cars with combustion engines and longer ranges for electric vehicles. This is achieved by optimizing tire behavior during stop-and-go urban traffic, which can extend a car's range by up to 3%. This corresponds to a saving of 0.6 kWh per 100 kilometers for electric vehicles.

Continental named preferred tire partner of automotive manufacturers worldwide for electric and combustion engine vehicles
For more than a decade, Continental has been optimizing its tires to achieve lower rolling resistance, reduce rolling noise and increase service life – without compromising on safety. All passenger car tires of the Continental brand meet the requirements of electric vehicles, while at the same time they are able to sustainably reduce the emissions of combustion engine vehicles. This strategy is paying off, with the 10 highest-volume manufacturers of fully electric cars currently putting their trust in Continental's technological expertise for their original equipment. Since last year, Chinese vehicle manufacturer BYD has been equipping its Seal electric sedan for the Chinese market with the Continental SportContact 7 and factory-fitting it with the Continental EcoContact 6 Q for global export.

Continental is the preferred tire partner of Mercedes-Benz in the Asia-Pacific region, comprising China, Australia, Malaysia and Indonesia. On top of this, the existing partnership in India has been extended.

Tires bearing the label "MO" ("Mercedes-Benz Original") on the sidewall mean that they have been specially approved by Mercedes-Benz and meet strict requirements and standards. They are tailored specifically to the respective Mercedes-Benz vehicle model. Continental has fitted the automotive manufacturer's entire portfolio with its tires, from the A-Class to the GLS-Class. In Europe and in the Asia-Pacific region, these include the SportContact, EcoContact and PremiumContact tire lines. In the Americas region, most notably in the USA and Canada, they also include the ProContact range.

Continental enables digital tire monitoring in real time
Since 2023, Continental has been offering an entry-level solution that streamlines the process for outfitting fleets with digital tire management. The new valve cap sensor supplies data on the condition of a vehicle's tires, independent of the manufacturer, in a way that is straightforward, saves time and makes sure tires are running at their optimum performance. This results in greater fuel efficiency and longer tire life. In addition, the new sensor bolsters Continental's "Lowest Overall Driving Costs" (LODC) concept, through which Continental helps fleet operators manage their fleets more safely, sustainably and cost-efficiently.

The valve cap sensor is screwed directly onto a bus, truck or trailer's tire valve, from where it measures the tire pressure in real time. The sensor is compatible with commercial-vehicle tires of all established manufacturers and autonomously links up to ContiConnect receiver units. Deviations from the target condition are recorded via the tire management platform of the same name and forwarded to users. A QR code on the valve cap sensor makes it easy to assign the sensor to the respective tire position, meaning there is no need for a special reader to determine the position; instead, this is done via a mobile device using the ContiConnect on-site app.

Continental also supplies relevant tire data in real time for the digital tire monitoring of truck trailers. New telematics units mean that tire data from truck trailers can continue to be received and delivered to the ContiConnect 2.0 tire management system even when parked, whereas before this was only possible while driving. Thanks to digital tire control, information on the trailer tires' fill level and temperature can be consulted at any time. An integrated battery ensures daily measurement values can be sent for up to 28 days without an external power source. In this way, ContiConnect Live helps to reduce tire-related downtime. Tires can be maintained more proactively, keeping vehicles in roadworthy condition. On top of this, real-time status updates and warning signals increase efficiency and reduce labor and maintenance costs. ContiConnect Live additionally offers track-and-trace functionality using GPS data that shows the precise location of vehicles in the system at all times. Since July 2023, digital tire monitoring has also been available for free-standing truck trailers in multiple markets worldwide.

Continental to start testing tires for customers in a driving simulator

In November 2023, Continental commissioned its new driving simulator for tires, which effective immediately will be used for new developments and advancements, especially in the tire original equipment business. This was preceded by an intensive trial phase spanning approximately 12 months. Virtual tests save raw materials and shorten the development time for tires. The high-tech system, known as a driver-in-the-loop (DIL) simulator, calculates the exact driving dynamics parameters of the tires and the respective test vehicle. The simulator is highly flexible and can give Continental's test drivers subjective driving impressions that are comparable with those gained from tire tests on a real test track.

The simulator can test tires for all vehicle and drive system variants, for both passenger cars and commercial vehicles, for electric and hybrid vehicles and for vehicles with combustion engines. The decisive advantage is that the tire parameters can be adjusted digitally at any time, meaning test drives can be repeated at short intervals and subjective driving impressions compared directly with one another. Equipped with a large motion platform (four meters long, five meters wide) and a maximum acceleration of 12 meters per second, test drivers experience all six degrees of freedom – just like in a real vehicle on a physical test track. These include longitudinal and lateral movements, the stroke movement and the yaw, pitch and roll of a vehicle.

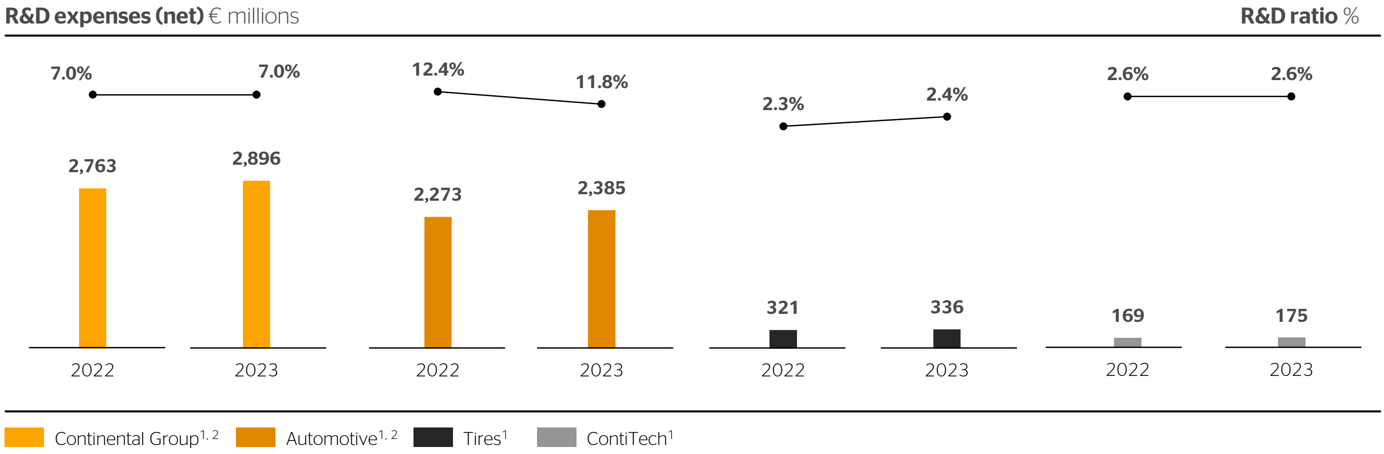
Continental presents the vehicle interior of the future with its sustainable SPACE D design concept

With its new SPACE D concept, Continental gives a glimpse into the future of vehicle interior design, one that is shaped by electric mobility and autonomous driving. Continental is bringing the living room to the automotive interior, while placing the focus firmly on comfort, convenience and sustainability.

Many of the applied surface solutions have been engineered in line with the three defined pillars of sustainability – economy, ecology and social responsibility. Up close, the individual surfaces of SPACE D really catch the eye. With the functional dimension of surfaces gaining in importance, SPACE D employs a number of proven and patented technologies, such as heatable (for direct, fast and very precise heating), staynu (extremely resistant to dirt) and laif (breathable, comfortable, passive temperature control and acoustically effective).

Continental opens TechCenter for hydrogen technologies in Hamburg

In July 2023, Continental opened a new TechCenter for hydrogen technologies at its location in Hamburg-Harburg. Going forward, the ContiTech group sector will use the TechCenter as a collaborative platform for sharing and exchanging knowledge in this area, with a focus on promoting innovations and the transfer of existing technical solutions to new applications in hydrogen technology. The aim is to bring together experts from different fields and industries, whose task it will be to identify technical, regulatory and infrastructural challenges along the entire hydrogen value chain and develop overarching approaches and solutions that meet these needs.



1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

Sustainability and Combined Non-Financial Statement
Information on Reporting

The following section constitutes the combined non-financial statement in accordance with Sections 315b and 315c in conjunction with Sections 289b to 289e of the German Commercial Code *(Handelsgesetzbuch – HGB)*, for the Continental Group and Continental AG, for fiscal 2023.

It contains, in a separate section, the information that needs to be disclosed for fiscal 2023 in accordance with Art. 8 of EU Taxonomy Regulation 2020/852 in conjunction with Art. 10 (2) of Delegated Regulation 2021/2178.

The independent auditor's report also covers the combined non-financial statement and can be found starting on page 116.

Use of a Framework

No individual framework was used for the preparation of the combined non-financial statement. Continental sees the full implementation of an individual framework as inappropriate, in particular due to the definitions of materiality, which deviate from the *HGB*. However, individual reporting elements such as the preparation of individual indicators are aligned with existing reporting standards, as indicated accordingly in the relevant text passages.

Material Reporting Topic Areas

The Executive Board of Continental adopted a sustainability ambition in autumn 2020 on the basis of a survey of customers, investors and employees, among others. For the combined non-financial statement, the topic areas included in the ambition were assessed as to their materiality in accordance with Section 289c (2) *HGB*. To this end, they were analyzed in terms of risks and opportunities for the company and their effects on non-financial matters. As a result, the following eight topic areas were identified as reporting topic areas: carbon-neutrality, emission-free mobility and industry, circular economy, responsible value chain, good working conditions, green and safe factories, benchmark in quality, and sustainable management practice. By managing these topics, the key transformation opportunities and risks related to sustainability are addressed. The reporting topic areas remained valid for fiscal 2023 and were approved by the Executive Board.

An overview of the reporting topic areas and their correlation with non-financial aspects can be found in the following table:

Continental sustainability ambition topic areas		**Material reporting topic areas for the non-financial statement in accordance with Sections 315b and 315c *HGB* in conjunction with Sections 289b to 289e *HGB***	**Allocation of material reporting topic areas to non-financial aspects in accordance with Section 289c (2) *HGB***
Four focus areas[1]	Carbon neutrality	X	Environmental matters
	Emission-free mobility and industry	X	Environmental matters
	Circular economy	X	Environmental matters
	Responsible value chain	X	Environmental matters, employee matters, social matters, respect for human rights
Eight essentials[2]	Good working conditions	X	Employee matters, respect for human rights
	Green and safe factories	X	Environmental matters, employee matters, respect for human rights
	Innovations and digitalization		–
	Benchmark in quality	X	Environmental matters, social matters
	Safe mobility		–
	Long-term value creation		–
	Sustainable management practice	X	Anti-corruption and bribery matters, employee matters
	Corporate citizenship		–

1 For our four focus areas, we are committed to achieving our strong, visionary ambitions by 2050 at the latest, together with our partners along the value chain.
2 Our eight sustainability essentials are at the core of our sustainability management.

Presentation of the Business Model and Risks

The required information on the business model can be found in the Structure of the Continental Group section starting on page 28 and in the Strategy of the Continental Group section starting on page 31. Information on risks can be found in the report on risks and opportunities starting on page 93. Beyond this, no additional risks in relation to non-financial topic areas were identified pursuant to Section 289c (3) *HGB*.

Presentation of Concepts, Results and Performance Indicators

In accordance with the *HGB*, the performance indicators are not the most significant corporate management indicators, which means that they are not required to be integrated into the report on expected developments.

References

Wherever necessary for comprehension, the combined non-financial statement contains references to amounts reported in the consolidated financial statements, including notes.

References to information in other sections of the management report and the consolidated financial statements are officially part of this combined non-financial statement. References to information outside of the management report and the consolidated financial statements are not officially part of this combined non-financial statement.

Full Sustainability Reporting

Full sustainability reporting on all relevant topic areas for the Continental sustainability ambition can be found in the integrated sustainability report. This consolidates the information from the combined non-financial statement, the consolidated management report, the consolidated financial statements and other sources, as well as further supplementary information, in a modular format.

The integrated sustainability report is scheduled to be published in April 2024 and will be available online at www.continental.com-/sustainability/reporting.

Sustainability Management in the Continental Group

Ambition, Strategy and Program

Sustainability is a driver of innovation for Continental during the current transformation of mobility and industry, and is thus firmly anchored in its corporate strategy in the cornerstone of "turning change into opportunity." Sustainability is also a key component in our vision of "CREATING VALUE FOR A BETTER TOMORROW."

In the Continental Group's sustainability ambition, we describe how we want to shape this transformation in the relevant topic areas with respect to sustainability in order to seize transformation opportunities and mitigate transformation risks. Along with the relevant guidelines, this sustainability ambition brings together existing strategies, programs and processes, as well as their further development. The specific ambitions, strategies, programs and processes are presented in the following sections for the reporting topic areas of the combined non-financial statement. The entire ambition can be found online at www.continental-sustainability.com.

Management, Organization and Responsibilities

Within the Executive Board, the Executive Board member for Group Human Relations (director of Labor Relations) and Group Sustainability is responsible for sustainability. Sustainability management within the Continental Group is regulated by a dedicated internal sustainability policy.

The Group Sustainability group function is further supplemented by sustainability functions in the group sectors as well as coordinators in several business areas and countries. The sustainability functions in the group sectors and in the Continental Group were further expanded and strengthened over the course of 2023. The Group Sustainability Steering Committee is responsible for assessing interdepartmental issues, weighing up opportunities and risks and discussing relevant Executive Board decisions in advance. In fiscal 2023, it consisted of the entire Executive Board, the heads of the sustainability functions at corporate level and group sector level as well as the heads of other relevant group functions. The committee is chaired by the Executive Board member for Group Human Relations (director of Labor Relations) and Group Sustainability and managed by the head of the Group Sustainability group function. Some of the group sectors have their own interdepartmental sustainability committees, which are coordinated by the relevant sustainability functions.

The sustainability performance indicators are consolidated in the Continental Group's sustainability scorecard, which is approved annually by the Group Sustainability Steering Committee on behalf of the Executive Board. The scorecard is based on defined quality criteria for the indicators, is continuously developed further and establishes the formal basis for integrating sustainability into other corporate processes.

The topic of sustainability is also an integral part of the Continental Group's strategy development. Significant investments must be reviewed and assessed as to their contribution to sustainability as a standard part of the approval process. For the Automotive, Tires and ContiTech group sectors, detailed roadmaps for the implementation of sustainability ambitions in the relevant topic areas are under development.

Remuneration

The Executive Board, senior executives and executives worldwide are measured against the achievement of sustainability goals. Long-term remuneration components (long-term incentive – LTI) are thus also linked to sustainability aspects. The LTI plans are updated on an annual basis. For more information, see the remuneration report on our website under Company/Executive Board.

Cultural Change

To continue to support cultural change in the organization, we stepped up internal communication with respect to sustainability in fiscal 2023, held numerous events and further integrated the topic into key internal event formats for managers. These events included the Global Sustainability Conference held in Hanover in 2023, which was attended by Continental employees from around the world as well as invited guests from outside the company.

Development of Material Topic Areas

Carbon Neutrality

Our ambition
As set out in our sustainability ambition, we strive for 100% carbon neutrality along our entire value chain (products, operations and supply) by 2050 at the latest, together with our partners along the value chain.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept
We have set ourselves the corporate target of achieving carbon neutrality throughout our production processes. In terms of Scope 1 and market-based Scope 2 CO_2 emissions in accordance with the Greenhouse Gas (GHG) Protocol, we aim to be carbon-neutral by 2040 (2040 climate goal).

The corporate target of carbon neutrality throughout our production processes is managed by the Group Environmental and Climate Protection group function as part of the corporate roadmap for decarbonization. The group sectors are each responsible for the implementation of appropriate programs and must report on this internally on a regular basis.

Together with the group sectors, the "Decarbonization Roadmap 2040" group project team has set clear interim targets for each group sector and defined two key steps:

- 100% procurement of electricity from renewable sources (Scope 2), which has already been implemented since 2020.
- 100% carbon neutrality for remaining energy consumption by 2040 (Scopes 1 and 2), through
  - the reduction of CO_2 emissions by means of energy efficiency projects
  - the substitution of fossil fuels
  - the neutralization of unavoidable CO_2 emissions

We have set ourselves the interim target of reducing our own emissions to 0.7 million metric tons of CO_2 by 2030. This represents a further reduction of more than 20% compared with 2023.

Continental has introduced an internal CO_2 pricing system for decisions regarding investments that affect Scope 1 and Scope 2 emissions. This shadow price has been set on the basis of current and projected future market prices for CO_2 and a comparison with other prices. It is reviewed on a regular basis. The goal of this mechanism is to support the group sectors in achieving their CO_2 reduction targets and further improve our environmental performance. The shadow price applies worldwide to the entire Continental Group. Scope 1 and market-based Scope 2 CO_2 emissions have also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. For more information, see the remuneration report on our website under Company/Executive Board.

In terms of Scope 3 CO_2 emissions in accordance with the GHG Protocol, we aim to achieve carbon neutrality by 2050 at the latest in line with our sustainability ambition. To this end, we have identified various levers throughout the value chain. These relate to the use phase of our products, coupled with the global shift toward emission-free mobility and industry; product design and the conversion of materials used to renewable and recycled materials; as well as a general transition to circular processes.

For more information on our concepts in this respect, see the sections on emission-free mobility and industry and circular economy in this combined non-financial statement.

It will also be necessary to increase the use of green electricity along the supply chain. The Business Partner Code of Conduct was expanded accordingly with a view to carbon neutrality in 2021 and reviewed in fiscal 2023. The implementation of carbon neutrality throughout the value chain is managed in the individual group sectors, each of which is responsible for taking appropriate measures. In addition, achieving carbon neutrality throughout our value chains requires joint sustainability efforts with customers, suppliers and other partners.

The Continental Group's 2040 climate goal and ambition for 2050 were reviewed by the Science Based Targets initiative (SBTi) in 2020. On the basis of the method used, the linear derivations for 2030 were validated and confirmed as being compliant with the Paris climate agreement. The derived absolute emission reductions for Scope 1 and Scope 2 are set to keep us on track for the 1.5°C pathway.

With Net|Zero|Now – our immediate action program for climate change mitigation – we also offer customers and the Continental group sectors an additional building block to support their individual climate strategies. The program is offered for the business with emission-free and combustion-engine vehicles as well as the industrial business, and is also used internally, for example, at events. Continental is working with partners on certified ecosystem restoration, especially on reforestation projects, to remove CO_2 from the atmosphere and ease the global CO_2 budget by means of negative emissions. To this end, Continental has defined its own quality criteria, beyond the requirements for the respective register. The defined CO_2 removals are calculated individually within the group sectors. The amount of negative emissions used under Net|Zero|Now is determined and documented accordingly within the group sectors. Continental has purchased a quota of certified projects. Appropriate certificates are issued to Continental in stages and subsequently deleted from the register. A systematic process is then in place at corporate level to ensure that appropriate issued and deleted certificates are available for the amount used by the group sectors in the respective fiscal year and that these are not used more than once in the internal allocation across fiscal years and group sectors.

Results of the concept
Total own CO_2 emissions (Scopes 1 and 2) amounted to 0.89 million metric tons of CO_2 in fiscal 2023 (PY: 0.99 million metric tons of CO_2). These are calculated as the sum of Scope 1 and market-based Scope 2 CO_2 emissions. The decrease in direct CO_2 emissions (Scope 1) in fiscal 2023 is attributable, among other things, to energy efficiency and substitution measures aimed at reducing fossil fuel consumption and to some degree also to a decline in production volumes. CO_2 emissions here correspond to CO_2 equivalents (CO_2e).

Following the switch to green electricity for reported energy consumption in fiscal 2020, Continental's total CO_2 emissions (Scopes 1 and 2) have been reduced by 70% compared with fiscal 2019, as this green electricity produces no CO_2 emissions. Appropriate green energy attribute certificates were purchased for the full volume of reported purchased electricity not already covered by other instruments (such as green electricity contracts, power purchase agreements or self-generated electricity from renewable sources). Due to national register processes, not all deletions of energy attribute certificates were available for small residual quantities at the time the report was prepared. The reported market-based Scope 2 emissions were as a result of purchased steam and district heating.

Carbon neutrality performance indicators[1]	2023[2]	2022[2]
Direct CO_2 emissions (Scope 1) in millions of metric tons of CO_2[3]	0.69	0.76
Indirect CO_2 emissions (Scope 2) in millions of metric tons of CO_2[4]	0.21[5]	0.23
Total own CO_2 emissions (Scopes 1 and 2) in millions of metric tons of CO_2[3]	**0.89**	**0.99**

1 Definitions in accordance with the GHG Protocol. Scope 1 includes emissions from the burning of fossil fuels as part of Continental's own processes, and Scope 2 includes emissions from purchased electricity, steam and heat. CO_2 emission factors correspond to CO_2 equivalents (CO_2e).
2 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.
3 Excluding emissions from refrigerants.
4 Calculated using the market-based calculation method of the GHG Protocol. Where contract-specific emission factors were not available, the standard emission factors from Defra (September 2023) were used.
5 The location-based calculation method of the GHG Protocol (without taking green electricity into account) produces a value of 1.46 million metric tons of CO_2 for Scope 2 emissions.

Negative emissions were used again within the Net|Zero|Now program in 2023. Their volume declined to 1.6 thousand metric tons of CO_2 in the reporting year (PY: 27.6 thousand metric tons of CO_2) in the wake of significantly lower demand. The negative CO_2 emissions used took the form of voluntary carbon credits. These certificates were obtained solely from reforestation and afforestation projects and in fiscal 2023 and in previous years were deleted exclusively for Continental in the Gold Standard, VCS, American Carbon Registry and Climate Action Reserve registries.

In February 2024, global non-profit organization CDP (formerly operating as the Carbon Disclosure Project) raised Continental's climate change mitigation rating from A- to A based on its reported data.

For more information on carbon neutrality, including reporting on indirect CO_2 emissions along the value chain (Scope 3 of the GHG Protocol), see the integrated sustainability report on our website at www.continental-sustainability.com.

Emission-free Mobility and Industry

Our ambition
As set out in our sustainability ambition, we strive for 100% emission-free mobility and industry by 2050 at the latest, together with our partners along the value chain. "Emission-free" refers to zero emissions of greenhouse gases and nitrogen oxides (NO_x), for example. It does not include harmless emissions such as steam, non-toxic, biodegradable particle emissions or minimal noise emissions.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept
Continental is shaping the transformation toward emission-free mobility and industry with customer-oriented solutions, such as for electric mobility, emission-free railway engineering, bicycles and wind turbines. In doing so, we rely both on new product developments and on the further development of our existing product portfolio. Components, software and products from Continental can be found in a wide range of electric vehicles, for example – from tires to high-performance computers and interior surfaces. For current examples of innovative products and systems from Continental, see the Research and Development section of this annual report.

The respective group sectors and business areas are responsible for implementing this sustainability ambition, particularly with regard to portfolio development, product strategies and business models, and are supported by the group functions of the Continental Group. To this end, relevant aspects have been and will continue to be incorporated in portfolio analyses, and are included in the strategy and business development processes for the group sectors and business areas.

For the implementation of our concept with respect to emission-free mobility and industry, we record our allocated business with zero-tailpipe-emission vehicles as a performance indicator. Clearly allocated sales are recorded. In terms of vehicles, these include sales of tires, displays, sensors, electronic control units, artificial leather and hoses for emission-free passenger cars and trucks, as well as air springs for emission-free trains and trams.

In fiscal 2022, Continental reported the performance indicator of allocated low-carbon business beyond business with zero-tailpipe-emission vehicles. The highest share of this indicator was accounted for by the replacement business with highly efficient tires with low rolling resistance. In view of the ongoing uncertainty about how tires and various industrial businesses can be classified as low-carbon business under the various regulations (e.g. EU Taxonomy), Continental decided to discontinue reporting on allocated low-carbon business beyond business with zero-tailpipe-emission vehicles in fiscal 2023 and to develop a new reporting approach going forward.

Results of the concept

In fiscal 2023, the allocated business with zero-tailpipe-emission vehicles amounted to €2,244 million (PY: €1,657 million). The year-on-year growth is attributable in particular to the growing market success of electric mobility, since Continental's products can now be found in many mass-produced models.

Emission-free mobility and industry	**2023**	2022
Allocated business with zero-tailpipe-emission vehicles in millions of euros[1, 2]	2,244	1,657

1 Definition: allocated business with zero-tailpipe-emission vehicles comprises all business with products for vehicles transporting goods and people.
2 The business can be allocated via the vehicle manufacturer, the vehicle platform or the product specification, for example. The data includes both pure business and attributable business, such as in the case of combined vehicle platforms. For the Tires, ContiTech and Contract Manufacturing group sectors, the sales reported at the end of the year were included. In the case of the Automotive group sector, a calculation was carried out for passenger cars and light commercial vehicles using internal, vehicle-specific planning data for sales and external data for production quantities, and for medium and heavy commercial vehicles this was based on the relevant customer portfolio.

For more information on emission-free mobility and industry, see the integrated sustainability report on our website at www.continental-sustainability.com.

Circular Economy

Our ambition

As set out in our sustainability ambition, we strive for 100% closed resource and product cycles by 2050 at the latest, together with our partners along the value chain.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept

The switch to a circular economy is a profound and complex transformation process for Continental, which at the same time is highly relevant for the achievement of other topic areas of the company's sustainability ambition. The group sectors are responsible for implementing circularity, in particular with respect to product design, business models, material use and material procurement. They have each started to design and/or implement specific initiatives and projects that are aimed at improving the use of product-related, technological and biological cycles. In addition, work is continuously being done on the durability, recyclability and adaptability of products. To cite some examples:

- In the reporting year, the Automotive group sector become a partner of the international CIRC-UITS project (Circular Integration of independent Reverse supply Chains for the smart reUse of InduSTrially relevant Semiconductors). The aim of the project is to develop sustainable methods based on innovative technologies that can be used in the circular model to manufacture new components and products with high added value and an improved environmental footprint, as well as to provide solutions for the reuse of semiconductors and mechanical parts.
- Together with partner Pyrum Innovations, the Tires group sector is currently developing various processes to further optimize and expand the recycling of scrap tires through pyrolysis. Since September 2023, the carbon black recovered in this process has been used at the Korbach tire plant for solid tires fitted primarily on forklift trucks. It is also set to be used in more and more of Continental's rubber compounds in the future.
- The ContiTech group sector has launched skai rPET PureLux, a plain-colored furniture film made from 100% recycled PET polymer, which conserves natural resources.

For more information, see the respective press release on our website under Press.

With regard to operational waste management, as a further key component of the circular economy, we have set ourselves the corporate target of increasing the waste for recovery quota to 95% by 2030. Waste for recovery includes material recycling, thermal recovery or any other form of recycling or reuse. This objective gives priority to recycling over disposal. The implementation of the corporate target is managed by Group Environmental and Climate Protection as part of operational environmental management.

For more information on the organization of operational environmental management, see the section on green and safe factories in this combined non-financial statement. The waste for recovery quota has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Results of the concept

The waste for recovery quota was at 87% in fiscal 2023 (PY: 85%). This was mainly due to the successful implementation of local projects as well as to market conditions, which allowed for increased waste recovery.

Circular economy performance indicator	2023[2]	2022[2]
Waste for recovery quota in %[1]	87	85

1 Definition: proportion of waste that has been sent for material recycling, thermal recovery or any other form of recycling or reuse.
2 Contains a small amount of imputed data for parts of the Continental Group that did not report data directly.

For more information on the circular economy, see the integrated sustainability report on our website at www.continental-sustainability.com.

Responsible Value Chain

Our ambition

As set out in our sustainability ambition, we strive for 100% responsible sourcing and business partnerships by 2050 at the latest, together with our partners along the value chain.

Our understanding of a responsible value chain thus refers to our supply chain and customer relationships and to our own locations.

Of central importance for our ambition are the requirements and speed of transformation of our customers, industries and markets as well as the resulting transformation opportunities and risks.

Concept

Continental operates in complex global value chains that are exposed to a variety of risks associated with the violation of protected rights. Risks within this context are always related to the potential negative impact on people and the environment.

Continental has therefore established a comprehensive management system for ensuring its due diligence obligations, in order to identify risks in connection with defined protected rights within its supply chain and in its own business units. For this purpose, responsibilities, rules and processes have been clearly defined for this purpose, including risk-mitigation measures and control mechanisms. The responsible value chain due diligence system (RVCDDS) focuses on the protected rights defined by us and will be developed further in line with the development of dynamic economic, social and environmental requirements. The RVCDDS applies to Continental AG and to all subsidiaries in which the Continental Group exercises a controlling influence.

The Executive Board of Continental AG is updated on the current status by the Continental Group's human rights officer at least once a year and decides on the system's effectiveness, appropriateness and potential for improvement. It then proposes any suitable improvements to the RVCDDS where necessary, either to the system as a whole or to selected elements. The RVCDDS is additionally integrated into Continental's overarching internal control system, risk management system and compliance management system. As a key prevention measure at corporate level, Continental has adopted responsible value chain commitments (RVC commitments) that are accessible online at www.continental-sustainability.com. These commitments address the defined risk categories and formulate what is expected of the company's own business units and employees, as well as of its direct suppliers. The RVC commitments surpass the minimum legal requirements, especially when it comes to working conditions. On top of this, Continental has anchored further prevention measures in its own business units and with respect to direct suppliers.

Within the RVCDDS, our Code of Conduct defines the fundamental requirements for our employees, while the Business Partner Code of Conduct defines the fundamental requirements, among others for our suppliers as well as their suppliers, with regard to human rights, working conditions, environmental protection, conflict minerals and anti-corruption. The Business Partner Code of Conduct is updated regularly, most recently in fiscal 2023, to reflect changes or adjustments to relevant legislation. For suppliers of natural rubber, our sourcing policy for sustainable natural rubber additionally applies.

The existing corporate-wide whistleblower system within Continental AG, the Continental Integrity Hotline, was expanded as part of the legal requirements under the German Supply Chain Due Diligence Act *(Lieferkettensorgfaltspflichtengesetz)* and is available both to employees within the Continental Group as well as persons outside the company. The Integrity Hotline is open for information on potential violations of human rights and environmental rights, among other issues. Alongside the whistleblower system, a range of other resources are used to investigate potential protected right violations and implement preventive and remedial measures, where necessary.

The RVCDDS additionally defines the framework for taking remedial measures within the company's own business units, as well as toward direct suppliers and, should the situation arise, also toward indirect suppliers. Sustainability aspects are also taken into consideration at various other points in supplier management. For example, selected suppliers are evaluated based on various criteria using self-assessment questionnaires, which we collect via the generally accepted sustainability platforms for our industries, such as EcoVadis and NQC. These questionnaires are reviewed annually at the corporate level. Selective local audits or other audit activities are also carried out, for example in relation to the existence of management systems.

We also continue to develop our approach for the responsible value chain in dialogue with external stakeholders and support the development of industry-wide standards, for example through our participation in industry dialogue with the German government on human rights in the automotive industry. Here, we have worked in particular to cultivate a shared understanding of industry risks and due diligence requirements. We are also involved in initiatives and associations such as econsense, the Responsible Business Alliance (RBA) and the Global Platform for Sustainable Natural Rubber (GPSNR).

Responsible sourcing is the responsibility of the relevant purchasing organizations, which are established at Continental by group sector, product group and country, for example. A corporate purchasing network regularly deals with responsible sourcing topics as well. The Group Quality group function coordinates the management of conflict minerals, including the corresponding reporting processes.

Results of the concept

The completed risk analysis was used to formally prioritize the risk categories of harmful environmental impacts, equal treatment/anti-discrimination and working conditions (including working time) for the company's own business units, as well as all risk categories for the supply chain as they pertain to direct suppliers.

As part of the RVCDDS rollout, training on the RVC commitments and on the RVCDDS itself was provided to employees worldwide, in particular to staff in management positions and to those performing special functions.

To further increase transparency and sustainability in Continental's natural rubber supply chain, the activities of the joint venture "Rubberway," which was founded in 2019, were rolled out further for the digital risk analysis of the upstream supply chain. The joint project with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in the Indonesian province of West Kalimantan, which has been in place since 2018, was also further expanded. The aim of the project is to jointly drive forward the implementation of a digital system for the traceability of natural rubber from the project region. Optimizing the supply chain and offering training in the sustainable farming of natural rubber helps smallholders to increase the quantity, quality and yield of their produce, thus improving their income. In addition, a cultivation strategy designed around sustainability prevents clearing and deforestation, thereby conserving valuable resources. As part of a development project with Security Matters (SMX), Continental is working on testing a tamper-proof means of verification of the geographical origin of natural rubber using marker technologies. In 2022, field testing was successfully completed, and the marker substance could be verified beyond doubt throughout the entire tire production process.

As at December 31, 2023, 1,291 valid supplier self-assessment questionnaires were available via the two sustainability platforms EcoVadis and NQC (PY: 1,009). This corresponds to a completion rate of 71% of suppliers selected for this process (PY: 63%). The increase in the number of available valid supplier self-assessment questionnaires and the higher completion rate are due to the onboarding of ContiTech suppliers in EcoVadis and the follow-up activities with suppliers to update and renew their self-assessment questionnaires.

Responsible value chain performance indicator	2023	2022
Number of available valid supplier self-assessment questionnaires (as at December 31)[1]	1,291	1,009

1 Based on the self-assessment questionnaires via the sustainability platforms EcoVadis and NQC completed by suppliers selected for this process.

We present further performance indicators for the implementation of a responsible value chain with regard to our own locations in the sections on good working conditions as well as green and safe factories in this combined non-financial statement.

For more information on the responsible value chain, see the integrated sustainability report on our website at www.continental-sustainability.com.

Good Working Conditions

Our ambition

As set out in our sustainability ambition, we provide inspiring, healthy and fair working conditions.

Concept

The Continental Group's Code of Conduct sets out the foundation for good working conditions as the basis of our global collaboration, including respect for human rights and fair working conditions. Employees receive training on compliance with the Code of Conduct. The management system being rolled out for a responsible value chain also includes the company's own activities (see the Responsible Value Chain section).

Our HR strategy is geared toward meeting staffing requirements in terms of both quantity and quality. The two HR strategy initiatives "Industrialize Best Fit" and "Enable Transformation" are therefore focused on efficiently and effectively bringing together the right people and positions as well as shaping the digital and technological transformation and cultural shift toward new forms of collaboration. Workforce planning, the search for, diagnostic selection and development of talent (in particular in the areas of software and IT), the promotion of employee diversity and lifelong learning, the further development of the management culture and the flexibilization of working hours are therefore essential action fields of strategic HR work.

We are tackling the impact of our Transformation 2019–2029 structural program and further measures introduced due to changing conditions with targeted training measures for the employees affected. New career prospects and employment opportunities are to be opened up on the internal as well as the external employment markets.

The HR functions at Continental Group, group sector, business area and country level, which work together in a global network, are responsible for HR. A special network of country coordinators for labor relations is also part of this organization.

We measure the success of HR work against the OUR BASICS Live Sustainable Engagement index, which is calculated on the basis of the annual employee survey. The index measures employee agreement on topics such as whether they personally support the company values and whether they are proud to work for Continental. We also use sickness rate and unforced fluctuation rate as performance indicators. The sickness rate measures sickness-related absence relative to contractual work time, and the unforced fluctuation rate measures the voluntary departure of employees from the company relative to the average number of employees.

The OUR BASICS Live Sustainable Engagement index has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. The sickness rate is also part of this, although only for the plans launched in fiscal 2020. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Results of the concept

In fiscal 2023, the Sustainable Engagement index was 81% (PY: 80%), slightly above the prior-year level. The sickness rate fell to 3.2% in the reporting year (PY: 3.7%). The unforced fluctuation rate likewise decreased to 6.0% (PY: 7.8%).

Information about personnel expenses in fiscal 2023 (i.e. wages and salaries, social security contributions and pension and post-employment benefit costs) can be found starting on page 122 of the notes to the consolidated statement of income in this annual report. Employee benefits such as pensions, post-employment benefits and long-term bonus payments are broken down in the notes to the consolidated statement of financial position starting on page 124.

Good working conditions performance indicators	**2023**	2022
OUR BASICS Live Sustainable Engagement index in %[1, 2]	81	80
Sickness rate in %[3, 4]	3.2	3.7
Unforced fluctuation rate in %[4, 5]	6.0	7.8

1 Definition: employee agreement on topics relating to sustainable engagement in the employee survey OUR BASICS Live.
2 This is based on the responses of 51,888 participants (PY: 46,199 participants) as a representative random sample across all Continental locations. The participation rate was 77% (PY: 75%).
3 Definition: sickness-related absence relative to contractual work time.
4 Excluding leasing personnel (i.e. permanent staff only).
5 Definition: voluntary departure of employees from the company relative to the average number of employees.

For more information on good working conditions, see the integrated sustainability report on our website at www.continental-sustainability.com.

Green and Safe Factories

Our ambition

As set out in our sustainability ambition, we conduct our business processes in a safe and responsible manner based on systematic management and the protection of people and the environment.

Concept

Our company policy for environment, safety and health protection (ESH) defines corporate-wide guidelines for green and safe factories. On this basis, we pursue ESH targets for the Continental Group as a whole: all persons in our company are to be protected against accidents and work-related sickness, and their health is to be actively promoted. CO_2 emissions, energy use, water consumption and waste generation at the locations are to be reduced, and the waste for recovery quota and energy efficiency at the locations increased.

Local management systems drive forward the implementation of these guidelines. The concrete organizational and technical requirements can be found in the relevant ESH management manuals for the group sectors. Many locations have additionally undergone external certification audits. The certified business activities are assessed annually to determine how many employees are covered by environmental management, energy management, and occupational safety and health management systems. The accident rate – the number of accidents per million working hours – is used as an effectiveness indicator for occupational safety and health management. The accident rate has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020. Continental had set itself the goal of reducing the accident rate to 2.2 accidents per million working hours by 2030. For more information, see the remuneration report on our website under Company/Corporate Governance/Executive Board.

Group Environmental and Climate Protection and Group Safety and Health are responsible for the related strategic, corporate-wide ESH management process, and are supplemented by corresponding functions in the individual group sectors. Local operational environment, safety and health protection is the responsibility of the locations and is coordinated by local ESH managers in each case.

Results of the concept

As at December 31, 2023, the majority of our employees throughout the Continental Group were covered by the management systems of the certified business activities. The environmental management system certification covered 76% of employees, unchanged from the previous year. Coverage for the energy management system certification increased to 43% of employees (PY: 40%), while coverage for the occupational safety and health management system certification was also up at 64% of employees (PY: 62%) – thanks in both cases to optimized internal processes.

The accident rate fell in fiscal 2023 to 2.1 accidents per million working hours (PY: 2.5 accidents per million working hours), thus already surpassing the target of 2.2 accidents per million working hours set in 2030.

Green and safe factories performance indicators	**2023**	2022
Environmental management system certification (ISO 14001)[1] Employee coverage (as at December 31) in %	76	76
Energy management system certification (ISO 50001)[1] Employee coverage (as at December 31) in %	43	40
Occupational safety and health management system certification (ISO 45001 or similar)[1] Employee coverage (as at December 31) in %	64	62
Accident rate (number of accidents per million working hours)[2, 3]	2.1	2.5

1 Valid certification and concluded recertification processes were counted, as well as ongoing recertification processes, if the achievement of recertification was considered highly probable.
2 Definition: number of accidents during working hours per million paid working hours. Counted from more than one lost day, i.e. with at least one lost day beyond the day of the accident.
3 Excluding leasing personnel (i.e. permanent staff only) and way-to-work accidents.

For more information on green and safe factories, see the integrated sustainability report on our website at www.continental-sustainability.com.

Benchmark in Quality

Our ambition

As set out in our sustainability ambition, we are recognized by our customers and society as being a benchmark in quality by ensuring safe and sustainable products.

Concept

The decisive factor in becoming a benchmark in quality is a quality-oriented company culture. Our quality policy sets out guidelines for product and process quality at Continental. Product recalls, product liability claims and proceedings as a result of quality defects represent a business risk that we want to avoid due to the resulting losses of sales, costs, and loss of customer and market acceptance. For more information, see the report on risks and opportunities in this annual report.

Local management systems drive forward the implementation of these guidelines. The concrete organizational and technical requirements can be found in the relevant quality management manuals for the group sectors. The extent of the certifications is assessed on an annual basis as to how many employees they cover with respect to quality management systems. The number of new field quality events is used as an effectiveness indicator for our quality management. A field quality event is a risk-minimizing measure for a product manufactured and/or sold by Continental on the basis of a safety-related defect and/or non-compliance with regulations that was initiated by Continental, a customer and/or an authority.

The Group Quality, Technical Compliance, Continental Business System (CBS) and Environment group function as well as the quality functions at various levels in the Continental Group, which work together in a global network, are responsible for the strategic, corporate-wide quality management process.

Results of the concept

As at December 31, 2023, certified quality management systems covered 85% of our employees throughout the Continental Group (PY: 83%). The improved certification rate was achieved thanks to optimized internal processes.

Twenty-nine new field quality events were identified in fiscal 2023 (PY: 30).

Benchmark in quality performance indicators	**2023**	2022
Quality management system certification (ISO 9001 or similar)[1] Employee coverage (as at December 31) in %	85	83
New field quality events (as at December 31)[2]	29	30

1 Valid certification and concluded recertification processes were counted, as well as ongoing recertification processes, if the achievement of recertification was considered highly probable.
2 Definition: a field quality event is a risk-minimizing measure for a product manufactured and/or sold by Continental based on a safety-related defect and/or non-compliance with regulations that was initiated by Continental, a customer and/or an authority.

Information about the scope of warranty and product liability claims in fiscal 2023 can be also found starting on page 211 of the other disclosures in the notes to the consolidated financial statements.

For more information on benchmark in quality, see the integrated sustainability report on our website at www.continental-sustainability.com.

Sustainable Management Practice

Our ambition
As set out in our sustainability ambition, we implement effective management processes, fair business practices and responsible corporate governance with a balanced view of different perspectives.

Concept
Group Compliance, which is divided into a central team and regional functions, is responsible for preventing violations in the areas of corruption, antitrust law, money laundering and data protection. This structure is supplemented by compliance coordinators in the countries and at the locations. The Compliance Manual sets out how the compliance management system is designed and implemented.

Continental strives for a holistic and proactive compliance management system based on a comprehensive and predictive analysis of potential compliance risks, followed by the implementation of appropriate policies and procedures, training, consulting, monitoring and controls that lead to ongoing lessons learned and system improvements. The Integrity Hotline is the primary tool for support with detecting violations.

When it comes to preventing violations in the area of technical compliance, responsibility lies with the Group Quality, Technical Compliance, CBS and Environment group function, together with the central functions for quality and technical compliance within the group sectors. The technical compliance policy as well as the technical compliance management system manual and other procedural standards set out how the compliance management system is designed and implemented.

A network of supporting roles in the various functions within the group sectors, business areas, segments and sites is being devised and expanded on an ongoing basis in order to support the identification of risks and other technical compliance considerations.

The appropriateness and effectiveness of the risk and compliance management systems are monitored and assessed as part of Continental's overarching internal control system. On top of this, "Integrity Perception" is measured using a newly defined indicator. This new indicator was applied for the first time in 2023. It is based on specific questions asked within the context of the annual OUR BASICS Live survey and expresses employees' perception of key aspects involved in implementing our integrity ambition within the organization. It is therefore characterized by subjective impressions and estimates that reveal whether the systems are having the intended impact among employees. The indicator will constitute a component of variable remuneration for the members of the Executive Board, senior executives and executives worldwide beginning in fiscal 2024. The aim is to make not only immediate but also sustained improvements to the indicator going forward – with the ultimate goal of enhancing perceived integrity.

As a further cornerstone for sustainable management practice, we are committed to promoting employee diversity, which we understand as internationality, a balanced gender ratio, and a range of experiences and age categories. We have set ourselves the corporate target of increasing the share of female executives and senior executives to 25% by 2025 and to up to 30% by 2030.

We intend to achieve this in particular by using objective diagnostics-assisted appointment procedures, by strengthening our inclusive culture, by expanding women's networks and by holding diversity workshops and specific events. Gender diversity – the share of female executives and senior executives – has also been part of the LTI plans for the members of the Executive Board and global managers since fiscal 2020.

For more information on the remuneration system, see the remuneration report on our website under Company/Corporate Governance/Executive Board. For more information on sustainable management practice and our diversity concept, see the Corporate Governance section of this annual report. For more information on compliance, see the "Main characteristics of the internal control system" section in the report on risks and opportunities in this annual report.

Results of the concept
As at December 31, 2023, Continental had increased its share of female executives and senior executives to 19.9% (PY: 19.1%). The increase in the representation of women at management level proves that our initiatives and measures to promote gender diversity are having an effect. The share excluding the USA amounted to 19.8% (PY: 18.8%). For the long-term remuneration of executives, separate analysis of the key figure excluding the USA is necessary for legal reasons.

The "Integrity Perception" index, which was reported in this form for the first time in fiscal 2023, attained a score of 81% (PY: n.a.).

Sustainable management practice performance indicator	**2023**	2022
Gender diversity – share of female executives and senior executives (as at December 31) in %	19.9	19.1
of which share of female executives and senior executives excluding the USA (as at December 31) in %	19.8	18.8
OUR BASICS Live Integrity Perception index in %[1, 2]	81	n. a.

1 Definition: employee agreement on topics relating to sustainable engagement in the employee survey OUR BASICS Live.
2 This is based on the responses of 51,888 participants (PY: 46,199 participants) as a representative random sample across all Continental locations. The participation rate was 77% (PY: 75%).

For more information on sustainable management practice, see the integrated sustainability report on our website at www.continental.com/sustainability/reporting/reporting-and-downloads.

Information in Accordance with the EU Taxonomy Regulation

The EU Taxonomy is a classification system for determining sustainable economic activities in the real economy. The following disclosures are the mandatory disclosures of the Continental Group in accordance with Art. 8 of EU Taxonomy Regulation 2020/852.

Specific Information on the Implementation of Disclosure Requirements in Accordance with the EU Taxonomy Regulation

Since January 1, 2023, companies in the real economy have had to provide information on Taxonomy eligibility and Taxonomy alignment with regard to the two climate objectives of the Climate Delegated Act under EU Taxonomy Regulation 2021/2139. In June 2023, the Environmental Delegated Act under EU Taxonomy Regulation 2023/2486 was published, containing the activities and technical assessment criteria for the four remaining environmental objectives. The six environmental objectives of the EU Taxonomy are:

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

Publication of the Environmental Delegated Act under EU Taxonomy Regulation 2023/2485 was accompanied by the introduction of amendments to the Climate Delegated Act, comprising changes to the existing activities for the two climate objectives as well the inclusion of new economic activities for the two climate objectives. This affects, among others, the two economic activities of category 3.18 ("Manufacture of automotive and mobility components") and category 3.19 ("Manufacture of rail rolling stock constituents"). Furthermore, the EU Commission made it explicit in Recital 10 of Delegated Regulation 2023/2485 (amending Delegated Regulation 2021/2139) that the activity of tire manufacturing, because of its potential to reduce greenhouse gas emissions in the transport sector, is a Taxonomy-eligible activity that is currently to be allocated to category 3.6 ("Manufacture of other low-carbon technologies").

While the amendments to the Climate Delegated Act do clear up some existing ambiguities in terms of how the regulation is to be interpreted when it comes to the Taxonomy eligibility of Continental's economic activities, reporting pursuant to the EU Taxonomy Regulation remains fraught with uncertainty for Continental. This is mainly because unclear wording continues to be used in the regulations and notes on determining Taxonomy eligibility and in particular Taxonomy alignment, as well as the calculations for key performance indicators for turnover, capital expenditure and operating expenditure as they pertain to the economic activities relevant for Continental. As a result, these regulations and notes are still open to interpretation.

From Continental's perspective, there is also uncertainty about the interaction between the various regulations, delegated acts and official answers to frequently asked questions. Furthermore, the short implementation period granted by the delegated act published in 2023 means that many questions of interpretation related to implementation have not yet been conclusively clarified. In interpreting the regulation, we also take into consideration the assessments of industry associations in the supplier and automotive industries, the reporting practices of European suppliers for 2022 and unofficial assessments by various experts.

Taxonomy-eligible Economic Activities

As part of our sustainability ambition, we strive for carbon neutrality and emission-free mobility and industry by 2050 at the latest (see also the sections on carbon neutrality and on emission-free mobility and industry in this combined non-financial statement) and thus for the expansion of clean and carbon-neutral mobility. With this in mind, we have introduced performance indicators at a corporate level as part of our sustainability scorecard, with the aim of monitoring our progress. In the previous year, we used this scorecard to classify the allocated business with emission-free mobility and industry as the indicator that comprises all economic activities to be disclosed for Continental as Taxonomy-eligible with respect to the environmental target of climate change mitigation in accordance with the EU Taxonomy Regulation. It consisted of allocated business with zero-tailpipe-emission vehicles and allocated low-carbon business beyond business with zero-tailpipe-emission vehicles. This business was therefore classified under category 3.6 ("Manufacture of other low-carbon technologies") of the Delegated Regulation for Climate Change Mitigation (EU 2021/2139, Annex I) in the previous year, since at the time no general regulations or specific upstream economic activities were provided for. The introduction of category 3.18 ("Manufacture of automotive and mobility components") and category 3.19 ("Manufacture of rail rolling stock constituents") coupled with the updated approach to the activity of tire manufacturing resulted in the reclassification of various Continental economic activities reported as Taxonomy-eligible in the reporting year compared with 2022, as well as a significant increase in sales, capital expenditure and operating expenditure.

In the reporting year, we allocated all economic activities involved in the manufacture of automotive and mobility systems and components for road vehicles – with the exception of tires, but also extending beyond components for zero-tailpipe-emission vehicles – to category 3.18. Continental is of the opinion that the manufacture of all components, irrespective of the drive system, is Taxonomy-eligible for all vehicles belonging to the vehicle classes listed in the category. This classification is based on the fact that, from Continental's perspective, the activity designation does not entail any restrictions in terms of components, for example in relation to function or drive system, and the corresponding components, parts and systems are intended for use in road vehicles. The unclearly defined qualification characteristic (criterion) of activity 3.18 – essential contribution to environmental performance – is, in Continental's view, part of the assessment of Taxonomy alignment and not Taxonomy eligibility. Alternative interpretations were examined but they were found to be unsuitable by Continental.

We allocated all economic activities involved in the manufacture of rail rolling stock constituents to category 3.19. This classification is based in particular on the fact that, from Continental's perspective, the reference to activity 3.3 does not impose any restrictions on components in relation to the function or drive system of rail vehicles for which the components are manufactured, provided that the components and systems are necessary for the operation and functioning of rail vehicles. Furthermore, the activity designation does not entail any restrictions on components, for example in relation to function or drive system.

In contrast to the previous year, in the reporting year all activities involved in tire manufacturing were classified as Taxonomy-eligible under category 3.6. In Recital 10 of Delegated Regulation 2023/-2485 (amending Delegated Regulation 2021/2139), the Commission made it clear that tire manufacturing has the potential to reduce greenhouse gas emissions in the transport sector and can contribute to a more circular economy. Until specific technical assessment criteria are defined for this activity, tire manufacturing shall remain a Taxonomy-eligible activity under category 3.6 ("Manufacture of other low-carbon technologies"). It is Continental's opinion that this clarification for the purposes of Taxonomy eligibility refers to the manufacture of tires of all kinds, without any restrictions in terms of specific properties, label classes or drive system technologies. Based on this clarification, Continental has amended its approach compared with the previous year and now allocates the manufacture of tires of all kinds, without any restrictions in terms of specific properties, label classes or drive system technologies, to category 3.6. Alternative interpretations were also examined here but they were found to be unsuitable by Continental, particularly with regard to Recital 10.

In addition, various Continental industrial businesses will continue to be reported as Taxonomy-eligible, as they were in the previous year. In the reporting year, these primarily comprised the manufacture of components for wind turbines and the manufacture of materials for industrial plant insulation. Continental still allocates these businesses to category 3.6 ("Manufacture of other low-carbon technologies"), since the economic activities pursue substantial reductions and therefore make significant contributions to the expansion of renewable energies and energy saving, for example through insulation in industrial plants. For these classifications as well, Continental believes it is irrelevant which functions are fulfilled by the supplier technologies in the end products, as long as the end product facilitates the goals set out in Art. 10 (1) of the Taxonomy Regulation.

The activities mentioned are not identified as Taxonomy-eligible under Annex II to the Climate Delegated Act (climate change adaptation).

All other economic activities of the Continental Group that are not included in the aforementioned economic activities have been classified as Taxonomy-non-eligible for the reporting year. Accordingly, Continental currently has not allocated any economic activities to the other environmental objectives under Annex I: Sustainable use and protection of water and marine resources, Annex II: Transition to a circular economy, Annex III: Pollution prevention and control or Annex IV: Protection and restoration of biodiversity and ecosystems.

We base the classification on the information publicly available at the time the report was prepared.

Taxonomy-eligible turnover

The information on turnover is prepared in accordance with section 1.1.1 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) and in compliance with IFRS accounting regulations (see tables at the end of this non-financial statement). The method of determination selected by Continental ensures that double counting is avoided.

The described first-time classification of all tire manufacturing activities as Taxonomy-eligible under category 3.6 and the first-time classification of all other economic activities involved in the manufacture of automotive and mobility systems and components for road vehicles as Taxonomy-eligible under category 3.18 resulted in a significant increase in Taxonomy-eligible turnover in the reporting year. Added to this was the first-time classification of other economic activities involved in the manufacture of rail rolling stock constituents as Taxonomy-eligible under category 3.19. In addition, various Continental industrial businesses were reported as Taxonomy-eligible under category 3.6, as they were in the previous year. A total sum of €35.9 billion was reported as Taxonomy-eligible turnover in the reporting year (PY: €2.8 billion), equivalent to 86.6% of total consolidated sales (PY: 7.1%). The breakdown of Taxonomy-eligible turnover by category is shown in the table on page 56.

Information on the Continental Group's total turnover (the denominator of the key figure calculation) can be found in the consolidated statement of income of this annual report under "Sales."

Taxonomy-eligible capital expenditure and operating expenditure

Taxonomy-eligible capital expenditure and operating expenditure have been recorded in accordance with the Delegated Regulation on Disclosure Obligations (2021/2178) and taking into account the clarifications made by the European Commission in October 2022.

The figures for Taxonomy-eligible capital expenditure and operating expenditure under category a are allocations based on the proportion of Taxonomy-eligible turnover. For reasons connected to the business model, the equipment, machinery and buildings of the Continental Group are thus used both for Taxonomy-eligible activities and for other activities. This applies both to capital expenditure and operating expenditure for assets or processes associated with Taxonomy-eligible activities (category a).

The allocation takes place at group sector level, and not according to the individual locations, in order to avoid double counting, take into account internal business and consolidation effects and reflect the Continental Group's matrix structure. This allocation of turnover thus reflects the distribution of Continental's production. The Platform on Sustainable Finance also recommends such an approach to allocation in its report to the Commission dated October 2022. This states, for enabling activities, that capital expenditure and operating expenditure should be reported on the basis of their proportion of turnover, provided the activities are Taxonomy-eligible and that they not do not include activities that are Taxonomy-non-eligible.

The expanded interpretation of economic activities classified as Taxonomy-eligible in the reporting year likewise led to a significant increase in Taxonomy-eligible capital expenditure. A total sum of €2,140.9 million was reported as Taxonomy-eligible capital expenditure in the reporting year (PY: €183.1 million), equivalent to 87.9% of total capital expenditure (PY: 7.5%). The breakdown of Taxonomy-eligible capital expenditure by category is shown in the table on page 57.

The information on capital expenditure is prepared in accordance with section 1.1.2 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) in compliance with IFRS accounting regulations. Information on the Continental Group's total capital expenditure can be found in the notes to the consolidated financial statements in the segment reporting (Note 1) of this annual report. The information refers to capital expenditure in the intangible assets (Note 13), property, plant and equipment (Note 14), leases (Note 15) and investment property (Note 16) presented in the notes to the consolidated financial statements.

Operating expenditure is defined in accordance with section 1.1.3 of Annex 1 to the Delegated Regulation on Disclosure Obligations (2021/2178) and has been calculated on an imputed basis as described above. For the denominator of the key figure calculation for operating expenditure, Continental takes into account direct, non-capitalized costs incurred in the reporting year as a result of research and development (net), building renovation measures, short-term leasing, and maintenance and repairs.

The expanded interpretation of economic activities classified as Taxonomy-eligible in the reporting year likewise led to a significant increase in Taxonomy-eligible operating expenditure. A total sum of €3,571.9 million was reported as Taxonomy-eligible operating expenditure in the reporting year (PY: €220.1 million), equivalent to 90.5% of total operating expenditure (PY: 6.1%). The breakdown of Taxonomy-eligible operating expenditure by category is shown in the table on page 58.

When determining the Taxonomy-eligible capital expenditure and operating expenditure, for reasons of materiality the decision was made to forgo separate reporting of investments in individual measures and the acquisition of products from Taxonomy-eligible economic activities under category c, as well as reporting of the resulting operating expenditure in the reporting year.

Continental notes that, from its perspective, various interpretations with respect to the requirements concerning capital expenditure and operating expenditure, particularly for category c and for operating expenditure more generally, continue to result in uncertainty when determining Taxonomy-related information.

Taxonomy-aligned Economic Activities

As in the previous year, Continental did not report any economic activities as being Taxonomy-aligned.

For all economic activities that are reported under category 3.6, specific comparative life-cycle assessments are required in order to also report these as being Taxonomy-aligned. These must demonstrate substantial savings to life-cycle emissions compared with the highest-performing alternative technology or solution available on the market or the highest-performing alternative product available on the market. External verification of the life-cycle assessments must also take place in accordance with predefined standards. A simplified life-cycle consideration, as called for by the Taxonomy Regulation (2020/852) itself, is no longer sufficient in accordance with the Delegated Regulation for Climate Change Mitigation (2021/2139) for category 3.6. Continental did not have the corresponding life-cycle assessments at its disposal in the reporting year, meaning it is currently not possible to allocate Taxonomy-aligned economic activities. For this reason, the "Do No Significant Harm" (DNSH) criteria and the minimum protection requirements along the value chain were not assessed according to specific economic activities.

It was not yet mandatory in the reporting year to report Taxonomy-aligned economic activities if the economic activities are reported according to the categories 3.18 and 3.19 which have been newly integrated into the Climate Delegated Act.

Since Continental does not currently report any activities as Taxonomy-aligned, no Taxonomy-aligned capital expenditure or operating expenditure according to categories a and b has been reported. Since no Taxonomy-eligible capital expenditure or operating expenditure under category c was identified, no Taxonomy-aligned capital expenditure or operating expenditure under category c has been reported.

Information to Be Disclosed in Accordance with the EU Taxonomy Regulation

For the following overviews of Taxonomy information, it should be noted that these were prepared in accordance with the guidelines for the templates in Annex 2 to the Delegated Regulation on Disclosure Obligations (2021/2178).

Given the uncertainties and interpretations of the Taxonomy Regulation, this restriction is relevant since it means, for example, that the designations as environmentally sustainable or non-environmentally sustainable activities only relate to the assessment as per the EU Taxonomy Regulation and not more generally.

Continental has no economic activities according to the complementary Delegated Regulation for Gas and Nuclear Activities (2022/1214) and therefore does not provide the specific templates.

Templates in Accordance with the EU Taxonomy Regulation

Proportion of turnover from products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code[1]	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022	Category enabling activity	Category transitional activity
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low-carbon technologies	CCM 3.6	11,996.4	29.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.1%		
Manufacture of automotive and mobility components	CCM 3.18	23,802.7	57.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	67.3	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**35,866.4**	**86.6%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.1%**		
A. Turnover of Taxonomy-eligible activities (A.1.+A.2.)		**35,866.4**	**86.6%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**5,554.1**	**13.4%**																
TOTAL (A + B)		**41,420.5**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of capital expenditure for products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code[1]	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx 2022	Category enabling activity	Category transitional activity
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of other low-carbon technologies	CCM 3.6	834.7	34.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.1%		
Manufacture of automotive and mobility components	CCM 3.18	1,304.1	53.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	2.1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**2,140.9**	**87.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.5%**		
A. CapEx of Taxonomy-eligible activities (A.1.+A.2.)		**2,140.9**	**87.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**7.5%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**296.0**	**12.1%**																
TOTAL (A + B)		**2,436.9**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Proportion of operating expenditure for products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities – disclosure covering 2023

Financial year		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code[1]	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
		€ millions	%	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	EL; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities Taxonomy-aligned) (A.1.)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.0%**		
of which enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
of which transitional		0.0	0.0%	0.0%													0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low-carbon technologies for transport	CCM 3.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Manufacture of other low-carbon technologies	CCM 3.6	774.5	19.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.1%		
Manufacture of automotive and mobility components	CCM 3.18	2,793.9	70.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Manufacture of rail rolling stock constituents	CCM 3.19	3.5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								n. a.		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**3,571.9**	**90.5%**	**100.0%**	0.0%	0.0%	0.0%	0.0%	0.0%								**6.1%**		
A. OpEx of Taxonomy-eligible activities (A.1.+A.2.)		**3,571.9**	**90.5%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**6.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**374.1**	**9.5%**																
TOTAL (A + B)		**3,946.0**	**100.0%**																

The tables listed here are the "templates for KPIs of non-financial undertakings" as required by Annex V of Delegated Regulation 2023/2486 of the EU Commission of June 27, 2023. For the sake of simplicity, Continental uses the following terms synonymously outside of these tables: "economic activities" and "business activities", "environmentally sustainable activities (Taxonomy-aligned)" and "Taxonomy-aligned economic activities", "Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)" and "Taxonomy-eligible economic activities".

1 The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant annex covering the objective, i.e. here: climate change mitigation (CCM).

2 EL: Taxonomy-eligible activity for the relevant environmental objective; N/EL: Taxonomy-non-eligible activity for the relevant environmental objective.

Information on the Development of Other Sustainability Topic Areas

Information on the development of topic areas that have been identified as being relevant to the sustainable development of the company, but according to an internal analysis were not classified as being relevant to reporting for the combined non-financial statement, can be found in the locations specified below:

- Innovation and digitalization: the Research and Development section on pages 37 and 38 of this annual report and in the integrated sustainability report
- Safe mobility: the Research and Development section on pages 37 and 38 of this annual report and in the integrated sustainability report
- Long-term value creation: the Corporate Management section on pages 34 and 35 of this annual report and in the integrated sustainability report
- Corporate citizenship: in the integrated sustainability report

The integrated sustainability report is available online at www.continental-sustainability.com.

Economic Report
General Conditions

Macroeconomic Development

Due to inflation rates falling faster than originally expected, the stabilization of supply chains and despite interest rate hikes by central banks, the global economy developed positively in the year under review. According to the January 2024 World Economic Outlook Update (WEO Update) published by the International Monetary Fund (IMF), the global economy grew by 3.1% in fiscal 2023, which slightly exceeded the IMF's forecast of 2.9% growth from January 2023.

According to statistical office Eurostat, gross domestic product (GDP) in the eurozone rose by 0.5% year-on-year in 2023. For France and Italy, the IMF recorded growth rates of 0.8% and 0.7%, respectively, while Spain's economy grew by 2.4%. Conversely, GDP in Germany fell by 0.1% according to the Federal Statistical Office. The United Kingdom achieved growth of 0.5% according to the IMF and was therefore on a par with the eurozone. For Russia, the IMF estimated GDP growth of 3.0%.

In North America, the USA posted GDP growth of 2.5% in 2023, according to the Bureau of Economic Analysis. For Canada and Mexico, the IMF recorded GDP growth of 1.1% and 3.4%, respectively. Other countries in the Americas also saw continued economic recovery in 2023. For Brazil, for example, the IMF estimated GDP growth of 3.1%.

Asian countries also recorded a continued economic revival in the year under review, according to the IMF. High growth rates were achieved in 2023 by India's economy, with GDP growth of 6.7%, by China, with growth of 5.2%, and by the Association of Southeast Asian Nations (ASEAN), with GDP growth of 4.2%. According to the IMF, lower growth rates were reported for Japan, with GDP growth of 1.9%.

Development of Key Customer Sectors and Sales Regions

With a 64% share of consolidated sales (PY: 61%), the automotive industry – with the exception of the replacement business – was Continental's most important customer group in fiscal 2023. The Automotive group sector accounted for the lion's share, but the Tires and ContiTech group sectors also generated significant sales figures in this market segment.

The second-biggest market segment for Continental was the global replacement-tire business for passenger cars and commercial vehicles, with 25% of total sales in fiscal 2023 (PY: 28%). Because passenger cars and light commercial vehicles make up a considerably higher share of the replacement-tire business, their development is particularly important to our economic success.

The third-biggest market segment for Continental was the global business with industrial customers and spare parts from the ContiTech group sector, with around 9% of total sales (PY: 9%).

Continental's biggest sales region in the reporting year was still Europe, which accounted for 48% of sales (PY: 47%), followed by North America at 27% (PY: 27%) and Asia-Pacific at 21% (PY: 22%).

Development of new passenger-car registrations
In 2023, there was a significant rise in the number of newly registered cars in the major international automotive markets. The availability of many car models improved compared with the weak previous year. These positive developments more than offset the ongoing subdued demand resulting from geopolitical and macroeconomic uncertainties and high consumer prices.

According to preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), 12.8 million new vehicles were registered in the European car market (EU27, EFTA and the United Kingdom) in 2023, 14% more than in the previous year. Passenger car sales rose by 16% in Japan and by 12% in the USA. Brazil recorded an increase of 11%.

In China – the world's largest car market – the VDA registered record sales in 2023. The number of newly registered vehicles rose by 11% to 25.8 million units, outperforming the overall Chinese economy, which lost momentum as a whole. In India, sales of new vehicles rose by 8% to 4.1 million units in 2023.

According to preliminary data from car manufacturer Renault, new-car registrations in 2023 also increased significantly year-on-year.

Development of production of passenger cars and light commercial vehicles
The stabilization of supply chains – which were significantly disrupted in the previous year due to the war in Ukraine and the pandemic-related lockdowns in China – was the main reason for the substantial increase in the production of passenger cars and light commercial vehicles weighing less than 6 metric tons in 2023. Greater semiconductor capacity also contributed to the rise in production. The strike in the US automotive industry, which lasted several weeks, had no significant impact on the development of global vehicle production.

According to preliminary data, Europe recorded a 13% rise in the production of passenger cars and light commercial vehicles in the reporting year. North America and China increased their production by 10% in 2023.

According to preliminary figures, global production for 2023 rose by 10% to 90.3 million units.

Development of production of medium and heavy commercial vehicles

The production of medium and heavy commercial vehicles weighing more than 6 metric tons grew significantly year-on-year in our core European market in the reporting period thanks to stabilized supply chains. Production increased in Eastern and Central Europe in particular, despite the ongoing war in Ukraine. The improved availability of materials and pent-up demand also resulted in a significant increase in production in Western Europe. According to preliminary data, overall production volumes rose by 14% year-on-year.

In our other core market of North America, good economic growth and pent-up demand led to an ongoing upturn in the production of medium and heavy commercial vehicles by 8%, according to preliminary figures.

Development of replacement-tire markets for passenger cars and light commercial vehicles

In both Europe and North America, demand for replacement tires initially declined in the year under review. The effects of inflation resulted in significant purchasing restraint among consumers in the first half of the year in particular, and the levels of stock among dealers led to a reduced need for stockpiling. In North America, a strong second half of the year compensated for the weak start, while the replacement-tire markets in Europe were down year-on-year overall. By contrast, the Chinese market grew significantly.

Sales volumes of replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons fell by 4% in Europe (excluding Russia) for 2023 as a whole. In North America, demand in the year under review was on a par with the previous year. Conversely, sales volumes in China rose by 12%. According to preliminary data, global sales volumes of replacement tires for passenger cars and light commercial vehicles rose by 1% in the reporting year.

Development of replacement-tire markets for medium and heavy commercial vehicles

In our core markets of Europe (excluding Russia) and North America, preliminary data indicates that year-on-year demand for replacement tires for medium and heavy commercial vehicles weighing more than 6 metric tons fell by 11% and 15%, respectively, in 2023.

Development of industrial production

In addition to vehicle production and the replacement business for the automotive industry, the development of various other industries is crucial to the success of our ContiTech group sector. ContiTech products are used in particular in equipment, machinery and vehicles for railway transport, mining, agriculture and other key industries. As well as the general development of gross domestic product, the development of industrial production is therefore regarded as an important indicator for ContiTech's business with industrial customers.

In the reporting period, industrial production in the eurozone continued to be affected by increased costs and was down year-on-year as a whole. In the USA as well, industrial production saw only a slight increase in 2023, remaining more or less constant year-on-year. China, on the other hand, recorded significant growth in industrial production compared with the previous year, which was influenced by lockdowns and other factors.

Development of Raw Materials Markets

Compared with previous years, the development of raw materials markets in the year under review was largely stable due to an overall improvement in availability. Global supply chains also returned to more normal levels. This was also reflected in less volatile price developments, particularly for metals. Although a decline in price volatility was observed for products such as crude oil and butadiene, prices still fluctuated significantly in some cases. Overall, however, they were roughly on a par with the level seen at the start of 2023 at the end of the reporting period.

Carbon steel and stainless steel are input materials for many of the mechanical components such as die-cast parts integrated by Continental into its products. Steel wire is used in particular in tire production as steel cord but also in conveyor belts and timing belts to increase tensile strength. Aluminum is used in particular for die-cast parts and stamped and bent components, while copper is used in particular in electric motors, mechatronic components and printed circuit boards. Prices for carbon steel in euros, which had fallen

Changes to vehicle production, the tire-replacement business and industrial production in 2023 (compared with 2022)

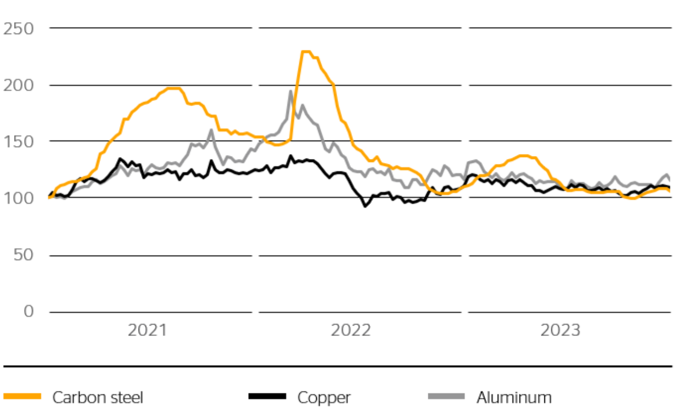
Passenger cars and light commercial vehicles	Vehicle production	Tire-replacement business
Europe	13%	–4%
North America	10%	0%
China	10%	12%
Worldwide	**10%**	**1%**

Medium and heavy commercial vehicles	Vehicle production	Tire-replacement business
Europe	14%	–11%
North America	8%	–15%

	Industrial production
Eurozone	–2.6%
USA	0.2%
China	4.4%

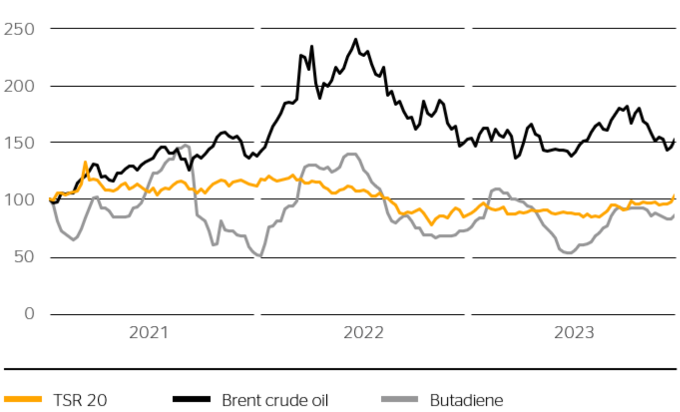
Preliminary data.
Sources:
Vehicle production: S&P Global (Europe with Western, Central and Eastern Europe incl. Russia and Türkiye).
Tire-replacement business: LMC International Ltd. (Europe with Western, Central and Eastern Europe (excluding Russia) and Türkiye).
Industrial production: Bloomberg.

Steel, copper and aluminum Indexed to January 1, 2021



Sources:
Carbon steel: hot-rolled coil Northern Europe ex works, from Kallanish Commodities (€ per metric ton).
Copper and aluminum: rolling three-month contracts from the London Metal Exchange (US $ per metric ton).

TSR 20, crude oil and butadiene Indexed to January 1, 2021



Sources:
TSR 20: rolling one-month contracts from the Singapore Exchange (US $ cents per kg).
Crude oil: European Brent spot price from Bloomberg (US $ per barrel).
Butadiene: South Korea spot price (FOB) from PolymerUpdate.com (US $ per metric ton).

slightly in the previous year, decreased by approximately 23% on average in 2023. The price of copper in US dollars, which had also fallen slightly in the previous year, declined by 3% on average. The average price of aluminum in US dollars was down 16% in 2023.

Precious metals such as silver and gold are used by Continental and by our suppliers to coat components. The average price of gold in US dollars was up 8% in 2023, while that of silver was up 7%.

For natural rubber, weak tire demand worldwide led to a decline in prices. The average price of natural rubber TSR 20 in US dollars was down 11% year-on-year in 2023, for example.

Crude oil is the most important basic building block for synthetic-rubber input materials such as butadiene and styrene as well as for carbon black, various other chemicals, and plastics. The price of crude oil stabilized noticeably in 2023 compared with the high volatility in the previous year. The annual average price of Brent crude oil in US dollars fell by 18% year-on-year.

The lower price of crude oil also led to price reductions for various input materials for synthetic rubber in 2023. The average prices in US dollars for butadiene and styrene, for example, fell by 15% and 13%, respectively.

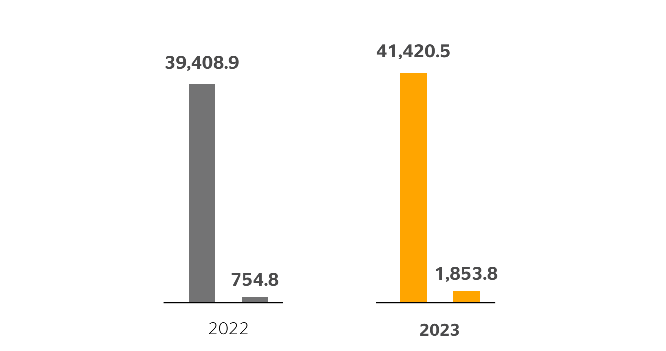
Plastic resins, as technical thermoplastics, are required by Continental and our suppliers in particular for the manufacture of housing parts in the Automotive group sector and for various other plastic parts in the ContiTech group sector. The average price of resins in US dollars was down 25% in 2023.

Continental uses natural and synthetic rubber in large quantities for the manufacture of tires and industrial rubber products. It also uses relatively large quantities of carbon black as a filler material and of steel cord and nylon cord as structural materials. Due to the high volumes and direct purchasing of raw materials, their price development has a significant influence on the earnings of the Tires and ContiTech group sectors.

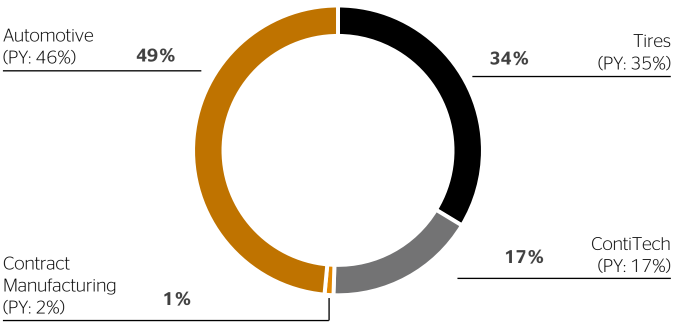
Earnings, Financial and Net Assets Position

› Sales up 5.1% to €41.4 billion
› Organic sales up 6.9%
› Adjusted EBIT margin at 6.1%

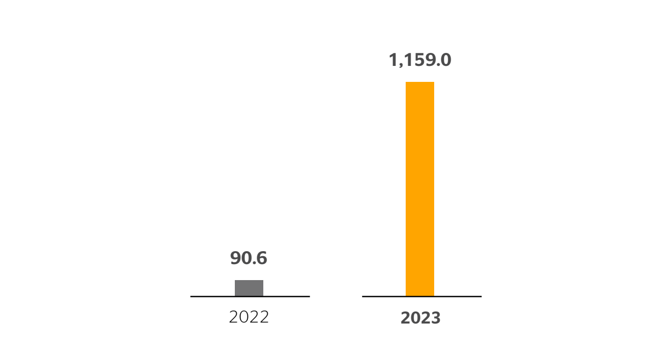
Sales; EBIT € millions



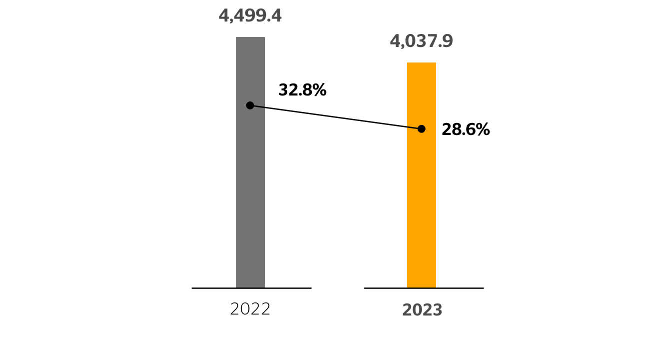
Sales by group sector



Free cash flow € millions



Net indebtedness € millions **Gearing ratio** %



In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. In addition, the assignment of income and expenses from certain business activities within the functional areas was adjusted. The comparative period has been adjusted accordingly for both factors.

Earnings Position

- **Sales up 5.1%**
- **Sales up 6.9% before changes in the scope of consolidation and exchange-rate effects**
- **Adjusted EBIT up 31.6%**

Continental Group in € millions	**2023**	2022	Δ in %
Sales	41,420.5	39,408.9	5.1
EBITDA	4,078.9	3,966.1	2.8
in % of sales	9.8	10.1	
EBIT	1,853.8	754.8	145.6
in % of sales	4.5	1.9	
Net income attributable to the shareholders of the parent	1,156.4	66.6	1,635.3
Basic earnings per share in €	5.78	0.33	1,635.3
Diluted earnings per share in €	5.78	0.33	1,635.3
Research and development expenses (net)[1, 2]	2,896.0	2,762.9	4.8
in % of sales[1, 2]	7.0	7.0	
Depreciation and amortization[3]	2,225.2	3,211.2	–30.7
thereof impairment[4]	57.3	966.6	–94.1
Capital expenditure[5]	2,436.9	2,426.4	0.4
in % of sales	5.9	6.2	
Operating assets as December 31	19,550.4	19,555.6	0.0
Operating assets (average)	20,714.2	20,272.9	2.2
ROCE in %	8.9	3.7	
Number of employees as at December 31[6]	202,763	199,038	1.9
Adjusted sales[7]	41,302.2	39,335.6	5.0
Adjusted operating result (adjusted EBIT)[8]	2,517.2	1,912.6	31.6
in % of adjusted sales	6.1	4.9	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.
3 Excluding impairment on financial investments.
4 Impairment also includes necessary reversals of impairment losses.
5 Capital expenditure on property, plant and equipment, and software.
6 Excluding trainees.
7 Before changes in the scope of consolidation.
8 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Business and sales performance

Consolidated sales increased by €2,011.6 million or 5.1% year-on-year in 2023 to €41,420.5 million (PY: €39,408.9 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 6.9%. Changes in the scope of consolidation had a positive impact on sales performance but were more than offset by negative exchange-rate effects of €760.8 million.

In the Automotive group sector, the significant ramp-up in automotive production coupled with the price adjustments introduced to compensate for cost inflation bolstered sales performance. By contrast, growth in the Tires group sector was dampened by weak demand in the replacement-tire business and negative exchange-rate effects. In ContiTech, the effects of the slight downturn in the industrial and automotive replacement business were offset by higher volumes and positive price adjustments in the automotive original-equipment business. Contract Manufacturing reduced its sales in accordance with the contractually agreed procedure between Continental and Vitesco Technologies.

The regional distribution of sales in 2023 was as follows:

Sales by region in %	2023	2022
Germany	19	18
Europe excluding Germany	29	29
North America	27	27
Asia-Pacific	21	22
Other countries	4	4

Adjusted EBIT

Adjusted EBIT for the Continental Group increased by €604.6 million or 31.6% year-on-year in 2023 to €2,517.2 million (PY: €1,912.6 million), corresponding to 6.1% (PY: 4.9%) of adjusted sales.

EBIT

EBIT was up by €1,099.0 million year-on-year in 2023 to €1,853.8 million (PY: €754.8 million), an increase of 145.6%. The return on sales improved to 4.5% (PY: 1.9%). The cost of sales rose by €785.0 million to €32,612.6 million (PY: €31,827.6 million), primarily due to higher costs for semi-finished products, energy, logistics, and wages and salaries. While the previous year's EBIT was encumbered by impairment on goodwill and property, plant and equipment, in 2023 it was restructuring expenses of €295.4 million that had an adverse effect. Adjusted EBIT in the reporting year improved by 31.6% year-on-year, as outlined above.

The amortization of intangible assets from purchase price allocation (PPA) reduced EBIT by €118.2 million in the reporting year (PY: €149.7 million).

The ROCE was 8.9% (PY: 3.7%).

Special effects in 2023

Total consolidated expense from special effects in 2023 amounted to €551.2 million. Automotive accounted for €387.1 million of this, Tires for €138.1 million, ContiTech for €20.8 million, Contract Manufacturing for €2.9 million, and the holding for €2.3 million.

Impairment on property, plant and equipment resulted in expenses totaling €41.4 million (Automotive €13.1 million; Tires €26.7 million; ContiTech €1.3 million, Contract Manufacturing €0.3 million). In addition, reversals of impairment losses on property, plant and equipment resulted in income of €0.1 million in the Automotive group sector. These figures do not include impairment and reversals of impairment losses that arose in connection with restructuring.

In the Automotive group sector, restructuring expenses of €345.0 million were incurred. In addition, the reversal of restructuring provisions resulted in income of €34.5 million.

In the Tires group sector, restructuring expenses of €18.2 million were incurred. These included impairment on property, plant and equipment in the amount of €17.4 million. There was also income in connection with restructuring totaling €36.3 million, €1.7 million of which was attributable to a reversal of impairment losses on property, plant and equipment.

In the ContiTech group sector, restructuring expenses of €10.6 million were incurred. These included impairment on property, plant and equipment in the amount of €0.3 million. In addition, the reversal of restructuring provisions resulted in income of €10.0 million.

In the Contract Manufacturing group sector, there were restructuring expenses of €3.2 million. In addition, the reversal of restructuring provisions resulted in income of €0.9 million.

Restructuring-related expenses resulted in an expense totaling €47.0 million (Automotive €16.1 million; Tires €28.7 million; ContiTech €2.2 million).

Severance payments resulted in a negative special effect totaling €57.7 million (Automotive €22.5 million; Tires €16.2 million; ContiTech €16.5 million; Contract Manufacturing €0.3 million; holding €2.3 million).

In the Automotive group sector, a 50% share in the equity-accounted associate SAS Autosystemtechnik GmbH & Co. KG, Karlsruhe, Germany, was sold in 2020, resulting in subsequent income totaling €1.7 million.

In the Tires group sector, the sale of an equity-accounted investee resulted in an expense of €1.0 million.

The sale of all Russian operations in the Automotive and Tires group sectors and some operations in the ContiTech group sector in Russia resulted in expenses totaling €98.5 million (Automotive €26.6 million; Tires €71.9 million) and income of €6.3 million for ContiTech.

Loss allowances on accounts receivable, write-downs on inventories, and debt waivers in connection with the discontinuation of Russian operations also led to expenses totaling €14.5 million (Tires €11.8 million; ContiTech €2.7 million).

In the ContiTech group sector, the Original Equipment Solutions business area will be made organizationally independent. This resulted in expenses of €3.8 million.

Special effects in 2022
Total consolidated expense from special effects in 2022 amounted to €1,027.8 million. Automotive accounted for €846.5 million of this, Tires for €103.5 million, ContiTech for €81.5 million and the holding for €2.9 million. In Contract Manufacturing, special effects resulted in total consolidated income of €6.6 million.

The Continental Group immediately reviews intangible assets and property, plant and equipment, investment property and goodwill as soon as there is an indication of impairment (triggering event). The rise in the general interest rate level was one such indication of impairment. Due to this triggering event and other significant assumptions made when calculating the value in use of a cash-generating unit (CGU) – such as free cash flows, discount rates and their parameters, and long-term growth rates – goodwill was impaired by €552.9 million and property, plant and equipment impaired by €311.4 million in the Automotive group sector during the course of the year. This was mainly attributable to increased discount rates and updated planning.

Owing to the sanctions imposed against or by Russia, intangible assets and property, plant and equipment were reviewed at the Russian companies during the year. This led to a full impairment of all intangible assets and property, plant and equipment. In total, the impairment amounted to €86.7 million (Automotive €0.2 million; Tires €80.6 million; ContiTech €5.9 million).

Together with the aforementioned effects, impairment on property, plant and equipment and intangible assets resulted in expenses totaling €411.5 million (Automotive €323.6 million; Tires €82.0 million; ContiTech €5.9 million). In addition, reversals of impairment losses on property, plant and equipment resulted in income of €3.5 million in the Automotive group sector. These figures do not include impairment and reversals of impairment losses that arose in connection with restructuring.

Severance payments resulted in a negative special effect totaling €40.4 million (Automotive €14.0 million; Tires €10.5 million; ContiTech €12.8 million; Contract Manufacturing €0.2 million; holding €2.9 million).

The Automotive group sector incurred restructuring expenses of €18.1 million, including impairment on property, plant and equipment in the amount of €8.9 million. In addition, the reversal of restructuring provisions resulted in income of €104.2 million. This included reversals of impairment losses on property, plant and equipment in the amount of €1.0 million.

The Tires group sector incurred restructuring expenses of €2.0 million, including impairment on property, plant and equipment in the amount of €0.3 million. In addition, the reversal of restructuring provisions resulted in income of €4.1 million.

The ContiTech group sector incurred restructuring expenses of €67.7 million, including impairment on property, plant and equipment in the amount of €2.2 million. In addition, the reversal of restructuring provisions resulted in income of €8.8 million. This included reversals of impairment losses on property, plant and equipment in the amount of €4.7 million.

In the Contract Manufacturing group sector, there were restructuring expenses of €1.0 million. In addition, the reversal of restructuring provisions resulted in income of €9.4 million.

Restructuring-related expenses resulted in an expense totaling €63.6 million (Automotive €46.4 million; Tires €11.5 million; ContiTech €4.1 million; Contract Manufacturing €1.6 million).

The disposal of companies resulted in income totaling €0.6 million (Tires €0.4 million; ContiTech €0.2 million).

The Tires group sector incurred an expense of €2.0 million in connection with the optimization of the sales network in Belgium.

A subsequent purchase price adjustment related to the acquisition of Kathrein Automotive GmbH, Hildesheim, Germany, in 2019 led to income of €0.8 million in the Automotive group sector.

Procurement
The first half of the reporting year for the Automotive and Contract Manufacturing group sectors continued to be shaped by isolated bottlenecks for semiconductors. High prices coupled with the scarce availability of key input materials and various raw materials continued to present a challenge for the Tires and ContiTech group sectors in the first half of 2023. The procurement market eased at the beginning of the second half of the year, leading to better availability and falling prices. Energy costs, by contrast, remained at a high level. The increasing activities in the area of sustainable procurement are also associated with elevated costs.

Overall, the prices of raw materials that are important for Continental fell year-on-year, especially in the second half of 2023. However, this positive effect was negated by higher costs for semi-finished products, particularly semiconductors.

Reconciliation of EBIT to net income

€ millions	2023	2022	Δ in %
Automotive	-57.4	-970.1	94.1
Tires	1,742.6	1,723.6	1.1
ContiTech	380.1	166.5	128.3
Contract Manufacturing	5.1	9.5	-46.0
Other/Holding/Consolidation	-216.6	-174.7	-24.0
EBIT	**1,853.8**	**754.8**	**145.6**
Financial result	-235.8	-198.0	-19.1
Earnings before tax	**1,618.0**	**556.8**	**190.6**
Income tax expense	-424.1	-444.6	4.6
Net income	**1,193.9**	**112.2**	**964.3**
Non-controlling interests	-37.5	-45.5	17.7
Net income attributable to the shareholders of the parent	**1,156.4**	**66.6**	**1,635.3**

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**-186.8**	**41,420.5**
Changes in the scope of consolidation[1]	–	–	-118.3	–	–	-118.3
Adjusted sales	**20,295.4**	**13,958.0**	**6,723.2**	**512.4**	**-186.8**	**41,302.2**
EBITDA	**982.1**	**2,585.8**	**693.0**	**28.9**	**-210.8**	**4,078.9**
Depreciation and amortization[2]	-1,039.5	-843.2	-312.9	-23.8	-5.8	-2,225.2
EBIT	**-57.4**	**1,742.6**	**380.1**	**5.1**	**-216.6**	**1,853.8**
Amortization of intangible assets from purchase price allocation (PPA)	58.5	6.3	53.5	–	–	118.2
Changes in the scope of consolidation[1]	–	–	-6.1	–	–	-6.1
Special effects						
Impairment on goodwill	–	–	–	–	–	–
Impairment[3]	13.1	26.7	1.3	0.3	–	41.4
Restructuring[4]	310.5	-18.1	0.6	2.3	–	295.4
Restructuring-related expenses	16.1	28.7	2.2	–	–	47.0
Severance payments	22.5	16.2	16.5	0.3	2.3	57.7
Gains and losses from disposals of companies and business operations	24.9	72.8	-6.3	0.0	–	91.5
Other[5]	–	11.8	6.5	–	–	18.3
Adjusted operating result (adjusted EBIT)	**388.2**	**1,887.0**	**448.3**	**8.0**	**-214.3**	**2,517.2**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €17.7 million (Tires €17.4 million; ContiTech €0.3 million) and a reversal of impairment losses of €1.7 million in the Tires group sector.
5 Mainly includes loss allowances on accounts receivable, write-downs on inventories, as well as debt waivers from the sale of all Russian operations in the Tires group sector and some operations in the ContiTech group sector in Russia.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**-177.8**	**39,408.9**
Changes in the scope of consolidation[1]	-0.4	-71.7	-1.3	–	0.0	-73.3
Adjusted sales	**18,321.2**	**13,933.6**	**6,593.0**	**665.6**	**-177.8**	**39,335.6**
EBITDA	**962.5**	**2,644.7**	**486.4**	**44.7**	**-172.3**	**3,966.1**
Depreciation and amortization[2]	-1,932.6	-921.1	-319.9	-35.2	-2.3	-3,211.2
EBIT	**-970.1**	**1,723.6**	**166.5**	**9.5**	**-174.7**	**754.8**
Amortization of intangible assets from purchase price allocation (PPA)	70.1	14.5	65.1	–	–	149.7
Changes in the scope of consolidation[1]	-9.3	-10.3	-0.2	–	–	-19.8
Special effects						
Impairment on goodwill	552.9	–	–	–	–	552.9
Impairment[3]	320.1	82.0	5.9	0.0	–	408.0
Restructuring[4]	-86.1	-2.1	58.9	-8.4	–	-37.7
Restructuring-related expenses	46.4	11.5	4.1	1.6	–	63.6
Severance payments	14.0	10.5	12.8	0.2	2.9	40.4
Gains and losses from disposals of companies and business operations	–	-0.4	-0.2	–	–	-0.6
Other	-0.8	2.0	–	–	–	1.2
Adjusted operating result (adjusted EBIT)	**-62.6**	**1,831.3**	**312.8**	**2.9**	**-171.8**	**1,912.6**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €11.4 million (Automotive €8.9 million; Tires €0.3 million; ContiTech €2.2 million) and reversals of impairment losses totaling €5.7 million (Automotive €1.0 million; ContiTech €4.7 million).

Research and development

Research and development expenses (net) increased by €133.1 million or 4.8% year-on-year to €2,896.0 million (PY: €2,762.9 million), corresponding to 7.0% of sales (PY: 7.0%).

In the Automotive group sector, costs in connection with initial product development projects in the original-equipment business are capitalized. Costs are capitalized as at the time at which we are named as a supplier and have successfully achieved a specific pre-release stage. Capitalization ends with the approval for unlimited volume production. The costs of customer-specific applications, pre-production prototypes and testing for products already being sold do not qualify as development expenditure that may be recognized as an intangible asset. Capitalized development expenses are amortized on a straight-line basis over a useful life of three to seven years and recognized in the cost of sales. In the opinion of the Continental Group, the assumed useful life reflects the period for which an economic benefit is likely to be derived from the corresponding development projects. Of the development costs incurred in 2023, including development expenses for internally developed software, €17.6 million (PY: €24.4 million) in the Automotive group sector qualified for recognition as an asset.

As in the previous year, the requirements for the capitalization of development activities were not met in the Tires, ContiTech or Contract Manufacturing group sectors.

This results in a capitalization ratio of 0.6% (PY: 0.9%) for the Continental Group.

Depreciation and amortization

Depreciation and amortization decreased by €986.1 million to €2,225.2 million (PY: €3,211.2 million), equivalent to 5.4% of sales (PY: 8.1%). It included impairment totaling €57.3 million in 2023 (PY: €966.6 million).

Financial result

The negative financial result increased by €37.8 million year-on-year to €235.8 million in 2023 (PY: €198.0 million). This increase was primarily attributable to the global interest rate trend on the capital markets.

Interest income rose by €19.8 million year-on-year to €103.4 million in 2023 (PY: €83.6 million). Interest income in connection with income tax payables accounted for €3.8 million of the total (PY: €20.3 million). For details about the higher prior-year value, please refer to the comments in the 2022 annual report.

Interest expense totaled €419.4 million in 2023 and was thus €184.6 million higher than the previous year's figure of €234.8 million. Interest expense from long-term employee benefits and expected income from long-term employee benefits and from pension funds amounted to a net expense of €84.8 million in the reporting year (PY: €62.4 million). These interest effects do not include the interest income from the plan assets of the pension contribution funds or the interest expense from the defined benefit obligations of the pension contribution funds. Interest expense, resulting mainly from bank borrowings, capital market transactions and other financing instruments, was €334.6 million (PY: €172.4 million). Interest expense on lease liabilities accounted for €27.9 million of this (PY: €26.7 million). Interest expenses in connection with income tax payables amounted to €17.3 million (PY: €3.1 million).

The bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, resulted in expenses of €97.2 million (PY: €52.9 million). The increase was primarily due to the issuance of euro bonds by Continental AG. A five-year bond with a volume of €625.0 million and a fixed interest rate of 3.625% p.a. was issued in the fourth quarter of 2022. Two further bonds were issued in 2023: a five-year bond with a volume of €750.0 million in the second quarter of 2023, and a three-and-a-half-year bond with a volume of €500.0 million in the third quarter of 2023, both with a fixed interest rate of 4.000% p.a. An offsetting effect was attributable to the repayment of a euro bond in the amount of €750.0 million with a fixed interest rate of 2.125% p.a. in the fourth quarter of 2023. In addition, a euro bond in the amount of €500.0 million with a fixed interest rate of 0.000% p.a. was repaid in the third quarter of 2023.

Effects from currency translation resulted in a positive contribution to earnings of €78.8 million in the reporting year (PY: negative contribution to earnings of €59.6 million). Effects from changes in the fair value of derivative instruments, and other valuation effects resulted in income of €1.4 million (PY: €12.8 million). Other valuation effects accounted for €1.2 million of this (PY: €5.1 million). Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in 2023 were positively impacted by €78.9 million (PY: negatively impacted by €51.9 million). A significant contributor to the year-on-year improvement was the development of the Chinese renminbi in relation to the euro.

Income tax expense
Income tax expense in fiscal 2023 amounted to €424.1 million (PY: €444.6 million). The tax rate was 26.2%, compared with 47.6% in the previous year. The prior-year tax rate was presented on an adjusted basis before the permanent effects of the recognized goodwill impairment.

As in the previous year, foreign tax rate differences as well as incentives and tax holidays had positive effects in the year under review. The tax rate was negatively impacted by non-cash allowances on deferred tax assets totaling €63.9 million (PY: €113.2 million), of which €41.7 million (PY: €30.1 million) was for previous years. Furthermore, as in the previous year, the tax rate was negatively affected by non-deductible expenses and non-imputable foreign withholding taxes. In the year under review, additional tax burdens were incurred from internal restructuring.

Net income attributable to the shareholders of the parent
Net income attributable to the shareholders of the parent increased by €1,089.8 million in 2023 to €1,156.4 million (PY: €66.6 million). Basic earnings per share amounted to €5.78 (PY: €0.33), the same amount as diluted earnings per share.

Employees
The number of employees in the Continental Group as at December 31, 2023, was 202,763, up 3,725 from 199,038 in the previous year.

The number of employees in the Automotive group sector rose by 4,838 due to adjustments to higher order volumes.

The number of employees in the Tires group sector declined by 638. This was primarily due to the sale of operations in Russia and adjustments to demand-driven production.

In the ContiTech group sector, the acquisition of Printing Solutions Sweden Holding AB, Trelleborg, Sweden, and adjustments to the production volume were the main reasons for the increase in the number of employees by 151.

The number of employees in the Contract Manufacturing group sector fell by 714 to 1,478 (PY: 2,192).

Employees by region in %	**2023**	2022
Germany	22	23
Europe excluding Germany	34	34
North America	19	19
Asia-Pacific	20	20
Other countries	4	4

Financial Position

- › Free cash flow at €1.2 billion
- › Cash outflow arising from investing activities at €2.2 billion
- › Net indebtedness at €4.0 billion

Reconciliation of cash flow
At €3,327.6 million in 2023, the cash inflow arising from operating activities was €1,032.1 million higher than the previous year's figure (PY: €2,295.5 million) and corresponded to 8.0% of sales (PY: 5.8%). This rise was primarily due to the increase in EBIT of €1,099.0 million to €1,853.8 million (PY: €754.8 million).

The cash-effective increase in working capital led to a cash outflow of €264.4 million (PY: €733.9 million). The lower cash outflow from working capital was due on the one hand to a decrease in inventories of €377.9 million (PY: increase of €1,644.9 million). In addition, despite higher sales, there was a slight decrease in operating receivables of €50.6 million (PY: increase of €821.9 million) due to higher cash receipts as at the end of the reporting period. The decrease in operating liabilities of €692.9 million (PY: increase of €1,732.9 million) had an offsetting effect.

Interest payments increased by €127.6 million to €279.5 million (PY: €151.9 million). Income tax payments rose by €128.2 million to €725.5 million (PY: €597.2 million).

Cash flow arising from investing activities amounted to an outflow of €2,168.6 million (PY: €2,204.9 million). Capital expenditure on property, plant and equipment, and software was down €8.4 million from €2,132.8 million to €2,124.4 million before the capitalization of borrowing costs and right-of-use assets from leases.

The net amount from the acquisition and disposal of companies and business operations led to a cash outflow of €133.3 million in 2023 (PY: €109.1 million). This cash outflow was primarily due to an acquisition in the ContiTech group sector.

These effects resulted in free cash flow of €1,159.0 million (PY: €90.6 million) for fiscal 2023, corresponding to a year-on-year increase of €1,068.4 million.

Capital expenditure (additions)
Capital expenditure for property, plant and equipment, and software amounted to €2,436.9 million in 2023 (PY: €2,426.4 million). The increase of €10.5 million was driven in particular by the Tires group sector, while significant savings in the Automotive group sector had an offsetting effect. The capital expenditure ratio was 5.9% (PY: 6.2%).

Financing and indebtedness
Gross indebtedness amounted to €7,170.3 million as at the end of 2023 (PY: €7,694.7 million), down €524.4 million on the previous year's level.

Based on quarter-end values, 74.4% (PY: 69.5%) of gross indebtedness after hedging measures had fixed interest rates on average over the year.

The carrying amount of the bonds increased negligibly from €3,949.2 million in the previous year to €3,969.2 million as at the end of fiscal 2023. Under the Debt Issuance Programme (DIP), Continental AG issued two listed euro bonds in June and August 2023, with a total issue volume of €1,250.0 million. On June 1, 2023, a €750.0-million bond was issued. The issue price of this bond, which has a term of five years and a fixed interest rate of 4.000% p.a., was 99.445%. On August 31, 2023, a €500.0-million bond was issued. The issue price of this bond, which has a term of three and a half years and a fixed interest rate of 4.000% p.a., was 99.658%. In addition, the €500.0-million and €750.0-million euro bonds of Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, maturing on September 12 and November 27, 2023, were redeemed in the second half of the year at a rate of 100.000%. The €500.0-million bond had an interest rate of 0.000% p.a. and a term of four years. The €750.0-million bond had an interest rate of 2.125% p.a. and a term of three and a half years.

Bank loans and overdrafts amounted to €1,385.7 million (PY: €1,579.6 million) as at December 31, 2023, and were therefore €193.9 million below the previous year's level.

The syndicated loan that was renewed ahead of schedule in December 2019 consists of a revolving tranche of €4,000.0 million and has an original term of five years. The margin will also depend on the Continental Group's sustainability performance. If the Continental Group achieves the performance improvements in sustainability as set out in detail in the loan agreement, this will reduce the margin; non-achievement will result in a margin increase. Continental has exercised two options, each extending the term of the loan by one year. This means that the financing commitment of the banks is now available until December 2026. As at December 31, 2023, Continental Rubber of America, Corp., Wilmington, Delaware, USA, had utilized €316.3 million of this revolving loan (PY: €300.0 million utilized by Continental AG).

Other indebtedness fell by €350.6 million to €1,815.3 million (PY: €2,165.9 million) as at the end of 2023. The decrease is primarily attributable to a lower issue volume of commercial paper. This resulted in liabilities totaling €15.6 million (PY: €367.3 million). As at the end of 2023, the utilization of sale-of-receivables programs, at €321.3 million (PY: €323.9 million), was on a par with the previous year. Three sale-of-receivables programs with a financing volume of €400.0 million were used within the Continental Group as at the end of 2023, the same as in the previous year.

Cash and cash equivalents, derivative instruments and interest-bearing investments were down by €62.9 million at €3,132.3 million (PY: €3,195.3 million).

Net indebtedness decreased by €461.5 million compared with the end of 2022 to €4,037.9 million (PY: €4,499.4 million). The gearing ratio improved year-on-year to 28.6% (PY: 32.8%).

As at December 31, 2023, the Continental Group had liquidity reserves totaling €7,492.2 million (PY: €7,561.5 million), consisting of cash and cash equivalents of €2,923.2 million (PY: €2,988.0 million) and committed, unutilized credit lines of €4,569.1 million (PY: €4,573.5 million). As at December 31, 2023, a total of €2,683.4 million (PY: €2,441.3 million) of the cash and cash equivalents specified above were unrestricted. The assessment of any restrictions related to cash and cash equivalents is made on each respective reporting date.

Reconciliation of net indebtedness

€ millions	**December 31, 2023**	December 31, 2022
Long-term indebtedness	4,211.9	4,006.0
Short-term indebtedness	2,958.3	3,688.7
Long-term derivative instruments and interest-bearing investments	–88.8	–105.8
Short-term derivative instruments and interest-bearing investments	–120.4	–101.5
Cash and cash equivalents	–2,923.2	–2,988.0
Net indebtedness	**4,037.9**	**4,499.4**

Reconciliation of change in net indebtedness

€ millions	**2023**	2022
Net indebtedness at the beginning of the reporting period	**4,499.4**	**3,765.5**
Cash flow arising from operating activities	3,327.6	2,295.5
Cash flow arising from investing activities	–2,168.6	–2,204.9
Cash flow before financing activities (free cash flow)	**1,159.0**	**90.6**
Dividends paid	–300.0	–440.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	–23.9	–16.9
Non-cash changes	–312.1	–318.8
Other	–1.5	–3.1
Exchange-rate effects	–60.0	–45.7
Change in net indebtedness	**461.5**	**–733.9**
Net indebtedness at the end of the reporting period	**4,037.9**	**4,499.4**

Net Assets Position

- Equity at €14.1 billion
- Equity ratio at 37.4%
- Gearing ratio at 28.6%

Total assets
At €37,752.8 million (PY: €37,926.7 million), total assets as at December 31, 2023, were €173.9 million lower than on the same date in the previous year.

Non-current assets
Non-current assets increased by €376.4 million year-on-year to €19,165.0 million (PY: €18,788.7 million). Goodwill declined by €30.7 million to €3,187.5 million (PY: €3,218.2 million), while other intangible assets fell by €153.4 million to €820.3 million (PY: €973.7 million). Property, plant and equipment increased by €254.9 million to €11,722.1 million (PY: €11,467.2 million). Deferred tax assets were up €452.5 million to €2,511.8 million (PY: €2,059.2 million).

Current assets
Current assets decreased by €550.3 million to €18,587.8 million (PY: €19,138.0 million). Due to destocking, inventories in the reporting year fell by €453.1 million to €6,276.5 million (PY: €6,729.6 million). Trade accounts receivable declined by €198.7 million to €7,569.0 million (PY: €7,767.7 million) as a result of higher cash receipts as at the end of the reporting period. At €2,923.2 million, cash and cash equivalents were down €64.8 million from €2,988.0 million on the same date in the previous year.

Equity
Total equity (including non-controlling interests) was €390.1 million higher than in the previous year at €14,125.1 million (PY: €13,735.0 million). Other comprehensive income fell by €439.6 million to -€1,758.6 million (PY: -€1,319.0 million). This was primarily attributable to the adjustment of pension provisions to reflect lower discount rates. The gearing ratio changed from 32.8% to 28.6%. The equity ratio increased to 37.4% (PY: 36.2%).

Non-current liabilities
At €8,177.4 million, non-current liabilities were up €817.5 million from €7,359.9 million in the previous year. This rise was mostly due to an increase in long-term employee benefits of €524.4 million to €3,147.9 million (PY: €2,623.5 million), primarily caused by an adjustment of pension provisions to reflect lower discount rates. Long-term provisions for other risks and obligations were higher by €79.4 million at €703.5 million (PY: €624.1 million). Long-term indebtedness rose by €205.9 million to €4,211.9 million (PY: €4,006.0 million), attributable mainly to the issuance of new bonds. Reclassifications of bonds and bank loans due in the following year to short-term indebtedness had an offsetting effect.

Current liabilities
At €15,450.3 million, current liabilities were down €1,381.5 million from €16,831.8 million in the previous year. This decrease was attributable in part to short-term indebtedness, which fell by €730.3 million to €2,958.3 million (PY: €3,688.7 million), due not only to lower net indebtedness as at the end of 2023 on the back of positive free cash flow, but in particular to the redemption of two bonds that matured in September and November. Reclassifications of bonds and bank loans due in the following year to long-term indebtedness had an offsetting effect. Trade accounts payable also decreased by €761.9 million to €6,875.1 million (PY: €7,637.0 million).

Operating assets
Operating assets fell by €5.2 million year-on-year to €19,550.4 million as at December 31, 2023 (PY: €19,555.6 million).

Working capital was up €96.3 million at €7,207.8 million (PY: €7,111.4 million), driven by a €761.9 million decrease in operating liabilities to €6,875.1 million (PY: €7,637.0 million). Offsetting this, inventories were down €453.1 million to €6,276.5 million (PY: €6,729.6 million) and operating receivables down €212.5 million to €7,806.4 million (PY: €8,018.9 million).

Non-current operating assets were down €81.3 million year-on-year at €16,321.9 million (PY: €16,403.2 million). Goodwill fell by €30.7 million to €3,187.5 million (PY: €3,218.2 million), with €39.7 million of the decrease attributable to exchange-rate effects. This was offset by additions from acquisitions of €9.0 million. Property, plant and equipment rose by €254.9 million to €11,722.1 million (PY: €11,467.2 million). Other intangible assets fell by €153.4 million to €820.3 million (PY: €973.7 million). Amortization of intangible assets from purchase price allocation (PPA) in the amount of €118.2 million (PY: €149.7 million) reduced the value of intangible assets.

In fiscal 2023, all Russian operations in the Automotive and Tires group sectors as well as some Russian operations in the ContiTech group sector were sold. This reduced the Continental Group's operating assets by €85.2 million, of which €18.8 million was attributable to Automotive, €65.0 million to Tires and €1.4 million to ContiTech.

An asset deal in the Automotive group sector added €4.4 million to operating assets.

In the Tires group sector, operating assets were down €1.1 million due to the sale of an equity-accounted investee.

In the ContiTech group sector, ContiTech Global Holding Netherlands B.V., Maastricht, Netherlands, acquired 100% of the shares in Printing Solutions Sweden Holding AB, Trelleborg, Sweden. This increased operating assets by €162.0 million. A further share deal in 2023 and final purchase price allocations for share deals in 2022 added €6.7 million to operating assets in the ContiTech group sector.

Other changes in the scope of consolidation did not result in any notable additions to or disposals of operating assets at corporate level.

Exchange-rate effects decreased the Continental Group's total operating assets by €301.2 million in the reporting year (PY: increase of €258.3 million).

Average operating assets rose by €441.2 million year-on-year to €20,714.2 (PY: €20,272.9 million).

Consolidated statement of financial position

Assets in € millions	**December 31, 2023**	December 31, 2022
Goodwill	3,187.5	3,218.2
Other intangible assets	820.3	973.7
Property, plant and equipment	11,722.1	11,467.2
Investments in equity-accounted investees	298.6	305.1
Long-term miscellaneous assets	3,136.6	2,824.5
Non-current assets	**19,165.0**	**18,788.7**
Inventories	6,276.5	6,729.6
Trade accounts receivable	7,569.0	7,767.7
Short-term miscellaneous assets	1,819.1	1,652.8
Cash and cash equivalents	2,923.2	2,988.0
Current assets	**18,587.8**	**19,138.0**
Total assets	**37,752.8**	**37,926.7**

Equity and liabilities in € millions	**December 31, 2023**	December 31, 2022
Total equity	**14,125.1**	**13,735.0**
Non-current liabilities	**8,177.4**	**7,359.9**
Trade accounts payable	6,875.1	7,637.0
Short-term other provisions and liabilities	8,575.2	9,194.8
Current liabilities	**15,450.3**	**16,831.8**
Total equity and liabilities	**37,752.8**	**37,926.7**
Net indebtedness	**4,037.9**	**4,499.4**
Gearing ratio in %	**28.6**	**32.8**

Reconciliation to operating assets in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,519.2**	**10,314.3**	**4,582.4**	**537.0**	**6,799.9**	**37,752.8**
Cash and cash equivalents	–	–	–	–	2,923.2	2,923.2
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	209.2	209.2
Other financial assets	48.4	33.1	18.9	0.3	18.8	119.6
Less financial assets	**48.4**	**33.1**	**18.9**	**0.3**	**3,151.1**	**3,251.9**
Less other non-operating assets	**-137.9**	**4.5**	**6.9**	**0.4**	**522.3**	**396.2**
Deferred tax assets	–	–	–	–	2,511.8	2,511.8
Income tax receivables	–	–	–	–	305.2	305.2
Less income tax assets	**–**	**–**	**–**	**–**	**2,817.0**	**2,817.0**
Segment assets	**15,608.7**	**10,276.6**	**4,556.6**	**536.2**	**309.5**	**31,287.7**
Total liabilities and provisions	**8,482.2**	**3,902.5**	**2,007.6**	**177.5**	**9,058.0**	**23,627.7**
Short- and long-term indebtedness	–	–	–	–	7,170.3	7,170.3
Other financial liabilities	–	–	–	–	510.0	510.0
Less financial liabilities	**–**	**–**	**–**	**–**	**7,680.3**	**7,680.3**
Deferred tax liabilities	–	–	–	–	71.6	71.6
Income tax payables	–	–	–	–	541.3	541.3
Less income tax liabilities	**–**	**–**	**–**	**–**	**612.9**	**612.9**
Less other non-operating liabilities	**1,717.5**	**700.4**	**576.4**	**36.9**	**565.9**	**3,597.2**
Segment liabilities	**6,764.6**	**3,202.0**	**1,431.2**	**140.6**	**199.0**	**11,737.4**
Operating assets	**8,844.1**	**7,074.6**	**3,125.5**	**395.6**	**110.6**	**19,550.4**

Reconciliation to operating assets in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,255.7**	**10,800.6**	**4,686.5**	**759.0**	**6,425.0**	**37,926.7**
Cash and cash equivalents	–	–	–	–	2,988.0	2,988.0
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	207.3	207.3
Other financial assets	52.0	35.0	6.1	0.3	30.6	123.9
Less financial assets	**52.0**	**35.0**	**6.1**	**0.3**	**3,225.8**	**3,319.1**
Less other non-operating assets	**-147.0**	**-14.4**	**3.9**	**0.2**	**536.9**	**379.6**
Deferred tax assets	–	–	–	–	2,059.2	2,059.2
Income tax receivables	–	–	–	–	277.6	277.6
Less income tax assets	**–**	**–**	**–**	**–**	**2,336.8**	**2,336.8**
Segment assets	**15,350.7**	**10,780.0**	**4,676.5**	**758.5**	**325.4**	**31,891.1**
Total liabilities and provisions	**8,403.0**	**4,053.5**	**2,015.6**	**272.0**	**9,447.7**	**24,191.8**
Short- and long-term indebtedness	–	–	–	–	7,694.7	7,694.7
Other financial liabilities	–	–	–	–	520.3	520.3
Less financial liabilities	**–**	**–**	**–**	**–**	**8,215.0**	**8,215.0**
Deferred tax liabilities	–	–	–	–	57.5	57.5
Income tax payables	–	–	–	–	525.7	525.7
Less income tax liabilities	**–**	**–**	**–**	**–**	**583.2**	**583.2**
Less other non-operating liabilities	**1,374.2**	**642.8**	**508.5**	**44.8**	**487.8**	**3,058.0**
Segment liabilities	**7,028.8**	**3,410.7**	**1,507.1**	**227.3**	**161.7**	**12,335.6**
Operating assets	**8,321.9**	**7,369.3**	**3,169.4**	**531.2**	**163.8**	**19,555.6**

Development of the Group Sectors

Automotive

- ❯ Sales up 10.8%
- ❯ Sales up 12.3% before changes in the scope of consolidation and exchange-rate effects
- ❯ Adjusted EBIT up 719.8%

Automotive in € millions	**2023**	2022	Δ in %
Sales	20,295.4	18,321.6	10.8
EBITDA	982.1	962.5	2.0
in % of sales	4.8	5.3	
EBIT	-57.4	-970.1	94.1
in % of sales	-0.3	-5.3	
Research and development expenses (net)[1, 2]	2,384.8	2,273.1	4.9
in % of sales[1, 2]	11.8	12.4	
Depreciation and amortization[3]	1,039.5	1,932.6	-46.2
thereof impairment[4]	13.1	880.9	-98.5
Capital expenditure[5]	1,226.3	1,342.0	-8.6
in % of sales	6.0	7.3	
Operating assets as December 31	8,844.1	8,321.9	6.3
Operating assets (average)	9,221.1	8,746.7	5.4
ROCE in %	-0.6	-11.1	
Number of employees as at December 31[6]	102,413	97,575	5.0
Adjusted sales[7]	20,295.4	18,321.2	10.8
Adjusted operating result (adjusted EBIT)[8]	388.2	-62.6	719.8
in % of adjusted sales	1.9	-0.3	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.
3 Excluding impairment on financial investments.
4 Impairment also includes necessary reversals of impairment losses.
5 Capital expenditure on property, plant and equipment, and software.
6 Excluding trainees.
7 Before changes in the scope of consolidation.
8 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Structure
The Automotive group sector (49% of consolidated sales) offers technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio also includes innovative solutions for assisted and automated driving, display and operating technologies, audio and camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services. The group sector was divided into six business areas in the reporting year:

- ❯ Architecture and Networking
- ❯ Autonomous Mobility
- ❯ Safety and Motion
- ❯ Smart Mobility
- ❯ Software and Central Technologies
- ❯ User Experience

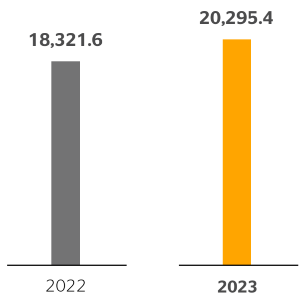
The Smart Mobility business area was discontinued effective December 31, 2023, and since January 1, 2024, has been included in the Automotive group sector.

Business and sales performance
Sales volumes in the Automotive group sector trended upward overall, buoyed by positive market developments and the improved availability of semi-finished products, especially semiconductors. The Autonomous Mobility business area recorded major gains with radar systems and cameras. Strong growth with access control systems for vehicles and other seamless connectivity technologies helped the Architecture and Networking business area achieve an above-average increase in sales. Safety and Motion increased its

sales of brake systems and airbag control units. The User Experience business area was able to offset the effect of discontinued product areas by significantly improving sales figures for display solutions. Sales volumes in the Smart Mobility business area were especially impressive in the commercial vehicle sector and in the replacement-parts business.

These higher volumes were additionally bolstered in the reporting year by price adjustments to offset inflation-related effects. Sales rose by 10.8% year-on-year to €20,295.4 million (PY: €18,321.6 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 12.3%.

Sales € millions



Adjusted EBIT
Adjusted EBIT for the Automotive group sector increased by €450.8 million or 719.8% year-on-year in 2023 to €388.2 million (PY: -€62.6 million), corresponding to 1.9% (PY: -0.3%) of adjusted sales.

EBIT
The Automotive group sector reported a year-on-year increase in EBIT of €912.6 million or 94.1% to -€57.4 million in 2023 (PY: -€970.1 million). The return on sales consequently improved to -0.3% (PY: -5.3%).

The amortization of intangible assets from purchase price allocation (PPA) reduced EBIT by €58.5 million (PY: €70.1 million).

For the Automotive group sector, total consolidated expense from special effects in 2023 amounted to €387.1 million (PY: €846.5 million). For further details, please see our comments on pages 65 and 66 regarding the special effects in 2023 and 2022.

The ROCE was -0.6% (PY: -11.1%).

Procurement
Electronic components and semiconductors are essential semi-finished products for the Automotive group sector. The fluctuations in consumption triggered by changed consumer behavior in the wake of the COVID-19 pandemic and advancing digitalization, coupled with the resulting temporary shortage of semiconductors, continued to make their presence felt in 2023. This further drove up prices, especially for supply-critical, automotive-specific components, but customer demand was still largely met overall.

The prices of steel, aluminum, copper and plastics, which are important raw materials for the Automotive sector, rose significantly until the middle of the year in anticipation of a global economic upturn. In the wake of the sluggish economic recovery in China and the generally gloomier economic environment in Western countries due to creeping inflation and interest rate hikes, however, raw material prices began to fall again from the middle of the year onward.

Raw material manufacturers scaled back production capacities from the market in response to weaker demand and persistently high energy prices in an effort to stabilize prices. Despite these reduced capacities, the delivery situation and delivery times remained strained throughout 2023.

Research and development
Research and development expenses (net) increased by €111.7 million or 4.9% year-on-year to €2,384.8 million (PY: €2,273.1 million), corresponding to 11.8% (PY: 12.4%) of sales.

Depreciation and amortization
Depreciation and amortization fell by €893.1 million compared with fiscal 2022 to €1,039.5 million (PY: €1,932.6 million) and amounted to 5.1% (PY: 10.5%) of sales. It included impairment totaling €13.1 million in 2023 (PY: €880.9 million).

Operating assets
Operating assets in the Automotive group sector increased by €522.2 million year-on-year to €8,844.1 million (PY: €8,321.9 million) as at December 31, 2023.

Working capital was up €536.0 million at €2,612.5 million (PY: €2,076.5 million). Inventories decreased by €43.3 million to €2,825.0 million (PY: €2,868.3 million). Operating receivables rose by €157.1 million to €3,811.3 million (PY: €3,654.2 million) as at the reporting date. Operating liabilities were down €422.2 million at €4,023.9 million (PY: €4,446.1 million).

Non-current operating assets were up €5.9 million at €8,453.4 million (PY: €8,447.6 million). Goodwill fell by €18.9 million to €2,159.5 million (PY: €2,178.4 million) due to exchange-rate effects. At €5,388.3 million, property, plant and equipment were €286.4 million above the previous year’s level of €5,101.9 million. Other intangible assets fell by €113.0 million to €561.8 million (PY: €674.8 million). Amortization of intangible assets from purchase price allocation (PPA) in the amount of €58.5 million (PY: €70.1 million) reduced the value of intangible assets.

In fiscal 2023, all Russian operations in the Automotive group sector were sold. This decreased operating assets by €18.8 million.

An asset deal in the Automotive group sector added €4.4 million to operating assets.

Exchange-rate effects decreased the total operating assets of the Automotive group sector by €98.0 million in the reporting year (PY: increase of €60.6 million).

Average operating assets in the Automotive group sector rose by €474.4 million compared with fiscal 2022 to €9,221.1 million (PY: €8,746.7 million).

Capital expenditure (additions)
Additions in the Automotive group sector decreased by €115.7 million year-on-year to €1,226.3 million (PY: €1,342.0 million). The capital expenditure ratio was 6.0% (PY: 7.3%).

Investments were made primarily at locations in Germany, China, Mexico, Romania, Serbia, the USA, Czechia, Lithuania and Hungary.

In particular, production capacity was increased in the Safety and Motion, User Experience, Architecture and Networking, and Autonomous Mobility business areas. There were major additions related to the construction of new manufacturing plants for electronic brake systems and innovative display and operating solutions, as well as vehicle electronics such as high-performance computers and radar and camera solutions.

Investments were made to construct new production sites in Kaunas, Lithuania; and Novi Sad, Serbia.

Employees
The number of employees in the Automotive group sector rose by 4,838 to 102,413 as at December 31, 2023 (PY: 97,575). This was primarily due to adjustments to higher order volumes.

Tires

- Sales down 0.3%
- Sales up 2.9% before changes in the scope of consolidation and exchange-rate effects
- Adjusted EBIT up 3.0%

Tires in € millions	**2023**	2022	Δ in %
Sales	13,958.0	14,005.2	-0.3
EBITDA	2,585.8	2,644.7	-2.2
in % of sales	18.5	18.9	
EBIT	1,742.6	1,723.6	1.1
in % of sales	12.5	12.3	
Research and development expenses (net)[1]	336.0	320.8	4.8
in % of sales[1]	2.4	2.3	
Depreciation and amortization[2]	843.2	921.1	-8.5
thereof impairment[3]	42.4	82.3	-48.4
Capital expenditure[4]	966.6	818.6	18.1
in % of sales	6.9	5.8	
Operating assets as December 31	7,074.6	7,369.3	-4.0
Operating assets (average)	7,596.5	7,508.2	1.2
ROCE in %	22.9	23.0	
Number of employees as at December 31[5]	56,349	56,987	-1.1
Adjusted sales[6]	13,958.0	13,933.6	0.2
Adjusted operating result (adjusted EBIT)[7]	1,887.0	1,831.3	3.0
in % of adjusted sales	13.5	13.1	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses.
4 Capital expenditure on property, plant and equipment, and software.
5 Excluding trainees.
6 Before changes in the scope of consolidation.
7 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Structure

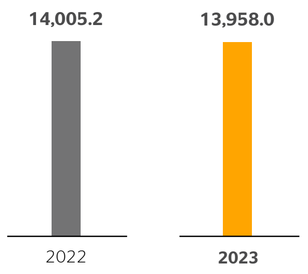
With its premium portfolio in the car, truck, bus, two-wheel and specialty tire segment, the Tires group sector (34% of consolidated sales) stands for innovative solutions in tire technology. Intelligent products and services related to tires and the promotion of sustainability complete the portfolio. For specialist dealers and fleet management, Tires offers digital tire monitoring and tire management systems, in addition to other services, with the aim of keeping fleets mobile and increasing their efficiency. With its tires, Continental contributes to safe, efficient and environmentally friendly mobility. The group sector is divided into five business areas:

- Original Equipment
- Replacement APAC
- Replacement EMEA
- Replacement The Americas
- Specialty Tires

Business and sales performance

Negative exchange-rate effects and weak demand, particularly in the truck tire-replacement business and to a lesser extent the passenger car tire-replacement business in Europe and North America, could not be fully offset by optimizing the product mix. Sales decreased by 0.3% year-on-year to €13,958.0 million (PY: €14,005.2 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 2.9%.

Sales € millions



Adjusted EBIT
Adjusted EBIT for the Tires group sector increased by €55.7 million or 3.0% year-on-year in 2023 to €1,887.0 million (PY: €1,831.3 million), corresponding to 13.5% (PY: 13.1%) of adjusted sales.

EBIT
The Tires group sector reported a year-on-year increase in EBIT of €18.9 million or 1.1% to €1,742.6 million in 2023 (PY: €1,723.6 million). The return on sales improved to 12.5% (PY: 12.3%).

The amortization of intangible assets from purchase price allocation (PPA) reduced EBIT by €6.3 million (PY: €14.5 million).

For the Tires group sector, total consolidated expense from special effects in 2023 amounted to €138.1 million (PY: €103.5 million). For further details, please see our comments on pages 65 and 66 regarding the special effects in 2023 and 2022.

The ROCE was 22.9% (PY: 23.0%).

Procurement
The prices of key raw materials and input materials, including butadiene and input products based on crude oil, fell from the high level of the previous year. Prices likewise contracted on the markets for steel, chemicals and textiles, although the price level is still higher than before the crisis. Another contributing factor was offsetting cost trends resulting from an updated procurement strategy due to sanctions.

Research and development
Research and development expenses (net) increased by €15.3 million or 4.8% year-on-year to €336.0 million (PY: €320.8 million), corresponding to 2.4% (PY: 2.3%) of sales.

Depreciation and amortization
Depreciation and amortization fell by €77.9 million compared with fiscal 2022 to €843.2 million (PY: €921.1 million) and amounted to 6.0% of sales (PY: 6.6%). It included impairment totaling €42.4 million in 2023 (PY: €82.3 million).

Operating assets
Operating assets in the Tires group sector decreased by €294.7 million year-on-year to €7,074.6 million (PY: €7,369.3 million) as at December 31, 2023.

Working capital was down €315.2 million at €3,069.1 million (PY: €3,384.3 million). Inventories decreased by €351.4 million to €2,426.9 million (PY: €2,778.3 million). Operating receivables fell by €170.4 million to €2,467.9 million (PY: €2,638.3 million) as at the reporting date. Operating liabilities were down €206.6 million at €1,825.7 million (PY: €2,032.3 million).

Non-current operating assets were up €3.1 million at €5,230.3 million (PY: €5,227.2 million). Goodwill fell by €8.5 million to €411.5 million (PY: €420.0 million). This decrease resulted entirely from exchange-rate effects. Property, plant and equipment rose by €41.0 million to €4,614.2 million (PY: €4,573.2 million). Other intangible assets fell by €12.1 million to €33.5 million (PY: €45.6 million). Amortization of intangible assets from purchase price allocation (PPA) in the amount of €6.3 million (PY: €14.5 million) reduced the value of intangible assets.

In fiscal 2023, all Russian operations in the Tires group sector were sold. This decreased operating assets by €65.0 million. The sales of an equity-accounted investee likewise adversely impacted operating assets by €1.1 million.

Exchange-rate effects decreased the total operating assets of the Tires group sector by €166.5 million in the reporting year (PY: increase of €143.4 million).

Average operating assets in the Tires group sector rose by €88.2 million compared with fiscal 2022 to €7,596.5 million (PY: €7,508.2 million).

Capital expenditure (additions)
Additions in the Tires group sector increased by €148.0 million year-on-year to €966.6 million (PY: €818.6 million). The capital expenditure ratio was 6.9% (PY: 5.8%).

Investments were made to optimize and expand production capacity at existing plants in European best-cost locations and in the USA, China, Germany, Brazil, Thailand and Mexico.

There were major additions related to the expansion of the production site in Hefei, China. Quality assurance and cost-cutting measures were implemented as well.

Employees
The number of employees in the Tires group sector fell by 638 to 56,349 as at December 31, 2023 (PY: 56,987). This was primarily due to the sale of operations in Russia, while adjustments to demand-driven production had an offsetting effect.

ContiTech

- ❯ Sales up 3.7%
- ❯ Sales up 3.7% before changes in the scope of consolidation and exchange-rate effects
- ❯ Adjusted EBIT up 43.3%

ContiTech in € millions	2023	2022	Δ in %
Sales	6,841.5	6,594.3	3.7
EBITDA	693.0	486.4	42.5
in % of sales	10.1	7.4	
EBIT	380.1	166.5	128.3
in % of sales	5.6	2.5	
Research and development expenses (net)[1]	175.1	169.2	3.5
in % of sales[1]	2.6	2.6	
Depreciation and amortization[2]	312.9	319.9	-2.2
thereof impairment[3]	1.5	3.4	-54.3
Capital expenditure[4]	209.6	199.8	4.9
in % of sales	3.1	3.0	
Operating assets as December 31	3,125.5	3,169.4	-1.4
Operating assets (average)	3,284.4	3,275.8	0.3
ROCE in %	11.6	5.1	
Number of employees as at December 31[5]	41,949	41,798	0.4
Adjusted sales[6]	6,723.2	6,593.0	2.0
Adjusted operating result (adjusted EBIT)[7]	448.3	312.8	43.3
in % of adjusted sales	6.7	4.7	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses.
4 Capital expenditure on property, plant and equipment, and software.
5 Excluding trainees.
6 Before changes in the scope of consolidation.
7 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Structure
The ContiTech group sector (17% of consolidated sales) focuses on development and materials expertise in products and systems made from rubber, plastic, metal and textiles, which can also be equipped with electronic components to optimize their functionality for custom service applications. ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. ContiTech also serves the automotive and transportation industries along with the railway engineering sector. The group sector was divided into six business areas in the reporting year:

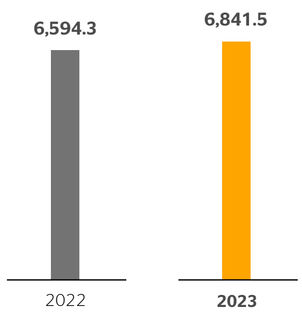
- ❯ Advanced Dynamics Solutions
- ❯ Conveying Solutions
- ❯ Industrial Fluid Solutions
- ❯ Mobile Fluid Systems
- ❯ Power Transmission Group
- ❯ Surface Solutions

The Advanced Dynamics Solutions, Conveying Solutions, Industrial Fluid Solutions, Mobile Fluid Systems and Power Transmission Group business areas, as they existed in this setup until December 31, 2023, will be reassigned to the three regional Industrial Solutions business areas and the Original Equipment Solutions business area effective January 1, 2024.

Business and sales performance
Sales in the ContiTech group sector increased by 3.7% year-on-year to €6,841.5 million in 2023 (PY: €6,594.3 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 3.7%. This improvement was due to the positive development in the automotive original-equipment business, which saw both increased volumes and favorable price adjustments to compensate for cost inflation. By contrast, the industrial and automotive replacement businesses recorded a slight decline year-on-year due to market weakness in the second half of 2023. These lower volumes were largely offset by adjusting prices.

Sales

€ millions



Adjusted EBIT
Adjusted EBIT for the ContiTech group sector increased by €135.5 million or 43.3% year-on-year in 2023 to €448.3 million (PY: €312.8 million), corresponding to 6.7% (PY: 4.7%) of adjusted sales.

EBIT
The ContiTech group sector reported a year-on-year increase in EBIT of €213.7 million or 128.3% to €380.1 million in 2023 (PY: €166.5 million). The return on sales improved to 5.6% (PY: 2.5%).

The amortization of intangible assets from purchase price allocation (PPA) reduced EBIT by €53.5 million (PY: €65.1 million).

For the ContiTech group sector, total consolidated expense from special effects in 2023 amounted to €20.8 million (PY: €81.5 million). For further details, please see our comments on pages 65 and 66 regarding the special effects in 2023 and 2022.

The ROCE was 11.6% (PY: 5.1%).

Procurement
The ContiTech group sector continued to be hampered by material shortages and challenges securing the availability of specific raw materials in 2023. Prices for oil and butadiene-based materials trended downward, but these were more than offset by price increases for a wide range of special raw materials essential to ContiTech's operations.

Research and development
Research and development expenses (net) increased by €6.0 million or 3.5% year-on-year to €175.1 million (PY: €169.2 million), corresponding to 2.6% (PY: 2.6%) of sales.

Depreciation and amortization
Depreciation and amortization fell by €7.0 million compared with fiscal 2022 to €312.9 million (PY: €319.9 million) and amounted to 4.6% of sales (PY: 4.9%). It included impairment totaling €1.5 million in 2023 (PY: €3.4 million).

Operating assets
Operating assets in the ContiTech group sector decreased by €44.0 million year-on-year to €3,125.5 million (PY: €3,169.4 million) as at December 31, 2023.

Working capital was down €9.1 million at €1,248.7 million (PY: €1,257.8 million). Inventories decreased by €23.7 million to €975.7 million (PY: €999.5 million). Operating receivables fell by €63.7 million to €1,135.6 million (PY: €1,199.3 million) as at the reporting date. Operating liabilities were down €78.3 million at €862.6 million (PY: €941.0 million).

Non-current operating assets were down €21.8 million at €2,310.6 million (PY: €2,332.4 million). Goodwill fell by €3.3 million to €616.3 million (PY: €619.5 million), with €12.3 million of the decrease attributable to exchange-rate effects. This was offset by additions of €9.0 million. At €1,407.3 million, property, plant and equipment were €3.6 million below the previous year's level of €1,410.9 million. Other intangible assets fell by €27.7 million to €224.0 million (PY: €251.7 million). Amortization of intangible assets from purchase price allocation (PPA) in the amount of €53.5 million (PY: €65.1 million) reduced the value of intangible assets.

In fiscal 2023, some Russian operations in the ContiTech group sector were sold. This decreased operating assets by €1.4 million.

In the ContiTech group sector, ContiTech Global Holding Netherlands B.V., Maastricht, Netherlands, acquired 100% of the shares in Printing Solutions Sweden Holding AB, Trelleborg, Sweden. This increased operating assets by €162.0 million. A further share deal in 2023 and final purchase price allocations for share deals in 2022 added €6.7 million to operating assets in the ContiTech group sector.

Exchange-rate effects decreased the total operating assets of the ContiTech group sector by €48.5 million in the reporting year (PY: increase of €57.1 million).

Average operating assets in the ContiTech group sector rose by €8.6 million compared with fiscal 2022 to €3,284.4 million (PY: €3,275.8 million).

Capital expenditure (additions)
Additions in the ContiTech group sector increased by €9.9 million year-on-year to €209.6 million (PY: €199.8 million). The capital expenditure ratio was 3.1% (PY: 3.0%).

Production capacity was expanded in Germany, China, the USA, Mexico, Brazil, Hungary and Romania.

There were major additions related to the expansion of production capacity in selected growth markets for the Surface Solutions, Mobile Fluid Systems, Conveying Solutions and Power Transmission Group business areas. In addition, investments were made in all business areas to optimize existing production processes.

Employees
The number of employees in the ContiTech group sector rose by 151 to 41,949 as at December 31, 2023 (PY: 41,798). This was mainly attributable to the acquisition of Printing Solutions Sweden Holding AB, Trelleborg, Sweden, while adjustments to production volumes had an offsetting effect.

Contract Manufacturing

› Sales down 23.0%
› Sales down 24.5% before changes in the scope of consolidation and exchange-rate effects
› Adjusted EBIT up 177.3%

Contract Manufacturing in € millions	**2023**	2022	Δ in %
Sales	512.4	665.6	-23.0
EBITDA	28.9	44.7	-35.4
in % of sales	5.6	6.7	
EBIT	5.1	9.5	-46.0
in % of sales	1.0	1.4	
Research and development expenses (net)[1]	0.0	0.1	-37.4
in % of sales[1]	0.0	0.0	
Depreciation and amortization[2]	23.8	35.2	-32.5
thereof impairment[3]	0.3	0.0	1,254.0
Capital expenditure[4]	6.7	9.9	-32.5
in % of sales	1.3	1.5	
Operating assets as December 31	395.6	531.2	-25.5
Operating assets (average)	459.7	635.2	-27.6
ROCE in %	1.1	1.5	
Number of employees as at December 31[5]	1,478	2,192	-32.6
Adjusted sales[6]	512.4	665.6	-23.0
Adjusted operating result (adjusted EBIT)[7]	8.0	2.9	177.3
in % of adjusted sales	1.6	0.4	

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses.
4 Capital expenditure on property, plant and equipment, and software.
5 Excluding trainees.
6 Before changes in the scope of consolidation.
7 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

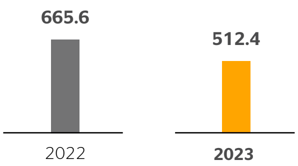
Structure
The contract manufacturing of products by Continental companies for Vitesco Technologies is consolidated in the Contract Manufacturing group sector (1% of consolidated sales). This contract manufacturing is not intended to be a permanent situation; rather, the operational separation of production will continue to be promoted and the volume of contract manufacturing reduced. Contract Manufacturing includes one business area:

› Contract Manufacturing

Business and sales performance
Sales volumes in the Contract Manufacturing group sector decreased year-on-year in 2023. This corresponds to the contractually agreed procedure between Continental and Vitesco Technologies.

Sales decreased by 23.0% year-on-year to €512.4 million (PY: €665.6 million). Before changes in the scope of consolidation and exchange-rate effects, sales declined by 24.5%.

Sales € millions



Adjusted EBIT
Adjusted EBIT for the Contract Manufacturing group sector increased by €5.1 million or 177.3% year-on-year in 2023 to €8.0 million (PY: €2.9 million), corresponding to a margin of 1.6% (PY: 0.4%) of adjusted sales.

EBIT
The Contract Manufacturing group sector reported a year-on-year decrease in EBIT of €4.4 million or 46.0% to €5.1 million in 2023 (PY: €9.5 million). The return on sales fell to 1.0% (PY: 1.4%).

For the Contract Manufacturing group sector, total consolidated expense from special effects in 2023 amounted to €2.9 million (PY: income of €6.6 million). For further details, please see our comments on pages 66 and 67 regarding the special effects in 2023 and 2022.

The ROCE was 1.1% (PY: 1.5%).

Procurement
Procurement in the Contract Manufacturing group sector was characterized by a stabilized supply chain, notwithstanding some isolated shortages. Production capacities at suppliers were adjusted to annual requirements, and prices followed the general market trend. Due to the contractual arrangements with Vitesco Technologies, all price changes in the purchasing volume are passed on to Vitesco Technologies on a quarterly basis and therefore have no influence on the operating result of the Contract Manufacturing group sector.

Depreciation and amortization
Depreciation and amortization fell by €11.5 million compared with fiscal 2022 to €23.8 million (PY: €35.2 million) and amounted to 4.6% (PY: 5.3%) of sales. It included impairment totaling €0.3 million in 2023 (PY: €0.0 million).

Operating assets
Operating assets in the Contract Manufacturing group sector decreased by €135.6 million year-on-year to €395.6 million (PY: €531.2 million) as at December 31, 2023.

Working capital was down €84.7 million at €354.2 million (PY: €439.0 million). Inventories decreased by €34.6 million to €48.9 million (PY: €83.5 million). Operating receivables fell by €121.0 million to €389.9 million (PY: €511.0 million) as at the reporting date. Operating liabilities were down €70.9 million at €84.6 million (PY: €155.5 million).

Non-current operating assets were down €60.8 million year-on-year at €88.5 million (PY: €149.3 million). At €87.9 million, property, plant and equipment were €60.0 million below the previous year's level of €147.9 million. Other intangible assets fell by €0.5 million to €0.4 million (PY: €0.9 million).

Exchange-rate effects increased the total operating assets of the Contract Manufacturing group sector by €10.8 million in the reporting year (PY: decrease of €1.2 million).

Average operating assets in the Contract Manufacturing group sector fell by €175.5 million compared with fiscal 2022 to €459.7 million (PY: €635.2 million).

Capital expenditure (additions)
Additions in the Contract Manufacturing business area decreased by €3.2 million year-on-year to €6.7 million (PY: €9.9 million). The capital expenditure ratio was 1.3% (PY: 1.5%).

The capital expenditure was primarily attributable to production equipment for the manufacture of specific products and the implementation of new technologies.

Employees
The number of employees in the Contract Manufacturing group sector fell by 714 compared with the previous year, totaling 1,478 as at December 31, 2023 (PY: 2,192).

Overall Statement on the Business Performance and Position of the Continental Group

The Continental Group's business and earnings performance in the reporting year was hampered by geopolitical uncertainties, persistent strains on the supply of semiconductors, negative exchange-rate effects and the impact of inflation and high costs for special freight. In the opinion of the Executive Board, Continental achieved a solid result in this challenging macroeconomic environment. The Continental Group's consolidated sales amounted to €41.4 billion in 2023 (PY: €39.4 billion), and the adjusted EBIT margin stood at 6.1% (PY: 4.9%). Adjusted free cash flow improved significantly to €1.3 billion (PY: €0.2 billion), which was slightly above the targeted range. This was attributable to the operational improvement in earnings and lower inventories and receivables.

In the Automotive group sector, the significant ramp-up in automotive production coupled with the price adjustments introduced to compensate for cost inflation had a particularly positive impact on organic sales. The group sector also maintained its high order intake. EBIT also improved significantly, in particular due to greater production and supply chain efficiency stemming from a more stable supply of materials and high cost discipline. In addition, the prior-year figure was encumbered by impairment on goodwill and property, plant and equipment. Automotive posted sales of €20.3 billion (PY: €18.3 billion) and an adjusted EBIT margin of 1.9% (PY: -0.3%) in 2023. Before changes in the scope of consolidation and exchange-rate effects, the group sector increased its sales by 12.3%.

Negative exchange-rate effects and weak demand, particularly in the truck tire-replacement business and to a lesser extent the passenger car tire-replacement business in Europe and North America, curbed sales growth in the Tires group sector. Nevertheless, Tires achieved an adjusted EBIT margin of 13.5% (PY: 13.1%), driven by a high share of premium tires and a strong winter tire business in Europe. Sales were unchanged from the previous year at €14.0 billion (PY: €14.0 billion).

The ContiTech group sector embarked on a strategic realignment in May 2023 with the aim of improving customer and market proximity, enhancing efficiency and stepping up its focus on expanding its industrial business. As part of this realignment, ContiTech strengthened its industrial business through acquisitions. ContiTech also increased sales in organic terms by 3.7%. This improvement was due to the positive development in the automotive original-equipment business, which saw both increased volumes and favorable price adjustments to compensate for cost inflation. By contrast, the industrial and automotive replacement businesses recorded a slight decline year-on-year. These lower volumes were largely offset by adjusting prices. ContiTech kept performance stable overall in 2023, achieving sales of €6.8 billion (PY: €6.6 billion). The adjusted EBIT margin improved to 6.7% (PY: 4.7%). Contributing factors were improved overall prices, weaker inflation and mix effects in selected industrial sectors.

Business in the Contract Manufacturing group sector continued to decline in accordance with the contractually agreed procedure between Continental and Vitesco Technologies. Its sales amounted to €0.5 billion (PY: €0.7 billion) in 2023, and its adjusted EBIT margin was 1.6% (PY: 0.4%).

Continental AG – Short Version in Accordance with *HGB*

In addition to the reporting on the Continental Group as a whole, the performance of the parent company is presented separately here.

Unlike the consolidated financial statements, the annual financial statements of Continental AG are prepared in accordance with German commercial law (the German Commercial Code, *Handelsgesetzbuch – HGB)* and the German Stock Corporation Act *(Aktiengesetz – AktG)*. The management report of Continental AG has been combined with the consolidated report of the Continental Group in accordance with Section 315 (5) *HGB*, as the parent company's future risks and opportunities and its expected development are inextricably linked to that of the Continental Group as a whole. In addition, the following presentation of the parent company's business performance, including its results, net assets and financial position, provides a basis for understanding the Executive Board's proposal for the distribution of retained earnings.

Continental AG acts solely as a management and holding company for the Continental Group.

Total assets increased by €2,039.1 million year-on-year to €21,011.1 million (PY: €18,972.0 million). On the assets side, the change resulted primarily from the increase in receivables from affiliated companies of €1,933.9 million to €8,897.3 million (PY: €6,963.4 million) and the increase in cash and cash equivalents of €91.1 million to €372.3 million (PY: €281.2 million).

Investments rose by €10.7 million year-on-year to €11,375.4 million (PY: €11,364.7 million), thus corresponding to 54.1% of total assets (PY: 59.9%).

Property, plant and equipment increased by €21.4 million year-on-year to €263.6 million (PY: €242.2 million). This resulted primarily from additions as part of the construction of the new corporate headquarters in Hanover. The southern campus was completed in July 2023 and the northern campus in November 2023.

At €81.7 million (PY: €72.7 million), prepaid expenses and deferred charges were up €9.0 million. The increase resulted from higher year-on-year accruals for IT services and the accrual of expenses that occurred in connection with the issuance of two euro bonds in fiscal 2023.

Net assets and financial position of Continental AG	**December 31, 2023**	December 31, 2022
Assets in € millions		
Intangible assets	10.1	13.7
Property, plant and equipment	263.6	242.2
Investments	11,375.4	11,364.7
Non-current assets	**11,649.1**	**11,620.6**
Receivables and other assets	8,908.0	6,997.5
Cash and cash equivalents	372.3	281.2
Current assets	**9,280.3**	**7,278.7**
Prepaid expenses and deferred charges	**81.7**	**72.7**
Total assets	**21,011.1**	**18,972.0**
Shareholders' equity and liabilities in € millions		
Subscribed capital	512.0	512.0
Capital reserves	4,179.1	4,179.1
Revenue reserves	54.7	54.7
Accumulated profits brought forward from the previous year	2,834.9	2,151.5
Net income	–423.4	983.4
Shareholders' equity	**7,157.3**	**7,880.7**
Provisions	**880.5**	**788.6**
Liabilities	**12,973.3**	**10,302.7**
Total equity and liabilities	**21,011.1**	**18,972.0**
Gearing ratio in %	45.6	32.9
Equity ratio in %	34.1	41.5

On the equity and liabilities side, the change resulted primarily from the increase in liabilities to affiliated companies of €2,819.3 million and the increase in bonds of €424.7 million. This was partially offset by the €723.4 million decline in shareholders' equity and the €591.0 million decline in bank loans and overdrafts.

Bonds increased by €424.7 million year-on-year to €3,358.8 million (PY: €2,934.1 million). This was due to the issuance of two euro bonds in June and August 2023 with a total nominal volume of €1,250.0 million. A further euro bond with a nominal volume of €500.0 million was repaid in due time by Continental AG on September 12, 2023. As at the reporting date, Continental AG had not issued any commercial paper (PY: €349.5 million).

Bank loans and overdrafts decreased by €591.0 million to €565.3 million (PY: €1,156.3 million). This was primarily attributable to the revolving loan that had not been utilized as at the reporting date (PY: €300.0 million).

Liabilities to affiliated companies increased by €2,819.3 million year-on-year to €8,552.9 million (PY: €5,733.6 million). This was primarily attributable to the provision of loans and overnight deposits made available to Continental AG by its subsidiaries.

Other liabilities were comparable with the previous year, having declined by €1.7 million to €393.2 million (PY: €394.9 million).

Provisions rose by €91.9 million year-on-year to €880.5 million (PY: €788.6 million) due to the €33.7 million increase in tax provisions to €305.6 million (PY: €271.9 million), the €19.9 million increase in pension provisions to €383.6 million (PY: €363.7 million) and the €38.3 million increase in other provisions to €191.3 million (PY: €153.0 million).

Shareholders' equity decreased by €723.4 million to €7,157.3 million (PY: €7,880.7 million). This resulted from the net loss of €423.4 million generated in the fiscal year and the dividend distribution of €300.0 million carried out in fiscal 2023. The equity ratio decreased from 41.5% to 34.1%.

Sales for fiscal 2023 rose by €59.2 million to €337.0 million (PY: €277.8 million), primarily due to the increase in sales from corporate services.

Net investment income fell by €1,164.1 million year-on-year to €51.1 million (PY: €1,215.2 million). As in the previous year, it mainly consisted of profit and loss transfers from the subsidiaries. The income from profit transfers of €767.0 million (PY: €1,439.9 million) resulted in particular from Continental Caoutchouc-Export-GmbH, Hanover (€390.0 million) and from Formpolster GmbH, Hanover (€369.5 million). Expenses from the transfer of losses of €718.9 million were recorded in the fiscal year, which resulted entirely from the transfer of profits from Continental Automotive GmbH, Hanover.

The negative net interest result increased by €183.0 million year-on-year to €228.5 million in fiscal 2023 (PY: €45.5 million). This increase was primarily attributable to the global interest rate trend on the capital markets.

Interest expense rose by €209.2 million in the fiscal year to €362.0 million (PY: €152.8 million), with interest expenses to affiliated companies increasing by €125.5 million to €207.6 million (PY: €82.1 million). Furthermore, the euro bonds issued by Continental AG led to expenses of €74.8 million (PY: €28.9 million). The €45.9 million increase resulted primarily from the bond issued in the fourth quarter of 2022 with a nominal volume of €625.0 million and an interest rate of 3.625%, as well as the euro bonds issued in June 2023 with a nominal volume of €750.0 million and in August 2023 with a nominal volume of €500.0 million, both of which have a fixed interest rate of 4.000% p.a. A euro bond with a nominal volume of €500.0 million was repaid in due time by Continental AG on September 12, 2023. The bond had an interest rate of 0.000% p.a.

Interest income rose by €26.2 million in the fiscal year to €133.5 million (PY: €107.3 million). This was primarily due to interest income from affiliated companies.

Tax expenses of €22.6 million (PY: tax income of €148.4 million) resulted mainly from non-imputable withholding taxes for the income tax consolidation group of Continental AG as well as additions to the provision for income tax.

After taking income tax expense into account, Continental AG generated a net loss for the year of €423.4 million (PY: net income of €983.4 million). The after-tax return on equity was -5.9% (PY: 12.5%).

As announced at the 2023 Capital Market Day, Continental AG has adjusted its target range for dividend distribution to between 20% and 40% of net income attributable to the shareholders.

Taking into account the retained earnings brought forward from the previous year of €3,134.9 million and from the dividend distribution of €300.0 million, as well as the resulting accumulated profits of €2,834.9 million, retained earnings for fiscal 2023 amounted to €2,411.5 million. The Supervisory Board and Executive Board will propose to the Annual Shareholders' Meeting the payment of a dividend of €2.20 per share entitled to dividends. The total distribution is therefore €440,013,162.60 for 200,005,983 shares entitled to dividends. The remaining retained earnings are to be carried forward to new account.

We expect further income from profit and loss transfers and investment income from the subsidiaries within the scope of the holding activities of Continental AG in fiscal 2024. Furthermore, Continental AG will continue to provide a financing function for its subsidiaries.

Earnings position of Continental AG in € millions	**2023**	2022
Sales	337.0	277.8
Cost of sales	–325.6	–267.2
Gross margin on sales	**11.4**	**10.6**
Administrative expenses	–213.4	–213.1
Other operating income	101.8	37.9
Other operating expenses	–124.5	–161.4
Net investment income	51.1	1,215.2
Income from other securities and long-term loans	1.3	0.5
Amortization of investments and of securities under current assets	—	–9.2
Net interest result	–228.5	–45.5
Result from activities	**–400.8**	**835.0**
Income tax expense	–22.6	148.4
Net income	**–423.4**	**983.4**
Accumulated profits brought forward from the previous year	2,834.9	2,151.5
Retained earnings	**2,411.5**	**3,134.9**

Other Information

Dependent Company Report

Final declaration from the Executive Board's report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act *(Aktiengesetz – AktG)*
In fiscal 2023, Continental AG was a dependent company of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, as defined under Section 312 *AktG*. In line with Section 312 (1) *AktG*, the Executive Board of Continental AG has prepared a report on relations with affiliated companies, which contains the following final declaration:

"We declare that the company received an appropriate consideration for each transaction and measure listed in the report on relations with affiliated companies from January 1 to December 31, 2023, under the circumstances known to us at the time the transactions were made or the measures taken or not taken. To the extent the company suffered any detriment thereby, the company was granted the right to an appropriate compensation before the end of the 2023 fiscal year. The company did not suffer any detriment because of taking or refraining from measures."

Additional Disclosures and Notes Pursuant to Sections 289a and 315a *HGB*

1. Composition of issued capital
As of the end of the reporting period, the issued capital of the company amounted to €512,015,316.48 and is divided into 200,005,983 no-par-value shares. These shares of Continental AG are, without exception, common shares; different classes of shares have not been issued and have not been provided for in the Articles of Incorporation. Each share bears voting and dividend rights from the time it is issued. Each share entitles the holder to one vote at a Shareholders' Meeting (Article 20 (1) of the Articles of Incorporation). There are no shares with privileges.

2. Restrictions on voting rights or transfer options
Restrictions relating to voting rights or the transfer of the company's shares are not known to the Executive Board.

3. Shareholdings exceeding 10% of voting rights
For details of the equity interests exceeding 10% of the voting rights (reported level of equity interest), please refer to the notice in accordance with the German Securities Trading Act *(Wertpapierhandelsgesetz – WpHG)* under Note 42 to the consolidated financial statements, and to the notes to the separate financial statements of Continental AG.

4. Bearers of shares with privileges
There are no shares with privileges granting control.

5. Type of voting right control for employee shareholdings
The company is not aware of any employees with shareholdings not directly exercising control of their voting rights.

6. Provisions for the appointment and dismissal of members of the Executive Board and for the amendment of the Articles of Incorporation

a) In accordance with the Articles of Incorporation, the Executive Board consists of at least two members; beyond this the number of members of the Executive Board is determined by the Supervisory Board. Members of the Executive Board are appointed and dismissed in accordance with Section 84 of the German Stock Corporation Act *(Aktiengesetz – AktG)* in conjunction with Section 31 of the German Co-determination Act *(Mitbestimmungsgesetz – MitbestG)*. In line with this, the Supervisory Board is responsible for the appointment and dismissal of members of the Executive Board. It passes decisions with a majority of two-thirds of its members. If this majority is not reached in the event of an appointment, the so-called Mediation Committee must submit a nomination to the Supervisory Board for the appointment within one month of voting. Other nominations can also be submitted to the Supervisory Board in addition to the Mediation Committee's nomination. A simple majority of the votes is sufficient when voting on these nominations submitted to the Supervisory Board. In the event that voting results in a tie, a new vote takes place in which the chairman of the Supervisory Board has the casting vote in accordance with Section 31 (4) *MitbestG*.

b) Amendments to the Articles of Incorporation are made by the Shareholders' Meeting. In Article 20 (3) of the Articles of Incorporation, the Shareholders' Meeting has exercised the option granted in Section 179 (1) Sentence 2 *AktG* to confer on the Supervisory Board the power to make amendments affecting only the wording of the Articles of Incorporation.

   In accordance with Article 20 (2) of the Articles of Incorporation, resolutions of the Shareholders' Meeting to amend the Articles of Incorporation are usually adopted by a simple majority and, insofar as a capital majority is required, by a simple majority of the capital represented unless otherwise stipulated by mandatory law or particular provisions of the Articles of Incorporation. The law prescribes a mandatory majority of three-quarters of the share capital represented when resolutions are made, for example, for amendments to the Articles of Incorporation involving substantial capital measures, such as resolutions concerning the creation of authorized or contingent capital.

7. Authorizations of the Executive Board, particularly with regard to its options for issuing or withdrawing shares

a) The Executive Board can issue new shares only on the basis of resolutions by the Shareholders' Meeting. As at the end of the reporting period, the Executive Board had not been authorized to issue new shares in connection with a capital increase (authorized capital) or to issue convertible bonds, warrant-linked bonds or other financial instruments that could entitle the bearers to subscribe to new shares.

b) The Executive Board may only buy back shares under the conditions codified in Section 71 *AktG*. The Shareholders' Meeting has not authorized the Executive Board to acquire treasury shares in line with Section 71 (1) No. 8 *AktG*.

8. Material agreements of the company subject to a change of control following a takeover bid and their consequences

The following material agreements are subject to a change of control at Continental AG:

a) The agreement concluded on December 3, 2019, for a syndicated revolving credit facility of €4.0 billion grants each creditor the right to terminate the agreement prematurely and to demand repayment of the loans granted by it if one person or several persons acting in concert acquire control of Continental AG and subsequent negotiations concerning a continuation of the loan do not lead to an agreement. The term "control" is defined as the holding of more than 50% of the voting rights or if Continental AG concludes a domination agreement as defined under Section 291 *AktG* with Continental AG as the company dominated.

b) The bonds issued by Continental AG in September 2019 at a nominal amount of €600 million, in October 2019 at a nominal amount of €100 million, in May 2020 at a nominal amount of €750 million, in November 2022 at a nominal amount of €625 million, in June 2023 at a nominal amount of €750 million and in August 2023 at a nominal amount of €500 million, as well as the bond issued by a subsidiary of Continental AG, Conti-Gummi Finance B.V., in June 2020 at a nominal amount of €625 million, entitle each bondholder to demand that the respective issuer redeem or acquire the bonds held by the bondholder at a price established in the bond conditions in the event of a change of control at Continental AG. The bond conditions define a change of control as the sale of all or substantially all of the company's assets to third parties that are not affiliated with the company, or as one person or several persons acting in concert, pursuant to Section 2 (5) of the German Takeover Act *(Wertpapiererwerbs- und Übernahmegesetz – WpÜG)*, holding more than 50% of the voting rights in Continental AG by means of acquisition or as a result of a merger or other form of combination with the participation of Continental AG.

If a change of control occurs as described in the agreements above and a contractual partner or bondholder exercises its respective rights, it is possible that required follow-up financing may not be approved under the existing conditions, which could therefore lead to higher financing costs.

c) In 1996, Compagnie Financière Michelin SCmA, Granges-Paccot, Switzerland (now Compagnie Financière Michelin SAS, Clermont-Ferrand, France), and Continental AG founded MC Projects B.V., Maastricht, Netherlands, with each owning 50%. Michelin contributed the rights to the Uniroyal brand for Europe to the company. MC Projects B.V. licenses these rights to Continental. According to the agreements, this license can be terminated without notice if a major competitor in the tire business acquires more than 50% of the voting rights of Continental. In this case, Michelin also has the right to acquire a majority in MC Projects B.V. and to have MC Projects B.V. increase its minority stake in the manufacturing company of Continental Barum s.r.o., Otrokovice, Czechia, to 51%. In the case of such a change of control and the exercise of these rights, there could be losses in sales of the Tires group sector and a reduction in the production capacity available to this group sector.

9. Compensation agreements of the company with members of the Executive Board or employees in the event of a takeover bid

No compensation agreements have been concluded between the company and the members of the Executive Board or employees providing in the event of a takeover bid.

Remuneration of the Executive Board

The total remuneration of the members of the Executive Board comprises a number of remuneration components. These include a remuneration component that is unrelated to performance, including specific additional benefits and entitlement to a company pension, and a variable component that is based on performance, consisting of a short-term remuneration component and long-term remuneration components. Further details including individual remuneration are specified in the remuneration report that is available on Continental's website under Company/Corporate Governance/-Executive Board.

Corporate Governance Statement Pursuant to Sections 289f and 315d *HGB*

The corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code *(Handelsgesetzbuch – HGB)* is available to our shareholders on Continental's website under Company/Corporate Governance/Principles and Declarations. Please also refer to the corporate governance statement pursuant to Sections 289f and 315d *HGB* starting on page 16 of this annual report.

Report on Risks and Opportunities

The overall situation is analyzed and managed corporate-wide using the risk and opportunity management system.

As an integral part of the corporate strategy, Continental's risk strategy is aligned with the company's strategic objectives and is currently being further formalized and developed. It aims to create long-term value while also taking into account the differentiation between the individual group sectors. We evaluate risks and opportunities continually and responsibly to achieve our goal of adding value.

We define risk as the possibility of internal or external events occurring that can have a negative influence on the attainment of our strategic and operational targets. As a global corporation, Continental is exposed to a number of different risks that could impair business and, in extreme cases, threaten the company's existence. At the same time, we aim to resolutely seize opportunities that arise, as described in the Strategy of the Continental Group section. We accept manageable risks if the resulting opportunities are expected to result in sustainable growth in value. We consider growth in value in terms of the Continental Value Contribution (CVC) system described in the Corporate Management section.

Continental's Internal Control and Risk Management System

The governance systems at Continental comprise the internal control system (ICS), the risk management system (RMS) and – as a subcomponent of these systems – the compliance management system. The risk management system in turn also includes the early risk identification system in accordance with Section 91 (2) of the German Stock Corporation Act *(Aktiengesetz – AktG)*.

The Executive Board is responsible for the governance systems, which include all subsidiaries. The Supervisory Board and its Audit Committee monitor the effectiveness of these systems.

Main characteristics of the internal control system

In order to operate successfully as a company in a complex business environment and to ensure the effectiveness, efficiency and propriety of all processes and compliance with the relevant legal and sub-legislative regulations, Continental has established an internal control system that encompasses all relevant business processes. Certain aspects of sustainability are also considered and continuously further developed in compliance with the regulatory framework. The management and monitoring of the internal control system are currently being incorporated into a holistic ICS governance system.

The Governance, Risk and Compliance (GRC) Committee, chaired by the Executive Board member responsible for Integrity and Law and the Executive Board member responsible for Finance, Controlling and IT, is responsible for monitoring the internal control system and the risk management system and – as part of these systems – the compliance management system.

Key elements of the corporate-wide internal control system are the clear allocation of responsibilities and system-inherent controls in the respective process flows. The two-person rule and separation of functions are fundamental principles of this organization. Continental's management also issues guidelines to ensure that all business processes are conducted in an economical, orderly and legally compliant manner. Guidelines specific to the Continental Group and to its individual group sectors are managed centrally in the "House of Rules" and are thus available to all Continental employees.

Based on these fundamental principles and the globally applicable guidelines, the internal control system at Continental follows the Three Lines Model.

In the **first line**, system-inherent controls are configured in the company's IT systems to support the orderly and economical execution of all process flow transactions in accordance with the corporate-wide guidelines. At the same time, these transactional controls help to identify risks and deviations that require separate consideration. As the controls and process flows established in the first line apply to Continental's operating business, they are generally put in place at the level of our operating units, such as our subsidiaries, business areas and group sectors.

In the **second line** of our internal control system, guidelines for process flows are developed, implemented and updated and compliance with controls and guidelines is monitored. Responsibility for this lies primarily with the group functions, in addition to the business areas and group sectors. The responsibilities include, for example, the risk management system and the compliance management system. In order to perform this supervisory and monitoring function, an integrated reporting system has been established that includes, for example, the financial reporting internal control system (Financial Reporting ICS), the general risk management system, the compliance risk management system and the tax compliance management system. The supervisory and monitoring function is performed on the basis of regular reports and supplemented as needed with effectiveness tests as part of self-audits and regular internal and external reviews.

The compliance management system plays an important role within the second line of defense by helping to prevent, detect and respond to compliance violations. The Group Compliance group function is responsible for the compliance management system.

The chief compliance officer reports directly to the Executive Board member responsible for Integrity and Law. The work done by Group Compliance focuses mainly on preventing and detecting corruption, fraud and other property offenses, violations of antitrust and competition law and money laundering; implementing data protection; and responding to compliance violations. For other legal areas in which there is a risk of compliance violations – such as taxes, customs, sanctions and export controls, and quality/technical compliance – responsibility for appropriate and effective compliance management lies with the respective functions, which are supported in these tasks by Group Compliance.

An effective culture of compliance is the basis for prevention. It begins with setting an appropriate "tone from the top" by the Executive Board and management and, in addition to risk analysis, includes in particular employee training, compliance consulting and the internal publication of guidelines.

In the course of risk analysis, the business activities of Continental are examined for compliance risks within the scope of top-down as well as bottom-up review processes. The risk of compliance violations arises primarily from organizational structures and workflows, the given market situation, activities in certain geographical regions, inappropriate incentive systems, conflicts of interest, and criminal intent on the part of individual employees. Furthermore, findings from investigations by the Group Internal Audit group function as well as discussions with management and employees at all hierarchical levels are taken into account. This risk analysis is not a one-off procedure, but is performed annually and continuously updated.

Prevention is also fostered by consultation on specific matters with Group Compliance and by the internal publication of guidelines on topics such as anti-corruption (including giving and receiving gifts as well as donations and sponsoring), antitrust and competition law, anti-money laundering and data protection. In training events, Group Compliance addresses topics directly related to everyday compliance issues and challenges.

Continental introduced the Business Partner Code of Conduct to prevent compliance violations by suppliers, service providers, representatives or similar third parties. This must be recognized as a basic requirement for doing business with Continental.

In the context of detection, Continental has set up an Integrity Hotline to give employees and third parties outside the Continental Group the opportunity to report violations of legal regulations, its fundamental values and ethical standards. Information on any kind of potential violations, including accounting manipulation, can be reported anonymously via this hotline. The hotline is available worldwide in many different languages. The company's investigating units rigorously pursue any and all substantiated leads.

Detection also includes the support of regular and incident-related audits conducted by Group Internal Audit. Compliance-related issues are regularly the subject of audits by Group Internal Audit.

Responses are aimed at implementing measures as a consequence of identified compliance violations. Group Compliance is involved in decision-making on measures that may be required, including thorough analysis to ensure that isolated incidents are not symptoms of failings in the system. In this way, corresponding gaps can be closed preventively and the compliance management system, as well as the internal control system, can be systematically developed.

When it comes to preventing violations in the area of technical compliance, responsibility lies with the Group Quality, Technical Compliance, CBS and Environment group function, supported by the central functions within the group sectors. The technical compliance policy as well as the technical compliance management system manual and other procedural standards set out how the compliance management system is designed and implemented.

A network of supporting roles in the various functions within the group sectors, business areas, segments and sites is being devised and expanded on an ongoing basis in order to support the identification of risks and other technical compliance considerations.

The **third line** of our internal control system is our Group Internal Audit group function.

Group Internal Audit serves an independent and objective auditing and advisory function, applying a systematic approach to help review, assess and improve the adequacy and effectiveness of the organization's governance systems. Continental's Executive Board authorizes Group Internal Audit to conduct audits in all regions, companies or functions of Continental AG and its affiliated, fully consolidated subsidiaries worldwide.

Group Internal Audit prepares an annual risk-oriented audit plan that is submitted to Continental's Executive Board for review and approval. In addition to its planned general audits, Group Internal Audit also conducts special investigations. These are based on tips and information about fraudulent acts received from internal or external sources such as the Integrity Hotline or the ombudsman's office.

Group Internal Audit regularly reports its audit and investigation results to the Executive Board and the Audit Committee. Significant risks and potential improvements to internal controls are presented as part of the reporting to the aforementioned bodies. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

Main characteristics of the internal control and risk management system with respect to the accounting process (Sections 289 (4) and 315 (4) of the German Commercial Code *(Handelsgesetzbuch – HGB)*)
Pursuant to Sections 289 (4) and 315 (4) *HGB*, the main characteristics of the internal control and risk management system with respect to the accounting process must be described. All parts of the risk management system and internal control system that could have a material effect on the annual and consolidated financial statements must be included in the reporting.

The consolidated financial statements of Continental AG are prepared on the basis of standard reporting by the subsidiaries included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Reporting is performed in compliance with IFRS and with the accounting manual applicable throughout the Continental Group. The consolidation of subsidiaries, debt, income and expenses, and intercompany profits is performed at corporate level.

The effectiveness of the financial reporting internal control system (Financial Reporting ICS) is evaluated in major areas by carrying out effectiveness tests in the reporting units on a quarterly basis. In addition, Group Internal Audit reviews the efficiency and effectiveness of control processes as well as compliance with internal and external requirements. If any weaknesses are identified, the Continental Group's management initiates the necessary measures.

Main characteristics of the risk management system
In the GRC policy adopted by the Executive Board, Continental defines the general conditions for integrated GRC as a key element of the risk management system that regulates the identification, assessment, reporting and documentation of risks. In addition, this also further increases corporate-wide risk awareness and establishes the framework for a uniform risk culture.

The GRC system incorporates all components of risk reporting and the examination of the effectiveness of the Financial Reporting ICS. Risks are identified, assessed and reported at the organizational level that is also responsible for managing the identified risks. A multi-stage assessment process is used to involve also the higher-level organizational units. The GRC system thus includes all reporting levels, from the company level to the top corporate level.

At the corporate level, the responsibilities of the GRC Committee include identifying material risks for the Continental Group, based on a multi-stage reporting process, as well as complying with and implementing the GRC policy. The GRC Committee regularly informs the Executive Board and the Audit Committee of the Supervisory Board of the material risks, any weaknesses in the control system and measures taken. Moreover, the auditor is required to report to the Audit Committee of the Supervisory Board regarding any material weaknesses in the Financial Reporting ICS which they have identified as part of their audit activities.

A period under consideration of one year is always applied when evaluating risks and opportunities. Risks and their effects are assessed using an end-to-end gross and net assessment methodology that helps to identify the impact of risk mitigation measures. Risks are assessed primarily according to quantitative criteria in various categories. If a risk cannot be assessed quantitatively, then it is assessed qualitatively based on the potential negative effects its occurrence would have on achieving corporate goals and based on other qualitative criteria such as the impact on Continental's reputation. Risks and opportunities are not offset.

Material individual risks for the Continental Group are identified from all the reported risks based on the probability of occurrence and the potential amount of damage that would be caused in the period under consideration. Quantified risks are based on EBIT effect and free cash flow effect.

The individual risks that Continental has classified as material and the aggregated risks that have been assigned to risk categories are all described in the report on risks and opportunities, provided the potential negative effect of an individual risk or the sum of risks included in a category exceeds €100 million in the period under consideration or there is a significant negative impact on the corporate goals.

The risk inventory, aggregated using a Monte Carlo simulation, is compared with the risk-bearing capacity determined on the reporting date, taking into account possible interactions and quantitative assumptions on qualitatively assessed risks, and is supplemented by a qualitative assessment by the GRC Committee on overarching non-quantifiable risks in order to derive a statement on the potential risk to the Continental Group.

Risk reporting

Integrated GRC

GRC System

General risk management
- Business-related risks

Compliance risk management
- Compliance risks

Financial reporting ICS
- Accounting-related internal controls

Quality case management
- Quality cases

Legal case management
- Legal cases

Compliance case management
- Compliance cases

Tax compliance management system
- Tax compliance and litigation risks

Customs compliance management system
- Customs compliance and litigation risks

Export control compliance management system
- Export control and sanctions compliance and litigation risks

Ad hoc risk reporting
- Ad hoc risks

Strategic risk reporting
- Strategic risks

GRC Committee
- Consolidates and monitors risks
- Identifies material risks
- Recommends further measures

Executive Board
- Responsible for integrated GRC
- Defines risk appetite
- Monitors material risks

Audit Committee
- Monitors integrated GRC

Local management can utilize various instruments for risk assessment, such as predefined risk categories (e.g. exchange-rate risks, product-liability risks, legal risks) and assessment criteria, centrally developed function-specific questionnaires as well as the Financial Reporting ICS's process and control descriptions. The key controls in business processes (purchase to pay, order to cash, asset management, HR, IT authorizations, the financial statement closing process and sustainability reporting) are thus tested with respect to their effectiveness.

All major subsidiaries carry out a semiannual assessment of business-related risks and an annual assessment of compliance risks in the GRC system's IT-aided risk management application. Any quality, legal and compliance cases that have actually occurred are also taken into account when assessing these risks. The GRC system likewise encompasses the tax compliance management system, the customs compliance management system and the export control compliance management system in order to ensure standard and regular review and reporting of pertinent risks. The quarterly Financial Reporting ICS completes regular GRC reporting.

In the reporting year, Continental redesigned its process for identifying and reporting strategic risks and began implementing these procedures in the established GRC process. Any new material risks arising ad hoc between regular reporting dates have to be reported immediately and considered by the GRC Committee. These also include risks identified in the audits performed by group functions.

In addition to the risk analyses carried out by the reporting units as part of integrated GRC, audits are also performed by Group Internal Audit. Furthermore, the various controlling functions analyze the key figures provided as part of this reporting process at corporate and group-sector level in order to assess the effects of potential risks.

For each risk identified, the responsible management team initiates appropriate countermeasures which, for material risks, are also documented in the GRC system. The GRC Committee monitors and consolidates the material risks and suitable countermeasures at the corporate level. It regularly reports to the Executive Board and recommends further measures if needed. The Executive Board discusses and resolves the measures and reports to the Supervisory Board's Audit Committee. The responsible bodies continually monitor the development of all identified risks and the progress of actions initiated. Group Internal Audit regularly audits the risk management process, thereby continually monitoring its effectiveness and further development.

Appropriateness and effectiveness of the internal control and risk management system

The Executive Board based its assessment of the appropriateness and effectiveness of the internal control and risk management system on the findings from routine internal reporting, but in particular also on function-specific statements on the internal control and risk management system as well as an assessment of these by Group Internal Audit, which were consolidated into an overall statement by the GRC Committee. These statements, together with the overall statement by the GRC Committee, are intended to offer an overview of key activities and controls that have been implemented, summarize measures for reviewing appropriateness and effectiveness, and indicate critical weaknesses in the control system as well as any related improvement measures.

The function-specific statements, collected on the basis of a risk-oriented selection process, included various aspects in accordance with the implemented Three Lines model. In the first line, documented processes and controls were checked with respect to whether these were in place and had been implemented, as was any communication relating to these elements. Responsibility for guidelines and process flows lies in particular with the second line, which – within the scope of the review of the appropriateness and effectiveness of the internal control and risk management system, including the compliance management system – is generally also satisfied with respect to the status of implementation of the regulations, based on random checks as well as the processing of external supporting documentation such as certification in line with the International Organization for Standardization (ISO), the Trusted Information Security Assessment Exchange (TISAX) and the International Automotive Task Force (IATF). These not only reinforce compliance with regulatory provisions, but also underscore the appropriate and effective operation of systems implemented at Continental in accordance with industry standards. Monitoring the internal control system and risk management system is one of the core tasks of Group Internal Audit, the third line. As part of its audits, Group Internal Audit assesses the implementation of risk-control measures and internal controls, conducted with the help of recognized standards and methods. Deviations and weaknesses noted are summarized in a report for the relevant persons responsible, and any improvement measures initiated. Significant risks and potential improvements to internal controls are presented as part of the reporting to the Executive Board and the Audit Committee. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

The internal control and risk management system, including the compliance management system, of Continental AG is undergoing a continuous process of improvement in order to expand existing processes and controls and meet new regulatory challenges. Currently, this mainly includes implementing a technical compliance management system and improving IT governance and data compliance. In addition, the global reorganization of the customs and export control functions is currently being driven forward and transferred to a comprehensive compliance management system. In a cross-domain project, work is also being done on a reinforced integrative approach and expansion of the governance functions.

Based on the statements from the respective functional areas, the assessment of these by Group Internal Audit and the consolidated overall statement by the GRC Committee, no matters have come to the Executive Board's attention that would suggest that the internal control and risk management system, including the compliance management system, was inappropriate or ineffective in all material respects in fiscal 2023.

Nevertheless, there are inherent limitations to any internal control or risk management system, including the compliance management system. Even a system considered appropriate and effective does not offer any guarantee that all risks or violations that have actually occurred will be uncovered in advance or that any process disruptions can be entirely ruled out.

Opportunity management

As part of our opportunity management activities, we assess market and economic analyses and changes in legal requirements (e.g. with regard to fuel consumption and emission standards as well as safety regulations). In addition, we deal with the corresponding effects on the sectors and markets relevant to us, our production factors and the composition and further development of our product portfolio.

Material Risks

The order of the risk categories and individual risks presented within the four risk groups reflects the current assessment of the relative risk exposure for Continental and thus provides an indication of the current significance of these risks. If no quantitative information on the amount of damage is provided, the assessment is carried out on the basis of qualitative criteria. Unless the emphasis is placed on a specific group sector, the risks apply to all group sectors.

Financial Risks

Continental is exposed to risks in connection with its financing agreements and the syndicated loan.
Continental is subject to risks in connection with its financing agreements. Risks arise from the bonds that Continental AG and Conti-Gummi-Finance B.V., Maastricht, Netherlands, have issued as part of the Debt Issuance Programme (DIP). These financing agreements contain covenants that could limit Continental's capacity to take action as well as change-of-control provisions.

In order to finance current business activities as well as investments and payment obligations, a syndicated loan agreement is in place, from which risks may arise. Under the terms of the syndicated loan agreement, the lenders have the right to demand repayment of the loan in the event of a change of control at Continental AG.

The requirements for and consequences of a change in control in accordance with the terms of the bonds or the syndicated loan agreement are described in detail in the Additional Disclosures and Notes Pursuant to Sections 289a and 315a *HGB* section on pages 90 and 91. The loans and bonds cited here could also immediately become due and payable if other financing agreements of more than €75.0 million are not repaid on time or are prematurely called for repayment. Continental continuously monitors compliance with the applicable conditions.

The committed volume of the syndicated loan consists of a revolving tranche of €4.0 billion (due in December 2026). As at the end of fiscal 2023, €316.3 million of the revolving tranche had been utilized.

Continental is exposed to risks associated with changes in currency exchange rates and hedging.
Continental operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. This could result in losses if assets denominated in currencies with a falling exchange rate lose value and/or liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in exchange rates could intensify or reduce fluctuations in the prices of raw materials in euros, as Continental sources a considerable portion of its raw materials in foreign currency. As a result of these factors, fluctuations in exchange rates can influence Continental's earnings situation.

External and internal transactions involving the delivery of products and services to third parties and companies of the Continental Group can result in cash inflows and outflows that are denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group (transaction risk). To the extent that cash outflows of the respective subsidiary of the Continental Group in any one foreign currency are not offset by cash flows resulting from operational business in the same currency, the remaining net exchange-rate risk is hedged against on a case-by-case basis using the appropriate derivative instruments, particularly currency forwards, currency swaps and currency options with a term of up to 12 months.

Moreover, Continental is exposed to exchange-rate risks arising from external and internal loan agreements that result in cash inflows and outflows denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group. These exchange-rate risks are in general hedged against by using appropriate derivative instruments, particularly currency forwards, currency swaps and cross-currency interest-rate swaps. Any hedging transactions executed in the form of derivative instruments can result in losses.

In order to quantify the possible effects of transaction-related exchange-rate risks from financial instruments on the earnings position of the Continental Group, transaction currencies with a significant exchange-rate risk within the next 12 months are identified based on current net exposure. If the exchange rates of these currencies all develop disadvantageously for Continental at the same time, then the hypothetical negative effect on the Continental Group's earnings position, calculated based on a 10% change in the current closing rate, would amount to between €500 million and €600 million.

Continental is exposed to default risks in connection with cash and cash equivalents, derivative instruments and interest-bearing investments.
In order to minimize the default risk for cash and cash equivalents, derivative instruments and interest-bearing investments, Continental generally uses banks that it has classified as core banks on the basis of defined criteria. As a general rule, these banks should have at least one investment-grade credit rating from one of the global rating agencies. The default risk can therefore be considered very low. The creditworthiness of the core banks – and of other banks with which investments are made, loans are granted or derivative instruments are traded in derogation from the core bank principle for operational or regulatory reasons – is continuously monitored. Not only the credit ratings but also in particular the premiums for insuring against credit default risks (credit default swaps, CDSs) are

monitored, provided this information is available. In addition, Continental sets investment limits for each bank and trading limits for derivative instruments. The amount of these limits is based on the creditworthiness of the respective bank. Compliance with these limits is continuously monitored. Within the internally defined risk groups, the cash and cash equivalents, interest-bearing investments and positive (net) fair values of derivative instruments held at banks assigned to a higher risk group range from €100 million to €200 million.

Risks Related to the Markets in which Continental Operates

Continental could be exposed to material risks in connection with a global financial and economic crisis.
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. The remainder of its sales are generated from the replacement or industrial markets, mainly in the replacement markets for passenger-car and truck tires and to a lesser extent in the non-automotive end markets of the other group sectors.

The automotive markets recovered in the year under review, despite the ongoing high level of geopolitical and macroeconomic uncertainty. Should this revival not last in the long term or be dampened by a general economic downturn, it would likely adversely affect Continental's sales and earnings.

In the year under review, Continental's five largest OEM customers (BMW, Ford, Mercedes-Benz, Stellantis and VW) generated approximately 34% of sales. If one or more of Continental's OEM customers is lost or terminates a supply contract prematurely, the original investments made by Continental to provide such products or outstanding claims against such customers could be wholly or partially lost.

Moreover, Continental generated 48% of its 2023 total sales in Europe and 19% in Germany alone. By comparison, 27% of Continental's total sales in 2023 were generated in North America, 21% in Asia-Pacific and 4% in other countries. Therefore, in the event of an economic downturn in Europe, particularly in Germany, for example, Continental's business and earnings situation could be affected more extensively than that of its competitors. Furthermore, the automotive and tire markets in Europe and North America are largely saturated. To minimize this dependence, Continental is striving to improve its regional sales balance, particularly by generating more sales in emerging markets and especially in Asia.

Based on a scenario analysis that assumes a 10% decline in sales volume in 2024 compared with planning assumptions, and taking into account measures required as a result, we anticipate a possible decline of around 3 percentage points in the adjusted EBIT margin.

Continental operates in a cyclical industry.
With a 64% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. Global production of vehicles and, as a result, sales to OEMs are subjected to major fluctuations in some cases. They depend, among other things, on general economic conditions, disposable income and household consumer spending and preferences, which can be affected by a number of factors, including fuel costs as well as the availability and cost of consumer financing. As the volume of automotive production fluctuates, the demand for Continental's products also fluctuates, as OEMs generally do not commit to purchasing minimum quantities from their suppliers or to fixed prices. It is difficult to predict future developments in the markets Continental serves, which also makes it harder to estimate the requirements for production capacity. As Continental's business is characterized by high fixed costs, it is thus exposed to the risk that fixed costs are not fully covered in the event of falling demand and the resulting underutilization of its facilities (particularly in Automotive). Conversely, should the markets in which Continental operates once again grow faster than anticipated, there could be insufficient capacity to meet customer demand. To reduce the impact of the potential risk resulting from this dependence on the automotive industry, Continental is strengthening its replacement business and industrial business, including by means of acquisitions.

Continental is exposed to geopolitical risks.
Current geopolitical developments such as the war in Ukraine, the conflict in the Middle East and the ongoing conflict between China and Taiwan could have significant effects on Continental's sales and procurement markets. These include sanctions and other risks in supply chains as well as unforeseeable effects on the global economy. Continental constantly monitors current developments and derives possible scenarios and necessary measures.

Continental is exposed to fluctuations in the prices of raw materials and electronic components as well as the risk of rising logistics costs.
For the Automotive group sector, higher prices for raw materials and electronic components in particular can result in cost increases. The Tires and ContiTech group sectors mainly use natural and synthetic rubber as well as oil-based raw materials. The prices for these raw materials and components are exposed to sometimes considerable fluctuations worldwide, although the situation on the raw materials markets has eased compared with the previous year. At present, Continental does not actively hedge against the risk of rising prices of electronic components or raw materials by using derivative instruments. In addition, increases in logistics costs can occur, for example due to the armed conflicts around the Red Sea and the resulting changes to transportation routes. If the company is not able to compensate for the increased costs or to pass them on to customers, these price increases could reduce Continental's earnings by €100 million to €200 million.

Continental is exposed to risks associated with additional or higher tariffs.
Due to the trend toward protectionism and the increase in trade conflicts around the world, Continental sees itself at risk from additional or higher tariffs on automobiles and on the products, components and raw materials it supplies or purchases. These tariffs could cause demand for Continental's products to drop and costs to increase, which would have an adverse effect on Continental's business and earnings situation.

Risks Related to Continental's Business Operations

Continental depends on a limited number of key suppliers for certain products.
Continental is subject to the potential risk of unavailability of certain raw materials and production materials. Although Continental's general policy is to source product components from a number of different suppliers, single sourcing cannot always be avoided and, consequently, Continental is dependent on certain suppliers, in particular with respect to certain products manufactured by Automotive as well as in Tires and ContiTech. Since Continental's procurement logistics are mostly organized on a just-in-time or just-in-sequence basis, supply delays, cancellations, strikes, insufficient quantities or inadequate quality can lead to interruptions in production and therefore have a negative impact on Continental's business operations in these areas. Continental tries to limit these risks by endeavoring to select suppliers carefully and monitor them regularly. However, if one of Continental's suppliers is unable to meet its delivery obligations (e.g. due to insolvency, destruction of production plants as a result of natural disasters or refusal to perform following a change in control), or if corresponding deliveries are affected by sanctions due to geopolitical disputes, Continental may be unable to source input products from other suppliers on short notice at the required volume. Such developments and events can therefore cause delays in the delivery or completion of Continental products or projects and could result in Continental having to purchase products or services from third parties at higher costs or even to financially support its own suppliers. Furthermore, in many cases OEM customers have approval rights with respect to the suppliers used by Continental, which could make it impossible for Continental to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved other suppliers at an earlier point in time and which could lead to order cancellations. Claims for damages on a considerable scale can also not be ruled out. Furthermore, Continental's reputation among OEM customers could suffer, with the possible consequence that they select a different supplier.

Continental is exposed to information-technology risks.
With regard to its business and production processes, its products and its internal and external communication, Continental is highly dependent on centralized and standardized information-technology systems and networks. These systems and networks as well as the products themselves are potentially exposed to the risk of various forms of cybercrime as well as damage and disruption that can have a wide range of other causes. In hacker attacks, third parties could attempt to gain unauthorized access to confidential information and data that is stored, processed or communicated in the systems and networks. In addition, data, products and systems could be blocked, damaged, controlled or destroyed as a result of becoming infected with viruses or malware.

During a cyberattack that was discovered in August 2022, attackers infiltrated parts of Continental's IT systems and copied several terabytes of data before the attack could be stopped. Continental subsequently received ransom demands from the alleged attackers, who threatened to publish the copied data. Continental did not respond to the demands. The hacker group published a list of the data that it claimed to have in its possession. With the support of external cybersecurity experts, Continental is conducting an investigation into the incident and the data affected. Rights to information and claims for damages are also being asserted, both in and out of court. The number of legal proceedings in connection with this incident is currently still manageable. The possibility that further court proceedings could follow cannot be ruled out. No fines were imposed against Continental in the context of this cyberattack. Continental's business activities were not affected by the attack at any point, and Continental maintains full control over its IT systems.

Although Continental has taken appropriate precautions to manage the risks associated with system and network disruptions and corresponding attacks, a prolonged outage in a computer center or telecommunication network or a comparable incident could result in systems or networks becoming unexpectedly unavailable over an extended period. The measures taken to minimize such risks include technical and organizational precautions such as duplicated data storage and contingency plans, as well as suitable training measures that are continuously expanded, particularly to raise awareness of the growing threat from cybercrime.

Should the precautions taken prove insufficient to adequately protect the systems, networks, products and information, Continental could suffer considerable damage and disadvantages as a result of outages or the knowledge and use of its information by third parties.

Continental is exposed to risks in connection with its pension commitments.
Continental provides defined benefit pension plans in Germany, the USA, the UK and certain other countries. As at December 31, 2023, the pension obligations amounted to €5,646.0 million. These existing obligations are financed predominantly through externally invested pension plan assets. In 2006, Continental established legally independent trust funds under contractual trust arrangements (CTAs) for the funding of pension obligations of certain subsidiaries in Germany. In 2007, Continental assumed additional CTAs in connection with the acquisition of Siemens VDO. As at December 31, 2023, Continental's net pension obligations (defined benefit obligations less the fair value of plan assets) amounted to €2,580.4 million.

Continental's externally invested plan assets are funded by externally managed funds and insurance companies. While Continental generally prescribes the investment strategies applied by these funds and takes these into account when selecting external fund managers, it does not have any influence over their individual investment decisions. The assets are invested in different asset classes, including equity, fixed-income securities, real estate and other investment vehicles. The values attributable to the externally invested plan assets are subject to fluctuations in the capital markets that are beyond Continental's influence. Unfavorable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in Continental's net pension obligations.

Any such increase in Continental's net pension obligations could adversely affect Continental's financial condition due to an increased additional outflow of funds to finance the pension obligations. Also, Continental is exposed to risks associated with longevity and interest-rate changes in connection with its pension commitments, as an interest-rate decrease could have an adverse effect on Continental's liabilities under these pension plans. Furthermore, certain US-based subsidiaries of Continental have entered into obligations to make contributions to healthcare costs of former employees and retirees. Accordingly, Continental is exposed to the potential risk that these costs may increase in the future.

If the discount rates used to calculate net pension obligations were to decrease by 0.5 percentage points at the end of the year, all other things being equal, this would lead to a rise in net pension obligations of anywhere from €400 million to €500 million, which could not be reduced by taking measures to minimize risk. However, this would not affect EBIT.

Continental is exposed to risks associated with warranty and product liability claims.
In its quality strategy, Continental has defined the framework conditions for all quality-related activities and ascribes the highest priority to quality. However, Continental is constantly subject to product liability claims and proceedings alleging violations of due care, violation of warranty obligations or material defects, and claims arising from breaches of contract due to recalls or government proceedings. Any such lawsuits, proceedings and other claims could result in increased costs for Continental. Moreover, defective products could result in loss of sales and loss of customer and market acceptance. Such risks are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Additionally, any defect in one of Continental's products (in particular tires and other safety-related products) could also have a considerable adverse effect on the company's reputation and market perception. This could in turn have a negative impact on Continental's sales and income. Moreover, vehicle manufacturers are increasingly requiring a contribution from their suppliers for potential product liability, warranty and recall claims. In addition, Continental is subject to continuing efforts by its customers to change contract terms and conditions concerning the contribution to warranty and recall cost. Furthermore, Continental manufactures many products pursuant to OEM customer specifications and quality requirements. If the products manufactured and delivered by Continental do not meet the requirements stipulated by its OEM customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Under certain circumstances, this could lead to losses of sales and earnings. Furthermore, Continental's OEM customers could potentially claim damages, even if the cause of the defect is remedied at a later point in time. Moreover, failure to fulfill quality requirements could have an adverse effect on the market acceptance of Continental's other products and its market reputation in various market segments.

The quantifiable risks from warranty and product liability claims as at December 31, 2023, taking into account provisions, amounted to around €100 million.

Continental is exposed to risks from trade restrictions, sanctions and export controls.
Due to the global alignment of the economic activity of the Continental Group, there are business risks with respect to embargoes, sanctions and export controls. As a global company, Continental also has business relations with customers and partners based in countries that are – or may be in the future – subject to export restrictions, embargoes, economic sanctions or other forms of trade restrictions. In addition to the fundamental influence that such restrictions have on the business activity of the Continental Group, violations of relevant provisions may lead to considerable penalties, administrative sanctions, damage to the company's reputation, as well as claims for damages. Continental may also be forced, through new trade restrictions, to limit or put an end to business activity in certain countries or regions.

Continental could be adversely affected by property loss and business interruption.
Fire, natural hazards, terrorism, power failures or other disturbances at Continental's production facilities or within Continental's supply chain – with customers and with suppliers – can result in severe damage and loss. Such far-reaching negative consequences can also arise from political unrest or instability. Due to climate change, the probability of natural hazards, in particular extreme weather events, is expected to continue to rise and the extent of damage to increase. The risks arising from business interruption, loss of production or the financing of facilities are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or damage individuals, third-party property or the environment, which could, among other things, lead to considerable financial costs for Continental.

Continental is exposed to risks in connection with its interest in MC Projects B.V.
Continental and Compagnie Financière Michelin SAS, Clermont-Ferrand, France (Michelin), each hold a 50% stake in MC Projects B.V., Maastricht, Netherlands, a company to which Michelin contributed the rights to the Uniroyal brand for Europe as well as for certain countries outside Europe. In turn, MC Projects B.V. licensed to Continental certain rights to use the Uniroyal brand on or in connection with tires in Europe and elsewhere. Under the terms of the agreement concluded in this connection, both the agreement and the Uniroyal license can be terminated if a major competitor in the tire business acquires more than 50% of the voting rights of Continental AG or of its tire business. Furthermore, in this case Michelin also has the right to acquire a majority in MC Projects B.V. and to have MC Projects B.V. increase its minority stake in the manufacturing company Continental Barum s.r.o., Otrokovice, Czechia – one of Continental's largest tire plants in Europe – to 51%. These events could have an adverse effect on the business and earnings position of Continental's Tires group sector.

Legal, Tax and Environmental Risks

Continental could be threatened with fines and claims for damages for alleged or actual unlawful behavior.
Despite the compliance management system in place at Continental, the global nature of the Continental Group's business activities means there is a possibility that unlawful behavior (e.g. corruption, fraud, violations of antitrust and competition law, money laundering) could occur in individual cases or that Continental could be accused of unlawful behavior. This alleged or actual unlawful behavior could lead to fines or claims for damages. Significant proceedings in this context are outlined below.

In May 2005, the Brazilian competition authorities opened investigations against Continental's Brazilian subsidiary Continental Brasil Industria Automotiva Ltda., Guarulhos, Brazil (CBIA), following a complaint of anticompetitive behavior in the area of commercialization of tachographs. On August 18, 2010, the Brazilian antitrust authorities determined an "invitation to cartel" and imposed a fine of BRL 12 million (around €2.2 million) on CBIA, which was then reduced to BRL 10.8 million (around €2.0 million). CBIA denies the accusation that it has infringed Brazilian antitrust law. Although the court of first instance appealed to by CBIA upheld the decision, on CBIA's further appeal the next higher court annulled this decision and remanded the matter. In February 2023, the court of first instance rendered a verdict against CBIA and lifted the ban on the enforcement of the financial penalty against CBIA (at that time an amount of BRL 34.2 million [around €6.5 million]). CBIA filed a motion for clarification requesting that the preliminary injunction against enforcement remain in full force up until a final and unappealable ruling is made. This motion was denied, and CBIA filed an appeal against this decision. In case an infringement of Brazilian antitrust law is found, third parties may, in addition, claim damages from CBIA.

On October 2, 2006, South African antitrust authorities received a complaint from a third party accusing several South African tire manufacturers of alleged antitrust behavior, including Continental Tyre South Africa (Pty.) Ltd., Port Elizabeth, South Africa (CTSA), a subsidiary of Continental. On August 31, 2010, the South African antitrust authorities came to the conclusion that CTSA had violated South African antitrust law and referred the matter to the responsible antitrust court for a decision. CTSA denies the allegation of infringements of South African antitrust law. However, the tribunal could impose a fine of up to 10% of CTSA's sales. In addition, third parties may also claim damages from CTSA in case of an infringement of South African competition law.

As a result of investigations by the US Department of Justice (DOJ) and the Korea Fair Trade Commission (KFTC) in connection with the suspected involvement in violations of US and South Korean antitrust law in the instrument cluster business, which came to light in 2012, the KFTC imposed a fine on Continental Automotive Electronics LLC, Bugang-myeon, South Korea (CAE), at the end of 2013, the final amount of which was set in 2018 at KRW 32,101 million (around €22.5 million). In the USA, CAE and Continental Automotive Korea Ltd., Seongnam-si, South Korea, agreed to pay a fine of US $4.0 million (approximately €3.6 million) in 2015. In the proceedings relating to class action lawsuits filed in the USA and Canada for alleged damages resulting from the antitrust violations, settlements totaling US $5.0 million (around €4.5 million) were concluded in the USA in 2018 and settlements totaling CAN $0.6 million (around €0.4 million) concluded in Canada in 2020. The risk of investigations by other antitrust authorities into this matter and claims for damages by further alleged victims remain unaffected by the fines imposed.

As a result of investigations that came to light in 2014, the European Commission imposed a fine of €44.0 million on Continental AG; Continental Teves AG & Co. oHG, Frankfurt am Main, Germany; and Continental Automotive GmbH, Hanover, Germany; on February 21, 2018, for the unlawful exchange of information. This involved specific brake components. Continental has paid this fine. Customers have since approached Continental to claim for damages, in some cases for specific amounts. Mercedes-Benz Group AG filed for declaratory judgment action with the Hanover District Court against Continental AG and two other companies of the Continental Group in December 2022. In April 2023, several companies of the Stellantis Group as well as several companies of the Renault Group filed a civil lawsuit in each case against Continental AG and three other companies of the Continental Group before the High Court in London, United Kingdom. Both the Stellantis Group and the Renault Group are yet to attach any specific amount to their claims, and these are also yet to be delivered to Continental. In addition, two class action lawsuits have been filed in Canada against Continental AG and several of its subsidiaries. Continental believes that these claims and lawsuits are without merit. However, should the lawsuits lead to a judgment against Continental, the resulting expenses could be substantial and exceed the provision set aside for this purpose. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures so as not to adversely affect the company's interests.

On March 3, 2021, the Brazilian antitrust authorities (Conselho Administrativo de Defesa Econômica, CADE), acting on the basis of the issues addressed by the European Commission and described above, formally initiated proceedings against Continental Teves AG & Co. oHG, Frankfurt am Main, Germany, and certain former employees for alleged unlawful exchange of competition-sensitive information concerning hydraulic brake systems. Continental considers it possible that this proceeding will end with a fine. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. If Continental is found responsible for any violation, CADE could impose a fine on the company of 0.1% to 20% of its revenue or that of the Continental Group in Brazil in the year prior to when the administrative proceedings were launched (2020). Non-pecuniary penalties may also be possible. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages if indeed a violation of Brazilian antitrust law is established.

Since 2020, the public prosecutor's office in Hanover has been conducting investigative proceedings against former employees as well as former board members of Continental AG suspected of committing criminal acts and breaches of supervisory duties in connection with the development and use of illegal defeat devices in diesel and gasoline engines of multiple automotive manufacturers as well as in connection with the subsequent investigation of these actions, and as part of these proceedings has conducted multiple searches at locations of Continental AG and individual companies of the Continental Group. Continental AG and individual companies of the Continental Group are ancillary parties to these proceedings. The investigations concern activities of the former Powertrain business area that were transferred within the scope of the spin-off to Vitesco Technologies Group AG, Regensburg, Germany, and its subsidiaries in 2021.

Both the investigations by the public prosecutor's office in Hanover and the company's internal investigation into the matters covered by these proceedings, which involve considerable costs and effort, are ongoing. Continental AG and the companies of the Continental Group are continuing to cooperate with the public prosecutor's office in Hanover. There is a risk that fines will be imposed as a result of the allegations. The amount of such fines, which could comprise a levy and a penalty component, is currently unknown but collectively could be significant. Furthermore, the risk of damage to the company's reputation cannot be ruled out.

To cover risks of fines arising from the proceedings conducted by the public prosecutor's office in Hanover, a provision amounting to a high eight-figure sum had been set aside as at December 31, 2023.

In the event that fines or other measures are imposed on Continental AG and/or individual companies of the Continental Group that concern the transferred business, Vitesco Technologies Group AG is obligated on the basis of and in accordance with contractual provisions arising in particular from the corporate separation agreement concluded in the context of the spin-off to indemnify Continental AG and any individual companies of the Continental Group against the ensuing costs and liabilities. This is consistent with the agreement between the parties that all opportunities as well as all risks arising from the transferred business shall pass to Vitesco Technologies Group AG and the companies of Vitesco Technologies. These regulations have not been taken into account in the formation of the provision described above. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures and any potential claims against Vitesco Technologies Group AG so as not to adversely affect the company's interests.

In view of the scope of these national and international investigations against automotive manufacturers and suppliers, further proceedings by public authorities, civil legal proceedings and claims by third parties, along with the related financial risks, cannot be ruled out.

As part of industry-wide searches, the European Commission began conducting a search of the premises of Continental AG on January 30, 2024, due to alleged antitrust violations. On the same day, Germany's Federal Cartel Office (Bundeskartellamt) searched the premises of TON Tyres Over Night Trading GmbH, Schondra-Schildeck, Germany, a subsidiary of Continental, also due to alleged industry-wide antitrust violations. Both proceedings are at a very early stage. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. In the event that Continental is responsible for any such violation, the European Commission and the Bundeskartellamt could each impose substantial fines. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages. In this context, class action lawsuits have already been filed in the USA and Canada against Continental and other tire manufacturers. Continental has not yet been served with the lawsuits.

There is a risk that Continental could infringe on the industrial property rights of third parties.
There is a risk that Continental could infringe on the industrial property rights of third parties, since its competitors, suppliers and customers also submit a large number of inventions for industrial property protection. It is not always possible to determine with certainty whether there are effective and enforceable third-party industrial property rights to certain processes, methods or applications. Therefore, third parties could assert claims (including illegitimate ones) of alleged infringements of industrial property rights against Continental. As a result, Continental could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries, or be forced to make changes to manufacturing processes and/or products. In addition, Continental could be liable to pay compensation for infringements or could be forced to purchase licenses to continue using technology from third parties.

Continental, for example, supplies telecommunication modules that transmit vehicle data, enable voice and internet functionality, and are compatible with cellular communication standards. In this respect, there is a risk that Continental or its suppliers may be denied their own direct license to use patents relating to these standards (standard essential patents), especially in the field of telecommunications standards such as 3G, 4G or 5G, and that Continental may become dependent on licenses and the conditions under which they are granted to customers. In addition, Continental is subject to efforts by its customers to change contract terms and conditions concerning the participation in disputes regarding alleged infringements of intellectual property rights. Continental has formed provisions to cover the risks in this regard. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made so as not to adversely affect the company's interests.

Continental could become subject to additional burdensome environmental or safety regulations, and new regulations could adversely affect demand for the company's products and services.
As a corporation that operates worldwide, Continental must observe a large number of different regulatory systems in numerous countries that change frequently and are continuously evolving and becoming more stringent, particularly with respect to the environment, chemicals and hazardous materials, as well as health regulations. This also applies to air, water and soil pollution regulations and to waste legislation, all of which have recently become more stringent through new laws, particularly in the European Union and the USA. Continental could be affected in particular by greater restrictions on the use of per- and polyfluoroalkyl substances (PFAS). Moreover, Continental's locations and operations necessitate various permits, and the requirements specified therein must be complied with. In the past, adjusting to new requirements has necessitated investments, and Continental assumes that further investments in this regard will be required in the future.

Continental is exposed to risks from legal disputes.
Companies from the Continental Group are involved in a number of legal and arbitration proceedings and could become involved in other such proceedings in the future. These proceedings could involve substantial claims for damages or payments, particularly in the USA. For more information on legal disputes, see Note 36 of the notes to the consolidated financial statements.

Continental could be unsuccessful in adequately protecting its intellectual property and technical expertise.
Continental's products and services are highly dependent upon its technological know-how and the scope and limitations of its proprietary rights therein. Continental has obtained or applied for a large number of patents and other industrial property rights that are of considerable importance to its business. The process of obtaining patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide Continental with meaningful protection or commercial advantage. In addition, although there is a presumption that patents are valid, this does not necessarily mean that the patent concerned is effective or that possible patent claims can be enforced to the degree necessary or desired.

A major part of Continental's know-how and trade secrets is not patented or cannot be protected through industrial property rights. Consequently, there is a risk that certain parts of Continental's know-how and trade secrets could be transferred to collaboration partners, customers and suppliers, including Continental's machinery suppliers or plant vendors. This poses a risk that competitors will copy Continental's know-how without incurring any expenses of their own. Moreover, Continental has concluded a number of license, cross-license, collaboration and development agreements with its customers, competitors and other third parties under which Continental is granted rights to industrial property and/or know-how of such third parties. It is possible that license agreements could be terminated under certain circumstances in the event of the licensing partner's insolvency or bankruptcy and/or in the event of a change of control in either party, leaving Continental with reduced access to intellectual property rights to commercialize its own technologies.

Continental could be exposed to tax risks in connection with previous assessment periods.
Continental AG and its subsidiaries operate worldwide and are continuously audited by local tax authorities. Tax estimates made for the financial statements may differ from how these are interpreted by the tax authorities, for example because of changes to tax legislation and the development of case law. Tax risks arise in particular from the valuation of cross-border, intercompany deliveries and services (transfer prices). Through organizational measures, such as monitoring transfer prices and where necessary carrying out bilateral appeals procedures, Continental AG monitors and controls the development of taxation risks and their impact on the consolidated financial statements. Tax processes are continuously adapted to new tax laws and changes to case law.

During the reporting period, Italian tax authorities opened criminal tax investigations into three Italian companies of the Continental Group. The investigations relate to a possible failure by the units concerned to comply with reporting and declaration requirements vis-à-vis the Italian tax authorities. Financial charges in the form of back taxes, penalties and fines as well as interest payments are not implausible. Due to the complexity of the facts presented by the Italian authorities and the early stage of the investigations, it is not possible to reliably estimate the possible financial charges.

Material Opportunities

Unless the emphasis is placed on a specific group sector, the opportunities apply to all group sectors.

There are opportunities for Continental if the economy performs better than anticipated.
If the economy in our major sales regions develops better than we have anticipated, we expect that demand for vehicles, replacement tires and industrial products will also develop better than we have anticipated. Due to the increased demand for Continental's products among vehicle manufacturers and industrial clients and in the replacement business that would be expected as a consequence, our sales could rise more significantly than expected and there could be positive effects with regard to fixed cost coverage. Particular importance is attached to the European market due to the high share of sales that Continental generates in this region (48%).

There are opportunities for Continental if prices fall on the raw materials markets relevant to us.
Continental's earnings situation is affected to a significant extent by the cost of raw materials, electronic components, logistics and energy. For Automotive, this particularly relates to the cost of electronic components as well as metals and plastics. The earnings situation of Tires and ContiTech is significantly impacted by the cost of oil and of natural and synthetic rubber. If prices for natural and synthetic rubber in particular decline, this could have a positive impact on Continental's earnings, provided sales prices for rubber products remain stable.

The trend toward automated and autonomous driving presents Continental with opportunities.
The trend from assisted driving to automated and autonomous driving is set to continue. Several vehicle manufacturers plan to offer new models with partially automated "Level 3" functions over the next few years. A key requirement for partially automated driving is that vehicles be equipped with sensors. To date, between two and seven sensors for assisted driving have been installed per vehicle, depending on their equipment features. Even for partially automated driving, considerably more and also higher-quality radar, camera and LiDAR sensors are required, depending on the scope of the functionality. Since Continental is one of the leading providers of advanced driver assistance systems, the increasing volume of sensors, electronic control units and new software could result in considerable sales and earnings opportunities.

There are opportunities for Continental from strategic partnerships, particularly in the Automotive group sector.
Continental is increasingly focusing on strategic partnerships in order to shape the transformation in the automotive sector as efficiently as possible. The latest examples of this are the strategic partnerships with the technology companies Ambarella and Aurora. Such partnerships allow the companies involved to contribute their expertise and optimize research and development costs, for example. In addition, the strengths of each company can help ensure a higher level of innovation and agility when launching products. Cost optimization and an improved competitive position – thanks to faster time to market, for example – present Continental with opportunities.

The digitalization of vehicles and the services generated as a result present Continental with opportunities.
The massive amounts of data generated by driver assistance systems and driver information systems as well as the immediate processing of this data in vehicles require switching the vehicle architecture to the most cutting-edge high-performance computers. This – together with the new software solutions required for this purpose – results in substantial growth potential for Continental with positive effects on its future sales and attainable margins. Furthermore, the increasing digitalization of our products gives us the opportunity to offer our customers software-based services and regular software updates in addition to the product itself, and to open up new markets for mobility services. The implementation of generative AI can also lead to growth opportunities and faster time to market for new Continental products (e.g. partnership with Google Cloud; see the Research and Development section).

Innovations for vehicle interiors present Continental with opportunities.
For optimum interaction between the driver and the vehicle, more and more new products are being used in car manufacturing. For the user experience of the future, Continental has developed countless innovations such as curved digital 3D displays and temporarily hidden displays. With customer-specific solutions for interior sensor technology, Continental is also increasing safety and ease of use within the vehicle. Since intelligent concepts for new experiences in the vehicle interior are becoming more and more important for car buyers, and Continental is one of the leading providers of these, increasing demand among car manufacturers could result in considerable sales and earnings opportunities.

The tire business presents Continental with opportunities.
Continental intends to further increase its market share in the growth markets of Asia and North America in particular. In the passenger-car tire segment, the global business with tires for electric mobility and ultra-high-performance tires is to be systematically expanded further. The truck and bus tire business is to be further developed in all regions through the Conti360° fleet services. Continental's specialty tire business, which includes not only two-wheel and racing tires but also tires for a variety of industrial applications, is expected to grow further as well. Smart, digital tire solutions and ambitious sustainability goals will also make a significant contribution to market success and differentiation in the future. The market launch of the new UltraContact NXT production tire and the presentation of the Conti CityPlus tire concept are important milestones (see the Research and Development section). In the area of service-based digital solutions, the Tires group sector of Continental aims to become the leading supplier worldwide by 2030. If Continental succeeds in increasing its market share in high-growth segments and in digital solutions and services even more than planned, this is likely to have positive effects on its sales and earnings.

Digitalization and sustainability in the industrial business present Continental with opportunities.
The growth potential results primarily from the increasing demand for sustainable as well as digital and intelligent solutions in the industrial business. In this regard, the ContiTech group sector draws on its long-standing and detailed knowledge of the industry and materials to open up new business opportunities. Various materials are thus combined with electronic components and individual services. Continental also shows, for example, how future mobile interiors might look (e.g. SPACE D design concept; see the Research and Development section). If these new products become established more quickly than planned, this would create corresponding sales and earnings opportunities for Continental.

There are opportunities for Continental from changes in the legal framework.
Legal regulations with the aim of further improving traffic safety provide an opportunity for a rise in demand for Continental's products. Based on our broad product portfolio for active vehicle safety, we have developed more advanced safety systems over the past years. Further volume growth is expected as a result of more stringent requirements in various regional safety tests, since an increasing number of safety systems have been recognized as having achieved the very highest level of safety. In addition, more and more legal requirements in individual countries are being expanded to include active safety systems.

Statement on Overall Risk and Opportunities Situation

In the opinion of the Executive Board, the overall risk situation of the Continental Group has not changed significantly in the past fiscal year.

It remains to be seen to what extent and for how long current geopolitical events, the ongoing uncertainty in supply chains and inflation will continue to affect the automotive industry and the macroeconomic situation.

However, the analysis for the year under review did not reveal any risks, either at the end of the reporting period or at the time the annual financial statements were prepared, that individually or collectively pose a threat to the company or the Continental Group as a going concern. In the opinion of the Executive Board, there are also no discernible risks to the Continental Group as a going concern in the foreseeable future.

Considering the material opportunities, the overall risk assessment for the Continental Group presents a reasonable risk and opportunities situation to which our risk-containment measures and our corporate strategy have been aligned accordingly.

Report on Expected Developments
Future General Conditions

Forecast of Macroeconomic Development

In its World Economic Outlook Update (WEO Update) of January 2024, the International Monetary Fund (IMF) expects the global economy to grow by 3.1% in 2024. Its forecast of growth on a par with that of 2023 reflects the expectation that inflation will continue to fall in an overall robust global economy. The IMF considers the opportunities and risks with respect to this assumption to be broadly balanced.

In Europe, according to the IMF, falling inflation and more stable energy prices are expected to lead to a slight recovery in consumer demand and a year-on-year rise in real incomes in 2024. For the eurozone, the IMF expects gross domestic product (GDP) to rise by 0.9% in 2024, with GDP for Germany expected to grow by 0.5%. For the UK, it expects GDP to rise by 0.6% based on a similar trend.

For the USA, the IMF predicts a slowdown in GDP growth to 2.1% in 2024, citing as main reasons the Federal Reserve's monetary and fiscal policy and a softening labor market.

Japan's economy is expected to return to lower growth rates in 2024, after the previous year's growth was significantly influenced by one-off effects. The IMF expects Japan's GDP to grow by 0.9% in 2024.

For India, the IMF forecasts a high GDP growth rate of 6.5% in 2024. Continued strong development is also expected in China as a result of fiscal policy support, with the IMF currently estimating GDP growth of 4.6%.

In other emerging and developing economies, the IMF mostly expects a slowdown in economic development in 2024. In Brazil and Russia, for example, the IMF anticipates a rise in GDP of 1.7% and 2.6%, respectively.

The IMF's forecast is based on assumptions that commodity prices will decline in 2024 and that interest rates will decline in major economies.

The IMF also points toward a number of opportunities and risks. Faster disinflation could have a positive effect, as could stronger structural reform momentum. Significant risks from the IMF's perspective include commodity price spikes, given the tense geopolitical situation, disruptions in the global supply chain and a slower-than-expected decline in inflation. A worsening of the crisis in the Chinese real estate sector and cuts to global public spending could also lead to lower growth.

Forecast for Key Customer Sectors and Sales Regions

Forecast for production of passenger cars and light commercial vehicles
We currently expect the global production of passenger cars and light commercial vehicles weighing less than 6 metric tons to be roughly on a par with the previous year and develop by -1% to 1%.

In the first half of 2024, we expect a global production volume of around 44 million units, which should improve slightly in the second half of the year, particularly due to the momentum of the Chinese market.

However, this outlook is subject to uncertainty due to the tense geopolitical situation and the uncertain development of demand, particularly in Europe.

Changes to vehicle production, the tire-replacement business and industrial production in 2024 (compared with 2023)

Passenger cars and light commercial vehicles	Vehicle production	Tire-replacement business
Europe	-3% to -1%	0% to 3%
North America	0% to 2%	0% to 3%
China	1% to 3%	2% to 5%
Worldwide	**-1% to 1%**	**0% to 3%**

Medium and heavy commercial vehicles	Vehicle production	Tire-replacement business
Europe	-9% to -7%	-1% to 1%
North America	-6% to -4%	2% to 4%

	Industrial production
Eurozone	-2% to 0%
USA	-1% to 1%
China	4% to 6%

Sources:
Vehicle production (Europe with Western, Central and Eastern Europe incl. Russia and Türkiye): S&P Global and own estimates.
Tire-replacement business (Europe with Western, Central and Eastern Europe (excl. Russia) and Türkiye): own estimates.
Industrial production: Bloomberg and own estimates.

In Europe, we anticipate a decline in the production of passenger cars and light commercial vehicles of 1% to 3% in 2024. In North America, however, we expect an increase in production of 0% to 2%. In China, we expect an increase in production volumes for passenger cars and light commercial vehicles of 1% to 3% in 2024.

Forecast for production of medium and heavy commercial vehicles

According to our estimates, the production of commercial vehicles weighing more than 6 metric tons in our core markets of Europe and North America will decline significantly in 2024 – in the range of -9% to -7% in Europe and -6% to -4% in North America.

Forecast for replacement-tire markets for passenger cars and light commercial vehicles

In 2024, we currently expect a slight recovery in demand for replacement tires for cars and light commercial vehicles weighing less than 6 metric tons in the range of 0% to 3%, following weak development in 2023.

Both in Europe and North America, we currently expect volumes to increase by 0% to 3%. In China, we expect a somewhat stronger recovery in demand of 2% to 5%.

Forecast for replacement-tire markets for medium and heavy commercial vehicles

In 2024, we currently expect demand for replacement tires for medium and heavy commercial vehicles in our core market of Europe to develop by -1% to 1%.

In North America, we currently expect a slightly stronger increase in demand of 2% to 4%.

Forecast for industrial production

In the eurozone, we currently expect industrial production to fall slightly by -2% to 0% in 2024 compared with the weak previous year.

In the USA, we expect industrial production to be on a par with the previous year.

In China, we expect a continued increase in industrial production of 4% to 6%.

Outlook for the Continental Group

Forecast process
Each year, Continental forecasts the values of key performance indicators for the Continental Group for the new fiscal year. These include sales and the adjusted EBIT margin for the Continental Group and for the Automotive, Tires, ContiTech and Contract Manufacturing group sectors.

In addition, we provide information on the assessment of important factors influencing earnings before interest and tax (EBIT). These include the expected negative or positive effect of the estimated development of material prices and other cost factors for the current year, the expected development of special effects and the amount of amortization from purchase price allocations. We thus allow the Continental Group's expected EBIT to be estimated.

Furthermore, we give an assessment of the development of interest income and expenses as well as the tax rate for the Continental Group, which in turn allows the Continental Group's expected net income to be estimated. We also publish a forecast of the capital expenditures planned for the current year and the adjusted free cash flow. Our forecast is based on our expectations regarding the most important production and sales markets in the new fiscal year.

We publish our forecast as part of our annual press conference and the publication of our annual report. It is continually reviewed over the course of the fiscal year. Possible changes to the forecast are described at the latest in the report for the respective quarter.

Comparison of the past fiscal year against forecast
Our forecast for fiscal 2023, which we published in March 2023, was based on a continued recovery in the global production of passenger cars and light commercial vehicles, particularly in our core markets of Europe and North America.

Our expectations took into account the anticipated impact of ongoing supply shortages for semiconductors on production volumes in 2023.

We also expected significantly higher costs for materials, wages and salaries as well as energy and logistics – amounting to around €1.7 billion – to weigh heavily on our earnings position in fiscal 2023.

Based on the above assumptions as well as on the exchange rates at the beginning of the fiscal year, we anticipated the following key financial figures for fiscal 2023:

- We expected the Continental Group to achieve sales in the range of around €42 billion to €45 billion and an adjusted EBIT margin of around 5.5% to 6.5%.

- We expected our Automotive group sector to achieve sales of around €20.5 billion to €21.5 billion. We expected the adjusted EBIT margin to be around 2% to 3%. This included higher costs for materials, wages and salaries as well as logistics of around €1 billion.

- We expected our Tires group sector to achieve sales of around €14.5 billion to €15.5 billion and an adjusted EBIT margin of around 12% to 13%. This included the expected negative impact from higher costs for wages and salaries as well as energy and logistics of around €400 million.

- We expected our ContiTech group sector to achieve sales of around €6.8 billion to €7.2 billion and an adjusted EBIT margin of around 6% to 7%. This included the expected negative impact from higher costs for materials, wages and salaries as well as energy of around €300 million.

- In the Contract Manufacturing group sector, we anticipated sales of around €400 million to €600 million and an adjusted EBIT margin of around 0%.

- As in the previous year, consolidated amortization from purchase price allocations was again expected to be below €150 million and affect mainly the Automotive and ContiTech group sectors.

- In addition, we expected negative special effects of around €150 million.

- In 2023, we expected the negative financial result to be around €350 million before effects from currency translation, effects from changes in the fair value of derivative instruments, and other valuation effects.

- The tax rate was expected to be around 27%.

- The capital expenditure ratio was expected to be around 6% of sales in fiscal 2023.

- We were planning on adjusted free cash flow of approximately €0.8 billion to €1.2 billion.

The outlook remained unchanged in the quarterly statement for the first quarter of 2023.

In the half-year financial report, we adjusted our outlook for fiscal 2023 due to the following factors:

- We expected the global production of passenger cars and light commercials to increase by 3% to 5% year-on-year in 2023.

- For the tire-replacement business, we expected sales volumes to develop by -2% to 0%.

- Higher costs for materials, wages and salaries as well as energy and logistics – amounting to around €1.4 billion – were expected to weigh on our earnings position in fiscal 2023.

Assuming that, as the year progressed, exchange rates would not materially differ, the aforementioned factors meant that the following changes were made to the 2023 outlook:

- Consolidated sales were expected to be in the range of around €41.5 billion to €44.5 billion, and the adjusted EBIT margin was expected to be around 5.5% to 6.5%.

- For the Tires group sector, sales were expected to be around €14.0 billion to €15.0 billion, with an adjusted EBIT margin of around 12% to 13%. The adjusted EBIT margin range assumed higher costs year-on-year, primarily for wages and salaries, of around €200 million.
- We expected the ContiTech group sector to achieve sales of around €6.8 billion to €7.2 billion and an adjusted EBIT margin of around 6% to 7%. The adjusted EBIT margin range assumed a year-on-year increase in costs for materials, wages and salaries as well as energy of around €200 million.
- In addition, we expected negative special effects of around €350 million.

As before, we again pointed out the anticipated impact of ongoing supply shortages in some areas, particularly for semiconductors, on production volumes in 2023.

All other parts of the outlook remained unchanged.

In the quarterly statement for the third quarter of 2023, we adjusted the following estimates:

- For 2023, we expected production of passenger cars and light commercial vehicles to increase by 5% to 7% year-on-year.
- The industrial business showed signs of developing by -2% to 0% in the eurozone; in the USA we anticipated a figure of between -1% and +1% for the year as a whole; and in China we expected a recovery in demand of 4% to 6%.

With respect to the key financial figures, we made the following changes:

- Consolidated sales were expected to be in the range of around €41.0 billion to €43.0 billion, and the adjusted EBIT margin was expected to be around 5.5% to 6.5%.
- We expected our Automotive group sector to achieve sales of around €20.0 billion to €21.0 billion. We expected the adjusted EBIT margin to be around 2% to 3%. This included higher costs for materials, wages and salaries as well as logistics of around €1 billion.
- For the Tires group sector, sales were expected to be around €14.0 billion to €15.0 billion, with an adjusted EBIT margin of around 12.5% to 13.5%. The adjusted EBIT margin range assumed higher costs year-on-year, primarily for wages and salaries, of around €200 million.

All other parts of the outlook remained unchanged.

Owing to our operating performance in the fourth quarter, we achieved the adjusted expectations for fiscal 2023 as follows:

- The Continental Group generated sales of €41.4 billion and an adjusted EBIT margin of 6.1%.
- The Automotive group sector generated sales of €20.3 billion and an adjusted EBIT margin of 1.9% in 2023.
- The Tires group sector generated sales of €14.0 billion and an adjusted EBIT margin of 13.5%.
- The ContiTech group sector generated sales of €6.8 billion and an adjusted EBIT margin of 6.7%.
- The Contract Manufacturing group sector generated sales of €0.5 billion and an adjusted EBIT margin of 1.6%.
- Total consolidated expense from special effects amounted to €551.2 million in 2023.
- Amortization from purchase price allocations was €118.2 million.
- In the year under review, the negative financial result amounted to €316.0 million before effects from currency translation and before effects from changes in the fair value of derivative instruments, and other valuation effects.
- Income tax expense for fiscal 2023 amounted to tax expense of €424.1 million. The tax rate was 26.2%.
- The capital expenditure ratio was 5.9%.
- Adjusted free cash flow was €1,292.3 million in 2023 and therefore slightly above our forecast range of €0.8 billion to €1.2 billion in the quarterly statement for the third quarter of 2023.

Comparison of forecasts for the group sectors of Continental for fiscal 2023

	Automotive		Tires		ContiTech		Contract Manufacturing	
	Sales (€ billions)	Adjusted EBIT margin (%)	Sales (€ billions)	Adjusted EBIT margin (%)	Sales (€ billions)	Adjusted EBIT margin (%)	Sales (€ billions)	Adjusted EBIT margin (%)
Annual press conference on March 8, 2023	~ 20.5 – 21.5	~ 2 – 3	~ 14.5 – 15.5	~ 12 – 13	~ 6.8 – 7.2	~ 6 – 7	~ 0.4 – 0.6	~ 0
Half-year financial report as at August 9, 2023	~ 20.5 – 21.5	~ 2 – 3	~ 14.0 – 15.0	~ 12 – 13	~ 6.8 – 7.2	~ 6 – 7	~ 0.4 – 0.6	~ 0
Quarterly statement as at November 8, 2023	~ 20.0 – 21.0	~ 2 – 3	~ 14.0 – 15.0	~ 12.5 – 13.5	~ 6.8 – 7.2	~ 6 – 7	~ 0.4 – 0.6	~ 0
2023 annual report	**20.3**	**1.9**	**14.0**	**13.5**	**6.8**	**6.7**	**0.5**	**1.6**

Comparison of key forecast elements for the Continental Group for fiscal 2023

	Continental Group				
	Sales (€ billions)	Adjusted EBIT margin (%)	Special effects (€ billions)	Investments (in % of sales)	Adjusted free cash flow (€ billions)
Annual press conference on March 8, 2023	~ 42 – 45	~ 5.5 – 6.5	~ -0.15	~ 6	~ 0.8 – 1.2
Half-year financial report as at August 9, 2023	~ 41.5 – 44.5	~ 5.5 – 6.5	~ -0.35	~ 6	~ 0.8 – 1.2
Quarterly statement as at November 8, 2023	~ 41.0 – 43.0	~ 5.5 – 6.5	~ -0.35	~ 6	~ 0.8 – 1.2
2023 annual report	**41.4**	**6.1**	**-0.6**	**5.9**	**1.3**

All figures take into account the exceptions and definitions specified in each case in the comparison against forecast.

Order situation

The order situation in our Automotive group sector continues to be characterized by a volatile market environment and the transformation of the automotive industry. In total, orders amounting to around €27 billion were acquired in fiscal 2023 (PY: €23 billion). This figure includes expected sales over the entire duration of the delivery, known as lifetime sales. These are based primarily on assumptions regarding production volumes of the respective vehicle or engine platforms, the expected and agreed cost adjustments, and the development of key raw material prices.

The replacement-tire business accounts for a large portion of the Tires group sector's sales, which is why it is not possible to calculate a reliable figure for order volumes.

The same applies to the ContiTech group sector, which has business areas operating in various markets and industrial sectors, each in turn with their own relevant factors. Consolidating the order figures from the various business areas of the ContiTech group sector would thus be meaningful only to a limited extent.

Outlook for fiscal 2024

As mentioned on page 108 of the report on expected developments, we expect the global production of passenger cars and light commercial vehicles in 2024 to be roughly on a par with the previous year, with a negative development expected in our core market of Europe.

This outlook takes into account the current tense geopolitical situation and its expected impact on production volumes in 2024.

Higher costs for wages and salaries – amounting to around €0.5 billion – are expected to weigh heavily on our earnings position in fiscal 2024, with around half of these costs attributable to the Automotive group sector.

Based on the above assumptions as well as on the exchange rates at the beginning of the fiscal year, we expect the following key financial figures for fiscal 2024:

› We expect the Continental Group to achieve sales in the range of around €41.0 billion to €44.0 billion and an adjusted EBIT margin of around 6.0% to 7.0%.

- We expect our Automotive group sector to achieve sales of around €20.0 billion to €22.0 billion. We expect the adjusted EBIT margin to be around 3.0% to 4.0%.

- We expect our Tires group sector to achieve sales of around €14.0 billion to €15.0 billion and an adjusted EBIT margin of around 13.0% to 14.0%.

- We expect our ContiTech group sector to achieve sales of around €6.6 billion to €7.0 billion and an adjusted EBIT margin of around 6.5% to 7.5%.

- In our Contract Manufacturing group sector, we anticipate sales of around €200 million to €300 million and an adjusted EBIT margin of around 0%.

- Consolidated amortization from purchase price allocations is expected to be around €100 million and affect mainly the Automotive and ContiTech group sectors.

- In addition, we expect negative special effects of around €450 million.

- In 2024, we expect the negative financial result to be around €350 million before effects from currency translation, effects from changes in the fair value of derivative instruments, and other valuation effects.

- The tax rate is expected to be around 27%.

- The capital expenditure ratio is expected to be around 6.0% to 7.0% of sales in fiscal 2024.

- In 2024, we are planning on adjusted free cash flow of approximately €0.7 billion to €1.1 billion.

Consolidated Financial Statements

Statement of the Executive Board

The Executive Board of Continental AG is responsible for the preparation, completeness and integrity of the consolidated financial statements and the management report for Continental AG and the Continental Group, as well as for the other information provided in the annual report. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and include any necessary and appropriate estimates. The management report for Continental AG and the Continental Group contains an analysis of the earnings, financial and net assets position of the Continental Group, as well as further information provided in accordance with the provisions of the German Commercial Code *(Handelsgesetzbuch – HGB)*.

An effective internal management and control system is employed to ensure that the information used for the preparation of the consolidated financial statements, including the management report for Continental AG and the Continental Group, as well as for internal reporting, is reliable. This includes standardized guidelines at the corporate level for accounting and risk management in accordance with Section 91 (2) of the German Stock Corporation Act *(Aktiengesetz – AktG)* and an integrated financial control system as part of the Continental Group's value-oriented management, plus audits by Group Audit. The Executive Board is thus in a position to identify significant risks at an early stage and to take countermeasures.

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Hanover branch, Germany, was engaged as the auditor for fiscal 2023 by the Annual Shareholders' Meeting of Continental AG. The audit mandate was issued by the Audit Committee of the Supervisory Board. PricewaterhouseCoopers audited the consolidated financial statements prepared in accordance with IFRS and the management report for Continental AG and the Continental Group. The auditor will issue the independent auditor's report.

The consolidated financial statements, the management report for Continental AG and the Continental Group, the auditor's report and the risk management system in accordance with Section 91 (2) *AktG* are discussed in detail by the Audit Committee of the Supervisory Board together with the auditor. These documents relating to the annual financial statements and these reports will then be discussed with the entire Supervisory Board, also in the presence of the auditor, at the meeting of the Supervisory Board held to approve the financial statements.

Hanover, February 27, 2024

The Executive Board

Independent Auditor's Report

To Continental Aktiengesellschaft, Hanover

Report on the Audit of the Consolidated Financial Statements and of the Consolidated Management Report

Audit opinions
We have audited the consolidated financial statements of Continental Aktiengesellschaft, Hanover, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, consolidated statement of comprehensive income, consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2023, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the consolidated management report of Continental Aktiengesellschaft, which is combined with the Company's management report, including the non-financial statement to comply with Sections 289b to 289e and Sections 315b to 315c of the German Commercial Code *(Handelsgesetzbuch – HGB)* included in the "Sustainability and Combined Non-Financial Statement" section, for the financial year from January 1 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the "Main characteristics of the internal control system" and "Appropriateness and effectiveness of the internal control system" subsections in the "Report on Risks and Opportunities" section of the consolidated management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) *HGB* and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023,

- the accompanying consolidated management report (excluding the non-financial statement included therein) as a whole provides an appropriate view of the Group's position. In all material respects, this consolidated management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development; we do not express an audit opinion on the subsections of the consolidated management report referred to above, and

- the non-financial statement included in the "Sustainability and Combined Non-Financial Statement" section of the consolidated management report is prepared, in all material respects, in accordance with the applicable German legal and European requirements as well as with the specifying criteria disclosed by the Company's executive directors.

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 consolidated management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and of the consolidated management report in accordance with Section 317 *HGB* and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, 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 consolidated management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (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, on the consolidated management report and on the non-financial statement included in the consolidated management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 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 our view, the matters of most significance in our audit were as follows:

- Recoverability of goodwill and non-current assets with finite useful lives
- Accounting treatment of deferred taxes

Our presentation of these key audit matters has been structured in each case as follows:

- Matter and issue
- Audit approach and findings
- Reference to further information

Hereinafter we present the key audit matters:

Recoverability of goodwill and non-current assets with finite useful lives

› Goodwill amounting in total to €3,187.5 million (8.4% of total assets or 22.6% of total equity) and non-current assets with finite useful lives amounting in total to €12,494.7 million (33.1% of total assets or 88.5% of total equity) are reported in the Company's consolidated financial statements. While goodwill must be tested for impairment once a year or when there are indications of impairment, non-current assets with finite useful lives only have to be tested for impairment if there are indications that they may be impaired (triggering events). The impairment test is performed at the level of the cash-generating units. The carrying amount of the relevant cash-generating units (where applicable including goodwill) is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is the higher of fair value less costs of disposal and the value in use. The Company generally determines the recoverable amount using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the long-term planning for the cash-generating units adopted by the executive directors forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors, which are currently subject to increased uncertainties, are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating unit. If the value in use falls below the carrying amount of the cash-generating unit, it is assessed whether the fair values less costs of disposal of the assets exceed their carrying amounts. If not, the need for write-downs shall be based on the higher of value in use and fair value less costs of disposal. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

› As part of our audit we assessed the methodology used for the purposes of performing the impairment test, among other things, with the assistance of our internal specialists from Valuation, Modeling & Analytics. After matching the future cash inflows used for the calculation against the long-term planning for the cash-generating units adopted by the executive directors, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company on the effect of potential changes in revenue, the discount rate and the long-term rate of growth on the recoverable amount. If the value in use fell below the carrying amount of the cash-generating unit, we assessed whether the fair values less costs of disposal of the assets still correctly covered their carrying amounts.

› In addition, we assessed whether the disclosures in the notes relating to the recoverability of goodwill were appropriate and complete.

› Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

› The Company's disclosures on goodwill and on non-current assets with finite useful lives are contained in Notes 2, 13 and 14 of the notes to the consolidated financial statements.

Accounting treatment of deferred taxes

› Deferred tax assets amounting to €2,440.2 million (6.5% of total assets or 17.3% of total equity) after netting are reported in the Company's consolidated financial statements, of which €548.0 million relates to tax loss carryforwards. Deferred tax assets amounting to €3,938.1 million were recognized before netting with matching deferred tax liabilities. These items were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the business plan adopted by the executive directors. No deferred tax assets were recognized in respect of deductible temporary differences, eligible tax credits and unused tax losses amounting in total to €2,736.3 million since it is not probable that they will be utilized for tax purposes by means of offset against taxable profits.

› In our view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

As part of our audit of the recoverability of deferred tax assets and with the assistance of our specialists from Tax Reporting & Strategy, we assessed, among other things, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses on the basis of internal forecasts of the Company's and its subsidiaries' future earnings situation for tax purposes, and the appropriateness of the underlying estimates and assumptions. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

- The Company's disclosures on deferred taxes are contained in Notes 2 and 19 of the notes to the consolidated financial statements.

Other information

The executive directors are responsible for the other information. The other information comprises the "Main characteristics of the internal control system" and "Appropriateness and effectiveness of the internal control system" subsections of the "Report on Risks and Opportunities" section of the consolidated management report as unaudited parts of the consolidated management report.

The other information comprises further

- the corporate governance statement pursuant to Sections 289f and 315d *HGB*
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited consolidated management report and our auditor's report.

Our audit opinions on the consolidated financial statements, the consolidated management report and the non-financial statement included in the consolidated management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the consolidated management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the consolidated management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to 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 assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the consolidated management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a consolidated 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 consolidated management report.

The executive directors are also responsible for the preparation of the non-financial statement included in the consolidated management report in accordance with the applicable German legal and European requirements as well as with the specifying criteria disclosed by the Company's executive directors. Furthermore, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the non-financial statement) or error.

The applicable requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which authoritative comprehensive interpretations have not yet been published. Accordingly, the executive directors have disclosed their interpretations of such wording and terms in the "Information in Accordance with the EU Taxonomy Regulation" section of the non-financial statement. The executive directors are responsible for the defensibility of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of these interpretations is uncertain.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements, the consolidated management report and the non-financial statement included in the consolidated management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the consolidated management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the consolidated management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and whether the non-financial statement has been prepared, in all material respects, in accordance with the applicable German legal and European requirements and with the specifying criteria disclosed by the Company's executive directors, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements, on the consolidated management report and on the non-financial statement.

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 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 in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this consolidated management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- Identify and assess the risks of material misstatement in the consolidated financial statements and in the consolidated management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the consolidated management report and the non-financial statement included in the consolidated management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the consolidated management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) *HGB*.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the consolidated management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the consolidated management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the consolidated management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

- Evaluate the suitability of the criteria presented by the executive directors in the non-financial statement as a whole. As explained in the description of the responsibilities of the executive directors, the executive directors have interpreted the wording and terms contained in the relevant regulations; the legal conformity of these interpretations is subject to inherent uncertainties mentioned in this description. Those inherent uncertainties in the interpretation apply to our audit accordingly.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the consolidated management report prepared for publication purposes in accordance with Section 317 (3a) *HGB*

Assurance opinion

We have performed assurance work in accordance with Section 317 (3a) *HGB* to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the consolidated management report (hereinafter the "ESEF documents") contained in the electronic file Continental_AG_KAuKLB_ESEF-2023-12-31.zip and 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 assurance work extends only to the conversion of the information contained in the consolidated financial statements and the consolidated management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the consolidated management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) *HGB* for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying consolidated management report for the financial year from January 1 to December 31, 2023, contained in the report on the audit of the consolidated financial statements and of the consolidated management report above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the assurance opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the consolidated management report contained in the electronic file identified above in accordance with Section 317 (3a) *HGB* and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with Section 317 (3a) *HGB* (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the consolidated management report in accordance with Section 328 (1) Sentence 4 No. 1 *HGB* and for the tagging of the consolidated financial statements in accordance with Section 328 (1) Sentence 4 No. 2 *HGB*.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) *HGB* for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) *HGB*, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) *HGB*, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited consolidated management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual Shareholders' Meeting on April 27, 2023. We were engaged by the Supervisory Board on December 15, 2023. We have been the group auditor of the Continental Aktiengesellschaft, Hanover, without interruption since the 2021 financial year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to Another Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited consolidated management report as well as the assured ESEF documents. The consolidated financial statements and the consolidated management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited consolidated management report and do not take their place. In particular, the report on the assurance on the electronic rendering of the consolidated financial statements and the consolidated management report prepared for publication purposes in accordance with Section 317 (3a) *HGB* and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Dr. Arne Jacobi.

Hanover, March 6, 2024

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Sven Rosorius	Dr. Arne Jacobi
Wirtschaftsprüfer	*Wirtschaftsprüfer*
German Public Auditor	German Public Auditor

Consolidated Statement of Income

€ millions	See Note	2023	2022
Sales	6	**41,420.5**	**39,408.9**
Cost of sales[1, 2]		–32,612.6	–31,827.6
Gross margin on sales[1, 2]		**8,808.0**	**7,581.3**
Research and development expenses[1, 2]	7	–4,125.7	–4,056.8
Selling and logistics expenses[1, 2]		–2,527.7	–2,412.4
Administrative expenses[1]		–1,354.9	–1,091.7
Other income[1]	8	1,837.0	1,851.2
Other expenses[1]	8	–829.2	–1,145.9
Income from equity-accounted investees	10	45.3	28.3
Other income from investments	10	1.2	0.8
EBIT		**1,853.8**	**754.8**
Interest income	11	103.4	83.6
Interest expense	11	–419.4	–234.8
Effects from currency translation	11	78.8	–59.6
Effects from changes in the fair value of derivative instruments, and other valuation effects	11	1.4	12.8
Financial result	11	**–235.8**	**–198.0**
Earnings before tax		**1,618.0**	**556.8**
Income tax expense	12	–424.1	–444.6
Net income		**1,193.9**	**112.2**
Non-controlling interests		–37.5	–45.5
Net income attributable to the shareholders of the parent		1,156.4	66.6
Basic earnings per share in €	38	5.78	0.33
Diluted earnings per share in €	38	5.78	0.33

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

Consolidated Statement of Comprehensive Income

€ millions	**2023**	2022
Net income	**1,193.9**	**112.2**
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans[1]	-323.5	1,758.6
Fair value adjustments[1]	-333.3	1,771.5
Investment in equity-accounted investees[2]	0.2	0.1
Currency translation[1]	9.6	-13.1
Other investments	-64.7	-16.7
Fair value adjustments[1]	-65.5	-12.6
Investment in equity-accounted investees[2]	0.2	-3.9
Currency translation[1]	0.5	-0.2
Tax on other comprehensive income	107.2	-536.2
Items that may be reclassified subsequently to profit or loss		
Currency translation[1]	-196.5	204.8
Effects from currency translation[1]	-271.8	203.7
Reclassification adjustments to profit or loss	75.3	–
Investment in equity-accounted investees[2]	0.1	1.1
Tax on other comprehensive income	-0.5	-1.5
Other comprehensive income	**-478.0**	**1,409.0**
Comprehensive income	**715.9**	**1,521.2**
Attributable to non-controlling interests	-0.3	-38.0
Attributable to the shareholders of the parent	715.6	1,483.2

1 Including non-controlling interests.
2 Including taxes.

Consolidated Statement of Financial Position

Assets

€ millions	See Note	December 31, 2023	December 31, 2022
Goodwill	13	3,187.5	3,218.2
Other intangible assets	13	820.3	973.7
Property, plant and equipment	14.15	11,722.1	11,467.2
Investment property	16	11.3	11.5
Investments in equity-accounted investees	17	298.6	305.1
Other investments	18	117.6	170.0
Deferred tax assets	19	2,511.8	2,059.2
Defined benefit assets	28	110.7	93.1
Long-term derivative instruments and interest-bearing investments	32	88.8	105.8
Long-term other financial assets	20	272.5	270.0
Long-term other assets	21	23.9	114.8
Non-current assets		**19,165.0**	**18,788.7**
Inventories	22	6,276.5	6,729.6
Trade accounts receivable	23	7,569.0	7,767.7
Short-term contract assets		102.9	99.8
Short-term other financial assets	20	135.7	140.0
Short-term other assets	21	1,143.5	1,034.0
Income tax receivables		305.2	277.6
Short-term derivative instruments and interest-bearing investments	32	120.4	101.5
Cash and cash equivalents	24	2,923.2	2,988.0
Assets held for sale	25	11.4	–
Current assets		**18,587.8**	**19,138.0**
Total assets		**37,752.8**	**37,926.7**

Equity and liabilities

€ millions	See Note	**December 31, 2023**	December 31, 2022
Subscribed capital		512.0	512.0
Capital reserves		4,155.6	4,155.6
Retained earnings		10,766.9	9,910.5
Other comprehensive income		–1,758.6	–1,319.0
Equity attributable to the shareholders of the parent		**13,675.9**	**13,259.1**
Non-controlling interests		449.2	475.8
Total equity	26	**14,125.1**	**13,735.0**
Long-term employee benefits	28	3,147.9	2,623.5
Deferred tax liabilities	19	71.6	57.5
Long-term provisions for other risks and obligations	29	703.5	624.1
Long-term indebtedness	31	4,211.9	4,006.0
Long-term other financial liabilities	33	8.4	10.0
Long-term contract liabilities		6.4	7.8
Long-term other liabilities	35	27.7	31.0
Non-current liabilities		**8,177.4**	**7,359.9**
Short-term employee benefits	28	1,390.5	1,274.7
Trade accounts payable	34	6,875.1	7,637.0
Short-term contract liabilities		195.0	232.4
Income tax payables	30	541.3	525.7
Short-term provisions for other risks and obligations	29	1,081.3	1,036.8
Short-term indebtedness	31	2,958.3	3,688.7
Short-term other financial liabilities	33	1,670.0	1,763.8
Short-term other liabilities	35	738.7	672.8
Current liabilities		**15,450.3**	**16,831.8**
Total equity and liabilities		**37,752.8**	**37,926.7**

Consolidated Statement of Cash Flows

€ millions	See Note	2023	2022
Net income		**1,193.9**	**112.2**
Income tax expense	12	424.1	444.6
Financial result	11	235.8	198.0
EBIT		**1,853.8**	**754.8**
Interest paid		-279.5	-151.9
Interest received		115.8	61.5
Income tax paid	12, 30	-725.5	-597.2
Dividends received		46.0	31.4
Depreciation, amortization, impairment and reversal of impairment losses	8, 13, 14, 15	2,225.2	3,211.2
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	10, 17	-46.5	-29.1
Gains/losses from the disposal of assets, companies and business operations		43.9	-16.2
Changes in			
inventories	22	377.9	-1,644.9
trade accounts receivable	23	50.6	-821.9
trade accounts payable	34	-692.9	1,732.9
employee benefits and other provisions	28, 29	333.2	-165.7
other assets and liabilities		25.6	-69.4
Cash flow arising from operating activities		**3,327.6**	**2,295.5**
Cash flow from the disposal of assets	13, 14	107.4	73.4
Capital expenditure on property, plant and equipment, and software	13, 14	-2,124.4	-2,132.8
Capital expenditure on intangible assets from development projects and miscellaneous	13	-18.3	-36.3
Cash flow from the disposal of companies and business operations	5	42.2	-0.6
Acquisition of companies and business operations	5	-175.5	-108.5
Cash flow arising from investing activities		**-2,168.6**	**-2,204.9**
Cash flow before financing activities (free cash flow)		**1,159.0**	**90.6**
Issuance of bonds	31	1,250.0	625.0
Redemption of bonds	31	-1,250.0	–
Repayment of lease liabilities	31	-306.9	-323.6
Change in other indebtedness	31	-451.8	822.2
Change in derivative instruments and interest-bearing investments	31	-27.2	22.9
Other cash changes		-19.6	-36.1
Dividends paid		-300.0	-440.0
Dividends paid to and cash changes from equity transactions with non-controlling interests		-23.9	-16.9
Cash flow arising from financing activities		**-1,129.4**	**653.5**
Change in cash and cash equivalents		**29.6**	**744.1**
Cash and cash equivalents at the beginning of the reporting period		2,988.0	2,269.1
Effect of exchange-rate changes on cash and cash equivalents		-94.5	-25.2
Cash and cash equivalents at the end of the reporting period	24	**2,923.2**	**2,988.0**

Consolidated Statement of Changes in Equity

					Difference from					
€ millions	Subscribed capital[1]	Capital reserves	Retained earnings	Successive purchases[2]	remeasurement of defined benefit plans[3]	currency translation[4]	financial instruments[5]	Total	Non-controlling interests	**Total**
As at January 1, 2022	**512.0**	**4,155.6**	**10,283.9**	**-311.8**	**-1,994.9**	**-507.8**	**79.0**	**12,216.0**	**452.5**	**12,668.5**
Net income	–	–	66.6	–	–	–	–	66.6	45.5	**112.2**
Other comprehensive income	–	–	–	–	1,221.0	211.7	-16.3	1,416.5	-7.5	**1,409.0**
Net profit for the period	**–**	**–**	**66.6**	**–**	**1,221.0**	**211.7**	**-16.3**	**1,483.2**	**38.0**	**1,521.2**
Dividends paid/resolved	–	–	-440.0	–	–	–	–	-440.0	-27.4	**-467.5**
Other changes[6]	0.0	0.0	–	–	–	–	–	0.0	12.7	**12.7**
As at December 31, 2022	**512.0**	**4,155.6**	**9,910.5**	**-311.8**	**-773.9**	**-296.1**	**62.7**	**13,259.1**	**475.8**	**13,735.0**
Net income	–	–	1,156.4	–	–	–	–	1,156.4	37.5	**1,193.9**
Other comprehensive income	–	–	–	–	-219.1	-159.9	-61.8	-440.8	-37.2	**-478.0**
Net profit for the period	**–**	**–**	**1,156.4**	**–**	**-219.1**	**-159.9**	**-61.8**	**715.6**	**0.3**	**715.9**
Dividends paid/resolved	–	–	-300.0	–	–	–	–	-300.0	-23.8	**-323.8**
Successive purchases	–	–	–	1.1	–	–	–	1.1	-1.0	**0.1**
Other changes[6]	–	–	–	0.1	–	–	–	0.1	-2.1	**-2.0**
As at December 31, 2023	**512.0**	**4,155.6**	**10,766.9**	**-310.6**	**-992.9**	**-456.0**	**0.9**	**13,675.9**	**449.2**	**14,125.1**

1 Divided into 200,005,983 (PY: 200,005,983) outstanding shares with dividend and voting rights.
2 Includes an amount of €1.1 million (PY: –) from successive purchases of shares in fully consolidated subsidiaries and an amount of €0.1 million (PY: –) relating to effects from the first-time consolidation of previously non-consolidated subsidiaries.
3 Includes shareholder's portion of €0.2 million (PY: €0.1 million) in non-realized gains and losses from pension obligations of equity-accounted investees.
4 Includes shareholder's portion of €0.1 million (PY: €1.1 million) in the currency translation of equity-accounted investees.
5 The change in the difference arising from financial instruments, including deferred taxes, was due to other investments of -€61.8 million (PY: -€16.3 million).
6 Other changes in non-controlling interests due to changes in the scope of consolidation and capital increases.

Notes to the Consolidated Financial Statements

1. Segment Reporting

In accordance with the provisions of IFRS 8, *Operating Segments*, Continental AG's segment reporting is based on the management approach with regard to segment identification, under which information regularly provided to the chief operating decision-maker for decision-making purposes is considered decisive.

The activities of the Continental Group are divided into the following segments:

Automotive offers technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio also includes innovative solutions for assisted and automated driving, display and operating technologies, audio and camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services.

With its premium portfolio in the car, truck, bus, two-wheel and specialty tire segment, **Tires** stands for innovative solutions in tire technology. Intelligent products and services related to tires and the promotion of sustainability complete the portfolio. For specialist dealers and fleet management, Tires offers digital tire monitoring and tire management systems, in addition to other services, with the aim of keeping fleets mobile and increasing their efficiency. With its tires, Continental contributes to safe, efficient and environmentally friendly mobility.

ContiTech focuses on development and materials expertise in products and systems made from rubber, plastic, metal and textiles, which can also be equipped with electronic components to optimize their functionality for custom service applications. ContiTech's industrial growth areas are primarily in energy, agriculture and construction as well as interior design. ContiTech also serves the automotive and transportation industries along with the railway engineering sector.

The contract manufacturing of products by Continental companies for Vitesco Technologies is consolidated in **Contract Manufacturing**. This contract manufacturing is not intended to be a permanent situation; rather, the operational separation of production will continue to be promoted and the volume of contract manufacturing reduced.

These segments correspond to the group sectors as defined in the Structure of the Continental Group section of the consolidated management report.

Other/holding/consolidation
This comprises centrally managed subsidiaries and affiliates, such as holding, financing and insurance companies, as well as the holding function of Continental AG and certain effects of consolidation. It also contains the effects on earnings of uncertain risks, particularly those in connection with contractual and similar claims or obligations representing, among other things, risks from investments that cannot currently be assigned to the individual operating units.

Internal control and reporting within the Continental Group are based on International Financial Reporting Standards (IFRS) as described in Note 2. The Continental Group measures the performance of its segments on the basis of their adjusted operating result (adjusted EBIT). Their performance is expressed as the return on sales (adjusted EBIT divided by adjusted sales) and as the return on capital employed (ROCE), which represents EBIT as a percentage of average operating assets. Intersegment sales and other proceeds are determined at arm's length prices. For administrative services performed by centrally operated companies or by the Continental Group's management, costs are calculated on an arm's length basis in line with utilization. Where direct allocation is not possible, costs are assigned according to the services performed.

The segment assets comprise the operating assets of the assets side of the statement of financial position as at the end of the reporting period. The segment liabilities show the operating asset parts on the liabilities side of the statement of financial position.

Capital expenditure relates to additions to property, plant and equipment, and software, as well as additions to capitalized right-of-use assets in line with IFRS 16, *Leases*, and additions to capitalized borrowing costs in line with IAS 23, *Borrowing Costs*. Depreciation and amortization include the scheduled diminution of and the impairment on intangible assets, property, plant and equipment, capitalized right-of-use assets and investment properties as well as the impairment on goodwill. This figure does not include impairment on financial investments.

Non-cash expenses/income mainly include additions to and reversals of pension and warranty provisions as well as provisions for litigation and environmental risks.

In the segment information broken down by country and region, sales are allocated on the basis of the domicile of the respective customers; in contrast, capital expenditure and segment assets are allocated on the basis of the domicile of the respective companies.

Viewed across all segments, Continental recorded sales totaling €4,706.8 million (PY: €4,068.1 million) with a group of companies under common control in the year under review.

In 2023, the Continental Group generated 21% of its sales in the USA (PY: 22%), 19% in Germany (PY: 18%) and 11% in China (PY: 12%). Other than these countries, there were no countries in which more than 10% of sales were achieved, as was also the case in the previous year.

Segment report for 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
External sales	20,288.2	13,855.5	6,765.8	511.0	–	41,420.5
Intercompany sales	7.2	102.4	75.7	1.4	-186.8	–
Sales (total)	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**-186.8**	**41,420.5**
EBIT (segment result)	-57.4	1,742.6	380.1	5.1	-216.6	1,853.8
in % of sales	-0.3	12.5	5.6	1.0	–	4.5
thereof income from equity-accounted investees	36.9	6.6	0.8	–	1.0	45.3
Depreciation and amortization[1]	1,039.5	843.2	312.9	23.8	5.8	2,225.2
thereof impairment[2]	13.1	42.4	1.5	0.3	–	57.3
Capital expenditure[3]	1,226.3	966.6	209.6	6.7	27.6	2,436.9
in % of sales	6.0	6.9	3.1	1.3	–	5.9
Internally generated intangible assets	17.6	–	–	–	–	17.6
Significant non-cash expenses/income	-81.2	0.6	-27.4	-3.6	1.9	-109.6
Segment assets	15,608.7	10,276.6	4,556.6	536.2	309.5	31,287.7
thereof investments in equity-accounted investees	182.7	80.6	23.1	–	12.2	298.6
Segment liabilities	6,764.6	3,202.0	1,431.2	140.6	199.0	11,737.4
Operating assets as at December 31	8,844.1	7,074.6	3,125.5	395.6	110.6	19,550.4
Operating assets (average)	9,221.1	7,596.5	3,284.4	459.7	152.4	20,714.2
ROCE in %	-0.6	22.9	11.6	1.1	–	8.9
Number of employees as at December 31[4]	102,413	56,349	41,949	1,478	574	202,763
Adjusted sales[5]	20,295.4	13,958.0	6,723.2	512.4	-186.8	41,302.2
Adjusted operating result (adjusted EBIT)[6]	388.2	1,887.0	448.3	8.0	-214.3	2,517.2
in % of adjusted sales	1.9	13.5	6.7	1.6	–	6.1

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversals of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Segment report for 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
External sales	18,323.1	13,900.5	6,520.2	665.1	–	39,408.9
Intercompany sales	-1.5	104.7	74.1	0.5	-177.8	–
Sales (total)	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**-177.8**	**39,408.9**
EBIT (segment result)	-970.1	1,723.6	166.5	9.5	-174.7	754.8
in % of sales	-5.3	12.3	2.5	1.4	–	1.9
thereof income from equity-accounted investees	25.2	1.8	0.2	–	1.1	28.3
Depreciation and amortization[1]	1,932.6	921.1	319.9	35.2	2.3	3,211.2
thereof impairment[2]	880.9	82.3	3.4	0.0	–	966.6
Capital expenditure[3]	1,342.0	818.6	199.8	9.9	56.1	2,426.4
in % of sales	7.3	5.8	3.0	1.5	–	6.2
Internally generated intangible assets	24.4	–	–	–	–	24.4
Significant non-cash expenses/income	-177.7	-26.0	-61.2	-4.7	4.4	-265.1
Segment assets	15,350.7	10,780.0	4,676.5	758.5	325.4	31,891.1
thereof investments in equity-accounted investees	190.1	82.8	21.2	–	11.0	305.1
Segment liabilities	7,028.8	3,410.7	1,507.1	227.3	161.7	12,335.6
Operating assets as at December 31	8,321.9	7,369.3	3,169.4	531.2	163.8	19,555.6
Operating assets (average)	8,746.7	7,508.2	3,275.8	635.2	107.0	20,272.9
ROCE in %	-11.1	23.0	5.1	1.5	–	3.7
Number of employees as at December 31[4]	97,575	56,987	41,798	2,192	486	199,038
Adjusted sales[5]	18,321.2	13,933.6	6,593.0	665.6	-177.8	39,335.6
Adjusted operating result (adjusted EBIT)[6]	-62.6	1,831.3	312.8	2.9	-171.8	1,912.6
in % of adjusted sales	-0.3	13.1	4.7	0.4	–	4.9

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversals of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**-186.8**	**41,420.5**
Changes in the scope of consolidation[1]	–	–	-118.3	–	–	-118.3
Adjusted sales	**20,295.4**	**13,958.0**	**6,723.2**	**512.4**	**-186.8**	**41,302.2**
EBITDA	**982.1**	**2,585.8**	**693.0**	**28.9**	**-210.8**	**4,078.9**
Depreciation and amortization[2]	-1,039.5	-843.2	-312.9	-23.8	-5.8	-2,225.2
EBIT	**-57.4**	**1,742.6**	**380.1**	**5.1**	**-216.6**	**1,853.8**
Amortization of intangible assets from purchase price allocation (PPA)	58.5	6.3	53.5	–	–	118.2
Changes in the scope of consolidation[1]	–	–	-6.1	–	–	-6.1
Special effects						
Impairment on goodwill	–	–	–	–	–	–
Impairment[3]	13.1	26.7	1.3	0.3	–	41.4
Restructuring[4]	310.5	-18.1	0.6	2.3	–	295.4
Restructuring-related expenses	16.1	28.7	2.2	–	–	47.0
Severance payments	22.5	16.2	16.5	0.3	2.3	57.7
Gains and losses from disposals of companies and business operations	24.9	72.8	-6.3	0.0	–	91.5
Other[5]	–	11.8	6.5	–	–	18.3
Adjusted operating result (adjusted EBIT)	**388.2**	**1,887.0**	**448.3**	**8.0**	**-214.3**	**2,517.2**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €17.7 million (Tires €17.4 million; ContiTech €0.3 million) and a reversal of impairment losses of €1.7 million in the Tires segment.
5 Mainly includes loss allowances on accounts receivable, write-downs on inventories, as well as debt waivers from the sale of all Russian operations in the Tires segment and some operations in the ContiTech segment in Russia.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Sales	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**–177.8**	**39,408.9**
Changes in the scope of consolidation[1]	–0.4	–71.7	–1.3	–	0.0	–73.3
Adjusted sales	**18,321.2**	**13,933.6**	**6,593.0**	**665.6**	**–177.8**	**39,335.6**
EBITDA	**962.5**	**2,644.7**	**486.4**	**44.7**	**–172.3**	**3,966.1**
Depreciation and amortization[2]	–1,932.6	–921.1	–319.9	–35.2	–2.3	–3,211.2
EBIT	**–970.1**	**1,723.6**	**166.5**	**9.5**	**–174.7**	**754.8**
Amortization of intangible assets from purchase price allocation (PPA)	70.1	14.5	65.1	–	–	149.7
Changes in the scope of consolidation[1]	–9.3	–10.3	–0.2	–	–	–19.8
Special effects						
Impairment on goodwill	552.9	–	–	–	–	552.9
Impairment[3]	320.1	82.0	5.9	0.0	–	408.0
Restructuring[4]	–86.1	–2.1	58.9	–8.4	–	–37.7
Restructuring-related expenses	46.4	11.5	4.1	1.6	–	63.6
Severance payments	14.0	10.5	12.8	0.2	2.9	40.4
Gains and losses from disposals of companies and business operations	–	–0.4	–0.2	–	–	–0.6
Other	–0.8	2.0	–	–	–	1.2
Adjusted operating result (adjusted EBIT)	**–62.6**	**1,831.3**	**312.8**	**2.9**	**–171.8**	**1,912.6**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversals of impairment losses. It does not include impairment that arose in connection with a restructuring and impairment on financial investments and goodwill.
4 Also includes restructuring-related impairment losses totaling €11.4 million (Automotive €8.9 million; Tires €0.3 million; ContiTech €2.2 million) and reversals of impairment losses totaling €5.7 million (Automotive €1.0 million; ContiTech €4.7 million).

Reconciliation of EBIT to net income

€ millions	2023	2022
Automotive	-57.4	-970.1
Tires	1,742.6	1,723.6
ContiTech	380.1	166.5
Contract Manufacturing	5.1	9.5
Other/Holding/Consolidation	-216.6	-174.7
EBIT	**1,853.8**	**754.8**
Financial result	-235.8	-198.0
Earnings before tax	**1,618.0**	**556.8**
Income tax expense	-424.1	-444.6
Net income	**1,193.9**	**112.2**
Non-controlling interests	-37.5	-45.5
Net income attributable to the shareholders of the parent	**1,156.4**	**66.6**

Segment report by region

€ millions	Germany	Europe excluding Germany	North America	Asia-Pacific	Other countries	Continental Group
External sales 2023	**7,898.7**	**12,178.4**	**11,040.1**	**8,580.9**	**1,722.6**	**41,420.5**
External sales 2022	6,920.5	11,466.0	10,731.5	8,536.6	1,754.3	39,408.9
Capital expenditure 2023[1]	**401.5**	**933.3**	**477.5**	**548.2**	**76.4**	**2,436.9**
Capital expenditure 2022[1]	466.3	830.1	515.3	566.8	47.9	2,426.4
Segment assets as at December 31, 2023	**7,642.3**	**9,299.8**	**7,649.9**	**6,407.3**	**288.4**	**31,287.7**
Segment assets as at December 31, 2022	8,030.2	9,246.8	7,803.9	6,500.9	309.3	31,891.1
Number of employees as at December 31, 2023[2]	**43,934**	**69,123**	**39,297**	**41,418**	**8,991**	**202,763**
thereof direct employees[2]	16,073	39,187	26,271	18,628	6,538	106,697
thereof indirect employees[2]	27,861	29,936	13,026	22,790	2,453	96,066
Number of employees as at December 31, 2022[2]	44,871	67,972	37,471	39,841	8,883	199,038
thereof direct employees[2]	16,350	37,659	24,616	17,866	6,512	103,003
thereof indirect employees[2]	28,521	30,313	12,855	21,975	2,371	96,035

1 Capital expenditure on property, plant and equipment, and software.
2 Excluding trainees.

Reconciliation to operating assets in 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,519.2**	**10,314.3**	**4,582.4**	**537.0**	**6,799.9**	**37,752.8**
Cash and cash equivalents	–	–	–	–	2,923.2	2,923.2
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	209.2	209.2
Other financial assets	48.4	33.1	18.9	0.3	18.8	119.6
Less financial assets	**48.4**	**33.1**	**18.9**	**0.3**	**3,151.1**	**3,251.9**
Less other non-operating assets	**-137.9**	**4.5**	**6.9**	**0.4**	**522.3**	**396.2**
Deferred tax assets	–	–	–	–	2,511.8	2,511.8
Income tax receivables	–	–	–	–	305.2	305.2
Less income tax assets	**–**	**–**	**–**	**–**	**2,817.0**	**2,817.0**
Segment assets	**15,608.7**	**10,276.6**	**4,556.6**	**536.2**	**309.5**	**31,287.7**
Total liabilities and provisions	**8,482.2**	**3,902.5**	**2,007.6**	**177.5**	**9,058.0**	**23,627.7**
Short- and long-term indebtedness	–	–	–	–	7,170.3	7,170.3
Other financial liabilities	–	–	–	–	510.0	510.0
Less financial liabilities	**–**	**–**	**–**	**–**	**7,680.3**	**7,680.3**
Deferred tax liabilities	–	–	–	–	71.6	71.6
Income tax payables	–	–	–	–	541.3	541.3
Less income tax liabilities	**–**	**–**	**–**	**–**	**612.9**	**612.9**
Less other non-operating liabilities	**1,717.5**	**700.4**	**576.4**	**36.9**	**565.9**	**3,597.2**
Segment liabilities	**6,764.6**	**3,202.0**	**1,431.2**	**140.6**	**199.0**	**11,737.4**
Operating assets	**8,844.1**	**7,074.6**	**3,125.5**	**395.6**	**110.6**	**19,550.4**

Reconciliation to operating assets in 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Total assets	**15,255.7**	**10,800.6**	**4,686.5**	**759.0**	**6,425.0**	**37,926.7**
Cash and cash equivalents	–	–	–	–	2,988.0	2,988.0
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	207.3	207.3
Other financial assets	52.0	35.0	6.1	0.3	30.6	123.9
Less financial assets	**52.0**	**35.0**	**6.1**	**0.3**	**3,225.8**	**3,319.1**
Less other non-operating assets	**-147.0**	**-14.4**	**3.9**	**0.2**	**536.9**	**379.6**
Deferred tax assets	–	–	–	–	2,059.2	2,059.2
Income tax receivables	–	–	–	–	277.6	277.6
Less income tax assets	**–**	**–**	**–**	**–**	**2,336.8**	**2,336.8**
Segment assets	**15,350.7**	**10,780.0**	**4,676.5**	**758.5**	**325.4**	**31,891.1**
Total liabilities and provisions	**8,403.0**	**4,053.5**	**2,015.6**	**272.0**	**9,447.7**	**24,191.8**
Short- and long-term indebtedness	–	–	–	–	7,694.7	7,694.7
Other financial liabilities	–	–	–	–	520.3	520.3
Less financial liabilities	**–**	**–**	**–**	**–**	**8,215.0**	**8,215.0**
Deferred tax liabilities	–	–	–	–	57.5	57.5
Income tax payables	–	–	–	–	525.7	525.7
Less income tax liabilities	**–**	**–**	**–**	**–**	**583.2**	**583.2**
Less other non-operating liabilities	**1,374.2**	**642.8**	**508.5**	**44.8**	**487.8**	**3,058.0**
Segment liabilities	**7,028.8**	**3,410.7**	**1,507.1**	**227.3**	**161.7**	**12,335.6**
Operating assets	**8,321.9**	**7,369.3**	**3,169.4**	**531.2**	**163.8**	**19,555.6**

2. General Information and Accounting Principles

Continental Aktiengesellschaft (Continental AG), whose registered office is Continental-Plaza 1, Hanover, Germany, is the parent company of the Continental Group and a listed stock corporation. It is entered in the commercial register of the Hanover Local Court *(Amtsgericht)* under HR B 3527. The Continental Group is a supplier to the automotive industry, with worldwide operations. The areas of business and main activities in which the Continental Group is engaged are described in more detail in the Segment Reporting section. The consolidated financial statements of Continental AG for fiscal 2023 were prepared by resolution of the Executive Board of February 27, 2024, and will be submitted to and published in the German Federal Gazette *(Bundesanzeiger)*. Continental AG is included in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, which are published in the German Federal Gazette.

The consolidated financial statements of Continental AG as at December 31, 2023, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, pursuant to EU Regulation (EC) No. 1606/2002 in conjunction with Section 315e (1) of the German Commercial Code *(Handelsgesetzbuch – HGB)*. The term IFRS also includes the International Accounting Standards (IAS), the interpretations issued by the International Financial Reporting Standards Interpretations Committee or its predecessor the International Financial Reporting Interpretations Committee (IFRIC), and those of the former Standing Interpretations Committee (SIC). All International Financial Reporting Standards mandatory for fiscal 2023 have been applied, subject to endorsement by the European Union.

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of certain financial assets and liabilities (including derivative instruments), which are measured at fair value; assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell (or costs to distribute); and defined benefit pension plans, for which the plan assets are measured at fair value.

The annual financial statements of companies included in the Continental Group have been prepared using uniform accounting policies, in accordance with IFRS 10, *Consolidated Financial Statements*. The reporting date for the individual financial statements of companies included in the Continental Group is the same as the reporting date for the consolidated financial statements.

The consolidated financial statements have been prepared in euros. Unless otherwise stated, all amounts are shown in millions of euros (€ millions). Please note that differences may arise as a result of the use of rounded amounts and percentages.

In order to increase transparency, Continental changed how income and expenses are presented in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment in the reporting year. Previously, these items were reported under other income and other expenses; as of fiscal 2023, they are assigned to the respective functional areas. This retrospective adjustment due to an amendment of the accounting policies in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, led to a €425.1 million increase in cost of sales, a €9.2 million increase in selling and logistics expenses and a €1.3 million increase in administrative expenses for the period from January 1, 2022, to December 31, 2022. At the same time, research and development expenses decreased by €1.7 million, other income by €239.8 million and other expenses by €673.7 million.

In addition, the presentation of specific expenses (primarily personnel expenses) incurred in connection with the provision of development services to external customers was adjusted in the Automotive segment. Previously, these expenses were reported under research and development expenses; now, they are reported under cost of sales. The adjustment led to a retrospective reduction in research and development expenses of €106.9 million while simultaneously increasing cost of sales by the same amount for the period from January 1, 2022, to December 31, 2022.

In the Tires segment, the reporting of personnel expenses incurred in connection with activities in the workshops of tire companies was adjusted in the reporting year. Previously, these expenses were reported under selling and logistics expenses; now, they are reported under cost of sales. The adjustment led to a retrospective reduction in selling and logistics expenses of €194.9 million while simultaneously increasing cost of sales by the same amount for the period from January 1, 2022, to December 31, 2022.

Companies consolidated
All major subsidiaries that Continental AG controls in accordance with the provisions of IFRS 10 have been included in the consolidated financial statements and are fully consolidated. To meet this definition, Continental AG must have the decision-making power to control the relevant activities and a right to variable returns from the associated company. Furthermore, it must be able to use its decision-making power to determine the amount of these returns. The companies consolidated may therefore also include companies that are controlled by Continental AG irrespective of the share of voting rights by way of other substantial rights such as contractual agreements, as is the case with structured units included in the consolidated financial statements.

The consolidation of subsidiaries is based on the acquisition method by offsetting the acquisition cost against the proportion of net assets attributed to the parent company at fair value at the acquisition date. Intangible assets not previously recognized in the separate financial statements of the acquired company are carried at fair value. Intangible assets identified in the course of a business combination – including, for example, brand names, patents, technology, customer relationships and order backlogs – are recognized separately at the acquisition date only if the requirements under IAS 38, *Intangible Assets*, for an intangible asset are met. Measurement at the acquisition date is usually provisional only. Increases or reductions of assets and liabilities that become necessary within 12 months after the acquisition are made retrospectively as at the acquisition date. Significant adjustments are presented in the notes to the financial statements.

Any positive remaining amount is capitalized as goodwill. The share of non-controlling interests is measured using the share of (remeasured) net assets of the subsidiary. In order to ensure the recoverability of goodwill arising from an as yet incomplete measurement and the corresponding purchase price allocation, the goodwill is allocated provisionally to the affected cash-generating units (CGUs) as at the end of the reporting period. This provisional allocation can deviate significantly from the final allocation. Any negative difference that arises is recognized in other income after the fair value of the acquired assets and liabilities has again been reviewed.

Non-controlling interests in the net assets of subsidiaries that are not attributable to the Continental Group are shown under "Non-controlling interests" as a separate component of total equity.

Once control has been obtained, any differences arising from successive purchases of shares from non-controlling interests between the purchase price and the carrying amount of those non-controlling interests are recognized in other comprehensive income.

Where there are successive purchases of shares resulting in control, the difference between the carrying amount and the fair value at the time of first-time consolidation for those shares already held is recognized in profit or loss under other income and expenses.

Significant investments where Continental AG can exert significant influence on the associated companies (associates) are accounted for using the equity method. The carrying amount of these associates is adjusted to reflect the share in the associates' net equity. If the financial statements of the associates are not available, the share of earnings or losses is recognized as necessary based on estimated amounts. Goodwill arising from first-time consolidation is reported using the equity method. Goodwill is not amortized, but the carrying amount of investments in associates consolidated using the equity method is tested for impairment if there are relevant indications.

Joint ventures are accounted for in the same way as associates.

Companies that are dormant or have only a low level of business activity and therefore no significant impact on the earnings, financial and net assets position of the Continental Group are not included in the consolidated financial statements. These are accounted for as other investments at fair value (FVOCI).

Intercompany receivables and payables, in addition to income and expenses, are eliminated on consolidation. Intercompany profits arising from internal transactions and dividend payments made within the Continental Group are eliminated on consolidation. Deferred taxes on the elimination of intercompany transactions are carried in the amount derived from the average income tax rate for the Continental Group.

Currency translation

The statements of financial position of foreign subsidiaries with a functional currency other than the euro are translated into euros using the middle rate at the end of the reporting period (closing rate). The income statements are translated at the average exchange rate for the year. Differences resulting from currency translation are recognized in the difference from currency translation in equity until the disposal of the subsidiary, without recognizing deferred taxes.

In the separate financial statements of Continental AG and its subsidiaries, foreign-currency receivables and payables are measured on recognition at the transaction rate and adjusted at the end of the reporting period to the related closing rates. Gains and losses arising on currency translation are recognized in profit or loss, except for certain loans.

Goodwill is recognized directly as an asset of the subsidiary acquired and therefore also translated into euros for subsidiaries whose functional currencies are not the euro at the end of the reporting period using the middle rate (closing rate). Differences resulting from currency translation are recognized in the difference from currency translation in equity.

The following table summarizes the exchange rates used in currency translation that had a material effect on the consolidated financial statements:

Currencies		Closing rate		Average rate for the year	
€1 in		**December 31, 2023**	December 31, 2022	**2023**	2022
Brazil	BRL	5.37	5.64	5.40	5.44
Switzerland	CHF	0.93	0.98	0.97	1.01
China	CNY	7.87	7.37	7.66	7.08
Czechia	CZK	24.71	24.15	24.01	24.56
United Kingdom	GBP	0.87	0.89	0.87	0.85
Hungary	HUF	382.78	400.86	381.77	391.17
Japan	JPY	156.81	140.74	151.99	138.06
South Korea	KRW	1,428.58	1,344.72	1,413.09	1,357.73
Mexico	MXN	18.78	20.82	19.19	21.20
Malaysia	MYR	5.08	4.70	4.93	4.63
Philippines	PHP	61.28	59.33	60.17	57.33
Romania	RON	4.97	4.95	4.95	4.93
USA	USD	1.11	1.07	1.08	1.05
South Africa	ZAR	20.48	18.12	19.96	17.20

Revenue recognition

Only sales of products and services resulting from the ordinary business activities of the company are shown as sales revenue.

In accordance with IFRS 15, *Revenue from Contracts with Customers*, Continental recognizes as revenue from contracts with customers the amount that is received as consideration for the transfer of goods or services to customers. The relevant point in time or period of time is the transfer of control of the goods or services to the customer (control approach).

To determine when to recognize revenue and at what amount, the five-step model is applied. By applying the five-step model in the Continental Group to contracts with customers, distinct performance obligations are identified. The transaction price is determined – and allocated to the performance obligations – according to the requirements of IFRS 15. Variable consideration in contracts with customers, such as rebates, bonus agreements or other kinds of price concessions, is analyzed, measured and included in the revenue recognition. The allocation of the transaction price in the case of more than one performance obligation at hand would be performed by using observable prices if possible. Otherwise the allocation would be performed using the adjusted market assessment approach or the approach of cost plus a margin. For every performance obligation that, in accordance with IFRS 15, is distinct within the context of the contract, the revenue recognition is determined to be at a point in time or to be satisfied over time.

Multi-component contracts that contain distinct performance obligations with different timing of revenue recognition are not currently material.

Description of sales revenue in automotive original-equipment business

The type of performance obligations to customers in automotive original-equipment business relates to the diverse and predominantly customer-specific products of the Automotive, Contract Manufacturing, and ContiTech segments, and the original-equipment business of the Tires segment; please refer to the information provided on the group sectors in the Structure of the Continental Group section of the consolidated management report. Invoices are generally prepared once a month, while the payment terms average 60 days and differ mostly depending on the region and/or product group. Payments are made by bank transfer in the vast majority of cases. No significant discounts on the invoice amount are granted; however, customer bonuses and other price reductions are included in the transaction price as variable price components in line with expectations. The customers do not usually make any significant advance payments. Revenue is almost always recognized over time using an output-based measurement method, and sales revenue is measured based on the products that leave the production plant, as the products are produced and delivered "just in time." There are no significant obligations from the right of customers to return products, or from reimbursements to customers or similar obligations, or from warranty commitments that include a service component.

Description of sales revenue in industrial and replacement business

The type of performance obligations to customers in industrial and replacement business relates to the replacement-tire and retail business of the Tires segment, the industrial and retail business of the ContiTech segment, and the replacement-parts and retail business of the Automotive and Contract Manufacturing segments; please refer to the information provided on the group sectors in the Structure of the Continental Group section of the consolidated management report. Invoices are generally prepared once a month, while the payment terms for most of the sales average 60 days and differ mostly depending on the region and/or product group. Payments are made by bank transfer in the vast majority of cases, with the exception of business with end customers and consumers, who often pay in cash or by card. No significant discounts on the invoice amount are granted; however, customer bonuses and other price reductions are included in the transaction price as variable price components in line with expectations. The customers do not usually make any significant advance payments. Revenue is recognized at the point in time when control is transferred to the customer, taking into account the agreed incoterms. There are no significant obligations from the right of customers to return products, or from reimbursements to customers or similar obligations, or from warranty commitments that include a service component.

Description of revenue in other business activities

Revenue in other business activities is included in the sales of the automotive original-equipment business, in the sales of the industrial and replacement business, and in other revenues. On the one hand, services are provided and, on the other, project business is conducted in which developments for customers are made, goods produced or services provided over a medium-term or longer period. For this revenue, there are no significant obligations from the right of customers to return products, or from reimbursements to customers or similar obligations, or from warranty commitments that include a service component.

The largest component of this revenue relates to revenue from research and development, which is recognized at a point in time, either when the entire development is completed or when identifiable milestones within a development are reached. Invoices are generally prepared after completion of a milestone or an entire development and acceptance by the customer. Payments are made by bank transfer in most cases. No significant discounts on the invoice amount are granted. The customers do not usually make any significant advance payments.

In addition, services that are performed alongside the main business also lead to revenue recognition over time, though in smaller amounts. Both input- and output-based measurement methods are used and sales are measured either based on the hours or days worked or the costs incurred (input), or based on the services rendered (output). Invoices are generally prepared at least once a month, and payments are made by bank transfer in most cases. No significant discounts on the invoice amount are granted. The customers do not usually make any significant advance payments.

In addition, project business is conducted, in which generally customer-specific goods or services are produced or provided for customers over a medium-term or longer period. Revenue from this is likewise recognized over time and sales are mostly measured using input-based measurement methods, taking account of the costs incurred. Invoices are generally issued as contractually agreed. Advance payments averaging 30% are usually made by the customers before the start of a project. Payments are made by bank transfer in most cases. No significant discounts on the invoice amount are granted.

Contract assets and contract liabilities

Contract assets primarily arise in the project business from customer-specific goods or services for customers, but are only of minor significance in the Continental Group. Contract assets must be recognized because the goods or services are provided over a medium-term or longer period in which goods or services have already been provided by Continental but there is not yet an unconditional right against the customer, i.e. a receivable. The right – or part of the right – to consideration from the customer is often only unconditional once the provision of the services has been completed and can then be recognized as a receivable and invoiced in full. The associated payments are generally made on the basis of actual invoicing. The recognition of receivables and the receipt of payments reduce the associated contract assets.

Contract liabilities include mainly advance payments by customers for deliveries of goods and for services to be performed. In the case of these advance payments by customers for deliveries of goods and for services to be performed, the customer has already paid the consideration – or part of the consideration – but Continental has generally not yet satisfied its performance obligation, or has done so only to a limited extent. The provision of the corresponding services to the customers by Continental reduces the level of the associated contract liabilities.

Research and development expenses

Research and development expenses comprise expenditure on research and development and expenses for customer-specific applications, prototypes and testing. Where refunds from customers for research and development expenses are agreed, these costs are recognized in inventories until control is transferred. Once control is transferred, the refund amounts are stated under other income. In addition, the expenses are reduced by the amount relating to the application of research results from the development of new or substantially improved products, if the related activity fulfills the recognition criteria for internally generated intangible assets set out in IAS 38, *Intangible Assets*. This portion of the expenses is capitalized as an asset and amortized over a period of three to seven years from the date that the developed products become marketable. However, expenses for customer-specific applications, pre-production prototypes or tests for products already being marketed do not qualify as development expenditure which may be recognized as an intangible asset. Furthermore, expenses incurred directly in connection with the launch of new production operations and plants are recognized directly in profit or loss.

New developments for the original-equipment business are not marketable until Continental AG has been nominated as the supplier for the particular vehicle platform or model and, furthermore, has successfully fulfilled pre-production release stages. Moreover, these release stages serve as the prerequisite to demonstrate the technical feasibility of the product, especially given the high demands imposed on safety and comfort technology. Accordingly, development costs are recognized as an asset only as at the date of nomination as supplier and upon fulfillment of a specific pre-production release stage. The development is considered to be completed once the final approval for the unlimited production is granted. Only very few development projects fulfill the recognition criteria.

Although suppliers are nominated by original equipment manufacturers with the general obligation to supply products over the entire life of the particular model or platform, these supply agreements constitute neither long-term contracts nor firm commitments, in particular because the original equipment manufacturers make no commitments in regard to purchase quantities. For this reason, all pre-production expenses – with the exception of the capitalized development costs as previously described – are recognized immediately in profit or loss.

Product-related expenses
Costs for advertising, sales promotion and other sales-related items are expensed as incurred. Provisions are recognized for possible warranty claims on sold products on the basis of past experience, as well as legal and contractual terms. Additional provisions are recognized for specific known cases.

Financial result and investment income
Interest income and expenses are recognized for the period to which they relate.

Dividends are recognized in profit or loss if legal entitlement to payment of the dividend is established, the economic benefit associated with the dividend is likely to be received, and the dividend amount can be measured reliably.

Earnings per share
Basic earnings per share are calculated on the basis of the weighted average number of shares issued. Treasury stock is deducted for the period it is held. Diluted earnings per share also include shares from the potential exercise of option or conversion rights. The corresponding expenses that would no longer be incurred after the conversion or exchange are eliminated.

Statement of financial position classification
Assets and liabilities are reported as non-current assets and liabilities in the statement of financial position if they have a remaining term of over one year and, conversely, as current assets and liabilities if the remaining term is shorter. Liabilities are treated as current if there is no unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pension provisions, provisions for other post-employment benefits, and other employee benefits, as well as deferred tax assets and liabilities are accounted for as non-current. If assets and liabilities have both current and non-current portions, the amounts are classified separately and shown as current and non-current assets or liabilities.

Goodwill
Goodwill corresponds to the difference between the acquisition cost and the fair value of the acquired assets and liabilities of the business combination. Goodwill is not subject to amortization; it is tested for impairment at least annually and, if necessary, impaired.

The details of the annual impairment test are described under “Impairment” in this note. Once an impairment loss has been recognized on goodwill, it is not reversed in subsequent periods.

Intangible assets
Purchased intangible assets are carried at acquisition costs and internally generated intangible assets at their production costs, provided that the conditions for recognition of an internally generated intangible asset are met in accordance with IAS 38, *Intangible Assets*. If intangible assets have finite useful lives, they are amortized on a straight-line basis over a useful life of three to eight years in general. Intangible assets with indefinite useful lives are tested at least annually for impairment and, if necessary, impaired.

The details of the annual impairment test are described under “Impairment” in this note.

Property, plant and equipment
Property, plant and equipment is measured at cost less straight-line depreciation. If necessary, additional impairment is recognized on the affected items.

Production cost consists of the direct costs and attributable material and manufacturing overheads, including depreciation.

Under certain conditions, portions of the borrowing costs are capitalized as part of the acquisition cost. This also applies to finance leases and investment property.

As soon as an asset is available for its intended use, subsequent cost is capitalized only to the extent the related modification changes the function of the asset or increases its economic value and the cost can be clearly identified. All other subsequent expenditure is recognized as current maintenance expense.

Property, plant and equipment is broken down into the lowest level of the components that have significantly different useful lives and, to the extent integrated in other assets, when they are likely to be replaced or overhauled during the overall life of the related main asset. Maintenance and repair costs are recognized in profit or loss as incurred. The Continental Group has no property, plant or equipment that by the nature of its operation and deployment can be repaired and serviced only in intervals over several years. The useful lives are up to 25 years for buildings and land improvements; up to 20 years for technical equipment and machinery; and up to 12 years for operating and office equipment.

When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as gain or loss in other income or expense, respectively.

Government grants

Government grants are reported if there is reasonable assurance that the conditions in place in connection with the grants will be fulfilled and that the grants will be awarded.

Monetary government grants and government subsidies that are directly attributable to depreciable fixed assets are deducted from the procurement and manufacturing costs of the assets in question. All other monetary grants and subsidies are recognized as income in line with planning and are presented alongside the corresponding expenses. Non-monetary government grants are recognized at fair value.

Investment property

Land and buildings held for the purpose of generating rental income instead of production or administrative purposes are carried at depreciated cost. Depreciation is charged on a straight-line basis over the useful lives, which correspond to those for real estate in use by the company.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lessee shall recognize a right-of-use asset and a corresponding lease liability, which represents the lessee's obligation to make lease payments.

The lease liability is measured at the present value of the lease payments not yet made. It is recognized under indebtedness. Discounting is determined using the incremental borrowing rates, as the interest rates underlying the leases often cannot be determined regularly. The right-of-use-asset recognized by the lessee is measured at cost. This amount comprises the corresponding lease liability and prepaid lease payments, taking into account any lease incentives received. It is recognized in property, plant and equipment. Depreciation is charged on a straight-line basis. The lease liability is subsequently measured according to the effective interest method. The resulting interest expense is recognized in the financial result.

Continental utilizes the exemptions for short-term leases and for leases in which the underlying asset is of low value.

Continental leases property, plant and equipment, especially buildings.

As lessor, Continental classifies leases as operating leases or finance leases. For this classification, Continental considers whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, it is a finance lease; otherwise, it is an operating lease.

If Continental acts as an intermediate lessor, the interests arising from the head lease and sublease are accounted for separately. The sublease is measured based on the value of the right-of-use asset resulting from the head lease and not based on the underlying asset. If the head lease is a short-term lease for which the Continental Group applies the exemption provision, it classifies the sublease as an operating lease.

The Continental Group applies IFRS 15, *Revenue from Contracts with Customers*, when allocating the consideration in the contract to each lease and non-lease component.

Impairment

The Continental Group immediately reviews intangible assets and property, plant and equipment, investment property and goodwill as soon as there is an indication of impairment (triggering event). Impairment is assessed by comparing the carrying amount with the recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and the present value of the expected future cash flows from the continued use of the asset (value in use). If the carrying amount is higher than the recoverable amount, the difference is recognized as impairment. If the indications for the prior recognition of impairment no longer apply, the impairment losses are reversed for intangible assets, property, plant and equipment, and investment property.

Capitalized goodwill is generally tested for impairment once a year as at November 30 at the level of cash-generating units (CGUs). CGUs are units that come below the segments and are the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This represents the level at which goodwill is monitored for internal management purposes. The impairment test is performed by comparing the carrying amount of the CGU including its goodwill and the recoverable amount of this CGU. The recoverable amount in this case is the value in use calculated on the basis of discounted cash flows before interest and tax. Impairment is recognized to the extent the carrying amount exceeds the recoverable amount for a CGU. If the reasons for this cease to apply in the future, impairment losses on goodwill are not reversed.

The expected cash flows of the CGUs are derived from long-term planning that usually covers the next five years and is approved by management. For the Autonomous Mobility CGU, expected cash flow data is derived from its long-term planning that covers the next eight years. The plans are based in particular on assumptions regarding macroeconomic developments, as well as trends in sales prices, raw material prices and exchange rates derived in part from external sources. In addition to these current market forecasts, past developments and experience are also taken into account. Furthermore, Continental's internal CO_2 shadow price is also taken into account in the assumptions; for further details on its calculation, please refer to the consolidated management report. For the perpetuity beyond the period of five years, the cash flow is extrapolated using the expected long-term growth rates for the individual CGUs.

The main assumptions when calculating the value in use of a CGU are the free cash flows, the discount rate and its parameters, and the long-term growth rate.

Annual impairment testing was performed on the basis of the bottom-up business plan for the next five years approved by management in the period under review. The cash flows of the CGUs of the Automotive segment were discounted with an interest rate before tax of 13.1% (PY: 12.9%), those of the Tires segment with an interest rate of 11.5% (PY: 11.0%), those of the ContiTech segment with an interest rate of 11.9% (PY: 11.1%) and those of the Contract Manufacturing segment with an interest rate of 13.1% (PY: 12.9%). This pre-tax WACC is based on the capital structure of the respective relevant peer group on average over the last five years. The risk-free interest rate is 2.62% (PY: 1.75%) and the market risk premium 7.0% (PY: 7.5%). Borrowing costs correspond to the interest rate on industrial bonds, with the average rating derived via the peer group.

For the annual impairment test, the average growth rate in the detailed planning period was 8.8% (PY: 11.0%) for the CGUs of the Automotive segment, 5.6% (PY: 5.6%) for those of the Tires segment and 4.9% (PY: 5.7%) for those of the ContiTech segment. Contract manufacturing for Vitesco Technologies is reported in the Contract Manufacturing segment and will conclude by the end of the detailed planning period. The long-term growth rate was 1.0% (PY: 1.0%) for the CGUs of the Automotive segment, 0.5% (PY: 0.5%) for those of the Tires and ContiTech segments and 0.0% (PY: 0.0%) for those of the Contract Manufacturing segment. These growth rates do not exceed the long-term average growth rates for the markets in which the CGUs operate.

The annual impairment testing of goodwill determined no requirements for impairment for 2023. In the Original Equipment CGU of the Tires segment, the carrying amount exceeded the value in use. As there was no significant goodwill, the recoverability of the individual assets was reviewed, whereby these are mainly production-related machines and buildings that are not used exclusively by the Original Equipment CGU, but are also used by the three CGUs Replacement EMEA (Europe, the Middle East and Africa), Replacement APAC (Asia-Pacific region) and Replacement The Americas (North, Central and South America). This review did not reveal any need for impairment, since the fair value less costs of disposal for the individual assets exceeds their respective carrying amount. Fair values were derived on the basis of valuation reports relating to the properties and current market values for comparable machinery and technical equipment, among other things.

Assuming a 0.5-percentage-point increase in the discount rate would not lead to any goodwill impairment. No asset impairment would result. Reducing the long-term growth rate by 0.5 percentage points would not lead to any goodwill impairment. No asset impairment would result. If sales in perpetuity would decline by 5.0%, consequently reducing free cash flow as a key planning parameter, this would not lead to any goodwill impairment. No asset impairment would result.

Assets held for sale and related liabilities

A non-current asset (or disposal group) is classified as held for sale and is presented separately in the statement of financial position if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

A non-current asset (or disposal group) held for sale is measured at the lower of its carrying amount and fair value less costs to sell where it meets the held for sale criteria. Depreciation of these assets ceases once they are classified as held for sale. Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts shall be measured in accordance with the applicable IFRS.

A non-current asset (or disposal group) is classified as held for distribution to owners when the entity is committed to distribute the asset (or disposal group) to the owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. A non-current asset (or disposal group) held for distribution is measured at the lower of its carrying amount and fair value less costs to distribute.

On subsequent remeasurement of a disposal group, the carrying amounts of any assets and liabilities that are not within the scope of the measurement requirements of IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, but are included in a disposal group classified as held for sale, shall be remeasured in accordance with the applicable IFRS before the fair value less costs to sell of the disposal group is remeasured.

A discontinued operation can also be classified as held for sale under IFRS 5. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The classification of a component of an entity as a discontinued operation is also appropriate in the case of classification as held for distribution, provided the criteria are met.

Financial instruments
A financial instrument, as defined in IAS 32, *Financial Instruments: Presentation*, is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In the Continental Group, a purchase or sale of financial assets or financial liabilities is recognized or derecognized at the settlement date.

Financial assets
Financial assets are recognized in the statement of financial position as at the date Continental becomes a contractual party to the financial instrument. At the acquisition date, they must be classified into measurement categories that determine the subsequent accounting.

Receivables from the receivables factoring programs carried out in the Continental Group are recognized in the statement of financial position when the risks and rewards, in particular credit and default risk, have not been essentially transferred. The repayment obligations therefrom are, as a rule, then shown as short-term financial liabilities.

The classification and measurement of financial assets that constitute debt instruments is based on the business model in which the assets are managed and on their cash flow characteristics. These conditions are cumulative criteria whose audit sequence is irrelevant.

It is therefore necessary to analyze the business model in which the asset to be classified is held. This relates to the investigation of the way in which financial assets held in order to collect cash flows are managed. The Continental Group reclassifies debt instruments if the corresponding business model changes.

IFRS 9, *Financial Instruments*, distinguishes between three business models:

- Hold-to-collect: The objective of this business model is to hold the financial assets and generate the contractual cash flows. This model is the prevalent business model in the Continental Group.

- Hold-to-collect and sale: This business model aims to collect the contractual cash flows or sell the financial assets. This business model does occur – for example, in connection with notes receivable – but is fundamentally of subordinate importance in the Continental Group.

- Other: This business model constitutes a catch-all category. This model occurs in the Continental Group in connection with recognized trade accounts receivable from third parties which will probably be sold under a true sale-of-receivables factoring agreement; however, it is fundamentally of subordinate importance in the Continental Group.

In addition to the analysis of the business model, the contractual terms applicable on acquisition of the financial instrument must also be assessed (SPPI (solely payments of principal and interest) criterion). The SPPI criterion is met when the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending arrangement.

On the basis of the aforementioned conditions, a distinction is drawn between the following measurement categories for financial assets that constitute debt instruments:

- Measured at cost: The financial asset, which constitutes a debt instrument, is held within a business model whose objective is to hold assets in order to collect contractual cash flows. Furthermore, the contractual cash flows can be characterized as payments of principal and interest on the principal amount outstanding. Interest income is recognized in the financial result using the effective interest method. Gains or losses arising from derecognition are recognized in profit or loss together with the foreign-currency gains and losses. Impairment losses are likewise recognized separately in the income statement.

- Measured at fair value through other comprehensive income with reclassification (FVOCIwR): The financial asset, which constitutes a debt instrument, is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Furthermore, the contractual cash flows can be characterized as payments of principal and interest on the principal amount outstanding. Changes in the carrying amount are recognized in other comprehensive income. Income or expenses from impairment, interest income and foreign-currency gains and losses are recognized in profit or loss. The cumulative gain or loss stated in other comprehensive income is reclassified from equity to the income statement when the financial asset is derecognized. Interest income is recognized in the financial result using the effective interest method. Foreign-currency gains and losses are recognized in other income and expenses.

- Measured at fair value through profit or loss (FVPL): The financial asset, which constitutes a debt instrument, is not to be measured at cost or at fair value through other comprehensive income with reclassification (FVOCIwR), as either the SPPI criterion was not met or the "Other" business model applies. Classification to the "measured at fair value through profit or loss (FVPL)" category can also be appropriate if the fair value option is applied to debt instruments that should actually be classified as measured at cost or at fair value through other comprehensive income with reclassification (FVOCIwR). However, the Continental Group does not currently intend to apply the fair value option to debt instruments. Income or expense from a financial asset measured at fair value through profit or loss is recognized in the income statement.

Investments that fall within the scope of IFRS 9, *Financial Instruments*, and meet the definition of equity must generally be measured at fair value. For equity instruments that are neither held for trading nor constitute contingent consideration accounted for by the acquirer in a business combination according to IFRS 3, *Business Combinations*, the Continental Group decides at the acquisition date for each (equity) instrument whether to exercise the option of recognizing changes in fair value in other comprehensive income (fair value OCI option). The cumulative gain or loss in other comprehensive income is not reclassified to the income statement when the financial asset is derecognized. This results in the measurement category of fair value through other comprehensive income without reclassification (*FVOCIwoR*). Dividends are an exception to this and continue to be recognized in profit or loss when the legal entitlement is established, unless this relates to a partial restitution of acquisition costs. Dividends are recognized in other income from investments.

Equity instruments held for trading purposes or for which the fair value OCI option is not utilized are without exception accounted for at fair value through profit or loss (FVPL).

On initial recognition, the Continental Group measures a financial asset at fair value plus the transaction costs directly attributable to the acquisition, with the exception of financial assets measured at fair value through profit or loss, for which associated transaction costs are recognized as expense in the income statement.

Impairment is recognized using the expected loss model. The impairment model applies to financial assets measured at amortized cost or at fair value through other comprehensive income (FVOCI) (except for investments in equity instruments), contract assets that result from IFRS 15, *Revenue from Contracts with Customers*, lease receivables, loan commitments and financial guarantee contracts.

Loss allowances are measured on the basis of 12-month expected credit losses or on the basis of lifetime expected credit losses. 12-month expected credit losses result from possible default events within 12 months after the reporting date. Lifetime expected credit losses result from all possible default events over the expected life of a financial instrument.

Lifetime expected credit loss measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month expected credit loss measurement applies if it has not. The credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due on the reporting date.

For trade accounts receivable and contract assets with and without significant financing components, lease payments receivable and current receivables from related parties, only lifetime expected credit loss measurement is applied. Under this approach, the lifetime expected credit losses must be recognized from the initial recognition of the receivable.

A financial asset is in default or credit-impaired if one of the following criteria is met:

- Insolvency or a similar event that indicates significant financial difficulty and a probable default of the counterparty.
- Probable debt waiver.
- A breach of contract that leads to the assumption that it is more probable that one or more receivables are not collectible.
- Other reasons in the assessment of credit management that lead to the assumption that it is more probable that the receivables are not collectible.

If there is evidence of uncollectibility, the financial asset is derecognized. If creditworthiness improves, the allowance is reversed.

Financial liabilities

Financial liabilities are recognized in the statement of financial position as at the date Continental becomes a contractual party to the financial instrument.

Financial liabilities are generally measured at amortized cost using the effective interest method. Instruments that are held for trading are classified as "financial liabilities measured at fair value through profit or loss." For financial liabilities not held for trading, the fair value option can be exercised. If the fair value option is used, the portion of the change in the fair value due to changes in the credit risk of the liability is recognized in other comprehensive income. The fair value option is not currently exercised in the Continental Group. In the consolidated financial statements of Continental AG, all non-derivative financial liabilities are measured at amortized cost, which as a rule comprises the remaining principal balance and issuing costs, net of any unamortized premium or discount. Financial obligations with fixed or determinable payments that comprise neither financial liabilities nor derivative financial liabilities and are not quoted in an active market are reported in the statement of financial position under other financial liabilities in accordance with their term.

In the case of information reported in accordance with IFRS 7, *Financial Instruments: Disclosures*, classification is in line with the items disclosed in the statement of financial position and/or the measurement category used in accordance with IFRS 9, *Financial Instruments*.

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at fair value through profit or loss (FVPL). The fair value is generally the market or exchange price. In the absence of an active market, the fair value is determined using financial models.

Fair values of currency forwards are calculated by way of future cash flows being translated into one of the two currencies using forward rates, netted, discounted with risk-free interest rates and then translated into the functional currency of the respective subsidiary at current spot exchange rates if applicable (par method).

The value of options is determined by applying recognized option pricing models.

To calculate the fair value of interest-rate swaps and cross-currency interest-rate swaps, the future cash flows are discounted with the interest rates for the respective maturities, with primarily deposit rates, risk-free interest rates or IBOR rates used as short-term interest rates while long-term interest rates are based on the swap rates in the respective currency. Future cash flows are forecast using interest-rate curves with an appropriate payment tenor. When discounting, currency basis spreads or, if applicable, tenor basis spreads are taken into account.

The measurement of derivative instruments takes into account the credit spread in general.

Derivative instruments are recognized at the date when the obligation to buy or sell the instrument arises.

For the current status of implementation of the IBOR reform and its impact on the consolidated financial statements of Continental, see Note 32.

Hedge accounting is currently not applied.

The amount of the effective portion of the change in value of the hedges remaining from the hedging of foreign-currency risks from net investments in foreign operations is still recognized together with the effect from the currency translation of the net investment in the difference from currency translation in equity. The accumulated currency effects are not reclassified in profit and loss until the foreign operations are sold or liquidated.

Embedded derivatives
An embedded derivative is a component of a hybrid contract alongside a non-derivative host contract. A portion of the cash flows of the hybrid contract is therefore subject to similar variability as a separate derivative.

Non-derivative host contracts, with the exception of financial assets, are regularly inspected within the Continental Group for embedded derivatives.

If the host contract does not fall under the scope of IFRS 9 or if the host contract is a financial liability, embedded derivatives must be separated from the host contract if the assessment finds that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms would meet the definition of a derivative and Continental does not exercise the option to measure the entire hybrid instrument at fair value through profit or loss.

If separation is appropriate, the host contract is accounted for in accordance with the relevant IFRS requirements. The embedded derivative is recognized at fair value through profit or loss (FVPL).

Inventories
Inventories are recognized at the lower of cost and net realizable value. Acquisition cost is generally determined using the weighted-average method. Production cost includes direct costs, production-related material costs, overheads and depreciation. Inventory risks resulting from decreased marketability or excessive storage periods are accounted for with write-downs.

Other assets
Other assets are recognized at amortized cost. Allowances are recognized as appropriate to reflect any possible risk related to recoverability.

Accounting for income taxes
Income taxes are measured using the concept of the statement of financial position liability method in accordance with IAS 12, *Income Taxes*. Tax expenses and refunds that relate to income are recognized as income taxes. Late payment fines and interest arising from subsequently assessed taxes are not reported under the item income tax expense, but rather as interest income and expense.

Current taxes owed on income are recognized as expenses when they are incurred. They are determined taking into account the respective local tax laws and relevant case law. The complexity of these regulations and the possible differences in interpretation between taxpayers on the one hand and local tax authorities on the other may lead to uncertainties regarding the handling of individual facts and circumstances. These uncertain tax positions are measured in accordance with IFRIC 23 as the mostly likely amount. Owing to the lack of an unrestricted market comparison, determining prices for cross-border intercompany transactions is extremely complex and therefore subject to uncertainty. In the Continental Group, prices are therefore regularly determined on the basis of the internationally recognized arm's length principle, taking into account the transfer pricing methods specified by lawmakers and the Organisation for Economic Co-operation and Development (OECD). If there are multiple tax uncertainties and a correlation between them and certain tax parameters, they are presented in the financial statements either individually or as a group, depending on how the risk is realized.

Deferred taxes include expected tax payments and refunds from temporary differences between the carrying amounts in the consolidated financial statements and the related tax bases, as well as from the utilization of loss carryforwards. No deferred tax is recognized for non-tax-deductible goodwill. The deferred tax assets and liabilities are measured at the applicable tax rates related to the period when the temporary differences are expected to reverse. Changes in tax rates are recognized once the rate has been substantially enacted. Deferred tax assets are not recognized if it is not probable that they will be realized in the future.

In a country-specific review, the extent to which tax-related risks that are likely to occur can or must be offset against losses or loss carryforwards in the individual countries or tax groups is analyzed. If there is a need for offsetting in the countries or tax groups, the probable tax-related risks are offset against the associated losses and loss carryforwards. As a result, the disclosure of deferred taxes on loss carryforwards includes a risk adjustment for the Continental Group units affected.

Income tax receivables and liabilities are recognized as current items, as they are due immediately and this due date often cannot be deferred.

As at the end of the reporting period, the regulations known as the Pillar Two Model Rules of the OECD governing a global minimum corporate tax rate had already been carried over into German law under the Minimum Tax Act (*Mindeststeuergesetz – MinStG*) and apply from January 1, 2024. The Continental Group falls within the scope of these regulations.

The minimum tax is levied at the level of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, as the parent company of the IHO Group (ultimate parent entity) and group parent. Within the framework of the requirements stipulated by the minimum tax regulations, Continental AG, as the parent company of the Continental Group, acts as a partially owned parent entity. Continental AG is included in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, and, for this reason, is jointly assessed with the other companies of the IHO Group when determining the minimum tax. Continental AG is obligated in accordance with Section 3 (6) *MinStG* to compensate INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, for the share of the minimum tax attributable to Continental AG. Owing to the expected introduction of so-called recognized national top-up taxes, it is possible that the duty to pay the minimum tax due may fall on group subsidiaries other than Continental AG.

The rules governing the global minimum tax stipulate that, per country, the difference between the effective tax rate in accordance with the global minimum tax rules and the 15% minimum tax rate – based on the adjusted minimum tax profit – is to be paid as the minimum tax by the ultimate parent entity, i.e. INA-Holding

Schaeffler GmbH & Co. KG, Herzogenaurach, Germany. In a transition period for the fiscal years 2024 through 2026, so-called safe harbor rules linked to the fulfillment of certain criteria may be utilized that allow companies to dispense with the exact calculation of the minimum tax, with the minimum tax being set at zero in such cases.

Continental, together with the IHO Group, has conducted an initial indicative analysis to determine the future impact of the regulations governing the global minimum tax. In Argentina, Greece, the Philippines, Singapore, Spain, South Korea and the United Arab Emirates, a tax rate of less than 15% may apply based on the global minimum tax regulations. The proportional minimum tax expense for the Continental Group based on this analysis lies in the mid-seven-figure range. The anticipated impact on the effective corporate tax rate is therefore insignificant.

Employee benefits
The retirement benefits offered by the Continental Group comprise both defined benefit and defined contribution plans.

Pension provisions under defined benefit plans are actuarially measured pursuant to IAS 19, *Employee Benefits* (revised 2011), using the projected unit credit method that reflects salary, pension and employee fluctuation trends. The discount rate to determine the present value is based on long-term loans in the respective capital market. Actuarial gains and losses are recognized in other comprehensive income. Expenses from interest cost on pension liabilities and income from pension funds are reported net in the financial result.

Accordingly, the interest effects of other long-term employee benefits are reported in the financial result. Pension liabilities for some companies of the Continental Group are covered by pension funds. Furthermore, plan assets comprise all assets, as well as claims from insurance contracts, that are held exclusively toward payments to those entitled to pensions and are not available to meet the claims of other creditors. Pension obligations and plan assets are reported on a net basis in the statement of financial position.

The other post-employment benefits also shown under the employee benefits relate to obligations to pay for health costs for retired workers in the USA and Canada in particular.

Defined contribution plans represent retirement benefits where the company only contributes contractually fixed amounts for current service entitlements, which are generally invested by independent, external asset managers until the date of retirement of the employee. The fixed amounts are partly dependent on the level of the employee's own contribution. The company gives no guarantees of the value of the asset after the fixed contribution, either at the retirement date or beyond. The entitlement is therefore settled by the contributions paid in the year.

Provisions for other risks and obligations
Provisions are recognized when a legal or constructive obligation has arisen that is likely to result in a future cash outflow to third parties and the amount can be reliably determined or estimated. The provisions are recognized as at the end of the reporting period at the value at which the obligations could probably be settled or transferred to a third party. Non-current provisions such as those for litigation or environmental risks are discounted to their present value. The resulting periodic interest charge for the provisions is shown under the financial result including an effect from a change in interest.

Non-financial liabilities
Current non-financial liabilities are carried at their settlement amount. Non-current non-financial liabilities are measured at amortized cost.

Share-based payments
Cash-settled share-based payments are measured at fair value using a Monte Carlo simulation. The liabilities are recognized under employee benefits until the end of the holding period. Equity-settled share-based payments are measured at the fair value of the granted equity instruments.

Estimates
Proper and complete preparation of the consolidated financial statements requires management to make estimates and assumptions affecting the amount and disclosure of the recognized assets and liabilities, income and expenses as well as the disclosures in the notes for the reporting period.

The significant assumptions and estimates in the reporting period related to:

- the determination of the useful lives of intangible assets and property, plant and equipment.
- the impairment testing of goodwill and non-current assets, in particular the underlying cash flow forecasts and discount rates (determination of the recoverable).
- the identification of impairment losses or reversals of impairment losses on intangible assets.
- the identification of impairment losses or reversals of impairment losses on inventories.
- the identification of intangible assets and their measurement within the scope of company acquisitions.
- the assessment of the recoverability of receivables and other financial assets (impairment amount).
- the determination of fair values with regard to financial assets and liabilities.
- the recognition and measurement of income tax payables and deferred taxes on temporary differences, and the recognition of deferred tax assets on losses carried forward.
- the assessment of technical and economic feasibility when capitalizing development costs.
- the recognition and measurement of leases.

- the measurement of revenue reductions and reimbursement liabilities within the scope of revenue recognition.
- the actuarial parameters influencing share-based payments.
- the recognition and measurement of liabilities and provisions, in particular the actuarial parameters for pensions and similar obligations used to determine defined benefit obligations.
- the point in time at which assets and liabilities are classified as held for sale.
- the recognition and measurement of provisions and contingent liabilities, in particular with regard to the parameters for measuring restructuring provisions, as well as the probability of occurrence and the amount of warranty, litigation and environmental risks.

The assumptions and estimates are based on the information currently available at the date of preparation of the consolidated financial statements. The underlying information is regularly reviewed and updated to reflect actual developments as necessary.

We again reviewed whether climate-related issues had a significant effect on reporting in the year under review. Such effects are possible in a number of different areas. Climate-related aspects can affect, for example, the recoverability of non-financial assets and inventories, the useful life and residual carrying values of assets, the expected credit losses of financial instruments, the input factors and assumptions used to measure value in use and fair value (e.g. discount rates, point in time and amount of projected cash flows), deferred tax assets, legal and de facto obligations (provisions and contingent liabilities), financial risk management (market risk, liquidity risk and default risk as well as risk concentration), and the financial accounting of participation in emissions trading systems and of energy supply agreements.

Climate-related risk factors were therefore considered in estimates and judgments when preparing the consolidated financial statements.

Climate-related aspects are also considered in the management remuneration structure. As described in detail in the remuneration report, the long-term incentive (LTI) for the Executive Board members includes a sustainability score as a second performance criterion in addition to the degree of target achievement of the relative total shareholder return (TSR). To determine the LTI to be paid out, this sustainability score is multiplied as a factor between 0.7 and 1.3 by the degree of target achievement of the relative TSR. The Supervisory Board sets out up to six performance criteria and targets for the sustainability score of the respective LTI plan. The targets are based on the Continental Group's sustainability ambition, the reported sustainability indicators and associated corporate targets as well as management processes, which are specified in detail in the non-financial statement within the management report. The target values for the individual target years of the LTI are derived from the medium and long-term corporate targets. For own CO_2 emissions, for example, the target path of the 2040 carbon neutrality target and the corresponding intermediate steps for the respective LTI target values are used. The basis for measuring the target achievement is the measurement of performance in the corresponding period or in the last year of the plan. For own CO_2 emissions, the strategic orientation for the defined target values, where necessary with interim steps for the individual tranches in order to achieve the long-term goal, is to reduce own CO_2 emissions to 0.7 million metric tons of CO_2 by 2030 and to net zero by 2040. These targets are included in the 2020–2023, 2021–2024, 2022–2025, 2023–2026 and 2024–2027 LTI plans.

As in previous years, no significant effects of climate-related risk factors on reporting were identified. There were also no significant effects on individual items in the reporting period.

Based on available information, the effects of the current macroeconomic environment on the accounting of the Continental Group were also continuously reviewed over the course of 2023. The macroeconomic environment continued to be shaped in particular by high inflation and the development of interest rates in the reporting period. The analysis of the effects of the macroeconomic environment on the accounting of the Continental Group included in particular the impairment testing of non-financial assets, the review of actuarial assumptions used to measure employee benefits and the review of the measurement of financial instruments and revenue from contracts with customers. This had no material effect on the reporting of the Continental Group in the reporting period. Overall, as in the previous year, there was a high level of uncertainty when making estimates in the reporting year.

The development of the geopolitical situation remains difficult to predict. We cannot foresee the effects that the ongoing war in Ukraine and the Middle East conflict which flared up in October, as well as the associated disruptions to production, supply chains and demand, will have on accounting. The level of uncertainty involved when making estimates is higher than in previous reporting periods. Continental therefore reviewed the effects of the war on the accounting of the Continental Group as at December 31, 2023, on the basis of the information available in the reporting period. Due to the ongoing war in Ukraine and the unclear development of the geopolitical situation in the reporting period, Continental AG sold all Russian operations in the Automotive and Tires segments and some Russian operations in the ContiTech segment. For further details, please refer to the section on acquisition and disposal of companies and business operations in this report. Following the sale, only immaterial operations in the ContiTech segment remained in Russia as at December 31, 2023.

With respect to further developments concerning the war in Ukraine, the conflict in the Middle East, climate-related aspects and the macroeconomic environment, the Continental Group is still continuously reviewing the possible effects on accounting.

Consolidated statement of cash flows
The statement of cash flows shows the sources during the reporting period that generated cash and cash equivalents as well as the application of cash and cash equivalents. This includes all cash and cash equivalents and demand deposits. Cash equivalents are short-term, highly liquid financial investments that can be readily converted into known cash amounts and are subject to an insignificant risk of changes in value.

The restrictions that may impact the availability of capital are also understood to comprise all existing restrictions on the cash and cash equivalents. In the Continental Group, the cash and cash equivalents are restricted with regard to pledged amounts and balances in countries with foreign-exchange restrictions or other barriers to accessing liquidity. Taxes to be paid on the transfer of cash assets from one country to another are not usually considered to represent a restriction on cash and cash equivalents.

Financial investments are considered to be cash equivalents only if they have a remaining original term not exceeding three months.

3. New Accounting Pronouncements

In accordance with EU Regulation (EC) No. 1606/2002 in conjunction with Section 315e (1) of the German Commercial Code *(Handelsgesetzbuch – HGB)*, Continental AG has prepared its consolidated financial statements in compliance with IFRS as adopted by the Commission of the European Communities under the European Union endorsement procedure. Accordingly, IFRS are only required to be applied following endorsement of the new standards by the EU Commission.

The following endorsed standards, interpretations issued in relation to published standards and amendments that were applicable to the consolidated financial statements of Continental AG became effective in 2023 and have been adopted accordingly:
The amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2, *Making Materiality Judgements*, (Disclosure of Accounting Policies), provide guidance and examples to clarify the application of materiality judgments to accounting policy disclosures. The amendments replace the requirement to disclose significant accounting policies with the requirement to disclose material accounting policies. Furthermore, the amendments add guidance on how to apply the concept of materiality in the context of accounting policy disclosures. The amendments are required to be applied for annual periods beginning on or after January 1, 2023. The amendments had no significant effect on the consolidated financial statements of Continental AG.

The amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*, replace the previous definition of a change in accounting estimate with a definition of accounting estimates to clarify the distinction between accounting policies and accounting estimates. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are required to be applied for annual periods beginning on or after January 1, 2023. The amendments had no significant effect on the consolidated financial statements of Continental AG.

The amendments to IAS 12, *Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*, narrow the scope of the initial recognition exemption in IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are required to be applied for annual periods beginning on or after January 1, 2023. The amendments had no significant effect on the consolidated financial statements of Continental AG.

The amendments to IAS 12, *Income Taxes (International Tax Reform – Pillar Two Model Rules)*, introduce a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require an entity to disclose that it has applied the temporary exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity is required to disclose known or reasonably estimable qualitative and quantitative information that helps users of financial statements to assess the entity's exposure to Pillar Two income taxes arising from that legislation. To the extent information is not known or reasonably estimable, an entity should instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure. The temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes, as well as the obligation to disclose that the mandatory exception will be applied, are required to be applied immediately after the publication of the amendment, which was on May 23, 2023. The other new disclosure requirements of the amendment are required to be applied for annual periods beginning on or after January 1, 2023. The amendments had no significant effect on the consolidated financial statements of Continental AG.

IFRS 17, *Insurance Contracts*, replaces IFRS 4, *Insurance Contracts*, and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. In June 2020, further amendments and clarifications were made to IFRS 17 in order to simplify the requirements of the standard and facilitate the transition to the new regulations. The standard and the consequential amendments to other standards were originally required to be applied for annual periods beginning on or after January 1, 2021. The amendments to IFRS 17 deferred the effective date of IFRS 17 (including the amendments to IFRS 17 and the consequential amendments to other standards) by two years to annual reporting periods beginning on or after January 1, 2023. The standard and the consequential amendments to other standards had no significant effect on the consolidated financial statements of Continental AG.

The amendment to IFRS 17, *Insurance Contracts (Initial Application of IFRS 17 and IFRS 9 – Comparative Information)*, adds a transition option (classification overlay) for entities that apply IFRS 17 and IFRS 9 at the same time. An entity is permitted to apply the option for the purpose of presenting comparative information about a financial asset if the comparative information has not been restated for IFRS 9. This is the case when the entity chooses not to restate prior periods or if the entity restates prior periods but the financial asset has been derecognized during those prior periods. When applying the option, the comparative information should be presented as if the classification and measurement requirements of IFRS 9 for financial assets had been applied. For entities that have applied IFRS 9 before they apply IFRS 17, the option applies to financial assets that have been derecognized in the comparative period. In this case, an entity is permitted to apply the redesignation requirements of IFRS 17 based on how the entity expects the asset would have been designated at the date of initial application of IFRS 17. The amendment is required to be applied for annual periods beginning on or after January 1, 2023. The amendment had no significant effect on the consolidated financial statements of Continental AG.

The following standards, interpretations issued in relation to published standards and amendments have already been adopted by the EU but will not take effect until a later date:
The amendments to IAS 1, *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*, in 2020 clarify the classification of a liability. For a liability to be classified as non-current, the entity's substantial right to defer settlement of the liability for at least 12 months after the reporting period must exist at the end of the reporting period. For a liability to be non-current, an assessment is required of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. Furthermore, the amendments clarify the circumstances in which counterparty conversion options in relation to issued equity instruments affect classification as current or non-current. The 2020 amendments also specified how an entity should assess whether it has the right to defer settlement of a liability when that right is subject to compliance with specified conditions (covenants) within 12 months after the reporting period. Due to strong concerns about its interpretation, the IASB addressed this point and made improvements in further amendments to IAS 1 in 2022. These further amendments to IAS 1, *Presentation of Financial Statements (Non-current Liabilities with Covenants)*, clarify that covenants to be complied with after the reporting period do not affect the classification of the corresponding liability as current or non-current at the end of the reporting period. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments to IAS 1, *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*, in 2020 were originally required to be applied for annual periods beginning on or after January 1, 2022. The additional amendment to IAS 1, *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current – Deferral of Effective Date)*, in July 2020 deferred the effective date of the amendments by one year to annual reporting periods beginning on or after January 1, 2023, as operational relief due to the COVID-19 pandemic. With the further amendments to IAS 1, *Presentation of Financial Statements (Non-current Liabilities with Covenants)*, in 2022, all amendments to IAS 1 together are required to be applied for annual periods beginning on or after January 1, 2024. The amendments are expected to have a significant effect on the future consolidated financial statements of Continental AG. In the opening statement of financial position as at January 1, 2024, the syndicated loan utilized at the end of the 2023 reporting period in the amount of €316.3 million is reclassified from current to non-current items.

The amendments to IFRS 16, Leases *(Lease Liability in a Sale and Leaseback)*, refine the accounting treatment for sale and leaseback transactions. The amendments specify the requirements that a seller-lessee should apply when measuring the lease liability arising from a sale and leaseback transaction, to ensure that the seller-lessee does not recognize a gain or loss from the right of use retained. The amendments are required to be applied for annual periods beginning on or after January 1, 2024. The amendments are not expected to have any significant effect on the future consolidated financial statements of Continental AG.

The following standards, interpretations issued in relation to published standards and amendments have not yet been adopted by the EU and will become effective at a later date:
The amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures, (Supplier Finance Arrangements)*, require an entity to provide additional disclosures about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments are required to be applied for annual periods beginning on or after January 1, 2024. The amendments are not expected to have any significant effect on the future consolidated financial statements of Continental AG.

The amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* (*Lack of Exchangeability*), require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. If a currency is not exchangeable at the measurement date, an entity is required to estimate a spot exchange rate (rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions). In this case, the entity is required to disclose information that enables users of its financial statements to understand how the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are required to be applied for annual periods beginning on or after January 1, 2025. The amendments are not expected to have any significant effect on the future consolidated financial statements of Continental AG.

4. Companies Consolidated and Information on Subsidiaries and Investments

Companies consolidated
In addition to the parent company, the number of companies consolidated includes 457 (PY: 477) domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10 or that are classified as joint arrangements or associates. Of these, 385 (PY: 400) are fully consolidated and 72 (PY: 77) are accounted for using the equity method.

The number of companies consolidated has decreased by a total of 20 since the previous year. Three new companies were founded and six companies were acquired. The number of companies consolidated decreased by 17 as a result of mergers. In addition, five companies were sold and seven companies were liquidated.

A total of 29 (PY: 30) companies whose assets and liabilities, expenses and income – individually and combined – are not material for the earnings, financial and net assets position of the Continental Group are not included in consolidation. Twenty-eight (PY: 29) of these are affiliated companies, six (PY: five) of which are currently inactive. One (PY: one) further company not included in consolidation is a joint venture. This unit is active.

Information on subsidiaries and investments
As at December 31, 2023, non-controlling interests were not of significance to the Continental Group. There are no significant restrictions in terms of access to or the use of assets of the Continental Group due to statutory, contractual or regulatory restrictions or property rights of non-controlling interests.

e.solutions GmbH, Ingolstadt, Germany, which has a 51% share of voting rights, and Carrel Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz, Germany, which has a 94% share of voting rights, are not fully consolidated as, under the companies' statutes, these interests are not enough to direct the relevant activities of these investments.

EasyMile SAS, Toulouse, France, which has a 9.5% share of voting rights, is classified as an associate, as significant influence can be exerted on the basis of the company's Articles of Incorporation.

Continental AG consolidates 18 (PY: 18) structured entities. The structured entities within the Continental Group are essentially companies that serve to finance investments. These structured entities are characterized, among other things, by limited activities and a narrowly defined business purpose. Continental holds no voting rights or investments in the fully consolidated structured entities. However, Continental directs the business activities of these entities on the basis of contractual rights. The shareholders therefore have no influence. Furthermore, Continental is also exposed to variable returns from these entities and can influence these by directing business activities. There are no significant shares or rights in non-consolidated structured entities.

Further information on equity investments and an overview of the German companies and partnerships that utilized the exemption provisions of Sections 264 (3) and 264b of the German Commercial Code *(Handelsgesetzbuch – HGB)* can be found in Note 42.

5. Acquisition and Disposal of Companies and Business Operations

Acquisition of companies and business operations
In the ContiTech segment, final purchase price allocations for share deals in 2022 led to a total increase in purchase prices of €0.3 million. The resulting changes to purchase price allocations resulted in an increase in other intangible assets of €0.5 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at December 31, 2023.

In the Surface Solutions business area, ContiTech Global Holding Netherlands B.V., Maastricht, Netherlands, acquired 100% of the shares in Printing Solutions Sweden Holding AB, Trelleborg, Sweden, on May 2, 2023. The company, a leading manufacturer of surface solutions for the printing industry, generated sales of €125.9 million in fiscal 2022. Through the acquisition, the ContiTech segment is expanding its expertise in the area of printing technology for offset and digital printing in particular. The purchase price totaled €223.8 million and was paid in cash up to an outstanding purchase price liability of €1.0 million. The costs formerly incurred in conjunction with this acquisition were recognized as other expenses in the amount of €4.5 million. The preliminary purchase price allocation resulted in goodwill of €9.0 million and intangible assets of €31.6 million in the Surface Solutions business area. If the transaction had been completed on January 1, 2023, net income after tax would have increased by €2.5 million and sales by €40.4 million. Since the transaction was completed on May 2, 2023, the entity has generated sales of €70.8 million and, taking into account effects from the purchase price allocation, contributed earnings after tax of -€3.2 million to net income. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at December 31, 2023.

In the Automotive segment, an asset deal took place. The purchase price of €4.4 million in total was paid in cash. Intangible assets of €4.4 million resulted from the purchase price allocation. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at December 31, 2023.

In the ContiTech segment, a further share deal took place. The purchase price totaled €6.1 million and was paid in cash up to an outstanding purchase price liability of €0.2 million. Intangible assets of €4.6 million resulted from the purchase price allocation. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at December 31, 2023.

The following values were recognized for the assets and liabilities included in the consolidated statement of financial position for the first time as part of the acquisition:

	Fair value at date of first-time consolidation	
Acquired net assets in € millions	Printing Solutions	Other
Other intangible assets	31.6	9.5
Property, plant and equipment	60.9	0.4
Other investments	13.4	–
Deferred tax assets	0.4	–
Long-term other financial assets	0.1	–
inventories	41.6	0.3
Trade accounts receivable	29.0	1.8
Short-term other financial assets	1.2	–
Short-term other assets	6.5	0.8
Income tax receivables	0.1	0.1
Cash and cash equivalents	79.0	0.8
Long-term employee benefits	-1.7	–
Deferred tax liabilities	-15.6	-1.1
Long-term provisions for other risks and obligations	-1.2	–
Long-term indebtedness	-3.1	–
Long-term other liabilities	-0.8	–
Short-term employee benefits	-3.8	-0.3
Trade accounts payable	-15.5	-1.2
Short-term contract liabilities	-0.2	–
Income tax payables	-1.1	–
Short-term provisions for other risks and obligations	-0.7	–
Short-term indebtedness	-2.4	–
Short-term other financial liabilities	-2.0	–
Short-term other liabilities	-1.1	-0.2
Purchased net assets	**214.7**	**10.8**
Consideration transferred	223.8	10.8
Goodwill	**9.0**	**–**

Disposal of companies and business operations
In fiscal 2023, all Russian operations in the Automotive and Tires segments as well as some Russian operations in the ContiTech segment were sold. The sales price totaled €79.0 million and was paid in cash up to an outstanding purchase price receivable of €0.4 million. The carrying amounts of outgoing net assets amounted to €100.5 million, €40.0 million of which are cash and cash equivalents. The entire transaction resulted in expenses of €105.8 million.

In the Tires segment, the sale of an equity-accounted investee resulted in a loss of €1.0 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at December 31, 2023.

Notes to the Consolidated Statement of Income

6. Sales

The following tables show the breakdown of sales in accordance with IFRS 15, *Revenue from Contracts with Customers*, into main geographical markets, segments, customer groups and product types:

Sales from January 1 to December 31, 2023

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Germany	4,868.9	1,764.1	1,215.3	137.0	–86.6	7,898.7
Europe excluding Germany	4,898.5	5,321.9	1,753.8	242.9	–38.8	12,178.4
North America	4,644.4	4,169.1	2,155.7	112.4	–41.6	11,040.1
Asia-Pacific	5,393.7	1,924.1	1,249.2	20.2	–6.3	8,580.9
Other countries	489.8	778.8	467.4	0.0	–13.5	1,722.6
Sales by region	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**–186.8**	**41,420.5**
Automotive original-equipment business	19,148.8	3,663.6	3,317.2	492.5	–49.9	26,572.2
Industrial/replacement business	1,146.6	10,294.4	3,524.3	19.9	–136.9	14,848.3
Sales by customer type	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**–186.8**	**41,420.5**
Goods	19,898.5	13,286.3	6,563.2	512.4	–177.7	40,082.7
Services	203.0	671.7	125.3	0.0	–8.1	992.0
Project business	194.0	–	152.9	–	–1.0	345.9
Sales by product type	**20,295.4**	**13,958.0**	**6,841.5**	**512.4**	**–186.8**	**41,420.5**

Sales from January 1 to December 31, 2022

€ millions	Automotive	Tires	ContiTech	Contract Manufacturing	Other/ Holding/ Consolidation	Continental Group
Germany	3,886.4	1,665.8	1,211.9	256.7	–100.3	6,920.5
Europe excluding Germany	4,329.2	5,297.4	1,643.1	191.7	4.6	11,466.0
North America	4,413.0	4,197.0	2,023.2	142.3	–44.0	10,731.5
Asia-Pacific	5,240.7	1,972.9	1,273.2	74.9	–25.1	8,536.6
Other countries	452.3	872.1	442.9	0.0	–13.0	1,754.3
Sales by region	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**–177.8**	**39,408.9**
Automotive original-equipment business	17,245.9	3,120.4	3,137.8	645.2	–38.7	24,110.6
Industrial/replacement business	1,075.7	10,884.8	3,456.5	20.4	–139.1	15,298.3
Sales by customer type	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**–177.8**	**39,408.9**
Goods	17,962.5	13,389.1	6,305.9	665.2	–168.5	38,154.2
Services	181.2	616.1	111.8	0.4	–7.8	901.7
Project business	177.9	–	176.6	–	–1.5	353.0
Sales by product type	**18,321.6**	**14,005.2**	**6,594.3**	**665.6**	**–177.8**	**39,408.9**

The total revenue from contracts with customers in accordance with IFRS 15, *Revenue from Contracts with Customers*, amounted to €42,693.6 million (PY: €40,794.4 million), of which €1,273.1 million (PY: €1,385.5 million) is recognized under other income and stems mainly from income from research and development. Of the contract liabilities of €240.2 million accounted for at the beginning of the year, €226.5 million was recognized as revenue in the reporting year. Revenue of €64.3 million (PY: €49.2 million) for performance obligations satisfied in the previous year was recognized in the reporting year due to transaction price changes.

Transaction price for performance obligations not yet satisfied

The table below shows the aggregated, anticipated amounts of transaction prices for performance obligations not yet satisfied or only partly satisfied from contracts as defined in IFRS 15 with a term of more than one year.

€ millions	2024	2025 onward
Income from research and development	224.0	157.0
Other revenues	107.3	79.1
Total	**331.3**	**236.2**

The amounts relate chiefly to future income from research and development, whereby the revenue is expected to be recognized within the periods shown. For contracts as defined in IFRS 15 with a term of less than one year, the practical expedient under IFRS 15.121 (a) is applied and no amounts are shown.

Use of other practical expedients

For contracts for which the time interval between the provision of the service by Continental and the expected payment by the customer comes to less than one year as at the start of the contract, the practical expedient from IFRS 15.63 is applied and the transaction price is not adjusted for any significant financing components contained.

7. Research and Development Expenses

The expenses and income from research and development are shown in the two tables below.

The research and development expenses include government grants totaling €37.2 million (PY: €44.4 million).

	2023					
€ millions	**Automotive**	**Tires**	**ContiTech**	**Contract Manufacturing**	**Consolidation**	**Continental Group**
Research and development expenses	-3,592.7	-336.0	-197.0	0.0	0.0	-4,125.7
Income from research and development	1,207.9	–	21.8	0.0	–	1,229.8
Research and development expenses (net)	**-2,384.8**	**-336.0**	**-175.1**	**0.0**	**0.0**	**-2,896.0**

	2022					
€ millions	**Automotive**	**Tires**	**ContiTech**	**Contract Manufacturing**	**Consolidation**	**Continental Group**
Research and development expenses[1, 2]	-3,540.1	-320.8	-196.0	-0.1	0.2	-4,056.8
Income from research and development	1,267.1	–	26.8	0.0	–	1,293.9
Research and development expenses (net)[1, 2]	**-2,273.1**	**-320.8**	**-169.2**	**-0.1**	**0.2**	**-2,762.9**

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.

8. Other Income and Expenses

€ millions	2023	2022
Other income[1]	1,837.0	1,851.2
Other expenses[1]	–829.2	–1,145.9
Other income and expenses[1]	**1,007.8**	**705.3**

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.

Other income

€ millions	2023	2022
Income from research and development	1,229.8	1,293.9
Compensation from customers and suppliers	80.4	115.6
Income in connection with litigation and environmental risks	76.1	63.8
Income from other ancillary business	50.1	59.6
Income from the reversal of impairment on financial assets and contract assets	46.4	52.2
Income from the reimbursement of customer tooling expenses	43.3	57.3
Income from the disposal of property, plant and equipment	41.1	25.2
Income from transactions with related parties	33.4	34.3
Income from other taxes	11.3	–
Income from the reversal of provisions for pending losses[1]	10.9	0.5
Income from the disposal of companies and business operations	7.9	1.1
Other[1]	206.4	147.7
Other income[1]	**1,837.0**	**1,851.2**

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.

Other income decreased by €14.2 million to €1,837.0 million (PY: €1,851.2 million) in the reporting period.

The income from other ancillary business results primarily from revenues from licensing and franchising agreements, the sale of recyclable materials and other ancillary business.

The “Other” item mainly includes income from insurance compensation due to damage to property, plant and equipment caused by force majeure. In addition, government grants amounting to €12.1 million (PY: €7.2 million) that were not intended for investments in non-current assets were received and recognized in profit or loss in the “Other” item.

Other expenses

€ millions	2023	2022
Expenses from currency translation	107.0	76.7
Expenses in connection with litigation and environmental risks	104.0	151.1
Expenses from the disposal of companies and business operations	99.4	0.4
Expenses from impairment on financial assets and contract assets	76.6	60.2
Compensation to customers and suppliers	38.8	29.9
Expenses from other taxes	34.4	3.6
Expenses from customer tooling	30.3	37.7
Expenses from transactions with related parties	23.0	23.0
Expenses from provisions for pending losses[1]	22.5	2.8
Losses on the disposal of property, plant and equipment, and from scrapping	20.6	20.7
Impairment on goodwill	–	552.9
Other[1]	272.6	186.9
Other expenses[1]	**829.2**	**1,145.9**

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.

Other expenses decreased by €316.7 million to €829.2 million (PY: €1,145.9 million) in the reporting period.

In the year under review, expenses of €107.0 million (PY: €76.7 million) were incurred as a result of currency translation from operating receivables and liabilities in foreign currencies not classified as indebtedness.

No impairment on goodwill was incurred in the reporting period (PY: €552.9 million).

The “Other” item includes in particular legal costs in connection with investigations by the public prosecutor’s office into the suspected development and use of illegal defeat devices in diesel and gasoline engines of multiple automotive manufacturers, external expenses from moving machinery between various company locations, expenses in connection with the acquisition of Printing Solutions Sweden Holding AB, Trelleborg, Sweden, and costs for damage due to force majeure.

9. Personnel Expenses

The following total personnel expenses are included in function costs in the income statement:

€ millions	2023	2022
Wages and salaries	9,405.5	8,257.0
Social security contributions	1,731.1	1,580.8
Pension and post-employment benefit costs	258.6	334.7
Personnel expenses	**11,395.2**	**10,172.5**

Compared with the 2022 reporting year, personnel expenses increased by €1,222.8 million to €11,395.2 million (PY: €10,172.5 million).

The average number of employees in 2023 was 203,253 (PY: 195,203). As at the end of the year, there were 202,763 (PY: 199,038) employees in the Continental Group.

The year-on-year increase in personnel expenses was mainly due to higher wages and salaries and the creation of personnel-related provisions for restructuring measures.

Social security contributions of the companies of the Continental Group (employer contributions) amounted to €368.7 million in the reporting year (PY: €325.3 million).

10. Income from Investments

€ millions	2023	2022
Share of earnings from equity-accounted investees	42.7	28.3
Reversal of impairment losses from equity-accounted investees	2.6	–
Income from equity-accounted investees	**45.3**	**28.3**
Other income from investments	**1.2**	**0.8**

With regard to the development of investments in equity-accounted investees, please refer to Note 17.

11. Financial Result

€ millions	2023	2022
Interest income	**103.4**	**83.6**
Interest and similar expenses	-307.6	-149.4
Interest expenses from lease liabilities	-27.9	-26.7
Interest effects from non-current liabilities	0.9	3.8
Interest effects from long-term employee benefits and from pension funds	-84.8	-62.4
Interest expense	**-419.4**	**-234.8**
Effects from currency translation	**78.8**	**-59.6**
Effects from changes in the fair value of derivative instruments	0.2	7.7
Other valuation effects	1.2	5.1
Effects from changes in the fair value of derivative instruments, and other valuation effects	**1.4**	**12.8**
Financial result	**-235.8**	**-198.0**

The negative financial result increased by €37.8 million year on year to €235.8 million in 2023 (PY: €198.0 million). This increase was primarily attributable to the global interest rate trend on the capital markets.

Interest income rose by €19.8 million year-on-year to €103.4 million in 2023 (PY: €83.6 million). Interest income in connection with income tax payables accounted for €3.8 million of the total (PY: €20.3 million). For details about the higher prior-year value, please refer to the comments in the 2022 annual report.

Interest expense totaled €419.4 million in 2023 and was thus €184.6 million higher than the previous year's figure of €234.8 million. Interest expense from long-term employee benefits and expected income from long-term employee benefits and from pension funds amounted to a net expense of €84.8 million in the reporting year (PY: €62.4 million). These interest effects do not include the interest income from the plan assets of the pension contribution funds or the interest expense from the defined benefit obligations of the pension contribution funds. Interest expense, resulting mainly from bank borrowings, capital market transactions and other financing instruments, was €334.6 million (PY: €172.4 million). Interest expense on lease liabilities accounted for €27.9 million of this (PY: €26.7 million). Interest expenses in connection with income tax payables amounted to €17.3 million (PY: €3.1 million).

The bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, resulted in expenses of €97.2 million (PY: €52.9 million). The increase was primarily due to the issuance of euro bonds by Continental AG. A five-year bond with a volume of €625.0 million and a fixed interest rate of 3.625% p.a. was issued in the fourth quarter of 2022. Two further bonds were issued in 2023: a five-year bond with a volume of €750.0 million in the second quarter of 2023, and a three-and-a-half-year bond with a volume of €500.0 million in the third quarter of 2023, both with a fixed interest rate of 4.000% p.a. An offsetting effect was attributable to the repayment of a euro bond in the amount of €750.0 million with a fixed interest rate of 2.125% p.a. in the fourth quarter of 2023. In addition, a euro bond in the amount of €500.0 million with a fixed interest rate of 0.000% p.a. was repaid in the third quarter of 2023.

Effects from currency translation resulted in a positive contribution to earnings of €78.8 million in the reporting year (PY: negative contribution to earnings of €59.6 million). Effects from changes in the fair value of derivative instruments, and other valuation effects resulted in income of €1.4 million (PY: €12.8 million). Other valuation effects accounted for €1.2 million of this (PY: €5.1 million). Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in 2023 were positively impacted by €78.9 million (PY: negatively impacted by €51.9 million). A significant contributor to the year-on-year improvement was the development of the Chinese renminbi in relation to the euro.

12. Income Tax Expense

The domestic and foreign income tax expense of the Continental Group is as follows:

€ millions	2023	2022
Current taxes (domestic)	-77.1	-103.8
Current taxes (foreign)	-676.8	-607.5
Deferred taxes (domestic)	205.1	-81.6
Deferred taxes (foreign)	124.8	348.4
Income tax expense	**-424.1**	**-444.6**

The following table shows the reconciliation of the expected tax expense to the reported tax expense:

€ millions	2023	2022
Earnings before tax	**1,618.0**	**556.8**
Non-tax-deductible impairment of goodwill[1]	–	377.2
Earnings before tax and impairment of goodwill	**1,618.0**	**934.0**
Expected tax expense at the domestic tax rate	**-496.7**	**-286.7**
Foreign tax rate differences	203.7	76.6
Non-deductible expenses and non-imputable withholding taxes	-190.1	-252.8
Incentives and tax holidays	109.1	146.3
Non-recognition of deferred tax assets unlikely to be realized	-63.9	-113.2
Initial recognition of deferred tax assets likely to be realized	83.6	17.4
Realization of previously non-recognized deferred taxes	16.0	30.4
Local income tax with different tax base	-45.6	-23.4
Taxes for previous years	13.8	-24.6
Effects from changes in enacted tax rate	10.5	-7.8
Other	-64.5	-6.7
Income tax expense	**-424.1**	**-444.6**
Effective tax rate in %	**26.2**	**47.6**

1 In the previous year, earnings before tax were not adjusted for the goodwill impairment in the amount of €552.9 million. A portion totaling €175.7 million resulted in the reversal of deferred tax liabilities and therefore must be excluded from the reconciliation.

The average domestic tax rate in 2023 was 30.7% (PY: 30.7%). This took into account a corporate tax rate of 15.0% (PY: 15.0%), a solidarity surcharge of 5.5% (PY: 5.5%) and a trade tax rate of 14.8% (PY: 14.8%).

The reduction in the tax expense from foreign tax rate differences primarily reflects the volume of activities in Asia and Eastern Europe.

As in the previous year, foreign tax rate differences as well as incentives and tax holidays had positive effects in the year under review. The tax rate was negatively impacted by non-cash allowances on deferred tax assets totaling €63.9 million (PY: €113.2 million), of which €41.7 million (PY: €30.1 million) was for previous years. Furthermore, as in the previous year, the tax rate was negatively affected by non-deductible expenses and non-imputable foreign withholding taxes. In the year under review, additional tax burdens were incurred from internal restructuring, which are reported under “Other.” Please also refer to Note 19.

As in the previous year, the utilization of incentives in Europe, Asia and the USA as well as in Brazil and Mexico had a positive impact on the tax rate. In the year under review, local income taxes of €45.6 million (PY: €23.4 million) were incurred with a different tax base. This was attributable primarily to local income taxes in Hungary and the alternative minimum tax in the USA.

The effects from the change in enacted tax rate relate to the remeasurement of deferred tax assets and liabilities due to changes in the law already taking effect with regard to future applicable tax rates.

The following table shows the total income tax expense, also including the items reported under reserves recognized directly in equity:

€ millions	**December 31, 2023**	December. 31, 2022
Income tax expense (acc. to consolidated statement of income)	**-424.1**	**-444.6**
Tax income on other comprehensive income	106.7	-537.7
Remeasurement of defined benefit plans	104.3	-536.6
Remeasurement of other financial investments	2.9	0.4
Investment in equity-accounted investees	0.0	0.0
Currency translation	-0.5	-1.5
Total income tax expense	**-317.4**	**-982.3**

Notes to the Consolidated Statement of Financial Position

13. Goodwill and Other Intangible Assets

€ millions	Goodwill	Capitalized development expenses	Other intangible assets	Advances to suppliers	Total other intangible assets
As at January 1, 2022					
Cost	**7,866.5**	541.7	3,068.1	52.1	**3,661.9**
Accumulated amortization	**-4,154.7**	-349.1	-2,225.1	0.0	**-2,574.2**
Book value	**3,711.8**	**192.6**	**843.0**	**52.0**	**1,087.7**
Net change in 2022					
Book value	**3,711.8**	192.6	843.0	52.0	**1,087.7**
Exchange-rate changes	**38.9**	-1.0	9.4	0.3	**8.7**
Additions	**–**	24.4	54.5	20.4	**99.4**
Additions from the first-time consolidation of subsidiaries	**20.4**	–	23.6	–	**23.6**
Amounts disposed of through disposal of subsidiaries	**–**	–	0.0	–	**0.0**
Transfers	**–**	0.0	36.6	-36.6	**0.0**
Disposals	**–**	0.0	-0.3	-0.6	**-0.8**
Amortization	**–**	-46.4	-198.0	–	**-244.4**
Impairment	**-552.9**	–	-0.5	–	**-0.5**
Book value	**3,218.2**	**169.6**	**768.4**	**35.7**	**973.7**
As at December 31, 2022					
Cost	**7,943.0**	543.9	3,198.8	35.7	**3,778.3**
Accumulated amortization	**-4,724.8**	-374.3	-2,430.3	–	**-2,804.6**
Book value	**3,218.2**	**169.6**	**768.4**	**35.7**	**973.7**
Net change in 2023					
Book value	**3,218.2**	169.6	768.4	35.7	**973.7**
Exchange-rate changes	**-39.7**	-2.1	-17.8	0.0	**-19.9**
Additions	**–**	17.6	22.5	3.6	**43.6**
Additions from the first-time consolidation of subsidiaries	**9.0**	–	41.1	0.0	**41.1**
Amounts disposed of through disposal of subsidiaries	**–**	–	0.0	–	**0.0**
Transfers	**–**	0.0	31.9	-31.9	**0.0**
Disposals	**–**	-0.1	0.1	-0.7	**-0.7**
Amortization	**–**	-50.4	-167.1	–	**-217.5**
Book value	**3,187.5**	**134.5**	**679.1**	**6.7**	**820.3**
As at December 31, 2023					
Cost	**7,870.6**	525.0	3,195.1	6.7	**3,726.8**
Accumulated amortization	**-4,683.1**	-390.5	-2,516.0	0.0	**-2,906.5**
Book value	**3,187.5**	**134.5**	**679.1**	**6.7**	**820.3**

The addition to goodwill in 2023 totaling €9.0 million resulted mainly from the acquisition of Printing Solutions Sweden Holding AB, Telleborg, Sweden. Please see Note 5. In the previous year, the addition to goodwill totaling €20.4 million resulted mainly from the acquisition of WCCO Belting, LLC, Wilmington, Delaware, USA.

The carrying amount of goodwill relates principally to the acquisitions of Siemens VDO (2007), Continental Teves (1998), the automotive electronics business from Motorola (2006), Elektrobit Automotive (2015) and Veyance Technologies (2015).

No impairment of intangible assets was incurred in the reporting period.

The table below shows the goodwill of each cash-generating unit (CGU), in line with the applicable organizational structure in the respective fiscal year:

		Goodwill	
€ millions	**Dec. 31, 2023**		Dec. 31, 2022
Safety and Motion[1]	992.0	Safety and Motion	1,017.7
		Vehicle Dynamics[1]	259.1
		Hydraulic Brake Systems[1]	145.4
		Passive Safety and Sensorics[1]	596.1
		Continental Engineering Services[2]	17.1
Smart Mobility	784.5	Smart Mobility	794.3
Autonomous Mobility	365.7	Autonomous Mobility	366.7
Software and Central Technologies[2]	17.3		
Automotive	**2,159.5**	**Automotive**	**2,178.7**
Original Equipment	2.0	Original Equipment	2.0
Replacement EMEA (Europe, the Middle East and Africa)	172.2	Replacement EMEA (Europe, the Middle East and Africa)	172.2
Replacement APAC (Asia-Pacific region)	202.6	Replacement APAC (Asia-Pacific region)	210.0
Replacement The Americas (North, Central and South America)	15.6	Replacement The Americas (North, Central and South America)	16.2
Specialty Tires	19.1	Specialty Tires	19.6
Tires	**411.5**	**Tires**	**420.0**
Surface Solutions	125.9	Surface Solutions	117.0
Special Technologies and Solutions	1.8	Special Technologies and Solutions	1.8
Conveying Solutions	130.9	Conveying Solutions	137.4
Mobile Fluid Systems	50.2	Mobile Fluid Systems	51.0
Industrial Fluid Solutions	153.6	Industrial Fluid Solutions	159.5
Power Transmission Group	48.6	Power Transmission Group	50.1
Advanced Dynamics Solutions	105.2	Advanced Dynamics Solutions	102.7
ContiTech	**616.3**	**ContiTech**	**619.5**
Continental Group	**3,187.5**	**Continental Group**	**3,218.2**

1 Since January 2023: As part of the restructuring of the CGUs of the Safety and Motion business area, the goodwill of Vehicle Dynamics, Hydraulic Brake Systems and Passive Safety and Sensorics has been allocated to Safety and Motion.
2 Since January 2023: As part of the restructuring of the CGUs of the Safety and Motion business area, the goodwill of Continental Engineering Services has been allocated to Software and Central Technologies.

The additions to purchased intangible assets from changes in the scope of consolidation are attributable primarily to customer relationships and know-how. Other additions related mainly to software in the amount of €21.7 million (PY: €42.7 million).

Under IAS 38, *Intangible Assets*, €17.6 million (PY: €24.4 million) of the total development costs incurred in 2023 qualified for recognition as an asset.

Amortization of other intangible assets amounted to €217.5 million (PY: €244.4 million). Of this, €174.0 million (PY: €195.5 million) is included in the consolidated statement of income under cost of sales and €43.5 million (PY: €48.9 million) under administrative expenses.

The other intangible assets include carrying amounts adjusted for translation-related exchange-rate effects and not subject to amortization in the amount of €40.3 million (PY: €41.0 million). These relate in particular to the Elektrobit brand name (Software and Central Technologies CGU) in the amount of €30.4 million (PY: €30.4 million), the Phoenix brand name (Industrial Fluid Solutions, Conveying Solutions, and Advanced Dynamics Solutions CGUs) in the amount of €4.2 million (PY: €4.2 million) and the Matador brand name (Replacement EMEA [Europe, the Middle East and Africa] CGU) in the amount of €2.5 million (PY: €3.2 million). The purchased intangible assets also include the carrying amounts of software amounting to €140.6 million (PY: €124.5 million), which are amortized on a straight-line basis as scheduled.

14. Property, Plant and Equipment

In the Automotive segment, investments were made at locations in Germany as well as in China, Mexico, Romania, Serbia, the USA, Czechia, Lithuania and Hungary. In particular, production capacity was increased in the Safety and Motion, User Experience, Architecture and Networking, and Autonomous Mobility business areas. There were major additions related to the construction of new manufacturing plants for electronic brake systems and innovative display and operating solutions, as well as vehicle electronics such as high-performance computers and radar and camera solutions. Investments were made to construct new production sites in Kaunas, Lithuania; and Novi Sad, Serbia.

In the Tires segment, investments were made to optimize and expand production capacity at existing plants in European best-cost locations and in the USA, China, Germany, Brazil, Thailand and Mexico. There were major additions related to the expansion of the production site in Hefei, China. Quality assurance and cost-cutting measures were implemented as well.

In the ContiTech segment, production capacity was expanded in Germany, China, the USA, Mexico, Brazil, Hungary and Romania. There were major additions related to the expansion of production capacity in selected growth markets for the Surface Solutions, Mobile Fluid Systems, Conveying Solutions and Power Transmission Group business areas. In addition, investments were made in all business areas to optimize existing production processes.

In the Contract Manufacturing segment, the capital expenditure was primarily attributable to production equipment for the manufacture of specific products and the implementation of new technologies.

The addition to property, plant and equipment from changes in the scope of consolidation totaling €57.3 million resulted mainly from the acquisition of Printing Solutions Sweden Holding AB, Telleborg, Sweden. Please see Note 5. In the previous year, the addition to property, plant and equipment totaling €29.9 million resulted mainly from the acquisition of WCCO Belting, LLC, Wilmington, Delaware, USA.

Impairment on property, plant and equipment resulted in expenses totaling €49.3 million, of which €30.1 million was attributable to cost of sales and €19.2 million to administrative expenses. The impairment mainly related to an administration building in the amount of €19.2 million and a plant closure in the amount of €17.3 million. Impairments were also incurred due to the scrapping of machinery. In addition, reversals of impairment losses on property, plant and equipment resulted in income of €0.1 million within the scope of cost of sales.

Government investment grants of €29.0 million (PY: €32.9 million) were deducted directly from cost.

As in the previous year, no borrowing costs were capitalized when applying IAS 23, *Borrowing Costs*.

Please see Note 25 for information on reclassifications during the period to assets held for sale.

There are restrictions on title and property, plant and equipment pledged as security for liabilities in the amount of €8.7 million (PY: €8.3 million).

Please see Note 15 for information on the right-of-use assets that are recognized under property, plant and equipment in accordance with IFRS 16, *Leases*.

€ millions	Land, land rights and buildings[1]	Technical equipment and machinery	Other equipment, factory and office equipment	Advances to suppliers and assets under construction	**Total**
As at January 1, 2022					
Cost	5,273.8	18,062.8	2,923.5	1,580.8	**27,840.9**
Accumulated depreciation	-2,344.6	-13,027.5	-2,226.0	-26.3	**-17,624.4**
Book value	**2,929.2**	**5,035.3**	**697.5**	**1,554.5**	**10,216.5**
Net change in 2022					
Book value	2,929.2	5,035.3	697.5	1,554.5	**10,216.5**
Exchange-rate changes	36.1	72.3	4.0	28.3	**140.7**
Additions	184.4	438.9	151.7	1,294.7	**2,069.7**
Additions from the first-time consolidation of subsidiaries	14.2	14.7	0.4	0.7	**29.9**
Amounts disposed of through disposal of subsidiaries	-1.3	-0.1	-0.1	–	**-1.5**
Reclassification to/from assets held for sale	6.4	1.7	–	–	**8.1**
Transfers	172.6	579.8	104.8	-856.9	**0.4**
Disposals	-6.2	-52.0	-6.3	-3.6	**-68.1**
Depreciation	-199.0	-1,248.2	-235.9	–	**-1,683.0**
Impairment[2]	-56.3	-241.7	-3.7	-104.9	**-406.7**
Book value	**3,080.1**	**4,600.8**	**712.4**	**1,912.7**	**10,306.1**
As at December 31, 2022					
Cost	5,686.7	18,643.3	3,091.6	2,021.6	**29,443.1**
Accumulated depreciation	-2,606.6	-14,042.4	-2,379.1	-108.8	**-19,137.0**
Book value	**3,080.1**	**4,600.8**	**712.4**	**1,912.7**	**10,306.1**
Net change in 2023					
Book value	3,080.1	4,600.8	712.4	1,912.7	**10,306.1**
Exchange-rate changes	-36.4	-49.5	-5.3	-6.8	**-98.0**
Additions	127.0	496.5	173.2	1,302.3	**2,099.1**
Additions from the first-time consolidation of subsidiaries	24.8	22.8	8.0	1.7	**57.3**
Amounts disposed of through disposal of subsidiaries	–	–	0.0	–	**0.0**
Reclassification to/from assets held for sale	-11.2	-0.1	0.0	0.0	**-11.4**
Transfers	438.1	692.9	117.4	-1,248.3	**0.0**
Disposals	-8.9	-47.6	-5.1	-8.0	**-69.6**
Depreciation	-207.3	-1,198.1	-231.1	–	**-1,636.5**
Impairment[2]	-29.3	-9.6	-0.3	-10.0	**-49.2**
Book value	**3,376.9**	**4,508.1**	**769.2**	**1,943.6**	**10,597.8**
As at December 31, 2023					
Cost	5,991.9	18,996.3	3,239.5	2,005.8	**30,233.6**
Accumulated depreciation	-2,615.0	-14,488.2	-2,470.4	-62.2	**-19,635.8**
Book value	**3,376.9**	**4,508.1**	**769.2**	**1,943.6**	**10,597.8**

1 Investment property is shown separately in Note 16.
2 Impairment also includes necessary reversals of impairment losses.

15. Leases

In addition to the comments in Note 2, the disclosure requirements arising from IFRS 16, *Revenue from Contracts with Customers*, are grouped together in this note.

Continental Group as lessee

Right-of-use assets

The right-of-use assets recognized from leases relate primarily to the leasing of land and buildings at various locations worldwide. To a small extent, right-of-use assets are recognized for technical equipment and machinery as well as other equipment, factory and office equipment.

Additions within the right-of-use assets amounted to €312.5 million for the reporting year (PY: €404.0 million). These resulted mainly from additions to land and buildings in the amount of €256.1 million (PY: €362.6 million) and from additions to other equipment, factory and office equipment in the amount of €54.6 million (PY: €38.0 million).

The additions to right-of-use assets due to changes in the scope of consolidation in the amount of €4.2 million resulted mainly from the acquisition of Printing Solutions Sweden Holding AB, Telleborg, Sweden. Please see Note 5.

Impairment on right-of-use assets resulted in expenses totaling €9.8 million, of which €9.7 million was attributable to administrative expenses and €0.1 million to selling and logistics expenses. The impairment mainly related to administrative buildings in the amount of €9.7 million.

In addition, reversals of impairment losses on right-of-use assets resulted in income of €1.7 million within the scope of selling and logistics expenses.

The right-of-use assets reported as at December 31, 2023, in the amount of €1,124.3 million (PY: €1,161.1 million) correspond to 9.6% (PY: 10.1%) of all property, plant and equipment of the Continental Group. The weighted average lease term is approximately five years (PY: approx. five years) for right-of-use assets for land and buildings, approximately three years (PY: approx. four years) for right-of-use assets for technical equipment and machinery, and approximately four years (PY: approx. three years) for right-of-use assets for other equipment, factory and office equipment.

The development of right-of-use assets in the reporting year was as follows:

€ millions	Right of use for land and buildings	Right of use for technical equipment and machinery	Right of use for other equipment, factory and office equipment	Total
As at January 1, 2022				
Cost	1,866.9	10.7	143.6	**2,021.1**
Accumulated amortization	-746.1	-6.3	-73.6	**-826.0**
Book value	**1,120.8**	**4.4**	**70.0**	**1,195.1**
Net change in 2022				
Book value	1,120.8	4.4	70.0	**1,195.1**
Exchange-rate changes	15.0	0.0	1.2	**16.2**
Additions	362.6	3.4	38.0	**404.0**
Transfers	0.2	-0.1	-0.5	**-0.4**
Disposals	-127.6	-0.2	-2.9	**-130.7**
Amortization	-274.1	-2.9	-39.5	**-316.5**
Impairment	-6.2	–	-0.4	**-6.6**
Book value	**1,090.7**	**4.6**	**65.7**	**1,161.1**
As at December 31, 2022				
Cost	2,013.6	12.6	148.4	**2,174.7**
Accumulated amortization	-922.9	-8.0	-82.7	**-1,013.6**
Book value	**1,090.7**	**4.6**	**65.7**	**1,161.1**
Net change in 2023				
Book value	1,090.7	4.6	65.7	**1,161.1**
Exchange-rate changes	-9.1	0.0	-0.9	**-10.0**
Additions	256.1	1.8	54.6	**312.5**
Additions from the first-time consolidation of subsidiaries	3.3	0.4	0.5	**4.2**
Amounts disposed of through disposal of subsidiaries	0.0	–	–	**0.0**
Disposals	-18.0	-0.4	-3.3	**-21.6**
Amortization	-270.9	-2.8	-39.9	**-313.6**
Impairment[1]	-8.1	–	–	**-8.1**
Book value	**1,044.0**	**3.6**	**76.6**	**1,124.3**
As at December 31, 2023				
Cost	2,135.0	12.0	160.2	**2,307.1**
Accumulated amortization	-1,090.9	-8.4	-83.6	**-1,182.9**
Book value	**1,044.0**	**3.6**	**76.6**	**1,124.3**

1 Impairment also includes necessary reversals of impairment losses.

Lease liabilities

As at the end of the reporting period, lease liabilities amounted to €1,201.6 million (PY: €1,242.4 million). Future cash outflows resulting from leases are shown in the following table:

€ millions	2023	2022
Less than one year	310.6	303.4
One to two years	260.1	240.8
Two to three years	212.8	200.1
Three to four years	157.6	163.8
Four to five years	115.4	119.5
More than five years	227.9	285.2
Total undiscounted lease liabilities	**1,284.4**	**1,312.7**
Lease liabilities as at December 31	**1,201.6**	**1,242.4**
Current	285.7	285.0
Non-current	915.9	957.4

In the reporting year, the following amounts were recognized in the income statement:

€ millions	2023	2022
Interest expenses on lease liabilities	27.9	26.7
Expenses relating to short-term leases	27.4	23.4
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2.3	1.9
Expenses from variable lease payments not included in the measurement of lease liabilities	644.0	865.3
Income from subleasing right-of-use assets	2.4	2.5

In the reporting year, the following amounts were recognized in the statement of cash flows:

€ millions	2023	2022
Cash outflow for leases	1,009.0	1,240.4

In addition to cash outflows for the interest and principal portion of recognized lease liabilities, the cash outflow for leases also includes variable lease payments and lease payments for unrecognized leases for low-value assets as well as for short-term leases.

Potential future cash outflows

The leases recognized as at December 31, 2023, include options that were not considered reasonably certain as at the reporting date and are not included in the measurement of lease liabilities. These options may result in potential future cash outflows over the coming fiscal years.

The leases in some cases include variable lease payments as well as extension, termination and purchase options. As a rule, the Continental Group endeavors to include extension and termination options in new leases in order to ensure operational flexibility. For the initial measurement of lease liabilities, such options are recognized once it is reasonably certain that they will be exercised. If a significant event or a significant change in circumstances occurs that is within Continental's control, this will be taken into account accordingly in the remeasurement of lease liabilities. As at the end of the reporting period, potential future lease payments of €750.7 million (PY: €685.1 million) from such options were not included in the measurement of lease liabilities. Potential future cash outflows of €201.0 million (PY: €812.3 million) arising from variable lease payments were likewise not included in the measurement of lease liabilities as at the end of the reporting period. The year-on-year change is mainly due to the gradual reduction in contract manufacturing with Vitesco Technologies.

The future scope of obligations arising from leases to which Continental is committed but that had not yet commenced as at the balance sheet date amounted to €18.0 million (PY: €33.9 million).

The Continental Group estimates the potential cash outflow from residual value guarantees, which were not included in the measurement of the lease liability as at the reporting date, at €0.0 million (PY: €0.4 million).

Contract manufacturing

In 2018, the Continental Group concluded a framework agreement with Vitesco Technologies on contract manufacturing. In cases where Vitesco Technologies manufactures products on behalf of the Continental Group in a contract manufacturing plant, the agreement in certain cases includes an embedded lease whereby Continental acts as lessee of the production equipment and bears the investment risk. Due to variable lease payments from Continental to Vitesco Technologies, which are made according to customer calls for delivery, no right-of-use assets or corresponding lease liabilities are recognized. In the fiscal year under review, the expenses for variable lease payments due to contract manufacturing amounted to €641.5 million (PY: €863.3 million). In connection with contract manufacturing, the Continental Group expects future cash outflows from variable lease payments of €201.0 million (PY: €811.7 million) for the remaining lease terms.

Continental Group as lessor

The Continental Group acts as lessor in some business relationships. These constitute operating leases as well as finance leases. Whereas for operating leases the Continental Group retains the material risks and rewards incidental to ownership, for finance leases these are transferred to the lessee.

Operating leases

Lease income from operating leases in which the Continental Group acts as lessor amounted to €3.2 million (PY: €4.1 million). These related primarily to the (sub)leasing of land and buildings.

Future cash inflows resulting from operating leases as at the end of the reporting period are shown in the following table:

€ millions	**2023**	2022
Less than one year	2.5	4.2
One to two years	2.1	3.0
Two to three years	0.3	1.1
Three to four years	0.2	1.1
Four to five years	–	1.0
More than five years	–	0.9
Total undiscounted lease payments	**5.1**	**11.3**

Contract manufacturing

Insofar as the Continental Group manufactures products on behalf of Vitesco Technologies as part of contract manufacturing, the agreement in certain cases includes an embedded lease whereby Continental acts as lessor. Such leases are classified as operating leases. The Continental Group receives variable lease payments depending on customer calls for delivery. Income in the reporting year related to variable lease payments due to contract manufacturing amounted to €535.5 million (PY: €696.6 million).

Finance leases

The Continental Group acts exclusively as a sublessor of leased land and buildings. As these subleases extend beyond the total remaining term of the head lease, they are classified as finance leases.

Future cash inflows resulting from finance leases and financial income not yet realized as at the end of the reporting period are shown in the following table:

€ millions	2023	2022
Less than one year	4.9	5.0
One to two years	4.9	5.0
Two to three years	5.1	5.0
Three to four years	4.7	5.1
Four to five years	2.5	4.8
More than five years	0.2	2.6
Total undiscounted receivables from lease payments	**22.3**	**27.4**
Financial income not yet realized	0.4	0.6
Net investments in leases	**21.9**	**26.8**

16. Investment Property

€ millions	2023	2022
Cost as at January 1	20.6	21.4
Accumulated depreciation as at January 1	-9.0	-9.3
Net change		
Book value as at January 1	**11.5**	**12.0**
Exchange-rate changes	0.0	0.2
Reclassifications	0.0	0.0
Depreciation	-0.2	-0.7
Book value as at December 31	**11.3**	**11.5**
Cost as at December 31	19.1	20.6
Accumulated depreciation as at December 31	-7.8	-9.0

The fair value – determined using the gross rental method on the basis of company-internal calculations (Level 3 of the fair value hierarchy) – of land and buildings accounted for as investment property as at December 31, 2023, amounted to €26.1 million (PY: €31.3 million). Rental income in 2023 amounted to €2.5 million (PY: €2.6 million), while associated maintenance costs of €1.2 million (PY: €1.4 million) were incurred.

17. Investments in Equity-Accounted Investees

€ millions	2023	2022
As at January 1	**305.1**	**305.9**
Additions	1.7	6.3
Disposals	-1.1	-0.1
Changes in the consolidation method, and transfers	-0.3	–
Share of earnings	42.7	28.3
Reversal of impairment losses	2.6	–
Dividends received	-44.8	-30.5
Changes in other comprehensive income	0.5	-2.7
Exchange-rate changes	-7.9	-2.0
As at December 31	**298.6**	**305.1**

Investments in equity-accounted investees include carrying amounts of joint ventures in the amount of €186.4 million (PY: €194.7 million) and of associates in the amount of €112.2 million (PY: €110.4 million).

A material joint venture of the Tires segment is MC Projects B.V., Maastricht, Netherlands, plus its subsidiaries. The company, which is jointly controlled by Continental Global Holding Netherlands B.V., Maastricht, Netherlands, and Compagnie Financière Michelin SAS, Clermont-Ferrand, France, each holding 50% of the voting rights, mainly supplies tire-wheel assemblies to automotive manufacturers. Michelin contributed the rights to the Uniroyal brand for Europe to the joint venture. MC Projects B.V. licenses these rights to Continental.

A material joint venture of the Automotive segment is Shanghai Automotive Brake Systems Co., Ltd., Shanghai, China. Continental Holding China Co., Ltd., Shanghai, China, holds 49% of the voting rights in Shanghai Automotive Brake Systems Co., Ltd., Shanghai, China, which is jointly controlled with Huayu Automotive Systems Co., Ltd., Shanghai, China. The main business purpose of the company is the production of hydraulic brake systems for the Chinese market.

The figures taken from the last two available sets of IFRS-compliant financial statements (2022 and 2021) for the material joint ventures above are as follows. Amounts are stated at 100%. Furthermore, the share of net assets has been reconciled to the respective carrying amount of the investment. All investments are accounted for using the equity method.

	MC Projects B.V.		Shanghai Automotive Brake Systems Co., Ltd.	
€ millions	2022	2021	2022	2021
Dividends received	2.0	5.0	15.8	12.7
Current assets	166.7	130.6	240.4	230.5
thereof cash and cash equivalents	32.2	30.7	78.5	72.9
Non-current assets	135.4	143.5	85.7	100.7
Total assets	302.1	274.1	326.1	331.2
Current liabilities	121.9	93.6	120.8	121.0
thereof short-term financial liabilities	0.0	0.0	–	–
Non-current liabilities	48.5	48.6	8.7	9.3
thereof long-term financial liabilities	1.3	1.3	–	–
Total liabilities	170.5	142.2	129.4	130.3
Sales	142.7	131.0	378.9	365.9
Interest income	0.1	0.1	1.7	1.3
Interest expense	0.4	0.4	–	–
Depreciation and amortization	20.6	22.0	19.1	18.6
Earnings from continuing operations	3.8	-2.0	33.1	30.0
Other comprehensive income	-0.1	-6.7	–	–
Income tax expense	0.9	0.3	3.5	3.9
Earnings after tax	3.7	-8.7	33.1	30.0
Net assets	131.7	131.9	196.7	200.9
Share of net assets	65.8	65.9	96.4	98.4
Goodwill	–	–	10.6	10.6
Exchange-rate changes	–	–	-13.2	-13.2
Change in other comprehensive income for the prior year	0.1	3.4	–	–
Share of earnings for prior years	-2.9	-2.2	–	–
Carrying amount	63.0	67.1	93.9	95.8

e.solutions GmbH, Ingolstadt, Germany is a material associate in the Automotive segment. The wholly owned Continental subsidiary Elektrobit Automotive GmbH, Erlangen, Germany, holds 51% of the voting rights in e.solutions GmbH, Ingolstadt, Germany. e.solutions GmbH, Ingolstadt, Germany, develops software for in-car infotainment systems, instrument clusters and communication modules as well their associated back-end systems for the Volkswagen Group.

The figures taken from the last two available sets of financial statements (2022 and 2021) for e.solutions GmbH, Ingolstadt, Germany, are as follows. Amounts are stated at 100%. Furthermore, the share of net assets has been reconciled to the respective carrying amount of the investment, which is accounted for using the equity method.

	e.solutions GmbH	
€ millions	2022	2021
Dividends received	11.1	12.1
Current assets	469.9	300.1
Non-current assets	8.4	6.6
Total assets	478.4	306.7
Current liabilities	47.8	26.3
Non-current liabilities	393.6	211.3
Total liabilities	441.4	237.6
Sales	169.6	246.7
Interest income	0.8	0.4
Interest expense	0.0	0.0
Depreciation and amortization	2.9	2.6
Earnings from continuing operations	31.1	31.1
Other comprehensive income	0.0	0.0
Income tax expense	13.7	16.0
Earnings after tax	31.1	31.1
Net assets	37.0	69.1
Share of net assets	18.9	35.2
Effects of purchase price allocation	0.5	1.5
Share of earnings for prior years	3.7	6.2
Share of profits distributed to shareholders	21.2	–
Carrying amount	44.2	42.9

The figures taken from the last two available sets of financial statements (2022 and 2021) for the joint ventures and associates that are not material to the Continental Group are summarized as follows. Amounts are stated in line with the proportion of ownership interest.

	Associates		Joint ventures	
€ millions	2022	2021	2022	2021
Earnings from continuing operations	2.5	3.5	-7.2	-3.7
Earnings after tax	**2.5**	**3.5**	**-7.2**	**-3.7**

18. Other Investments

€ millions	December 31, 2023	December 31, 2022
Investments in unconsolidated affiliated companies	23.0	9.8
Other participations	94.6	160.2
Other investments	**117.6**	**170.0**

Other investments are accounted for at fair value. Changes are recognized in other comprehensive income.

With regard to year-on-year changes in the carrying amount, -€65.4 million (PY: -€12.5 million) resulted from changes in fair value, €14.9 million (PY: €10.4 million) from additions, -€0.2 million (PY: €0.5 million) from reclassifications and -€1.7 million (PY: €2.2 million) from exchange-rate effects.

Dividends received from other investments amounted to €1.2 million in the reporting year (PY: €0.8 million).

There is currently no intention to sell any of the other investments.

19. Deferred Taxes

Deferred taxes developed as follows:

	Dec. 31, 2023						Dec. 31, 2022
€ millions	**Deferred tax assets**	**Deferred tax liabilities**	**Net**	**Recognized in profit or loss**	**Changes in the scope of consolidation**	**Recognized in other comprehensive income**	Net
Other intangible assets and goodwill	783.4	-452.7	330.7	209.6	-8.8	29.4	100.5
Property, plant and equipment	271.9	-379.1	-107.2	38.4	-7.3	27.7	-166.0
Inventories	390.4	-140.3	250.1	-2.2	-0.2	-0.8	253.3
Other assets	209.1	-241.4	-32.3	-0.5	–	-0.6	-31.2
Employee benefits less defined benefit assets	717.5	-42.9	674.6	-28.2	–	106.1	596.7
Provisions for other risks and obligations	179.2	-5.7	173.5	6.5	–	-3.7	170.7
Indebtedness and other financial liabilities	489.3	-55.6	433.7	24.8	–	-1.4	410.3
Other differences	271.4	-180.2	91.2	-29.5	–	2.8	117.9
Allowable tax credits	77.9	–	77.9	17.1	–	-17.5	78.3
Tax losses carried forward and limitation of interest deduction	548.0	–	548.0	93.8	0.0	-17.0	471.2
Deferred taxes (before offsetting)	**3,938.1**	**-1,497.9**	**2,440.2**	**329.8**	**-16.3**	**125.0**	**2,001.7**
Offsetting (IAS 12.74)	-1,426.3	1,426.3	–				–
Net deferred taxes	**2,511.8**	**-71.6**	**2,440.2**				**2,001.7**

€ millions	Dec. 31, 2022						Dec. 31, 2021
	Deferred tax assets	**Deferred tax liabilities**	**Net**	**Recognized in profit or loss**	**Changes in the scope of consolidation**	**Recognized in other comprehensive income**	Net
Other intangible assets and goodwill	588.7	-488.2	100.5	201.0	-1.5	10.6	-109.6
Property, plant and equipment	226.8	-392.8	-166.0	67.2	—	-5.1	-228.1
inventories	356.0	-102.7	253.3	49.0	—	-0.3	204.6
Other assets	263.5	-294.7	-31.2	-75.9	—	-0.9	45.6
Employee benefits less defined benefit assets	631.3	-34.6	596.7	80.0	—	-531.7	1,048.4
Provisions for other risks and obligations	187.7	-17.0	170.7	-82.2	—	5.9	247.0
Indebtedness and other financial liabilities	469.4	-59.1	410.3	36.8	—	5.4	368.1
Other differences	301.3	-183.4	117.9	3.8	—	4.8	109.3
Allowable tax credits	78.3	—	78.3	6.0	—	4.3	68.0
Tax losses carried forward and limitation of interest deduction	471.2	—	471.2	-18.9	1.3	14.9	473.9
Deferred taxes (before offsetting)	**3,574.2**	**-1,572.5**	**2,001.7**	**266.8**	**-0.2**	**-492.1**	**2,227.2**
Offsetting (IAS 12.74)	-1,515.0	1,515.0	—				—
Net deferred taxes	**2,059.2**	**-57.5**	**2,001.7**				**2,227.2**

Deferred taxes are measured in accordance with IAS 12, *Income Taxes*, at the tax rate applicable for the periods in which they are expected to be realized. Since 2008, there has been a limit on the deductible interest that can be carried forward in Germany; the amount deductible under tax law is limited to 30% of taxable income before depreciation, amortization and interest.

Deferred tax assets were up €452.5 million at €2,511.8 million (PY: €2,059.2 million). This was primarily attributable to an increase in deferred tax assets on other intangible assets, employee benefits and tax losses carried forward.

Deferred tax liabilities increased by €14.0 million year-on-year to €71.6 million (PY: €57.5 million).

As at December 31, 2023, the consolidated tax losses carried forward in Germany and abroad amounted to €5,141.4 million (PY: €5,397.9 million). The majority of the Continental Group's tax losses carried forward relate to foreign subsidiaries and are largely unlimited in terms of the time period for which they can be carried forward.

Deferred tax assets were not recognized in relation to the following items because it is currently not deemed sufficiently likely that they will be utilized:

€ millions	December 31, 2023	December 31, 2022
Temporary differences	264.7	388.5
Tax losses carried forward and limitation of interest deduction	2,086.3	2,603.8
Allowable tax credits	385.3	324.5
Total of all items for which no deferred tax assets were recognized	**2,736.3**	**3,316.8**

Of the deferred tax assets deemed unusable, tax losses and interest carried forward of €1,346.4 million (PY: €1,837.8 million) can be used indefinitely, €688.8 million (PY: €763.0 million) expire within the next 10 years and €51.1 million (PY: €3.0 million) expire in more than 10 years. Of the deferred tax assets on allowable tax credits deemed unusable, €236.6 million (PY: €122.1 million) can be used indefinitely, €95.7 million (PY: €202.4 million) expire within the next 10 years and €53.0 million (PY: —) expire in more than 10 years. Deferred tax assets arising from temporary differences can be used indefinitely.

As at December 31, 2023, some Continental Group companies and tax groups that reported a loss in the current or previous year recognized total deferred tax assets of €1,839.5 million (PY: €1,534.9 million), which arose from current losses, tax losses carried forward and a surplus of deferred tax assets. Given that future taxable income is expected, it is sufficiently probable that these deferred tax assets can be realized.

The temporary differences from retained earnings of foreign companies amounted to a total of €1,117.2 million (PY: €1,062.3 million). Deferred tax liabilities were not taken into account, since remittance to the parent company is not planned in the short or medium term.

20. Other Financial Assets

€ millions	December 31, 2023 Short-term	December 31, 2023 Long-term	December 31, 2022 Short-term	December 31, 2022 Long-term
Amounts receivable from related parties	0.9	–	0.9	–
Loans to third parties	–	128.8	–	127.2
Amounts receivable from employees	15.2	–	15.2	–
Other amounts receivable	119.6	143.7	123.9	142.8
Other financial assets	**135.7**	**272.5**	**140.0**	**270.0**

Amounts receivable from related parties related primarily to loans to associates.

Loans to third parties related mainly to loans to customers with various maturities and tenant loans for individual properties.

Amounts receivable from employees related mainly to preliminary payments for hourly wages and for other advances.

In particular, other amounts receivable include investment subsidies for research and development expenses not yet utilized and amounts receivable from suppliers. The carrying amounts of the other financial assets are essentially their fair values.

Please see Note 32 for information on the default risks in relation to other financial assets.

21. Other Assets

€ millions	December 31, 2023 Short-term	December 31, 2023 Long-term	December 31, 2022 Short-term	December 31, 2022 Long-term
Trade accounts receivable from the sale of customer tools	127.8	–	128.4	–
Tax refund claims (incl. VAT and other taxes)	385.9	–	391.7	–
Prepaid expenses	247.3	–	219.4	–
Other	382.6	23.9	294.5	114.8
Other assets	**1,143.5**	**23.9**	**1,034.0**	**114.8**

The tax refund claims primarily resulted from VAT receivables from the purchase of production materials.

The trade accounts receivable from the sale of customer tools related to costs that have not yet been invoiced.

In particular, prepaid expenses include license fees as well as rent and maintenance services paid for in advance.

Among other things, the “Other” item includes other advanced costs as well as assets from related parties.

Impairment totaling €5.1 million (PY: €5.7 million) was recognized for the probable default risk on other assets.

22. Inventories

€ millions	**December 31, 2023**	December 31, 2022
Raw materials and supplies	2,605.6	3,100.1
Work in progress	776.1	719.6
Finished goods and merchandise	2,894.8	2,909.8
Inventories	**6,276.5**	**6,729.6**

Write-downs recognized on inventories increased by €63.6 million to €619.1 million (PY: €555.4 million).

23. Trade Accounts Receivable

€ millions	**December 31, 2023**	December 31, 2022
Trade accounts receivable	7,701.2	7,906.1
Loss allowances	–132.2	–138.4
Trade accounts receivable	**7,569.0**	**7,767.7**

The carrying amounts of the trade accounts receivable, net of loss allowances, are their fair values. Please see Note 32 for information on the default risks in relation to trade accounts receivable.

The Continental Group uses several programs for the sale of receivables. When the risks and rewards of receivables, in particular credit and default risks, have mostly not been transferred, the receivables are still recognized as assets in the statement of financial position.

Under the existing sale-of-receivables programs, the contractual rights to the receipt of payment inflows have been assigned to the corresponding contractual parties. The transferred receivables have short remaining terms. As a rule, therefore, the carrying amounts as at the reporting date in the amount of €610.8 million (PY: €551.9 million) are approximately equivalent to their fair value. The respective liabilities with a carrying amount of €321.3 million (PY: €323.9 million) represent the liquidation proceeds from the sale of the receivables. As in the previous year, this was approximately equivalent to their fair value. The committed financing volume under these sale-of-receivables programs amounts to €400.0 million (PY: €400.0 million).

24. Cash and Cash Equivalents

Cash and cash equivalents include all liquid funds and demand deposits. Cash equivalents are short-term, highly liquid financial investments that can be readily converted into known cash amounts and are subject to an insignificant risk of changes in value. As at the reporting date, cash and cash equivalents amounted to €2,923.2 million (PY: €2,988.0 million). Of that, €2,683.4 million (PY: €2,441.3 million) was unrestricted.

For information on the interest-rate risk and the sensitivity analysis for financial assets and liabilities, please see Note 32.

25. Assets Held for Sale

€ millions	**December 31, 2023**	December 31, 2022
Individual assets held for sale	11.4	–
Assets of a disposal group	–	–
Assets held for sale	**11.4**	**–**

The assets held for sale in the amount of €11.4 million include in particular assets resulting from a plant closure and an administration building in the Tires segment.

26. Equity

The subscribed capital of Continental AG remained unchanged year-on-year. At the end of the reporting period it amounted to €512,015,316.48 and was composed of 200,005,983 no-par-value shares with a notional value of €2.56 per share.

Under the German Stock Corporation Act (*Aktiengesetz – AktG*), the dividends distributable to the shareholders are based solely on Continental AG's retained earnings as at December 31, 2023, of €2,411.5 million (PY: €3,134.9 million), as reported in the annual financial statements prepared in accordance with the German Commercial Code. The Supervisory Board and Executive Board will propose to the Annual Shareholders' Meeting the payment of a dividend of €2.20 per share entitled to dividends. The total distribution is therefore €440,013,162.60 for 200,005,983 shares entitled to dividends. The remaining retained earnings are to be carried forward to new account.

Non-controlling interests

The compiled financial information of fully consolidated subsidiaries with material non-controlling interests corresponds to the values prior to the implementation of consolidation measures.

Non-controlling interests

	Continental Automotive Corporation		Continental Automotive Corporation (Lianyungang) Co., Ltd.		ContiTech (Shandong) Engineered Rubber Products Co., Ltd.	
€ millions	**2023**	2022	**2023**	2022	**2023**	2022
Capital share of non-controlling interests in %	35.0	35.0	35.0	35.0	40.0	40.0
Current assets	423.6	501.6	215.5	216.8	196.9	193.8
Non-current assets	39.8	64.0	38.6	43.5	102.7	115.3
Total assets	463.5	565.6	254.2	260.4	299.6	309.1
Current liabilities	142.8	179.1	50.6	59.5	60.1	74.0
Non-current liabilities	7.3	14.6	0.2	-5.0	3.9	5.6
Total liabilities	150.1	193.7	50.8	54.5	64.0	79.6
Net assets	313.3	371.9	203.4	205.9	235.6	229.5
Attributable to non-controlling interests	109.7	130.2	71.2	72.1	94.2	91.8
Sales	545.3	798.1	118.7	200.3	202.7	208.6
Earnings after tax	15.2	42.9	22.8	18.0	21.2	20.2
Attributable to non-controlling interests	5.3	15.0	8.0	6.3	8.5	8.1
Dividends to minority shareholders	8.9	9.9	4.1	2.2	–	–
Cash flow before financing activities (free cash flow)	95.6	47.3	23.0	76.1	36.1	24.4

27. Capital Management

The aim of the Continental Group is to maintain a strong capital base in order to preserve the trust of the capital market, customers and employees and to ensure the sustainable development of the company. To assess the achievement of these goals, the Continental Group uses the equity ratio (defined as equity reported in the statement of financial position, including non-controlling interests, divided by total assets) and the gearing ratio as key figures. The gearing ratio is calculated as net indebtedness (corresponding to the amount of interest-bearing financial liabilities, the fair values of derivative instruments, cash and cash equivalents, and other interest-bearing investments) divided by equity (as disclosed in the statement of financial position, including non-controlling interests). In general, the gearing ratio should be below 40% in the coming years. If justified by extraordinary financing reasons or specific market circumstances, we can rise above this ratio under certain conditions. The equity ratio should exceed 30%. The overall strategy of the Continental Group remained unchanged from the previous year. The Continental Group is not subject to any externally imposed capital requirements, and its main loan agreements do not currently contain any financial covenants.

The above key figures and parameters as at the reporting date were as follows:

€ millions	**December 31, 2023**	December 31, 2022
Total equity	14,125.1	13,735.0
Total assets	37,752.8	37,926.7
Equity ratio in %	**37.4**	**36.2**
Long-term indebtedness	4,211.9	4,006.0
Short-term indebtedness	2,958.3	3,688.7
Long-term derivative instruments and interest-bearing investments	-88.8	-105.8
Short-term derivative instruments and interest-bearing investments	-120.4	-101.5
Cash and cash equivalents	-2,923.2	-2,988.0
Net indebtedness	4,037.9	4,499.4
Gearing ratio in %	**28.6**	**32.8**

28. Employee Benefits

The following table outlines the employee benefits:

	December 31, 2023		December 31, 2022	
€ millions	**Short-term**	**Long-term**	Short-term	Long-term
Pension provisions (unfunded obligations and net liabilities from obligations and related funds)	–	2,692.3	–	2,199.8
Provisions for other post-employment benefits	–	131.7	–	133.2
Provisions for similar obligations	3.2	42.1	1.3	44.9
Other employee benefits	–	269.9	–	232.1
Liabilities for workers' compensation	32.1	11.9	31.1	13.5
Liabilities for payroll and personnel-related costs	912.3	–	848.6	–
Termination benefits	42.4	–	40.1	–
Liabilities for social security	182.6	–	162.2	–
Liabilities for vacation	218.0	–	191.4	–
Employee benefits	**1,390.5**	**3,147.9**	**1,274.7**	**2,623.5**
Defined benefit assets (difference between pension obligations and related funds)		**110.7**		**93.1**

Long-term employee benefits

Pension plans

In addition to statutory pension insurance, the majority of employees are also entitled to defined benefit or defined contribution plans after the end of their employment.

Our pension strategy is focusing on switching from defined benefit to defined contribution plans in order to offer both employees and the company a sustainable and readily understandable pension system.

Many defined benefit plans have been closed for new employees or future service and replaced by defined contribution plans.

In countries in which defined contribution plans are not possible for legal or economic reasons, defined benefit plans have been optimized or changed to minimize the associated risks of longevity, inflation and salary increases.

Defined benefit plans

Defined benefit plans include pension plans, termination indemnities regardless of the reason for the end of employment and other post-employment benefits. As a result of the significant increase in the number of employees in recent years and the high level of acquisition activity, pension obligations essentially relate to active employees. The defined benefit pension plans cover 158,359 beneficiaries, including 109,713 active employees, 23,545 former employees with vested benefits, and 25,101 retirees and surviving dependents. The pension obligations are concentrated in four countries: Germany, the USA, the United Kingdom and Canada, which account for more than 90% of total pension obligations.

The weighted average term of the defined benefit pension obligations is around 16 years. This term is based on the present value of the obligations.

Germany

In Germany, Continental provides pension benefits through the cash balance plan, prior commitments and deferred compensation.

The retirement plan regulation applicable to active members is based primarily on the cash balance plan and thus on benefit modules. When the insured event occurs, the retirement plan assets are paid out as a lump-sum benefit, in installments or as a pension, depending on the amount of the retirement plan assets. There are no material minimum guarantees in relation to a particular amount of retirement benefits.

Pension plans transferred to or assumed by Continental in the context of acquisitions (Siemens VDO, Temic, Teves, Phoenix) were included in the cash balance plan. For the main German companies, the cash balance plan is partly covered by funds in contractual trust arrangements (CTAs). In Germany, there are no legal or regulatory minimum funding requirements.

The CTAs are legally independent from the company and manage the plan assets as trustees in accordance with the respective CTAs.

Some prior commitments were granted through two legally independent pension contribution funds. Pensionskasse für Angestellte der Continental Aktiengesellschaft VVaG and Pensionskasse von 1925 der Phoenix AG VVaG have been closed since March 1, 1984, and July 1, 1983, respectively. The pension contribution funds are smaller associations within the meaning of Section 53 of the German Insurance Supervision Act *(Versicherungsaufsichtsgesetz – VAG)* and are subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The investment regulations are in accordance with the legal requirements and risk structure of the obligations. The pension contribution funds have tariffs with an interest rate of 2.5% or 2.25%. Under the German Company Pensions Law *(Betriebsrentengesetz – BetrAVG)*, Continental is ultimately liable for the implementation path of the pension contribution fund. In accordance with IAS 19, *Employee Benefits*, the pension obligations covered by the pension contribution fund are therefore defined benefit pension plans. The pension contribution funds met their minimum net funding requirement as at December 31, 2023. However, given that only the plan members are entitled to the assets and amounts generated, the benefit obligations are recognized in the same amount as the existing assets at fair value.

Continental also supports private contribution through deferred compensation schemes.

Deferred compensation is essentially offered through a fully funded multi-employer plan (Höchster Pensionskasse VVaG) for contributions up to 4% of the assessment ceiling in social security. The pension contribution fund ensures guaranteed minimum interest for which Continental is ultimately liable under the German Company Pensions Law. The company is not liable for guarantees to employees of other companies. As Höchster Pensionskasse VVaG is a combined defined benefit plan for several companies and Continental has no right to the information required for accounting for this defined benefit plan, this plan is recognized as a defined contribution plan.

Entitled employees can use the cash balance plan for deferred compensation contributions above the 4% assessment ceiling. This share is funded by insurance annuity contracts.

USA

Owing to its acquisition history, Continental has various defined benefit plans in the USA, which were closed to new entrants and frozen to accretion of further benefits in a period from April 1, 2005, to December 31, 2011. In 2017, acquisitions also included an open defined benefit plan for unionized employees.

The closed defined benefit plans are commitments on the basis of the average final salary and cash balance commitments. The defined benefit plans for unionized and non-unionized employees are based on a pension multiplier per year of service.

Closed defined benefit plans were replaced by defined contribution plans. Defined contribution plans apply to the majority of active employees in the USA.

Due to the rise in interest rates, further efforts are currently being made to push for additional funding.

The plan assets of the defined benefit plans are managed in a master trust. Investment supervision was delegated to the Pension Committee, a body appointed within the Continental Group. The legal and regulatory framework for the plans is based on the US Employee Retirement Income Security Act (ERISA).

The valuation of the financing level is required on the basis of this law. The interest rate used for this calculation is the average rate over a period of 25 years and therefore currently higher than the interest rate used to discount obligations under IAS 19. The statutory valuation therefore gives rise to a lower obligation than that in line with IAS 19. There is a regulatory requirement to ensure minimum funding of 80% in the defined benefit plans to prevent benefit curtailments.

United Kingdom

Continental maintains four defined benefit plans as a result of its history of acquisitions in the United Kingdom. All plans are commitments on the basis of the average or final salary. The four plans were closed to new employees in the period between April 1, 2002, and November 30, 2004. Continental offers defined contribution plans for all employees who have joined the company since that time.

As at April 5, 2016, the Continental Group Pension and Life Assurance Scheme was frozen to accretion of further benefits. It was replaced by a defined contribution plan as at April 6, 2016.

As at July 31, 2017, the Mannesmann UK Pension Scheme was frozen to accretion of further benefits. It was replaced by a defined contribution plan as at August 1, 2017.

Our pension strategy in the UK focuses on reducing risks and includes the option of partial or complete funding by purchasing annuities. The rise in interest rates and the good funded status currently present opportunities to push for partial or complete funding. The receptivity of the insurance market is currently limited.

The funding conditions are defined by the UK Pensions Regulator and the corresponding laws and regulations. The defined benefit plans are managed by trust companies. The boards of trustees of these companies have an obligation solely to the good of the beneficiaries on the basis of the trust agreement and the law.

The necessary funding is determined every three years through technical valuations in line with local provisions. The obligations are measured using a discount rate based on government bonds and other conservatively selected actuarial assumptions.

Compared with IAS 19, which derives the discount rate from senior corporate bonds, this usually results in a higher obligation. Three of the four defined benefit plans had a funding deficit on the basis of the most recent technical valuation. The trustees and the company have agreed on a recovery plan that provides for additional temporary annual payments. The valuation process must be completed within 15 months of the valuation date.

The most recent technical valuations of the four defined benefit pension plans took place with their valuation dates between December 2020 and March 2022 and led to the following result:

- Continental Teves UK Employee Benefit Scheme (assessment as at December 31, 2020): Due to the extraordinary allocation in 2021 of GBP 10.0 million and the scheduled payment of GBP 1.4 million in October 2021, there is no need for a recovery plan and therefore no further allocations are currently envisaged.

- Continental Group Pension and Life Assurance Scheme: An agreement was concluded with an insurer in 2019 for a complete buy-out through the acquisition of annuities. The necessary data clarifications progressed in 2023 but have not yet been finalized. Implementation has been further delayed and will not be completed until 2024 at the earliest.

- Mannesmann UK Pension Scheme (assessment as at March 31, 2022): As part of the assessment, an agreement was resolved on a monthly minimum endowment of GBP 175,000 until March 31, 2023, and a minimum monthly endowment of GBP 200,000 for the period from April 1, 2023, to August 31, 2026.

- Phoenix Dunlop Oil & Marine Pension Scheme (assessment as at December 31, 2021): As part of the assessment, an agreement was resolved on a minimum annual endowment of GBP 1.5 million and an annual adjustment of 3.5% over a period from April 1, 2023, to March 2028.

Canada

Continental maintains various defined benefit plans as a result of its history of acquisitions. The pension plans are based mainly on a pension multiplier per year of service.

Fluctuations in the amount of the pension obligation resulting from exchange-rate effects are subject to the same risks as overall business development. These fluctuations relate mainly to the currencies of the USA, Canada and the UK and have no material impact on Continental. For information on the effects of interest-rate risks and longevity risk on the pension obligations, please refer to the sensitivities described later on in this note.

The pension obligations for Germany, the USA, Canada, the UK and other countries, as well as the amounts for Continental as a whole, are shown in the following tables.

The reconciliation of the changes in the defined benefit obligations from the beginning to the end of the year is as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Defined benefit obligations as at January 1	**3,714.9**	**865.8**	**32.7**	**261.7**	**294.9**	**5,170.0**	**5,368.8**	**1,071.6**	**43.2**	**423.7**	**341.3**	**7,248.6**
Exchange-rate differences	–	-30.9	-0.5	5.0	4.9	**-21.5**	–	69.2	0.4	-16.8	6.6	59.4
Current service cost	105.5	2.1	0.9	0.9	21.0	**130.5**	185.1	2.9	1.6	1.7	22.5	213.8
Service cost from plan amendments	–	–	–	–	0.4	**0.4**	–	3.7	–	–	0.5	4.2
Curtailments/settlements	–	–	–	–	-0.2	**-0.2**	–	–	–	–	-3.1	-3.1
Interest on defined benefit obligations	128.5	44.1	1.6	12.5	17.8	**204.5**	80.8	32.0	1.4	7.8	11.5	133.5
Actuarial gains/losses from changes in demographic assumptions	–	–	-0.5	-7.4	-0.2	**-8.0**	–	–	–	-1.2	-0.4	-1.6
Actuarial gains/losses from changes in financial assumptions	328.6	19.6	2.2	2.3	-1.3	**351.4**	-1,816.2	-255.4	-12.2	-149.6	-57.7	-2,291.1
Actuarial gains/losses from experience adjustments	34.6	0.8	0.1	2.7	7.1	**45.2**	8.5	8.6	0.2	12.6	8.5	38.4
Net changes in the scope of consolidation	–	–	–	–	1.5	**1.5**	–	–	–	–	0.2	0.2
Employee contributions	–	–	0.4	0.1	0.1	**0.6**	–	–	0.4	0.1	-0.6	-0.1
Other changes	2.2	–	–	–	0.2	**2.4**	3.4	–	–	–	-0.2	3.2
Benefit payments	-123.0	-65.8	-1.8	-13.0	-27.2	**-230.9**	-115.5	-66.8	-2.3	-16.6	-34.2	-235.4
Defined benefit obligations as at December 31	**4,191.2**	**835.7**	**35.2**	**264.8**	**319.1**	**5,646.0**	**3,714.9**	**865.8**	**32.7**	**261.7**	**294.9**	**5,170.0**

The reconciliation of the changes in the fund assets from the beginning to the end of the year is as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Fair value of fund assets as at January 1	**1,722.3**	**881.6**	**31.6**	**299.9**	**129.0**	**3,064.4**	**1,331.0**	**1,112.0**	**39.1**	**441.2**	**141.0**	**3,064.3**
Exchange-rate differences	–	-31.6	-0.5	5.8	-0.6	**-26.9**	–	72.0	0.2	-18.6	1.3	54.9
Interest income from pension funds	60.2	44.9	1.6	14.5	7.5	**128.7**	17.3	33.0	1.3	8.1	4.1	63.8
Actuarial gains/losses from fund assets	29.3	25.2	2.9	-1.3	-2.0	**54.0**	-99.5	-272.4	-8.6	-119.9	-9.2	-509.6
Employer contributions	8.8	1.8	1.8	5.9	12.2	**30.5**	51.1	5.5	1.7	5.6	15.2	79.1
Employee contributions	–	–	0.4	0.1	0.1	**0.6**	–	–	0.4	0.1	0.1	0.6
Net changes in the scope of consolidation	–	–	–	–	0.1	**0.1**	–	-7.1	–	–	–	-7.1
Other changes	-4.8	-1.5	-0.2	–	0.0	**-6.5**	496.4	5.4	-0.2	–	0.4	502.0
Benefit payments	-80.9	-65.8	-1.8	-13.0	-17.6	**-179.2**	-74.0	-66.8	-2.3	-16.6	-24.0	-183.7
Fair value of fund assets as at December 31	**1,734.9**	**854.6**	**35.7**	**311.8**	**128.5**	**3,065.5**	**1,722.3**	**881.6**	**31.6**	**299.9**	**128.9**	**3,064.3**

The carrying amount consisting of the defined benefit assets and the pension provisions increased by €474.8 million compared with the previous year. This was primarily due to actuarial losses in all countries.

The defined benefit assets increased by €17.6 million year-on-year. This resulted primarily from the rise in actuarial losses in all countries.

€5,558.4 million (PY: €5,079.7 million) of the defined benefit obligations as at December 31, 2023, related to plans that are fully or partially funded, and €87.6 million (PY: €90.3 million) related to plans that are unfunded.

The €476.0 million increase in the defined benefit obligations compared with December 31, 2022, resulted in particular from actuarial losses from changes in financial assumptions.

The fund assets in Germany include the CTA assets amounting to €1,419.4 million (PY: €1,406.2 million), pension contribution fund assets of €175.1 million (PY: €185.7 million) and insurance annuity contracts amounting to €140.4 million (PY: €130.4 million).

Fund assets increased by €1.2 million in the reporting year to €3,065.5 million.

Actuarial gains and losses on fund assets in Germany resulted from actuarial gains of €30.1 million (PY: actuarial losses of €101.2 million) from the CTAs.

In the Continental Group, there are pension contribution funds for previously defined contributions in Germany that have been closed to new entrants since July 1, 1983, and March 1, 1984, respectively. As at December 31, 2023, the minimum net funding requirement was exceeded; Continental AG has no requirement to make additional contributions. The pension fund assets had a fair value of €175.1 million as at December 31, 2023 (PY: €185.8 million). The pension contribution funds have tariffs with an interest rate of 2.5% or 2.25%. Under the German Company Pensions Law, Continental AG is ultimately liable for the implementation path of the pension contribution fund. It therefore constitutes a defined benefit pension plan that must be reported in line with the development of pension provisions. However, given that only the plan members are entitled to the assets and income generated, the benefit obligations are recognized in the same amount as the existing assets at fair value.

The following table shows the reconciliation of the funded status to the amounts contained in the statement of financial position:

	December 31, 2023						December 31, 2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Funded status[1]	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-190.6**	**-2,580.4**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-166.0**	**-2,105.7**
Asset ceiling	–	–	–	–	-1.1	**-1.1**	–	–	–	–	-1.0	-1.0
Carrying amount	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-191.7**	**-2,581.5**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-167.0**	**-2,106.7**

1 Difference between fund assets and defined benefit obligations.

The carrying amount comprises the following items of the statement of financial position:

	December 31, 2023						December 31, 2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Defined benefit assets	–	42.0	2.2	53.1	13.3	**110.7**	–	40.4	0.7	42.8	9.2	93.1
Pension provisions	-2,456.3	-23.1	-1.7	-6.1	-205.0	**-2,692.3**	-1,992.6	-24.6	-1.8	-4.6	-176.2	-2,199.8
Carrying amount	**-2,456.3**	**18.9**	**0.5**	**47.1**	**-191.7**	**-2,581.5**	**-1,992.6**	**15.8**	**-1.1**	**38.2**	**-167.0**	**-2,106.7**

The assumptions used to measure the pension obligations – in particular, the discount factors for determining the interest on expected pension obligations and the expected return on fund assets, as well as the long-term salary growth rates and the long-term pension trend – are specified for each country.

In the principal pension plans, the following weighted-average valuation factors as at December 31 of the year have been used:

	2023					2022				
%	**Germany**[1]	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
Discount rate	3.14	5.15	4.65	4.68	6.18	3.65	5.40	5.25	4.80	5.96
Long-term salary growth rate	3.00	0.00	3.00	1.25	4.26	3.00	0.00	3.00	1.30	4.37

1 Not including the pension contribution funds.

Another parameter for measuring the pension obligation is the long-term pension trend. The following weighted average long-term pension trend was used as at December 31, 2023, for the key countries: Germany 2.20% (PY: 2.20%), Canada 0.0% (PY: 0.0%) and the United Kingdom 3.2% (PY: 3.3%). For the USA, the long-term pension trend does not constitute a significant measurement parameter. The pension trend increased from 1.75% to 2.20% as at December 31, 2022, due to inflation and the associated pension increases in Germany.

Net pension cost can be summarized as follows:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	**Total**
Current service cost	105.5	2.1	0.9	0.9	21.0	130.5	185.1	2.9	1.6	1.7	22.5	213.8
Service cost from plan amendments	–	–	–	–	0.4	0.4	–	3.7	–	–	0.5	4.2
Curtailments/settlements	–	–	–	–	-0.2	-0.2	–	–	–	–	-3.1	-3.1
Interest on defined benefit obligations	128.5	44.1	1.6	12.5	17.8	204.5	80.8	32.0	1.4	7.8	11.5	133.5
Expected return on the pension funds	-60.2	-44.9	-1.6	-14.5	-7.5	-128.7	-17.3	-33.0	-1.3	-8.1	-4.1	-63.8
Effect of change of asset ceiling	–	–	–	–	0.1	0.1	–	–	–	–	0.1	0.1
Other pension income and expenses	–	1.5	0.2	–	0.0	1.7	–	1.7	0.2	–	–	1.9
Net pension cost	**173.8**	**2.8**	**1.1**	**-1.1**	**31.6**	**208.3**	**248.6**	**7.3**	**1.9**	**1.4**	**27.4**	**286.6**

The table below shows the changes in actuarial gains and losses that are reported directly in equity:

	2023						2022					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Actuarial gains/losses from defined benefit obligations	363.2	20.4	1.8	-2.4	5.6	388.6	-1,807.7	-246.8	-12.0	-138.2	-49.6	-2,254.3
Actuarial gains/losses from fund assets	-29.3	-25.2	-2.9	1.3	2.0	-54.0	99.5	272.4	8.6	119.9	9.2	509.6
Actuarial gains/losses from asset ceiling	–	–	–	–	-0.1	-0.1	–	–	–	–	-0.1	-0.1
Actuarial gains/losses	**333.9**	**-4.8**	**-1.0**	**-1.1**	**7.6**	**334.5**	**-1,708.2**	**25.6**	**-3.4**	**-18.3**	**-40.5**	**-1,744.8**

Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation due to changes in the actuarial assumptions made. The decrease in the discount factor in all countries in the 2023 reporting period compared with 2022 resulted in actuarial losses in all countries. The actuarial gains in the previous fiscal year resulted from a rise in interest rates compared with the prior year.

If the other assumptions remained constant, the changes in individual key actuarial assumptions that could reasonably have been possible at the reporting date would have impacted the defined benefit obligation by the following amounts. Although the analysis does not take account of the complete allocation of the cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

If the other assumptions are maintained, a 0.5-percentage-point increase or decrease in the discount rate used to discount pension obligations would have had the following impact on the pension obligations as at the end of the reporting period:

	December 31, 2023					December 31, 2022				
€ millions	**Germany[1]**	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
0.5% increase										
Effects on service and interest cost	-5.8	-2.4	-0.2	0.7	-0.5	-5.9	-2.5	-0.3	0.6	-0.1
Effects on benefit obligations	-319.6	-35.7	-2.6	-15.7	-12.8	-270.5	-37.2	-2.4	-15.8	-12.4
0.5% decrease										
Effects on service and interest cost	6.4	2.2	0.2	-0.7	0.6	6.5	2.1	0.3	-1.0	0.0
Effects on benefit obligations	366.0	38.7	2.9	17.3	13.9	308.6	40.4	2.6	17.5	13.5

1 Not including the pension contribution funds.

A 0.5-percentage-point increase or decrease in the long-term salary growth rate would have had the following impact on the pension obligations as at the end of the reporting period:

€ millions	December 31, 2023 Germany	USA[1]	Canada	UK	December 31, 2022 Germany	USA[1]	Canada	UK
0.5% increase								
Effects on benefit obligations	1.3	–	0.6	0.9	1.3	–	0.6	0.9
0.5% decrease								
Effects on benefit obligations	-1.2	–	-0.5	-0.9	-1.3	–	-0.4	-0.9

1 Any change in the long-term salary growth rate would have no effect on the value of the benefit obligations.

A 0.5-percentage-point increase or decrease in the long-term pension trend would have had the following impact on the pension obligations as at the end of the reporting period:

€ millions	December 31, 2023 Germany	USA[1]	Canada	UK	December 31, 2022 Germany	USA[1]	Canada	UK
0.5% increase								
Effects on benefit obligations	126.6	–	–	9.4	109.6	–	–	11.6
0.5% decrease								
Effects on benefit obligations	-116.1	–	–	-9.5	-100.4	–	–	-11.5

1 Any change in the long-term pension trend would have no effect on the value of the benefit obligations.

Changes in the discount rate and the salary and pension trends do not have a linear effect on the defined benefit obligations (DBO) owing to the financial models used (particularly due to the compounding of interest rates). For this reason, the net periodic pension cost derived from the pension obligations does not change by the same amount as a result of an increase or decrease in the actuarial assumptions.

In addition to the aforementioned sensitivities, the impact of a one-year-longer life expectancy on the value of benefit obligations was computed for the key countries. A one-year increase in life expectancy would lead to a €171.6 million (PY: €147.3 million) increase in the value of the benefit obligations, and that figure would be broken down as follows: Germany €138.6 million (PY: €115.1 million), USA €23.9 million (PY: €23.7 million), United Kingdom €8.5 million (PY: €7.9 million) and Canada €0.6 million (PY: €0.6 million). In Germany, increased payments in the form of pensions rather than capital were assumed in the actuarial valuation, which has the effect of increasing the benefit obligations. For the calculation of pension obligations for domestic plans, life expectancy is based on the 2018 G mortality tables by Prof. Klaus Heubeck. For foreign pension plans, comparable criteria are used for the respective country.

Plan assets

The structure of the Continental Group's plan assets is reviewed by the investment committees on an ongoing basis taking into account the forecast pension obligations. In doing so, the investment committees regularly review the investment decisions taken, the underlying expected returns of the individual asset classes reflecting empirical values and the selection of the external fund managers.

The portfolio structures of the pension funds at the measurement date for the fiscal years 2023 and 2022 are as follows:

%	**2023**					2022				
Asset class	**Germany[1]**	**USA**	**Canada**	**UK**	**Other**	Germany[1]	USA	Canada	UK	Other
Equity instruments	5	3	53	3	10	5	1	61	7	26
Debt securities	41	94	46	51	46	32	96	38	40	53
Real estate	8	–	–	0	1	9	–	–	0	2
Absolute return[2]	6	–	1	1	–	10	–	1	4	–
Cash, cash equivalents and other	40	3	–	11	24	44	3	–	13	19
Annuities[3]	–	–	–	34	19	–	–	–	36	–
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

1 The portfolio structure of the fund assets in Germany excludes the pension contribution funds whose assets are invested mainly in fixed-income securities and shares.
2 This refers to investment products that aim to achieve a positive return regardless of market fluctuations.
3 Annuities are insurance contracts that guarantee pension payments.

The following table shows the cash contributions made by the company to the pension funds for 2023 and 2022 as well as the expected contributions for 2024:

€ millions	2024 (expected)	**2023**	2022
Germany	–	8.8	51.1
USA	7.7	1.8	5.5
Canada	1.5	1.8	1.7
UK	5.9	5.9	5.6
Other	27.5	12.2	15.2
Total	**42.6**	**30.5**	**79.1**

The following overview contains the pension benefit payments made in the reporting year and the previous year, as well as the undiscounted, expected pension benefit payments for the next 10 years:

€ millions	Germany	USA	Canada	UK	Other	**Total**
Benefits paid						
2022	115.5	66.8	2.3	16.6	34.2	**235.4**
2023	123.0	65.8	0.8	13.0	27.2	**229.8**
Benefit payments as expected						
2024	158.1	66.7	2.2	12.1	18.6	**257.7**
2025	149.1	66.7	2.3	13.3	19.5	**250.9**
2026	157.6	66.7	2.5	13.7	21.7	**262.2**
2027	164.4	66.3	2.5	14.5	24.7	**272.4**
2028	172.5	65.6	2.6	15.4	24.9	**281.0**
Total of years 2029 to 2033	935.6	310.9	13.2	83.5	171.6	**1,514.8**

The pension payments from 2022 onward relate to lump-sum amounts in connection with fixed service cost benefit plans, as well as annual pension benefits. Furthermore, the earliest eligible date for retirement has been assumed when determining future pension payments. The actual retirement date could occur later. Therefore, the actual payments in future years for present plan members could be lower than the amounts assumed.

For the current and four preceding reporting periods, the amounts of the defined benefit obligations, fund assets, funded status, as well as the remeasurement of plan liabilities and plan assets are as follows:

€ millions	**2023**	2022	2021	2020	2019
Defined benefit obligations	5,646.0	5,170.0	7,248.6	8,647.8	7,875.1
Fund assets	3,065.5	3,064.3	3,064.3	3,203.2	3,032.7
Funded status	-2,580.4	-2,105.7	-4,184.3	-5,444.6	-4,843.9
Remeasurement of plan liabilities	388.6	-2,254.3	-695.5	704.5	997.0
Remeasurement of plan assets	54.0	-509.6	-1.5	191.5	209.0

Other post-employment benefits

Certain subsidiaries – primarily in the USA and Canada – grant eligible employees healthcare and life insurance on retirement if they have fulfilled certain conditions relating to age and years of service. The amount and entitlement can be altered. Certain retirement benefits, in particular for pensions and healthcare costs, are provided in the USA for hourly paid workers at unionized tire plants under the terms of collective pay agreements. No separate fund assets have been set up for these obligations.

The weighted average term of the defined benefit pension obligation is around nine years. This term is based on the present value of the obligation.

The reconciliation of the changes in the defined benefit obligations and the financing status from the beginning to the end of the year is as follows:

€ millions	**2023**	2022
Defined benefit obligations as at January 1	**133.2**	**168.7**
Exchange-rate differences	-4.4	9.9
Current service cost	0.5	0.9
Curtailments/settlements	-0.2	0.4
Interest on healthcare and life insurance benefit obligations	6.7	5.3
Actuarial gains/losses from changes in demographic assumptions	–	0.0
Actuarial gains/losses from changes in financial assumptions	2.8	-33.9
Actuarial gains/losses from experience adjustments	-2.5	-5.7
Changes in the scope of consolidation	–	–
Benefit payments	-12.4	-12.4
Other changes	8.1	–
Defined benefit obligations/net amount recognized as at December 31	**131.7**	**133.2**

The assumptions used for the discount rate and cost increases to calculate the healthcare and life insurance benefits vary according to conditions in the USA and Canada. The following weighted average valuation factors as at December 31 of the year have been used:

%	**2023**	2022
Discount rate	5.44	5.45
Rate of increase in healthcare and life insurance benefits in the following year	1.00	0.48
Long-term rate of increase in healthcare and life insurance benefits	0.35	0.37

The net cost of healthcare and life insurance benefit obligations can be broken down as follows:

€ millions	**2023**	2022
Current service cost	0.5	0.9
Service cost from plan amendments	–	0.2
Curtailments/settlements	-0.2	0.2
Interest on healthcare and life insurance benefit obligations	6.7	5.3
Other income/expenses from healthcare and life insurance benefit obligations	8.1	–
Net cost	**15.1**	**6.6**

If the other assumptions remained constant, the changes in individual key actuarial assumptions that could reasonably have been possible at the reporting date would have impacted the defined benefit obligation by the following amounts. Although the analysis does not take account of the complete allocation of the cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

The following table shows the effects of a 0.5% increase or decrease in the cost trend for healthcare and life insurance obligations:

€ millions	**2023**	2022
0.5% increase		
Effects on service and interest cost	0.2	0.4
Effects on benefit obligations	-5.3	-5.0
0.5% decrease		
Effects on service and interest cost	-0.2	-0.4
Effects on benefit obligations	5.8	5.5

A 0.5-percentage-point increase or decrease in the discount rate specified above for calculating the net cost of healthcare and life insurance benefit obligations would have had the following effect on net cost:

€ millions	**2023**	2022
0.5% increase		
Effects on service and interest cost	0.1	0.0
Effects on benefit obligations	1.3	0.7
0.5% decrease		
Effects on service and interest cost	-0.1	0.0
Effects on benefit obligations	-1.2	-0.6

The following table shows the payments made for other post-employment benefits in the reporting year and the previous year, as well as the undiscounted, expected benefit payments for the next 10 years:

€ millions	
Benefits paid	
2022	12.4
2023	12.4
Benefit payments as expected	
2024	14.3
2025	14.3
2026	14.2
2027	14.1
2028	14.0
Total of years 2029 to 2033	34.9

The amounts for the defined benefit obligations, funded status and remeasurement of plan liabilities for the current and four preceding reporting periods are as follows:

€ millions	**2023**	2022	2021	2020	2019
Defined benefit obligations	131.7	133.2	169.5	205.7	215.9
Funded status	-131.7	-133.2	-169.5	-205.7	-215.9
Remeasurement of plan liabilities	0.3	-39.6	-12.4	16.1	13.2

Obligations similar to pensions
Some companies of the Continental Group have made commitments to employees for a fixed percentage of the employees' compensation. These entitlements are paid out when the employment relationship is terminated. In the year under review, expenses from these obligations amounted to €4.9 million (PY: €4.5 million).

Defined contribution pension plans
The Continental Group offers its employees pension plans in the form of defined contribution plans, particularly in the USA, the UK, Japan and China. Not including social security contributions, expenses from defined contribution pension plans amounted to €81.1 million (PY: €80.0 million) in the fiscal year.

Other employee benefits
Other employee benefits include provisions for partial early retirement programs and anniversary and other long-service benefits. The provisions for partial early retirement are calculated using a discount rate of 3.53% (PY: 3.32%). Provisions for anniversary and other long-service benefits were calculated using a discount rate of 3.20% (PY: 3.77%). In accordance with the option under IAS 19, *Employee Benefits*, the interest component is reported in the financial result.

Variable remuneration elements
Liabilities for payroll and personnel-related costs also include variable components based on performance. The variable components that are based on performance comprise a short-term remuneration component (performance bonus without equity deferral) as well as long-term remuneration components (long-term incentive and equity deferral of the performance bonus). Liabilities for payroll and personnel-related costs also include the amounts of variable remuneration converted into virtual shares of Continental AG for members of the Executive Board (performance bonus, deferral) in accordance with the remuneration system valid until 2019 (hereinafter "2019 remuneration system").

The LTI plans for the years starting from 2014 and the deferral of the performance bonus from the 2019 remuneration system are classified as cash-settled share-based payments; hence they are recognized at fair value in accordance with IFRS 2, *Share-based Payment*. The equity deferral of the performance bonus of the remuneration system applicable from 2020 is classified as an equity-settled share-based payment; hence it is recognized at fair value in accordance with IFRS 2, *Share-based Payment*.

Long-term incentive plans (LTI plans)
Expenses of €54.4 million (PY: €3.3 million) from the addition of provisions for the 2020 to 2023 LTI plan were recognized in the respective function costs.

- 2014 to 2019 LTI plan: From 2014 to 2019, senior executives of the Continental Group and members of the Executive Board were granted an LTI bonus. This bonus was intended to allow for participation in the long-term, sustainable increase in the Continental Group's value and profitability. The LTI bonus depended on job grade and degree of target achievement and was issued in annual tranches.

- The term of the 2018/21 tranche, which was resolved on March 13, 2018, by the Supervisory Board for the members of the Executive Board and on May 28, 2018, by the Executive Board for senior executives, begins retroactively as at January 1, 2018, and is four years. After the expiry of the 2018/21 LTI tranche in December 2021, the bonus was not paid out in 2022, as the fair value of the tranche as at the payment date was €0.0 million.

- The term of the 2019/22 tranche, which was resolved on March 14, 2019, by the Supervisory Board for the members of the Executive Board and on May 24, 2019, by the Executive Board for senior executives, begins retroactively as at January 1, 2019, and is four years. After the expiry of the 2019/22 LTI tranche in December 2022, the bonus was not paid out in 2023, as the fair value of the tranche as at the payment date was €0.0 million.

For each beneficiary of an LTI tranche, the Supervisory Board (for the members of the Executive Board) or the Executive Board (for senior executives) of Continental AG specified the amount of a target bonus in euros to be paid out upon 100% target achievement. The actual LTI bonus paid out on expiry of the LTI tranche depends on the degree of target achievement. The LTI bonus can range between 0% (no payment) and 200% (maximum payment).

The degree of achievement of two target criteria is decisive for the payment and amount of the LTI bonus. The first target criterion is the equally weighted average of the Continental Value Contribution (CVC) of the Continental Group over a period of four fiscal years, starting from the fiscal year in which the LTI tranche is issued. The equally weighted average is calculated by adding together 25% of the CVC of the four fiscal years of the term of the LTI tranche. The second target criterion is the total shareholder return (TSR) on Continental shares as at the end of the term in relation to the beginning of the LTI tranche. The share price used in calculating the TSR is the arithmetic mean of closing prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the three months from October to December before the issue and expiry of the LTI tranche. In addition, all dividends paid during the term of the LTI tranche are taken into account for the TSR.

The scale for determining the degree of target achievement is defined by the Supervisory Board or the Executive Board when the respective LTI tranche is issued. This key data is identical for the members of the Executive Board and senior executives. The degree of target achievement for the first target criterion can lie between 0% and 200%. Target achievement is calculated on a straight-line basis between 0% and the maximum amount. There is no cap for the second target criterion. The ultimate degree of target achievement used to calculate the LTI bonus to be paid out is determined by multiplying the two target criteria. The LTI bonus to be paid out is determined by multiplying the degree of target achievement by the target bonus. The total maximum achievable LTI bonus is 200% of the target bonus.

A Monte Carlo simulation is used in the measurement of the TSR target criterion. This means that log-normal distributed processes are simulated for the price of Continental shares. The Monte Carlo simulation takes into account the average value accumulation of share prices in the respective reference period, the TSR dividends and the restriction for the payment amount.

- **2019 Transformation Incentive Plan (TIP):** In 2019, the Continental Group offered its senior executives the possibility of participating in the long-term, sustainable increase in the Continental Group's value by paying a TIP bonus in addition to the fixed salary and the annual variable remuneration. The term of the TIP, which the Executive Board adopted for senior executives on September 2, 2019, extends from October 1, 2019, to December 31, 2021. After the expiry of the TIP bonus in December 2021, the bonus was paid out in June 2022.

  The Executive Board of Continental AG specified the amount of the target bonus (TIP bonus) in euros for each beneficiary of a TIP bonus (senior executives). The TIP bonus is calculated based on a certain number of virtual shares of Continental AG (basic holding), which can increase through two bonus packages, multiplied by the payment share price. The payment share price is the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the last month prior to the Annual Shareholders' Meeting that follows the end of the term. The TIP bonus, which can total at most 200% of the initial share price, is paid to the respective beneficiary as a gross lump sum at the end of the second complete calendar month following the Annual Shareholders' Meeting that follows the end of the term. Since the basic holding can be increased through two bonus packages, the degree of achievement of two target criteria is decisive for the amount of the TIP bonus. The target criterion of the first bonus package is the results of the OUR BASICS Live corporate survey in 2021. If at least 70% (equally weighted average) of all participants respond positively to the Sustainable Engagement Index, the beneficiary receives additional virtual shares equivalent to 50% of the basic holding. The target criterion of the second bonus package is met if, at the end of the term, the TSR on Continental shares equals or exceeds the performance of the STOXX Europe 600 Automobiles & Parts Index. In this case, the beneficiary receives additional virtual shares equivalent to 50% of the basic holding. The TSR on Continental shares corresponds to the sum of the share price performance as at the end of the term and all dividends distributed during the term relative to the share price at the beginning of the term. The share price used in calculating the TSR is the arithmetic mean of the closing prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days (i) in the first month of the term ("initial share price") and (ii) in the last month of the term ("final share price").

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares and the price of the STOXX Europe 600 Automobiles & Parts Gross Return Index. The Monte Carlo simulation takes into account the average value accumulation of the Continental share prices for the final share price and the payment share price, the TSR dividends, the performance compared with the benchmark index and the restriction for the payment amount.

- 2020 to 2023 LTI plan: From 2020, a new LTI plan was granted to the Executive Board, senior executives and executives that aims to promote long-term commitment to the company and its sustainable growth. Therefore, the long-term TSR of Continental shares, compared with an index consisting of European companies that are active in the automotive and tire industry and comparable with Continental AG (STOXX Europe 600 Automobiles & Parts (SXAGR); hereinafter "benchmark index"), is a key performance criterion for the LTI. The second performance criterion is a sustainability score that is multiplied by the degree of target achievement in order to calculate the LTI to be paid. The amount of the LTI to be paid is based on the performance of the Continental share price over the term of the LTI.

- The term of the 2020 LTI plan, which was resolved on March 17, 2020, by the Supervisory Board for the members of the Executive Board, and on March 2, 2020, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2020, and is four years for the Executive Board and three years for senior executives and executives. After the expiry of the 2020 LTI plan in December 2022, the bonus for executives and senior executives was paid out in 2023.

- The term of the 2021 LTI plan, which was resolved on December 15, 2020, by the Supervisory Board for the members of the Executive Board, and on March 22, 2021, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2021, and is four years for the Executive Board and three years for senior executives and executives.

- The term of the 2022 LTI plan, which was resolved on December 14, 2021, by the Supervisory Board for the members of the Executive Board, and on March 21, 2022, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2022, and is four years for the Executive Board and three years for senior executives and executives.

- The term of the 2023 LTI plan, which was resolved on December 14, 2022, by the Supervisory Board for the members of the Executive Board, and on March 22, 2023, by the Executive Board for senior executives and executives, begins retroactively as at January 1, 2023, and is four years for the Executive Board and three years for senior executives and executives.

- For each beneficiary of the 2020 to 2023 LTI plan, the Supervisory Board (for the members of the Executive Board) or the Executive Board (for senior executives and executives) of Continental AG agrees an allotment value in euros for the LTI.

At the start of the first fiscal year of the term of the LTI plan, this allotment value is converted into a basic holding of virtual shares. The allotment value is divided by the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) in the last two months prior to the start of the term of the respective LTI plan (issue price). The basic holding is multiplied by a performance index (PI) in order to determine the final holding of virtual shares. The performance index corresponds to the product from the relative total shareholder return (TSR) on Continental shares and a sustainability score. The relative TSR is calculated from the relative performance of the Continental TSR in comparison with the TSR on the STOXX Europe 600 Automobiles & Parts (SXAGR). The Continental TSR corresponds to the sum of the average Continental share price in the last month of the term (final share price) and all dividends distributed during the term relative to the average share price in the first month of the term (initial share price). The SXAGR TSR is determined using the same method.

Performance criteria and goals of the sustainability score are targets for CO_2 emissions, recycling quotas and the review of good working conditions for employees in the Continental Group (e.g. based on sick leave, accident rates and employee satisfaction).

The payment amount of the 2020 to 2023 LTI plan can total at most 200% of the defined initial share price (executives and senior executives) or issue price (Executive Board). The issue price is the average price of the two months before the start of the term.

The final holding of virtual shares is multiplied by the payout ratio in order to determine the gross amount of the LTI to be paid out in euros (hereinafter "payout amount"). The payout ratio is the sum of the arithmetic mean of Continental AG's closing share prices in Xetra trading on the Frankfurt Stock Exchange (or a successor system) on the trading days in the last two months prior to the next ordinary Annual Shareholders' Meeting that follows the end of the term of the LTI plan and the dividends paid out per share during the term of the LTI plan.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares and the price of the STOXX Europe 600 Automobiles & Parts (benchmark index). The Monte Carlo simulation takes into account the average value accumulation of the Continental share prices and the benchmark index for the final share price and the payment share price, the TSR dividends, the performance compared with the benchmark index and the restriction for the payment amount.

The following TSR parameters were used as at the measurement date of December 31, 2023:

- Constant zero rates as at the measurement date of December 31, 2023:
  2020 LTI plan (Executive Board): 3.56% as at the due date and 3.41% as at the end of the payment share price period;
  2021 LTI plan (senior executives and executives): 3.56% as at the due date and 3.41% as at the end of the payment share price period;
  2021 LTI plan (Executive Board): 2.69% as at the due date and 2.56% as at the end of the payment share price period;
  2022 LTI plan (senior executives and executives): 2.94% as at the due date and 2.62% as at the end of the payment share price period;
  2022 LTI plan (Executive Board): 2.18% as at the due date and 2.11% as at the end of the payment share price period;
  2023 LTI plan (senior executives and executives): 2.29% as at the due date and 2.13% as at the end of the payment share price period;
  2023 LTI plan (Executive Board): 1.98% as at the due date and 1.95% as at the end of the payment share price period.

- Continental share price at year end of €76.92.

- Interest rate based on the yield curve for government bonds.

- Dividend payments as the arithmetic mean based on publicly available estimates for 2024 until 2026; the dividend of Continental AG amounted to €1.50 per share in 2023, and Continental AG distributed a dividend of €2.20 per share in 2022.

- Historical volatilities on the basis of daily Xetra closing rates for Continental shares and the benchmark index based on the respective remaining term for LTI tranches and the 2020 to 2023 LTI plan. The historical Continental share volatilities for the 2020 LTI plan are 25.39% for the Executive Board. The volatility for the 2021 LTI plan is 25.39% for senior executives and executives and 35.30% for the Executive Board. The volatility for the 2022 LTI plan is 31.39% for senior executives and executives and 38.99% for the Executive Board. The volatility for the 2023 LTI plan is 39.77% for senior executives and executives and 36.98% for the Executive Board. The historical benchmark index volatilities for the 2020 LTI plan are 18.05% for the Executive Board. The volatility for the 2021 LTI plan is 18.05% for senior executives and executives and 21.54% for the Executive Board. The volatility for the 2022 LTI plan is 19.10% for senior executives and executives and 26.63% for the Executive Board. The volatility for the 2023 LTI plan is 27.03% for senior executives and executives and 25.82% for the Executive Board.

- Historical correlations on the basis of daily Xetra closing rates for the benchmark index based on the respective remaining term of the components of the 2020 to 2023 LTI plans. For the 2020 LTI plan it is 0.7189 for the Executive Board. For the 2021 LTI plan it is 0.7189 for senior executives and executives and 0.7953 for the Executive Board. For the 2022 LTI plan it is 0.7612 for senior executives and executives and 0.8026 for the Executive Board. For the 2023 LTI plan it is 0.8156 for senior executives and executives and 0.8023 for the Executive Board.

- The fair values of the tranches developed as follows. The amount of the provision as at the measurement date of December 31, 2023, results from the respective vesting level:
  2020 LTI plan (Executive Board): €0.0 million (PY: €0.0 million), the vesting level is 100%;
  2021 LTI plan (senior executives and executives): €16.5 million (PY: €13.1 million), the vesting level is 100%;
  2021 LTI plan (Executive Board): €0.0 million (PY: €0.2 million), the vesting level is 75%;
  2022 LTI plan (senior executives and executives): €43.1 million (PY: €30.8 million), the vesting level is 67%;
  2022 LTI plan (Executive Board): €2.5 million (PY: €1.6 million), the vesting level is 50%;
  2023 LTI plan (senior executives and executives): €56.5 million, the vesting level is 33%;
  2023 LTI plan (Executive Board): €5.7 million, the vesting level is 25%.

For the 2019 TIP bonus, reduced liabilities for payroll and personnel-related costs resulted in income of €4.5 million in 2022. Expenses of €5.3 million (PY: income of €3.1 million) were incurred for the 2020 LTI plan for senior executives and executives, and income of €0.0 million (PY: €0.4 million) was recognized for the 2020 LTI plan for the Executive Board due to reduced personnel expenses. Expenses of €9.0 million (PY: €0.6 million) were incurred for the 2021 LTI plan for senior executives and executives, and income of €0.1 million (PY: €0.3 million) was recognized for the 2021 LTI plan for the Executive Board due to reduced personnel expenses. Expenses of €19.1 million (PY: €10.5 million) were incurred for the 2022 LTI plan for senior executives and executives, and €0.8 million (PY: €0.4 million) for the 2022 LTI plan for the Executive Board. Expenses of €18.9 million were incurred for the 2023 LTI plan for senior executives and executives, and €1.4 million for the 2023 LTI plan for the Executive Board.

Performance bonus (deferral) under the 2019 remuneration system

The performance bonus was based on a target amount that the Supervisory Board determined for each Executive Board member for 100% target achievement. Target criteria were the year-on-year change in the CVC and the return on capital employed (ROCE). For Executive Board members with responsibility for a particular business area, these criteria related to the relevant business area; for other Executive Board members, they related to the Continental Group. The CVC target was 100% achieved if the CVC was unchanged compared with the previous year. If the CVC fell or rose by a defined percentage, this element was reduced to zero or reached a maximum of 150%. In the case of a negative CVC in the previous year, target achievement was based on the degree of improvement. The criteria for the ROCE target were guided by planning targets. This component could also be omitted if a certain minimum value was not achieved.

The CVC target was weighted at 60% and the ROCE target at 40% in the calculation of the performance bonus. In any event, the performance bonus was capped at 150% of the target bonus.

The performance bonus achieved in a fiscal year was divided into a lump sum, which was paid out as an annual bonus (immediate payment), and a deferred payment (deferral). The immediate payment amounted to 60% and the deferral 40%. The deferral was converted into virtual shares of Continental AG. Following a holding period of three years after the end of the fiscal year for which the respective performance bonus was determined, the value of these virtual shares was paid out together with the value of the dividends that were distributed for the fiscal years of the holding period. The conversion of the deferral into virtual shares and payment of their value after the holding period were based on the average share price for the three-month period immediately preceding the Annual Shareholders' Meeting in the year of conversion or payment. The possible increase in the value of the deferral was capped at 250% of the initial value.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares. The measurement model also takes into account the average value accumulation of share prices in the respective reference period and the floor and cap for the payment amount.

The reporting year marked the last time that payments of the deferral were made under the 2019 remuneration system, as the three-year holding period for the virtual shares expired.

Expenses of €0.1 million from the additions to provisions for virtual shares were recognized in the respective function costs (PY: income of €1.0 million from the reversal of provisions).

As at December 31, 2023, there were no commitments arising from virtual shares under the 2019 remuneration system attributable to Executive Board members active at the end of the reporting period (PY: €0.3 million; 5,525 virtual shares).

Performance bonus (deferral) under the remuneration system from 2020

In the service agreement, the Supervisory Board agrees to a target amount for the performance bonus (hereinafter "STI target amount") that is granted to each member of the Executive Board in the event of 100% target achievement. The maximum amount of the performance bonus is limited to 200% of the STI target amount.

The amount of the STI to be paid out depends on the extent to which a member of the Executive Board achieves the targets set by the Supervisory Board for this Executive Board member for the following three key financial indicators as performance criteria within the meaning of Section 87a (1) Sentence 2 No. 4 *AktG*:

- Earnings before interest and tax (hereinafter "EBIT"), adjusted for goodwill impairment as well as gains and/or losses from the disposal of parts of the company.
- Return on capital employed (ROCE) as the ratio of EBIT (adjusted, as mentioned above) to average operating assets for the fiscal year.
- Cash flow before financing activities (hereinafter "free cash flow"), adjusted for cash inflows and outflows from the disposal or acquisition of companies and business operations.

The degree to which the EBIT target is achieved is weighted at 40%, the ROCE target at 30% and the free cash flow target at 30% in the calculation of the STI.

For each financial performance criterion, the target value for 100% target achievement corresponds to the value that the Supervisory Board agreed in each case for this financial performance criterion in the planning for the respective fiscal year.

For each financial performance criterion, the Supervisory Board determines the values for target achievement of 0% and 200% on an annual basis. The degree to which the target is achieved is calculated on a straight-line basis between 0% and 200% by comparing this with the respective actual value for the fiscal year.

In addition, prior to the start of each fiscal year, the Supervisory Board can determine personal, non-financial performance criteria to be included in target achievement in the form of a personal contribution factor (hereinafter "PCF") with a value between 0.8 and 1.2 for individual or all members of the Executive Board.

After the end of the fiscal year, the target achievement for each financial performance criterion is calculated on the basis of the audited consolidated financial statements of Continental AG, and the sum total of these financial performance criteria is multiplied by the STI target amount in accordance with the weighting described above. By multiplying this result by the PCF, the gross value of the STI amount to be paid (hereinafter "gross payout amount") is determined.

Each member of the Executive Board is obligated to invest 20% of the gross payout amount (generally corresponding to around 40% of the net payment amount) in shares of Continental AG. The remainder is paid out as short-term variable remuneration.

Each member of the Executive Board is obligated to hold the shares legally and economically for a period of at least three years from the day of acquisition.

Expenses of €7.2 million (PY: €1.5 million) were incurred for the 2023 STI in 2023.

The number of shares converted by the Executive Board from the deferral of the 2022 STI came to 4,889 in 2023 (PY: 35,640).

Short-term employee benefits

Liabilities for payroll and personnel-related costs

The previous employee profit-sharing scheme has been adapted to the Continental Group's new structure. The amount of the performance bonus is calculated on the basis of key internal figures. For the reporting period, a provision of €18.1 million (PY: –) was recognized under liabilities for payroll and personnel-related costs.

29. Provisions for Other Risks and Obligations

	December 31, 2023		December 31, 2022	
€ millions	Short-term	Long-term	Short-term	Long-term
Restructuring provisions	310.7	376.3	145.4	297.0
Litigation and environmental risks	118.9	211.9	142.9	209.2
Warranties	360.9	21.2	453.4	22.5
Other provisions	290.8	94.1	295.1	95.4
Provisions for other risks	**1,081.3**	**703.5**	**1,036.8**	**624.1**

The provisions for other risks developed as follows:

€ millions	Restructuring provisions	Litigation and environmental risks	Warranties	Other provisions
As at January 1, 2023	**442.4**	**352.1**	**475.9**	**390.6**
Additions	356.4	117.3	215.1	241.5
Utilizations	-74.8	-50.3	-175.3	-167.9
Reclassifications	0.0	15.0	0.0	-15.0
Changes in the scope of consolidation	–	1.5	0.1	0.1
Reversals	-38.1	-100.1	-132.7	-55.0
Interest	0.2	1.6	–	-3.0
Exchange-rate changes	0.9	-6.3	-1.0	-6.4
As at December 31, 2023	**687.0**	**330.8**	**382.1**	**384.9**

The additions to restructuring provisions resulted mainly from a program to simplify administrative structures, processes and hierarchical levels in the Automotive segment. The program is to be implemented gradually by the end of 2025. Further significant additions to restructuring provisions resulted from the planned closure of a German location in the Automotive segment, which will be implemented gradually by the end of 2027.

Contrary to the original estimates of the effects from restructuring plans, agreements were reached over the course of the restructuring measures that resulted in reversals in all segments.

The utilization of restructuring provisions mainly related to the implementation of restructuring measures adopted in previous years.

The additions to and reversals of provisions for litigation and environmental risks related in particular to product liability risks in the Tires segment in the USA and risks in connection with disputes over industrial property rights. Please see Note 36.

The utilizations relate mainly to the aforementioned product liability risks in the Tires segment and risks in connection with disputes over industrial property rights.

The changes in provisions for warranties include utilizations of €175.3 million (PY: €177.6 million) and reversals of €132.7 million (PY: €162.2 million), which are offset by additions of €215.1 million (PY: €291.9 million). The changes result mainly from specific individual cases within the Automotive and ContiTech segments.

The other provisions also include provisions for risks from operations, such as those in connection with compensation from customer and supplier claims that are not warranties. They also include provisions for dismantling and tire-recycling obligations, and provisions for possible interest payments and penalties on income tax liabilities.

In the other provisions, contingencies amounting to a high eight-figure sum have been set aside to cover fines imposed based on the proceedings conducted by the public prosecutor's office in Hanover in connection with illegal defeat devices in diesel engines. Please see Note 36.

30. Income Tax Liabilities

Income tax liabilities developed as follows:

€ millions	2023	2022
As at January 1	**525.7**	**472.3**
Additions	420.1	429.1
Utilizations and advance payments for the current fiscal year	-338.1	-355.9
Reversals	-48.3	-17.4
Changes in the scope of consolidation	-5.6	0.0
Exchange-rate changes	-12.4	-2.4
As at December 31	**541.3**	**525.7**

When reconciling the income tax liabilities with the income taxes paid in the consolidated statement of cash flows, the cash changes in income tax receivables must be included in addition to the utilizations and current advance payments shown here.

31. Indebtedness and Additional Notes to the Statement of Cash Flows

	December 31, 2023			December 31, 2022		
€ millions	**Total**	**Short-term**	**Long-term**	Total	Short-term	Long-term
Bonds	**3,969.2**	759.8	3,209.4	3,949.2	1,261.0	2,688.2
Bank loans and overdrafts[1]	**1,385.7**	1,310.4	75.3	1,579.6	1,238.6	341.0
Derivative instruments	**8.4**	7.6	0.7	20.6	17.6	3.0
Lease liabilities	**1,201.6**	285.7	915.9	1,242.4	285.0	957.4
Liabilities from sale-of-receivables programs	**321.3**	321.3	–	323.9	323.9	–
Other indebtedness[2]	**284.0**	273.4	10.6	579.0	562.6	16.4
Indebtedness	**7,170.3**	**2,958.3**	**4,211.9**	**7,694.7**	**3,688.7**	**4,006.0**

1 Thereof €12.3 million (PY: €13.1 million) secured by land charges, mortgages and similar securities.
2 Other indebtedness included a carrying amount of €15.6 million (PY: €367.3 million) from commercial paper issuances.

Continental's key bond issues

€ millions Issuer/type	**Amount of issue Dec. 31, 2023**	**Carrying amount Dec. 31, 2023**	**Stock market value Dec. 31, 2023**	Amount of issue Dec. 31, 2022	Carrying amount Dec. 31, 2022	Stock market value Dec. 31, 2022	Coupon p.a.	Issue/maturity and fixed interest until	Issue price
CAG[1] euro bond	–	–	–	500.0	499.6	490.4	0.000%	2019/09.2023	99.804%
CGF[2] euro bond	–	–	–	750.0	749.9	741.6	2.125%	2020/11.2023	99.559%
CGF[2] euro bond	625.0	626.1	612.6	625.0	624.9	600.1	1.125%	2020/09.2024	99.589%
CAG[1] euro bond	600.0	600.4	576.7	600.0	600.0	555.3	0.375%	2019/06.2025	99.802%
CAG[1] euro bond	750.0	751.3	741.9	750.0	749.5	719.2	2.500%	2020/08.2026	98.791%
CAG[1] euro bond	500.0	503.8	511.7	–	–	–	4.000%	2023/03.2027	99.658%
CAG[1] euro bond	625.0	625.6	635.7	625.0	625.2	607.4	3.625%	2022/11.2027	100.000%
CAG[1] euro bond	750.0	762.0	775.1	–	–	–	4.000%	2023/06.2028	99.445%
Total	**3,850.0**	**3,869.2**	**3,853.7**	**3,850.0**	**3,849.1**	**3,714.0**			

1 CAG, Continental Aktiengesellschaft, Hanover.
2 CGF, Conti-Gummi Finance B.V., Maastricht, Netherlands.

The carrying amount of the bonds increased negligibly from €3,949.2 million in the previous year to €3,969.2 million as at the end of fiscal 2023. Under the Debt Issuance Programme (DIP), Continental AG issued two listed euro bonds in June and August 2023, with a total issue volume of €1,250.0 million. On June 1, 2023, a €750.0-million bond was issued. The issue price of this bond, which has a term of five years and a fixed interest rate of 4.000% p.a., was 99.445%. On August 31, 2023, a €500.0-million bond was issued. The issue price of this bond, which has a term of three-and-a-half years and a fixed interest rate of 4.000% p.a., was 99.658%. In addition, the €500.0-million and €750.0-million euro bonds of Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, maturing on September 12 and November 27, 2023, were redeemed in the second half of the year at a rate of 100.000%. The €500.0-million bond had an interest rate of 0.000% p.a. and a term of four years. The €750.0-million bond had an interest rate of 2.125% p.a. and a term of three and a half years.

The carrying amount of the bonds also includes a private placement issued by Continental AG in October 2019. The private placement has a nominal volume of €100.0 million, a term of five years and a fixed interest rate of 0.231% p.a.

Credit lines and available financing from banks

Bank loans and overdrafts amounted to €1,385.7 million (PY: €1,579.6 million) as at December 31, 2023, and were therefore €193.9 million below the previous year's level. On December 31, 2023, there were credit lines and available financing from banks in the amount of €5,982.0 million (PY: €6,182.5 million). A nominal amount of €4,569.1 million of this had not been utilized as at the end of the reporting period (PY: €4,573.5 million). The syndicated loan of the Continental Group described below accounted for €3,683.7 million of this (PY: €3,700.0 million). Besides this, the major portion of the credit lines and available financing from banks related, as in the previous year, to predominantly floating-rate short-term borrowings.

The syndicated loan that was renewed ahead of schedule in December 2019 consists of a revolving tranche of €4,000.0 million and has an original term of five years. The margin will also depend on the Continental Group's sustainability performance. If the Continental Group achieves the performance improvements in sustainability as set out in detail in the loan agreement, this will reduce the margin; non-achievement will result in a margin increase. The loan agreement contains no obligation to comply with financial covenants. Utilizations may be undertaken both in euros and US dollars on the basis of variable interest rates. Depending on the currency, interest is accrued at either the EURIBOR rate or the corresponding USD Secured Overnight Financing Rate (SOFR), plus a margin in each case. Continental has exercised two options, each extending the term of the loan by one year. This means that the financing commitment of the banks is now available until December 2026. As at December 31, 2023, Continental Rubber of America, Corp., Wilmington, Delaware, USA, had utilized €316.3 million of this revolving loan (PY: €300.0 million utilized by Continental AG).

In the year under review, the Continental Group utilized its commercial paper programs, its sale-of-receivables programs and its various bank lines to meet short-term credit requirements.

Please see Note 32 for the maturity structure of indebtedness.

Additional notes to the statement of cash flows

The following table showing the (net) change in short-term and long-term indebtedness provides additional information on the consolidated statement of cash flows:

		Cash	Non-cash					
€ millions	**Dec. 31, 2023**		**Exchange-rate changes**	**Reclassifications**	**Changes in fair value**	**Changes in the scope of consolidation**	**Other**	Dec. 31, 2022
Change in derivative instruments and interest-bearing investments	209.2	27.2	-24.9	–	-4.1	–	3.6	207.3
Change in short-term indebtedness	-2,958.3	2,029.6	40.2	-1,243.6	10.0	-1.3	-104.6	-3,688.7
thereof redemption of bonds	–	1,250.0	–	–	–	–	–	–
thereof repayment of lease liabilities	–	306.9	–	–	–	–	–	–
Change in long-term indebtedness	-4,211.9	-1,270.9	19.1	1,243.6	2.3	-0.2	-199.7	-4,006.0
thereof issuance of bonds	–	-1,250.0	–	–	–	–	–	–

		Cash	Non-cash					
€ millions	**Dec. 31, 2022**		**Exchange-rate changes**	**Reclassi-fications**	**Changes in fair value**	**Changes in the scope of consolidation**	**Other**	Dec. 31, 2021
Change in derivative instruments and interest-bearing investments	207.3	–22.9	–4.2	–	9.5	–	–1.0	225.9
Change in short-term indebtedness	–3,688.7	–457.1	–6.5	–1,531.3	3.1	–1.5	–78.1	–1,617.3
thereof repayment of lease liabilities	–	323.6	–	–	–	–	–	–
Change in long-term indebtedness	–4,006.0	–666.5	–9.8	1,531.3	–1.8	–1.6	–214.4	–4,643.2
thereof issuance of bonds	–	–625.0	–	–	–	–	–	–

32. Financial Instruments

The tables below show the carrying amounts and fair values of financial assets and liabilities, whereby non-current and current items are presented together. In addition, the relevant measurement categories are shown according to IFRS 9, *Financial Instruments*, and the levels of the fair value hierarchy relevant for calculating fair value according to IFRS 13, *Fair Value Measurement*.

€ millions	Measurement category in acc. with IFRS 9	**Carrying amount as at Dec. 31, 2023**	**Fair value as at Dec. 31, 2023**	thereof Level 1	thereof Level 2	thereof Level 3
Other investments[1]	FVOCIwoR	94.6	94.6	1.5	–	93.1
Derivative instruments and interest-bearing investments						
Derivative instruments not accounted for as effective hedging instruments	FVPL	19.2	19.2	–	19.2	–
Debt instruments	FVPL	77.8	77.8	77.8	–	–
Debt instruments	at cost	112.2	112.2	–	–	–
Trade accounts receivable without lease receivables						
Trade accounts receivable	at cost	7,387.8	7,387.8	–	–	–
Bank drafts	FVOCIwR	165.9	165.9	–	165.9	–
Trade accounts receivable	FVPL	11.5	11.5	–	11.5	–
Other financial assets without lease receivables						
Other financial assets	FVPL	131.9	131.9	0.8	131.0	–
Other financial assets	at cost	264.9	264.9	–	–	–
Cash and cash equivalents						
Cash and cash equivalents	at cost	2,560.2	2,560.2	–	–	–
Cash and cash equivalents	FVPL	362.9	362.9	362.9	–	–
Financial assets without lease receivables		**11,188.9**	**11,188.9**	**443.0**	**327.8**	**93.1**
Indebtedness without lease liabilities						
Derivative instruments not accounted for as effective hedging instruments	FVPL	8.4	8.4	–	8.4	–
Other indebtedness	at cost	5,960.3	5,977.9	3,853.7	519.4	–
Trade accounts payable	at cost	6,875.1	6,875.1	–	–	–
Other financial liabilities	at cost	1,678.4	1,678.4	–	–	–
Financial liabilities without lease liabilities		**14,522.2**	**14,539.8**	**3,853.7**	**527.8**	**–**
Aggregated according to categories as defined in IFRS 9:						
Financial assets (FVOCIwR)		165.9				
Financial assets (FVOCIwoR)		94.6				
Financial assets (FVPL)		603.3				
Financial assets (at cost)		10,325.0				
Financial liabilities (FVPL)		8.4				
Financial liabilities (at cost)		14,513.8				

1 Excluding investments in unconsolidated affiliated companies.

€ millions	Measurement category in acc. with IFRS 9	Carrying amount as at Dec. 31, 2022	Fair value as at Dec. 31, 2022	thereof Level 1	thereof Level 2	thereof Level 3
Other investments[1]	FVOCIwoR	160.2	160.2	4.7	–	155.5
Derivative instruments and interest-bearing investments						
Derivative instruments not accounted for as effective hedging instruments	FVPL	31.4	31.4	–	31.4	–
Debt instruments	FVPL	74.0	74.0	74.0	–	–
Debt instruments	at cost	101.9	101.9	–	–	–
Trade accounts receivable without lease receivables						
Trade accounts receivable	at cost	7,636.5	7,636.5	–	–	–
Bank drafts	FVOCIwR	114.9	114.9	–	114.9	–
Trade accounts receivable	FVPL	12.5	12.5	–	12.5	–
Other financial assets without lease receivables						
Other financial assets	FVPL	127.1	127.1	1.2	125.9	–
Other financial assets	at cost	267.5	267.5	–	–	–
Cash and cash equivalents						
Cash and cash equivalents	at cost	2,774.6	2,774.6	–	–	–
Cash and cash equivalents	FVPL	213.4	213.4	213.4	–	–
Financial assets without lease receivables		**11,514.0**	**11,514.0**	**293.3**	**284.7**	**155.5**
Indebtedness without lease liabilities						
Derivative instruments not accounted for as effective hedging instruments	FVPL	20.6	20.6	–	20.6	–
Other indebtedness	at cost	6,431.8	6,295.7	3,726.8	766.2	–
Trade accounts payable	at cost	7,637.0	7,637.0	–	–	–
Other financial liabilities	at cost	1,773.8	1,773.8	–	–	–
Financial liabilities without lease liabilities		**15,863.2**	**15,727.1**	**3,726.8**	**786.8**	**–**
Aggregated according to categories as defined in IFRS 9:						
Financial assets (FVOCIwR)		114.9				
Financial assets (FVOCIwoR)		160.2				
Financial assets (FVPL)		458.4				
Financial assets (at cost)		10,780.5				
Financial liabilities (FVPL)		20.6				
Financial liabilities (at cost)		15,842.6				

1 Excluding investments in unconsolidated affiliated companies.

Abbreviations
- at cost: measured at amortized cost
- FVOCIwR: fair value through other comprehensive income with reclassification
- FVOCIwoR: fair value through other comprehensive income without reclassification
- FVPL: fair value through profit and loss

Levels of the fair value hierarchy according to IFRS 13, *Fair Value Measurement*
- Level 1: quoted prices in active markets for identical instruments
- Level 2: quoted prices in active markets for similar instruments or measurement methods for which all major input factors are based on observable market data
- Level 3: measurement methods for which the major input factors are not based on observable market data

Financial instruments allocated to the FVOCIwoR measurement category are classified as such because they are held over a long term for strategic purposes.

For financial instruments accounted for at FVOCIwoR for which there are no quoted prices in active markets for identical instruments (Level 1) or for similar instruments, or for which there are no applicable measurement methods in which all major input factors are based on observable market data (Level 2), the fair value must be calculated using a measurement method for which the major input factors are based on non-observable market data (Level 3). If external valuation reports or information from other financing rounds is available, these are used. If such information is not available, the measurement is performed according to the measurement method that is deemed appropriate and realizable in each case: for example, according to the discounted cash flow method or by valuation according to multiples using ratios based on purchase prices for comparable transactions. Measurement at amortized cost is only considered the best estimate of the fair value of financial assets if the most recent information available for fair value measurement is insufficient. Financial instruments accounted for at FVOCIwoR are centrally monitored with regard to any changes to the major non-observable input factors and continuously checked for changes in value.

Please see Note 18 for information on the changes in carrying amounts of other investments. For reasons of materiality, a sensitivity analysis is not required.

The accounting and measurement methods applied are described in Note 2 of the notes to the consolidated financial statements.

The fair values of other indebtedness were derived from existing quotations on an active market (Level 1) or alternatively were determined by discounting all future cash flows at the applicable interest rates for the corresponding residual maturities, taking into account a company-specific credit spread (Level 2), provided their carrying amounts as at the reporting date are not approximately equivalent to their fair values. The other financial instruments measured at cost generally have short remaining terms. As a result, the carrying amounts as at the end of the reporting period are, as a rule, approximately their fair values and are not shown in the fair value hierarchy in the table.

The following table shows the changes to financial instruments at Level 3:

€ millions	Other investments
As at January 1, 2022	**159.5**
Valuation effects recognized in other comprehensive income	0.1
Transfers to Level 1	–18.1
Additions	10.4
Convertible note conversion	0.5
Exchange-rate effects	3.1
As at December 31, 2022	**155.5**
As at January 1, 2023	**155.5**
Valuation effects recognized in other comprehensive income	–62.2
Additions	1.5
Exchange-rate effects	–1.7
As at December 31, 2023	**93.1**

The Continental Group recognizes possible reclassifications between the different levels of the fair value hierarchy as at the end of the reporting period in which a change occurred.

The change in fair value recognized in other comprehensive income (OCI) relates to the depreciation of another participation as a result of a weaker business outlook.

In the previous year, two financial investments were measured on the basis of input factors that do not constitute observable market data (Level 3). As a reliable quoted market price became available for these instruments in the second half of the previous year, they were assigned to Level 1.

The following income and expenses from financial instruments were recognized in the consolidated statement of income:

€ millions	Net gains and losses from interest		Other net gains and losses		**Total net gains and losses**	
	2023	2022	**2023**	2022	**2023**	2022
Financial assets (at cost)	87.7	53.6	-85.8	-46.4	1.9	7.2
Financial assets and liabilities (FVPL)	6.4	2.2	-13.3	-23.0	-6.9	-20.8
Financial assets (FVOCI)	-1.8	-0.9	0.0	0.8	-1.8	-0.1
Financial liabilities (at cost)	-283.2	-138.2	43.0	-69.6	-240.2	-207.8

Interest income and expense from financial instruments is reported in the financial result (Note 11).

Dividend income from financial assets measured at fair value through other comprehensive income is explained under Income from Investments (Note 10).

Collateral
As at December 31, 2023, a total of €665.3 million (PY: €585.0 million) of financial assets had been pledged as collateral. In the year under review, as in the previous year, collateral mainly consisted of trade accounts receivable assigned as collateral for liabilities from sale-of-receivables programs. The remainder related to pledged cash or other financial assets.

Risk management of financial instruments
Due to its international business activities and the resulting financing requirements, the Continental Group is exposed to default risks, risks from changes in exchanges rates and variable interest rates, and liquidity risk. The management of these risks is described in the following sections.

In addition, hedging instruments are used in the Continental Group. Their use is covered by corporate-wide policies, adherence to which is regularly reviewed by internal auditors. Internal settlement risks are minimized through the clear segregation of functional areas.

Further information about the risks presented below and about risk management can be found in the report on risks and opportunities in the consolidated management report.

1. Default risks
Default risks from trade accounts receivable, contract assets or other financial assets include the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The total of the positive carrying amounts is equivalent to the maximum default risk of the Continental Group from financial assets. Default risk is influenced mainly by characteristics of the customers and the sector and is therefore analyzed and monitored by central and local credit managers. The responsibilities of the credit management function also include pooled receivables risk management. Contractual partners' creditworthiness and payment history are analyzed on a regular basis.

Default risk for non-derivative financial receivables is also limited by ensuring that agreements are entered into with partners with proven creditworthiness only or that collateral is provided or, in individual cases, trade credit insurance is agreed. The Continental Group held an immaterial amount of collateral as at December 31, 2023. There are no trade accounts receivable or contract assets for which an impairment loss was not recognized due to collateral held.

However, default risk cannot be excluded with absolute certainty, and any remaining risk is addressed by recognizing expected credit losses for identified individual risks and on the basis of experience, taking account of any relevant future components. Financial assets that are neither past due nor impaired accordingly have a prime credit rating. Default risks are calculated on the basis of corporate-wide standards. The methods for calculating loss allowances are described in Note 2 of the notes to the consolidated financial statements.

Trade accounts receivable and contract assets
If the creditworthiness of receivables is impaired, corresponding expenses are recognized in an allowance account.

Lifetime expected credit losses are largely calculated using estimates and assessments based on the creditworthiness of the respective customer, current economic developments and the analysis of historical losses on receivables. The creditworthiness of a customer is assessed on the basis of its payment history and its ability to make payments. It is regularly reviewed whether there is a need to take account of any risks in connection with different customer groups, sectors or countries. No such allocation of default risk was required in 2023.

Continental calculates the default rates for lifetime expected credit losses based on a three-year average, taking account of the historical defaults allocated to the different periods past due, and generally also taking account of a forward-looking component. Trade accounts receivable and contract assets whose creditworthiness is already impaired are not taken into account when calculating lifetime expected credit losses. There were no significant effects on expected credit losses from the modification of cash flows.

The table below shows the gross carrying amounts as at December 31, 2023, for trade accounts receivable and contract assets whose creditworthiness was not impaired[1]:

€ millions	December 31, 2023	December 31, 2022
not overdue	6,958.6	7,025.1
0–29 days	324.4	405.8
30–59 days	115.5	142.2
60–89 days	42.8	70.6
90–119 days	41.1	38.1
120 days or more	153.9	149.8
As at December 31	**7,636.3**	**7,831.6**

1 The difference of €161.6 million (December 31, 2022: €174.3 million) from the total gross carrying amounts of the trade accounts receivable and contract assets results from the gross carrying amounts of trade accounts receivable whose creditworthiness was impaired.

In the year under review, lifetime expected credit losses and loss allowances for trade accounts receivable and contract assets whose creditworthiness was impaired developed as follows:

€ millions	2023	2022
As at January 1	**138.4**	**149.2**
Additions	76.6	60.3
Utilizations	–18.0	–24.3
Reversals	–46.3	–52.1
Amounts disposed of through disposal of subsidiaries	–15.7	–
Exchange-rate changes	–2.7	5.3
As at December 31	**132.2**	**138.4**

As at December 31, 2023, loss allowances for trade accounts receivable whose creditworthiness was impaired amounted to €101.5 million (PY: €114.9 million).

Of the impaired receivables written down in the reporting period, €3.4 million (PY: €0.9 million) is still subject to enforcement measures.

Other financial assets

Loss allowances equivalent to the gross carrying amount totaling €2.7 million (PY: €2.8 million) were recognized for other financial assets whose creditworthiness was impaired. Other 12-month and lifetime expected credit losses on other financial assets are not of significance.

Cash and cash equivalents, derivative instruments and interest-bearing investments

In order to minimize the default risk for cash and cash equivalents, derivative instruments and interest-bearing investments, the Continental Group generally uses banks that it has classified as core banks on the basis of defined criteria. As a general rule, these banks should have at least one investment-grade credit rating from one of the global rating agencies. The default risk can therefore be considered very low. The creditworthiness of the core banks – and of other banks and other business partners with which investments are made, loans are granted or derivative instruments are traded in derogation from the core bank principle for operational or regulatory reasons – is continuously monitored by tracking not only their credit ratings but also particularly the premiums for insuring against credit risks (credit default swap, CDS), provided such information is available. In addition, the Continental Group sets investment limits for each bank and trading limits for derivative instruments. The amount of these limits is based on the creditworthiness of the respective bank. Compliance with these limits is continuously monitored. As in the previous year, expected credit losses from cash and cash equivalents and other interest-bearing investments measured at amortized cost as well as assets measured at amortized cost with impaired creditworthiness are not significant.

2. Currency management

The international nature of the Continental Group's business activities results in deliveries and payments in various currencies. Currency-exchange fluctuations involve the risk of losses because assets denominated in currencies with a falling exchange rate lose value, while liabilities denominated in currencies with a rising exchange rate become more expensive. For hedging, it is allowed to use only derivative instruments that have been defined in corporate-wide policies and can be reported and measured in the treasury management system. It is generally not permitted to use financial instruments that do not meet these criteria.

Operational foreign-currency risk

In operational currency management, actual and expected foreign-currency cash flows are combined as operational foreign-exchange exposures in the form of net cash flows for each transaction currency on a rolling 12-month basis. These cash flows arise mainly from receipts and payments from external and intra-corporate transactions by the Continental Group's subsidiaries worldwide. A natural hedge approach for reducing currency risks has been pursued for several years, meaning that the difference between receipts and payments in any currency is kept as low as possible. Exchange-rate developments are also monitored, analyzed and forecast. Based on the operational foreign-exchange exposure and constantly updated exchange-rate forecasts, the interest-rate and currency committee, which convenes weekly, agrees on the hedging measures to be implemented in individual cases by concluding derivative instruments, particularly currency forwards, currency swaps and currency options with a term of up to 12 months. Their amount must not exceed 30% of the 12-month exposure per currency without Executive Board permission. In addition, further risk limits for open derivative positions are set, which considerably reduce the risks from hedging activities. Hedge accounting was not used in the reporting year or in the previous year for hedges concluded in this way. As at December 31, 2023, currency forwards to hedge against operational foreign currency risks were reported in the statement of financial position under short-term derivative instruments and interest-bearing investments in the amount of €0.1 million (PY: –) and under short-term indebtedness in the amount of €0.4 million (PY: –). Their nominal volume came to €48.6 million as at December 31, 2023 (PY: –).

As at December 31, 2023, the net exposure from financial instruments that are denominated in a currency other than the functional currency of the respective subsidiary and are not allocated to net indebtedness existed in the major currencies of the euro in the amount of -€488.0 million (PY: -€670.8 million) and the US dollar in the amount of -€444.7 million (PY: -€573.4 million). The main local currencies accounting for the aforementioned euro-foreign currency transactions were the Chinese renminbi at -€370.9 million, the Mexican peso at -€81.7 million and the Serbian dinar at -€57.8 million (PY: the Chinese renminbi at -€371.3 million, the Mexican peso at -€177.3 million and the Romanian leu at -€80.5 million). The main local currencies accounting for the US dollar-foreign currency transactions were the Chinese renminbi at -€165.3 million, the Romanian leu at -€120.6 million and the South Korean won at -€114.5 million (PY: the Chinese renminbi at -€177.1 million, the Romanian leu at -€143.7 million and the Czech koruna at -€124.4 million). Of these amounts, the positive values constitute net receivables and the negative values net liabilities.

Financial foreign-currency risks

In addition to operational foreign-currency risk, currency risks also result from the Continental Group's external and internal net indebtedness that is denominated in a currency other than the functional currency of the respective subsidiary. The quantity of these instruments is regularly summarized in the form of a financial foreign-currency exposure for each transaction currency. As at December 31, 2023, the net exposure in the major currencies amounted to -€876.3 million (PY: -€1,045.4 million) for the euro and €877.2 million (PY: €1,240.6 million) for the US dollar. The main local currencies accounting for the aforementioned euro-foreign currency transactions were the Romanian leu at -€721.8 million, the Hungarian forint at -€270.7 million and the Serbian dinar at -€186.0 million (PY: the Romanian leu at -€675.0 million, the Hungarian forint at -€257.1 million and the Serbian dinar at -€142.4 million). The main local currencies accounting for the US dollar-foreign currency transactions were the euro at €355.8 million, the Mexican peso at €350.1 million and the Philippine peso at €169.0 million (PY: the euro at €954.9 million, the Mexican peso at €285.8 million and the Canadian dollar at -€72.1 million). These currency risks are generally hedged against through the use of derivative instruments, particularly currency forwards, currency swaps and cross-currency interest-rate swaps. In the case of highly effective, longer-term and significant hedges, Continental usually applies hedge accounting. The hedged transactions are not divided into their risk components. Hedge accounting was not used in the reporting year or in the previous year for hedges concluded in this way.

Hedging against financial foreign-currency risks without using hedge accounting

As at December 31, 2023, there were derivative instruments to hedge against financial foreign-currency risks from intra-corporate receivables and liabilities. Hedge accounting is not used for these instruments, hence their assignment to the measurement category FVPL. Corresponding currency forwards and currency swaps were reported as at December 31, 2023, in the statement of financial position under short-term derivative instruments and interest-bearing investments in the amount of €19.1 million (PY: €31.4 million), under long-term indebtedness in the amount of €0.7 million (PY: €3.0 million) and under short-term indebtedness in the amount of €7.2 million (PY: €9.1 million). Their nominal volume came to €1,371.6 million as at December 31, 2023 (PY: €1,533.1 million). In addition, cross-currency interest-rate swaps with a total nominal volume of €500.0 million were reported in the previous year under short-term indebtedness in the amount of €8.5 million.

Hedging against financial foreign-currency risks (net investment hedges)

Until August 2017, the Continental Group hedged its net investments in foreign operations. Based on the decision that currency effects from net investments in a foreign operation and from designated hedges that are accumulated in the currency translation reserve in equity are to be reclassified to the income statement only if the foreign operation is sold or liquidated, €20.2 million (PY: €20.2 million) from the hedged transactions remains in the currency translation reserve in equity.

Translation-related foreign-currency risks

A large number of the subsidiaries are located outside the euro currency zone. As Continental AG's reporting currency in the consolidated financial statements is the euro, the financial statements of these companies are translated into euros. With regard to managing the risks of translation-related currency effects, it is assumed that investments in foreign companies are entered into for the long term and that earnings are reinvested. Translation-related effects that arise when the value of net asset items translated into euros changes as a result of exchange-rate fluctuations are recognized directly in equity in the consolidated financial statements and are generally not hedged.

Sensitivity analysis

IFRS 7, *Financial Instruments: Disclosures*, requires a presentation of the effects of hypothetical changes in exchange rates on income and equity using a sensitivity analysis. In the Continental Group, the changes in the exchange rates are related to all financial instruments outstanding as at the end of the reporting period, including the effects of hedges. Forecast transactions and translation-related foreign-currency risks are not included in the sensitivity analysis. For those financial instruments with transaction currencies that differ from the functional currencies, a 10% appreciation or depreciation of the respective functional currency of the subsidiaries in relation to the identified different transaction currencies is assumed to determine the sensitivities. Hedging transactions are valued on the basis of a 10% percent change in the underlying forward or spot rates from the perspective of the local currency of the hedging Continental Group company.

The following table shows, before income tax expense, the overall effect as measured using this approach, as well as the individual effects resulting from the euro and the US dollar, as the major transaction currencies, on net income. As in the previous year, there is no effect on equity according to this approach.

	Local currency +10%		Local currency –10%	
€ millions	**2023**	2022	**2023**	2022
Total	**194.4**	**265.1**	**–194.4**	**–265.0**
thereof EUR	131.2	163.3	–131.2	–163.3
thereof USD	–10.9	22.8	10.9	–22.7

3. Interest-rate management

Variable interest agreements and, in principle, short-term financial instruments result in a risk of rising interest rates for interest-bearing financial liabilities and falling interest rates for interest-bearing financial investments. These interest-rate risks are valuated and assessed as part of our interest-rate management activities, partly on the basis of continuous monitoring of current and anticipated long-term and short-term interest-rate developments, and are managed by means of derivative interest-rate hedging instruments as needed. The Continental Group's interest-bearing net indebtedness is the subject of these activities based on the reporting date. Interest-rate hedges serve exclusively to manage identified interest-rate risks. Once a year, a range is determined for the targeted share of fixed-interest indebtedness in relation to total gross indebtedness. As in the previous year, there were no derivative instruments to hedge against interest-rate risks as at December 31, 2023. The Continental Group is not exposed to a risk of fluctuation in the fair value of long-term financial liabilities due to market changes in fixed interest rates, as the lenders do not have the right to demand early repayment in the event of changing rates and these liabilities are recognized at amortized cost.

Interest-rate risk

The profile of interest-bearing financial instruments allocated to net indebtedness, taking into account the effect of the Continental Group's derivative instruments, is as follows:

€ millions	2023	2022
Fixed-interest instruments		
Financial assets	57.4	73.7
Financial liabilities	5,516.2	5,564.0
Floating-rate instruments		
Financial assets	3,055.8	3,090.2
Financial liabilities	1,645.7	2,110.1

Fair value sensitivity analysis

In accordance with IFRS 7, effects of financial instruments on income and equity resulting from interest-rate changes must be presented using a sensitivity analysis. The main effects resulted from the changes in the US dollar and euro interest rates. As in the previous year, there were no changes in equity in 2023. The effects on the financial result are presented below; tax effects were not taken into account in the analysis:

- An increase in US dollar interest rates of 100 basis points in 2023 would not have led to any change in the financial result (PY: a change of €4.4 million).
- A decrease in US dollar interest rates of 100 basis points would not have led to any change in the financial result (PY: a change of -€4.4 million).
- An increase in euro interest rates of 100 basis points in 2023 would not have led to any change in the financial result (PY: a change of -€4.4 million).
- A decrease in euro interest rates of 100 basis points would not have led to any change in the financial result (PY: a change of €4.5 million).

Cash flow sensitivity analysis

The following table shows the effects an increase or a decrease in interest rates of 100 basis points would have had on the financial result. The effects would essentially result from floating-rate financial instruments. The effects were calculated for individual groups of financial instruments taking account of their contractual arrangement and based on the expected changes in the applicable interest rates for these financial instruments depending on changes in market interest rates. As in the previous year, this analysis is based on the assumption that all other variables, and in particular exchange rates, remain unchanged.

	Interest-rate increase +100 basis points		Interest-rate decline –100 basis points	
€ millions	2023	2022	2023	2022
Total	**14.1**	**9.8**	**-14.1**	**-9.8**
thereof EUR	-0.6	-11.3	0.6	11.3
thereof CNY	6.2	7.2	-6.2	-7.2
thereof BRL	2.0	2.2	-2.0	-2.2
thereof INR	1.4	1.3	-1.4	-1.3
thereof USD	1.2	6.4	-1.2	-6.4

Presentation of the effects of interest rate benchmark reform

Interest rate benchmark reform did not lead to any contractual adjustments of material long-term external financial instruments in the Continental Group in the reporting year, as the relevant contractual agreements reference in particular the previously reformed EURIBOR right up to their maturity.

Currently, the Continental Group does not recognize any derivative instruments with variable interest rates.

In the measurement of derivative instruments, in particular in discounting, no material effects arose as at Continental as at December 31, 2023, as, firstly, the euro interest curve relevant for the Continental Group remains referenced to the previously reformed EURIBOR. Secondly, in June of the reporting year, the discounting of the US dollar interest curve – likewise relevant for the Continental Group over the course of the year – was changed to a risk-free US dollar interest curve. The measurement effects resulting over the course of the year from this changeover in terms of the relevant derivative instruments were of minor significance. The relevant derivative instruments expired in November of the reporting year.

The discounting for further Level 2 measurements of long-term financial instruments in particular, which are presented in the table at the beginning of this note, was switched to risk-free rates (RFRs) for some currencies during the reporting year. The resulting transition effect in the measurement of corresponding financial instruments is of minor significance. Further transition effects for future switching of discounting to interest curves based on RFRs are likewise estimated to be immaterial.

As no hedge accounting is currently applied within the Continental Group, there are no effects on hedge accounting. There have been no changes to the interest risk management strategy induced as a result of interest rate benchmark reform.

4. Liquidity risks

Cost-effective, adequate financing is necessary for the subsidiaries' operating business. The central cash management unit therefore prepares a rolling liquidity forecast. This includes short-term detailed planning of incoming and outgoing payments in the immediate days to come as well as a long-term calculation of forecast data based on a time series analysis that is supplemented with updated information on an ongoing basis.

Various marketable financial instruments are used to meet the financial requirements. These comprise overnight money, term borrowing, the issue of commercial paper, sale-of-receivables programs, the syndicated loan with a committed nominal amount of €4.0 billion (PY: €4.0 billion) and other bilateral loans. Furthermore, approximately 55% (PY: 51%) of gross indebtedness is financed on the capital market in the form of long-term bonds. Capital expenditure by subsidiaries is primarily financed through equity and loans from banks or subsidiaries. There are also cash-pooling arrangements with subsidiaries to the extent they are possible and justifiable in the relevant legal and tax situation. If events lead to unexpected financing requirements, the Continental Group can draw upon existing liquidity and fixed credit lines from banks. For information on existing liquidity, please refer to Note 24. For information on the existing utilized and unutilized loan commitments, please refer to Note 31. In order to minimize risks with regard to the availability of existing liquidity, investment limits are in place, which are explained under "Default risks for cash and cash equivalents as well as derivative instruments and interest-bearing investments" in this note.

The financial liabilities without lease liabilities of €14,522.2 million (PY: €15,863.2 million) result in the following undiscounted cash outflows over the next five years and thereafter:

December 31, 2023/€ millions	2024	2025	2026	2027	2028	thereafter	**Total**
Other indebtedness incl. interest payments	2,823.5	729.9	858.3	1,211.4	792.6	12.5	**6,428.1**
Derivative instruments with gross settlement – cash outflows[1]	378.6	–	–	–	–	–	**378.6**
Derivative instruments with gross settlement – cash inflows[1]	–372.1	–	–	–	–	–	**–372.1**
Derivative instruments with net settlement[1]	0.9	0.7	–	–	–	–	**1.6**
Trade accounts payable	6,875.1	–	–	–	–	–	**6,875.1**
Other financial liabilities	1,670.0	4.2	4.2	–	–	–	**1,678.4**

1 To enhance transparency in the reporting year, the presentation of the undiscounted liquidity effect of derivatives with a negative fair value as at the reporting date has been broken down according to the respective contractually agreed settlement process. For derivatives with gross settlement, cash outflows and inflows are presented separately. The previous year's figures have been adjusted accordingly.

December 31, 2022/€ millions	2023	2024	2025	2026	2027	thereafter	**Total**
Other indebtedness incl. interest payments	3,446.6	1,074.3	662.8	807.8	661.4	23.9	**6,676.8**
Derivative instruments with gross settlement – cash outflows[1]	142.3	–	–	–	–	–	**142.3**
Derivative instruments with gross settlement – cash inflows[1]	–133.9	–	–	–	–	–	**–133.9**
Derivative instruments with net settlement[1]	0.6	–	3.4	–	–	–	**4.0**
Trade accounts payable	7,637.0	–	–	–	–	–	**7,637.0**
Other financial liabilities	1,763.8	4.5	5.5	–	–	–	**1,773.8**

1 To enhance transparency in the reporting year, the presentation of the undiscounted liquidity effect of derivatives with a negative fair value as at the reporting date has been broken down according to the respective contractually agreed settlement process. For derivatives with gross settlement, cash outflows and inflows are presented separately. The previous year's figures have been adjusted accordingly.

In the analysis, foreign-currency amounts were translated into euros using the current closing rate as at the end of the reporting period. For floating-rate non-derivative financial instruments and floating-rate interest payments from derivative financial instruments, the future interest payment flows are generally forecast using the most recently contractually fixed interest rates. The analysis only includes cash outflows from financial liabilities. For derivative instruments that are liabilities at the end of the reporting period, the undiscounted net payments are shown given a contractually specified net settlement; if gross settlement is contractually specified, the undiscounted payment inflows and outflows are presented separately. Cash inflows from financial assets were not included.

Global netting agreements and similar agreements

Continental AG concludes business in the form of derivative instruments on the basis of the German Master Agreement on Financial Derivatives Transactions *(Deutscher Rahmenvertrag für Finanztermingeschäfte)*. Fundamentally, there is the option to combine the amounts owed by each counterparty under such agreements on the same day in respect of all outstanding transactions in the same currency into a single net amount to be paid by one party to another.

The German Master Agreement on Financial Derivatives Transactions does not meet the criteria for offsetting in the statement of financial position. This is due to the fact that Continental AG has no legal right to the netting of the amounts recognized at the current time. According to the regulations of the German Master Agreement, the right to netting can be enforced only when future events occur, such as the insolvency of or default by a contractual party. In such cases, all outstanding transactions under the agreement are ended, the fair value is calculated as at this time, and just a single net amount is paid to settle all transactions.

At two Brazilian subsidiaries there are local framework agreements on the basis of which these companies have concluded derivative instruments. These agreements also do not meet the criteria for offsetting in the statement of financial position.

The following table shows the carrying amounts of the reported stand-alone derivative instruments, their offsetting in the statement of financial position, and any potential arising from the specified agreements subject to the occurrence of certain future events:

	December 31, 2023			December 31, 2022		
€ millions	**Carrying amounts[1]**	**Respective financial instruments not netted**	**Net amount**	Carrying amounts[1]	Respective financial instruments not netted	Net amount
Financial assets	19.2	3.7	15.5	31.4	8.3	23.1
Financial liabilities	8.4	3.7	4.7	20.6	8.3	12.3

1 There were no amounts to be offset in accordance with IAS 32.42 as at the reporting date and as at the same date in the previous year.

33. Other Financial Liabilities

	December 31, 2023		December 31, 2022	
€ millions	**Short-term**	**Long-term**	Short-term	Long-term
Liabilities to related parties	–	0.5	–	0.5
Liabilities for selling expenses	1,166.6	–	1,251.2	–
Purchase prices payable on company acquisitions	1.2	–	1.7	–
Miscellaneous financial liabilities	502.2	7.9	510.9	9.5
Other financial liabilities	**1,670.0**	**8.4**	**1,763.8**	**10.0**

Liabilities for selling expenses relate in particular to obligations from bonus agreements with customers and deferred price reductions granted.

The other financial liabilities result from the reacquisition by Continental AG, Hanover, of a €475.6 million share in ContiTech AG, Hanover (now operating as ContiTech Deutschland GmbH, Hanover), from Continental Pension Trust e. V., Hanover. Please see Note 29 of the previous year for further details.

34. Trade Accounts Payable

Trade accounts payable amounted to €6,875.1 million (PY: €7,637.0 million) as at the end of the fiscal year. The liabilities are measured at amortized cost. The full amount is due within one year.

For information on liquidity risk, currency risk and the sensitivity analysis for trade accounts payable, please see Note 32.

35. Other Liabilities

	December 31, 2023		December 31, 2022	
€ millions	**Short-term**	**Long-term**	Short-term	Long-term
Liabilities for VAT and other taxes	352.0	–	297.0	–
Deferred income	15.6	18.5	20.5	22.8
Miscellaneous liabilities[1]	371.1	9.2	355.2	8.3
Other liabilities	**738.7**	**27.7**	**672.8**	**31.0**

1 Miscellaneous liabilities also include other liabilities to related parties. Please see Note 41.

Miscellaneous liabilities mainly include excess payments by customers and other liabilities to related parties.

Other Disclosures

36. Litigation and Compensation Claims

Continental AG and its subsidiaries are involved in lawsuits, regulatory investigations and proceedings worldwide. Such lawsuits, investigations and proceedings could also be initiated or claims asserted in other ways in the future.

Product liability
In particular, Continental is constantly subject to product liability and other claims in which the company is accused of the alleged infringement of its duty of care, violations against warranty obligations or defects of material or workmanship. Claims from alleged breaches of contract resulting from product recalls or government proceedings are also asserted. Among other cases, claimants in the USA file lawsuits for property damage, personal injury and death caused by alleged defects in our products. Claims for material and non-material damages, and in some cases punitive damages, are asserted. The outcome of individual proceedings, which are generally decided by a jury in a court of first instance, cannot be predicted with certainty. No assurance can be given that Continental will not incur substantial expenses as a result of the final judgments or settlements in some of these cases, or that these amounts will not exceed any provisions set up for these claims. Some subsidiaries in the USA are exposed to relatively limited claims for damages from purported health injuries allegedly caused by products containing asbestos. The total costs for dealing with all such claims and proceedings have amounted to less than €50 million per year since 2006.

Disputes over industrial property rights
Continental could be liable to pay compensation for infringements or could be forced to purchase licenses to continue using technology from third parties. Continental, for example, supplies telecommunication modules that transmit vehicle data, enable voice and internet functionality, and are compatible with cellular communication standards. In this respect, there is a risk that Continental or its suppliers may be denied their own direct license to use patents relating to these standards (standard essential patents), especially in the field of telecommunications standards such as 3G, 4G or 5G, and that Continental may become dependent on licenses and the conditions under which they are granted to customers. Continental has formed provisions to cover the risks in this regard. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made so as not to adversely affect the company's interests.

Regulatory proceedings
In May 2005, the Brazilian competition authorities opened investigations against Continental's Brazilian subsidiary Continental Brasil Industria Automotiva Ltda., Guarulhos, Brazil (CBIA), following a complaint of anticompetitive behavior in the area of commercialization of tachographs. On August 18, 2010, the Brazilian antitrust authorities determined an "invitation to cartel" and imposed a fine of BRL 12 million (around €2.2 million) on CBIA, which was then reduced to BRL 10.8 million (around €2.0 million). CBIA denies the accusation that it has infringed Brazilian antitrust law. Although the court of first instance appealed to by CBIA upheld the decision, on CBIA's further appeal the next higher court annulled this decision and remanded the matter. In February 2023, the court of first instance rendered a verdict against CBIA and lifted the ban on the enforcement of the financial penalty against CBIA (at that time an amount of BRL 34.2 million [around €6.5 million]). CBIA filed a motion for clarification requesting that the preliminary injunction against enforcement remain in full force up until a final and unappealable ruling is made. This motion was denied, and CBIA filed an appeal against this decision. In case an infringement of Brazilian antitrust law is found, third parties may, in addition, claim damages from CBIA.

On October 2, 2006, South African antitrust authorities received a complaint from a third party accusing several South African tire manufacturers of alleged antitrust behavior, including Continental Tyre South Africa (Pty.) Ltd., Port Elizabeth, South Africa (CTSA), a subsidiary of Continental. On August 31, 2010, the South African antitrust authorities came to the conclusion that CTSA had violated South African antitrust law and referred the matter to the responsible antitrust court for a decision. CTSA denies the allegation of infringements of South African antitrust law. However, the tribunal could impose a fine of up to 10% of CTSA's sales. In addition, third parties may also claim damages from CTSA in case of an infringement of South African competition law.

As a result of investigations by the US Department of Justice (DOJ) and the Korea Fair Trade Commission (KFTC) in connection with the suspected involvement in violations of US and South Korean antitrust law in the instrument cluster business, which came to light in 2012, the KFTC imposed a fine on Continental Automotive Electronics LLC, Bugang-myeon, South Korea (CAE), at the end of 2013, the final amount of which was set in 2018 at KRW 32,101 million (around €22.5 million). In the USA, CAE and Continental Automotive Korea Ltd., Seongnam-si, South Korea, agreed to pay a fine of US $4.0 million (approximately €3.6 million) in 2015. In the proceedings relating to class action lawsuits filed in the USA and Canada for alleged damages resulting from the antitrust violations, settlements totaling US $5.0 million (around €4.5 million) were concluded in the USA in 2018 and settlements totaling CAN $0.6 million (around €0.4 million) concluded in Canada in 2020. The risk of investigations by other antitrust authorities into this matter and claims for damages by further alleged victims remain unaffected by the fines imposed.

As a result of investigations that came to light in 2014, the European Commission imposed a fine of €44.0 million on Continental AG; Continental Teves AG & Co. oHG, Frankfurt am Main, Germany; and Continental Automotive GmbH, Hanover, Germany; on February 21, 2018, for the unlawful exchange of information. This involved specific brake components. Continental has paid this fine. Customers have since approached Continental to claim for damages, in some cases for specific amounts. Mercedes-Benz Group AG filed for declaratory judgment action with the Hanover District Court against Continental AG and two other companies of the Continental Group in December 2022. In April 2023, several companies of the Stellantis Group as well as several companies of the Renault Group filed a civil lawsuit in each case against Continental AG and three other companies of the Continental Group before the High

Court in London, United Kingdom. Both the Stellantis Group and the Renault Group are yet to attach any specific amount to their claims, and these are also yet to be delivered to Continental. In addition, two class action lawsuits have been filed in Canada against Continental AG and several of its subsidiaries. Continental believes that these claims and lawsuits are without merit. However, should the lawsuits lead to a judgment against Continental, the resulting expenses could be substantial and exceed the provision set aside for this purpose. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures so as not to adversely affect the company's interests.

On March 3, 2021, the Brazilian antitrust authorities (Conselho Administrativo de Defesa Econômica, CADE), acting on the basis of the issues addressed by the European Commission and described above, formally initiated proceedings against Continental Teves AG & Co. oHG, Frankfurt am Main, Germany, and certain former employees for alleged unlawful exchange of competition-sensitive information concerning hydraulic brake systems. Continental considers it possible that this proceeding will end with a fine. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. If Continental is found responsible for any violation, CADE could impose a fine on the company of 0.1% to 20% of its revenue or that of the Continental Group in Brazil in the year prior to when the administrative proceedings were launched (2020). Non-pecuniary penalties may also be possible. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages if indeed a violation of Brazilian antitrust law is established.

Since 2020, the public prosecutor's office in Hanover has been conducting investigative proceedings against former employees as well as former board members of Continental AG suspected of committing criminal acts and breaches of supervisory duties in connection with the development and use of illegal defeat devices in diesel and gasoline engines of multiple automotive manufacturers as well as in connection with the subsequent investigation of these actions, and as part of these proceedings has conducted multiple searches at locations of Continental AG and individual companies of the Continental Group. Continental AG and individual companies of the Continental Group are ancillary parties to these proceedings. The investigations concern activities of the former Powertrain segment that were transferred within the scope of the spin-off to Vitesco Technologies Group AG, Regensburg, Germany, and its subsidiaries in 2021.

Both the investigations by the public prosecutor's office in Hanover and the company's internal investigation into the matters covered by these proceedings, which involve considerable costs and effort, are ongoing. Continental AG and the companies of the Continental Group continue to cooperate with the public prosecutor's office in Hanover. There is a risk that fines will be imposed as a result of the allegations. The amount of such fines, which could comprise a levy and a penalty component, is currently unknown but collectively could be significant. Furthermore, the risk of damage to the company's reputation cannot be ruled out.

To cover risks of fines arising from the proceedings conducted by the public prosecutor's office in Hanover, a provision amounting to a high eight-figure sum had been set aside as at December 31, 2023.

In the event that fines or other measures are imposed on Continental AG and/or individual companies of the Continental Group that concern the transferred business, Vitesco Technologies Group AG is obligated on the basis of and in accordance with contractual provisions arising in particular from the corporate separation agreement concluded in the context of the spin-off to indemnify Continental AG and any individual companies of the Continental Group against the ensuing costs and liabilities. This is consistent with the agreement between the parties that all opportunities as well as all risks arising from the transferred business shall pass to Vitesco Technologies Group AG and the companies of Vitesco Technologies. These regulations have not been taken into account in the formation of the provision described above. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures and any potential claims against Vitesco Technologies Group AG so as not to adversely affect the company's interests.

In view of the scope of these national and international investigations against automotive manufacturers and suppliers, further proceedings by public authorities, civil legal proceedings, and claims by third parties along with the related financial risks cannot be ruled out.

As part of industry-wide searches, the European Commission began conducting a search of the premises of Continental AG on January 30, 2024, due to alleged antitrust violations. On the same day, Germany's Federal Cartel Office (Bundeskartellamt) searched the premises of TON Tyres Over Night Trading GmbH, Schondra-Schildeck, Germany, a subsidiary of Continental, also due to alleged industry-wide antitrust violations. Both proceedings are at a very early stage. Continental is therefore unable to reliably predict in any way what the outcome of these proceedings will be. In the event that Continental is responsible for any such violation, the European Commission and the Bundeskartellamt could each impose substantial fines. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages. In this context, class action lawsuits have already been filed in the USA and Canada against Continental and other tire manufacturers. Continental has not yet been served with the lawsuits.

37. Contingent Liabilities and Other Financial Obligations

€ millions	December 31, 2023	December 31, 2022
Liabilities on guarantees	8.0	7.2
Liabilities on warranties	0.0	17.4
Risks from taxation and customs	51.7	36.1
Other financial obligations	8.9	15.8
Other contingent liabilities	30.7	23.1
Contingent liabilities and other financial obligations	**99.4**	**99.6**

As in previous years, contingent liabilities related to guarantees for the liabilities of affiliated companies and third parties not included in consolidation and to contractual warranties. To the best of our knowledge, the underlying obligations will be fulfilled in all cases. Utilization is not anticipated.

Risks from taxation and customs constitute potential future burdens arising from matters related to income tax, sales tax and customs law. During the reporting period, Italian tax authorities opened criminal tax investigations into three Italian companies of the Continental Group. The investigations relate to a possible failure by the units concerned to comply with reporting and declaration requirements vis-à-vis the Italian tax authorities. Financial charges in the form of back taxes, penalties and fines as well as interest payments are not implausible. Due to the complexity of the facts presented by the Italian authorities and the early stage of the investigations, it is not possible to reliably estimate the possible financial charges.

The other financial obligations relate in part to the acquisition of companies now owned by the Continental Group.

The Continental Group could be subject to obligations relating to environmental issues under governmental laws and regulations, or as a result of various claims and proceedings that are pending or that might be made or initiated against it. Estimates of future expenses in this area are naturally subject to many uncertainties, such as the enactment of new laws and regulations, the development and application of new technologies and the identification of contaminated land or buildings for which the Continental Group is legally liable.

In connection with the carve-out of Vitesco Technologies, individual customers of the Vitesco Technologies Group were granted contract performance guarantees valid until December 31, 2024. To the best of our knowledge, the companies concerned will be able to fulfill the underlying obligations in all cases. Utilization is not anticipated.

Open purchase commitments for property, plant and equipment amounted to €676.3 million (PY: €652.4 million).

38. Earnings per Share

Basic earnings per share increased in 2023 to €5.78 (PY: €0.33), the same amount as diluted earnings per share. In both the period under review and the previous year, there were no dilutive effects such as interest savings on convertible bonds or warrant-linked bonds (after taxes). There were also no dilutive effects from stock option plans or the assumed exercise of convertible bonds.

€ millions/millions of shares	2023	2022
Net income attributable to the shareholders of the parent	1,156.4	66.6
Weighted average number of shares issued	200.0	200.0
Basic earnings per share in €	**5.78**	**0.33**

39. Events After the End of the Reporting Period

Continental announced a restructuring measure in the Automotive segment after the reporting period. This is expected to result in additions to personnel restructuring provisions amounting to a low nine-figure sum. The agreed measure is to be initiated from 2024 onward and will be carried out gradually until the end of 2025.

Other than this, there were no significant events after December 31, 2023.

40. Auditor's Fees

For fiscal 2023, a global fee of €16.5 million (PY: €14.3 million) was agreed for the audit of the consolidated financial statements, including the combined non-financial statement; the interim financial statements and the separate financial statements of the subsidiaries (including exchange-rate differences). Other assurance services primarily comprise statutory and non-statutory audits as well as non-statutory assurance services performed in the context of IT projects. Other services were performed only to a limited extent.

The following fees were recognized in consolidated expenses for the auditor elected by the Annual Shareholders' Meeting.

	2023		2022[1]
€ millions	**Continental Group**	**thereof Germany**	
Audit of financial statements	16.5	7.4	5.7
Other assurance services	1.6	1.2	0.1
Tax advisory services	0.3	–	0.0
Other services provided to the parent company or its subsidiaries	0.1	0.1	0.2
Total	**18.5**	**8.7**	**6.0**

1 Only includes fees for services directly connected with Continental AG and its German subsidiaries.

The figures to be disclosed in accordance with Section 314 (1) No. 9 of the German Commercial Code *(Handelsgesetzbuch – HGB)* are determined pursuant to standard IDW RS HFA 36 of the Institut der Wirtschaftsprüfer in its revised version of September 8, 2016.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and its registered branches are deemed the auditor.

41. Transactions with Related Parties

Remuneration of the Executive Board and the Supervisory Board
The remuneration of the Continental Group's key management personnel that must be disclosed in accordance with IAS 24, *Related Party Disclosures*, comprises the remuneration of the active members of the Executive Board and the Supervisory Board.

The remuneration of the active members of the Executive Board in the respective years was as follows:

€ thousands	**2023**	2022
Short-term benefits	10,188	5,678
Service cost relating to post-employment benefits	3,657	4,739
Termination benefits	–	1,675
Share-based payment	9,473	1,023
Total	**23,318**	**13,115**

The total remuneration of the members of the Executive Board comprises a number of remuneration components. These include a remuneration component that is unrelated to performance, including specific additional benefits and entitlement to a company pension, and a variable component that is based on performance, consisting of a short-term remuneration component and long-term remuneration components.

Additional benefits include (i) provision of a company car, which can also be for personal use, (ii) reimbursement of travel expenses, as well as relocation costs and expenses for running a second household, where this is required for work reasons, (iii) a regular health check, (iv) directors' and officers' (D&O) liability insurance with deductible in accordance with Section 93 (2) Sentence 3 *AktG*, (v) accident insurance, (vi) the employers' liability insurance association contribution including, where necessary, income tax incurred as a result, as well as (vii) health insurance and long-term care insurance contributions based on Section 257 of Book V of the German Social Code *(SGB V)* and Section 61 of Book XI of the German Social Code *(SGB XI)*.

In accordance with their future benefit rights, each member of the Executive Board is granted post-employment benefits that are paid starting at the age of 63, but not before they leave the service of Continental AG (hereinafter "insured event"). From January 1, 2014, the company pension for the members of the Executive Board was changed to a defined contribution commitment. A capital component is credited to the Executive Board member's pension account each year. To determine this, a fixed contribution, agreed by the Supervisory Board in the Executive Board member's service agreement, is multiplied by an age factor that represents an appropriate return. For members of the Executive Board who were already in office prior to January 1, 2014, the future benefit rights accrued until December 31, 2013, have been converted into a starting component in the capital account. When the insured event occurs, the benefits are paid out as a lump sum, in installments or – as is normally the case due to the expected amount of the benefits – as a pension. Post-employment benefits must be adjusted after commencement of such benefit payments by 1% p.a. in accordance with Section 16 (3) No. 1 of the German Company Pensions Law *(Betriebsrentengesetz – BetrAVG)*.

The variable components that are based on performance comprise a short-term remuneration component (performance bonus without equity deferral) as well as long-term remuneration components (long-term incentive and equity deferral of the performance bonus). For the variable remuneration components, before the start of each fiscal year, target criteria are determined by the Supervisory Board with a view to its strategic goals, the provisions of Sections 87 and 87a *AktG* and the German Corporate Governance Code in its respective valid version, whereby the degree to which these criteria are met will determine the actual amount paid out.

The Supervisory Board may take the function and area of responsibility of the individual members of the Executive Board into account with regard to the amount of the total target-based remuneration. As part of this, shares of the individual remuneration component for the total target-based remuneration are indicated below in percentage ranges. The precise proportions therefore vary depending on the functional differentiation as well as a possible change within the framework of the yearly remuneration review.

The fixed annual salary comprises 22% to 28% of the target remuneration, the performance bonus (excluding equity deferral) between 17% and 22%, and the equity deferral and long-term incentive between 33% and 38%. Future benefit rights make up between 17% and 23% of the target remuneration, and additional benefits make up approximately 1%.

For a more detailed description of the remuneration system's variable components based on performance as well as the obligations due, please see Note 28.

Provisions for defined benefit obligations of current members of the Executive Board amount to €23.0 million (PY: €15.0 million).

Provisions for severance payments and other salaries for active Executive Board members and those who departed in the previous year amounted to €8.8 million in the reporting year (PY: €8.8 million).

The total remuneration granted to the Executive Board of Continental AG in 2023 in accordance with Section 314 (1) No. 6 of the German Commercial Code *(Handelsgesetzbuch – HGB)* amounted to €18.8 million (PY: €11.0 million). That total remuneration also included, in addition to short-term benefits of €10.2 million (PY: €5.7 million), a newly granted long-term incentive plan totaling €5.7 million (PY: €4.7 million) and the equity deferral of the performance bonus of €2.9 million (PY: €0.6 million).

The fair value of the 2023 LTI plan as at the grant date, assuming full vesting, was €3.8 million (PY: €3.9 million for the 2022 LTI plan).

Moreover, former members of the Executive Board and their surviving dependents received payments totaling €9.5 million (PY: €9.4 million). Provisions for pension obligations for former members of the Executive Board and their surviving dependents amounted to €150.5 million (PY: €148.3 million).

Remuneration paid to the members of Continental AG's Supervisory Board, including meeting fees, totaled €5.0 million in the past fiscal year (PY: €5.0 million).

As in 2022, no advances or loans were granted to members of Continental AG's Executive Board or Supervisory Board in 2023.

The table below shows the transactions with related parties other than subsidiaries.

	Income		**Expenses**		**Accounts receivable**		**Accounts payable**	
€ millions	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Non-consolidated companies								
Ordinary business activities	16.9	16.9	2.2	4.7	6.1	4.5	4.1	3.3
Other	1.2	0.7	0.0	0.0	3.8	4.7	1.6	1.3
Associates								
Ordinary business activities	36.8	41.6	139.0	123.0	14.1	9.9	27.9	28.8
Financing	0.4	0.4	6.2	0.8	13.7	14.7	232.9	172.7
Other	0.0	–	–	–	–	–	–	–
Joint ventures								
Ordinary business activities	55.2	72.5	20.6	30.6	20.9	33.9	87.6	76.4
Financing	2.0	1.4	0.0	0.9	25.4	33.1	0.7	0.0
Schaeffler Group								
Ordinary business activities	55.0	47.8	60.1	42.0	13.4	13.9	11.0	13.1
Vitesco Technologies								
Ordinary business activities	645.2	840.4	566.3	692.2	498.8	640.3	53.6	104.6
Other	3.6	5.4	0.4	0.1	8.4	10.6	–	0.0
Total	**816.3**	**1,027.1**	**794.8**	**894.3**	**604.6**	**765.6**	**419.4**	**400.2**

Transactions with related parties other than subsidiaries were conducted on an arm's-length basis. Ordinary business activities comprise the purchase or sale of goods and other assets as well as rendered or received services.

The expenses and income from ordinary business activities with Vitesco Technologies mainly resulted from variable lease payments in accordance with IFRS 16, *Leases*, due to contract manufacturing. Please refer to Note 15 for further information.

Notices in accordance with the German Securities Trading Act *(Wertpapierhandelsgesetz – WpHG)*

From the start of the fiscal year to the time of the preparation of the financial statements, we received the following notifications in accordance with Section 33 (1) *WpHG* on holdings in Continental AG and published them in accordance with Section 40 (1) *WpHG*. In the event of the same party reaching, exceeding or falling below the threshold stated in this provision on multiple occasions, only the most recent notification is shown. Notifications from earlier fiscal years about the existence of voting rights shares of at least 3% are still disclosed as at the end of the reporting period. The provisions for notifications from fiscal years prior to 2018 relate to the version of the *WpHG* valid until January 2, 2018.

BlackRock, Inc., Wilmington, Delaware, USA, notified us on December 5, 2023, that its share of voting rights in Continental AG on November 30, 2023, amounted to 3.26%.

- 3.11% of these voting rights (6,227,086 voting rights with the security identification number DE0005439004) are attributed to the company in accordance with Section 34 *WpHG*.
- 0.04% of these voting rights (84,886 voting rights with the security identification number US2107712000) are attributed to the company in accordance with Section 34 *WpHG*.

- 0.10% of these voting rights (196,862 voting rights) are attributed to the company as instruments in accordance with Section 38 (1) No. 1 *WpHG* (Lent Securities).
- 0.001% of these voting rights (2,474 voting rights) are attributed to the company as instruments in accordance with Section 38 (1) No. 2 *WpHG* (Contract for Difference).

Lazard Asset Management LLC, Wilmington, Delaware, USA, notified us on November 30, 2023, that its share of voting rights in Continental AG exceeded the threshold of 3% on November 29, 2023, and amounted to 3.01%.

- 2.67% of these voting rights (5,341,040 voting rights with the security identification number DE0005439004) were attributed to the company in accordance with Section 34 *WpHG*.
- 0.34% of these voting rights (690,287 voting rights with the security identification number US2107712000) were attributed to the company in accordance with Section 34 *WpHG*.

Lazard Asset Management LLC, Wilmington, Delaware, USA, notified us on December 1, 2023, that its share of voting rights in Continental AG fell below the threshold of 3% on November 30, 2023, and amounted to 2.75%.

- 2.67% of these voting rights (5,338,848 voting rights with the security identification number DE0005439004) were attributed to the company in accordance with Section 34 *WpHG*.
- 0.08% of these voting rights (171,996 voting rights with the security identification number US2107712000) were attributed to the company in accordance with Section 34 *WpHG*.

Harris Associates L.P., Wilmington, Delaware, USA, notified us on March 9, 2023, that Harris Associates Investment Trust held a share of voting rights in Continental AG on March 7, 2023, amounting to 4.98%. This corresponds to 9,965,931 voting rights attributed to Harris Associates Investment Trust in accordance with Section 34 *WpHG*.

Harris Associates Investment Trust, Boston, Massachusetts, USA, notified us on April 21, 2021, that its share of voting rights in Continental AG on April 19, 2021, amounted to 3.000042253736%. This corresponds to 6,000,264 voting rights in accordance with Section 33 *WpHG*.

By way of a letter dated January 4, 2016, we received notification that:

- the share of voting rights in Continental AG held by ATESTEO Management GmbH (still operating as Schaeffler Familienholding Eins GmbH as at December 31, 2015), Herzogenaurach, Germany, fell below the threshold of 3% of voting rights on December 31, 2015, due to restructuring within the corporation and amounted to 0.00% at this time.
- the share of voting rights in Continental AG held by ATESTEO Beteiligungs GmbH (still operating as Schaeffler Familienholding Zwei GmbH as at December 31, 2015), Herzogenaurach, Germany, fell below the threshold of 3% of voting rights on December 31, 2015, due to restructuring within the corporation and amounted to 0.00% at this time.
- the share of voting rights in Continental AG held by IHO Verwaltungs GmbH (still operating as Schaeffler Verwaltung Zwei GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, amounted to 35.99%.
- the share of voting rights in Continental AG held by IHO Beteiligungs GmbH (still operating as Schaeffler Verwaltungs GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, amounted to 10.01%. Another 35.99% of the voting rights in Continental AG are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to IHO Holding GmbH & Co. KG (still operating as Schaeffler Holding GmbH & Co. KG as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to IHO Management GmbH (still operating as Schaeffler Management GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to Schaeffler Holding LP, Dallas, Texas, USA, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to Mrs. Maria-Elisabeth Schaeffler-Thumann on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- 46.00% of the voting rights in Continental AG are attributed to Mr. Georg F. W. Schaeffler on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.

As a result of the withdrawal of Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, from Schaeffler Beteiligungsholding GmbH & Co. KG, Herzogenaurach, Germany, on December 31, 2015, the investment held by Schaeffler Beteiligungsholding GmbH & Co. KG, Herzogenaurach, Germany, in Continental AG accrued to IHO Verwaltungs GmbH (still operating as Schaeffler Verwaltung Zwei GmbH as at December 31, 2015), Herzogenaurach, Germany. The investment held by Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, as well as the investment by its co-owner; by Schaeffler Familienholding Eins GmbH, Herzogenaurach, Germany; and by Schaeffler Familienholding Zwei GmbH, Herzogenaurach, Germany, in Continental AG accordingly ceased to exist. As a result of a subsequent further accrual and termination without liquidation of Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, this company's notification obligation in accordance with the *WpHG* ceased to apply on January 1, 2016.

In 2023 and until February 27, 2024, inclusively, the members of the Executive Board held shares representing a total interest of less than 1% of the share capital of the company. Shares representing 46.00% of the voting share capital of the company were attributable to the members of the Supervisory Board Mrs. Maria-Elisabeth Schaeffler-Thumann (member of the Supervisory Board until April 29, 2022) and Mr. Georg F. W. Schaeffler. In 2023 and until February 27, 2024, inclusively, the other members of the Supervisory Board held shares representing a total interest of less than 1% of the share capital of the company.

42. List of Shareholdings of the Continental Group

Further information on equity investments can be found in the list of the Continental Group's shareholdings in accordance with Section 313 of the German Commercial Code *(Handelsgesetzbuch – HGB)*, which is published as part of the consolidated financial statements in the German Federal Gazette *(Bundesanzeiger)*. The consolidated financial statements with the list of the Continental Group's shareholdings are also made available for inspection by the shareholders in the business premises at the company's headquarters from the date on which the Annual Shareholders' Meeting is convened, and from that point in time are available together with the additional documents and information in accordance with Section 124a of the German Stock Corporation Act *(Aktiengesetz – AktG)* online at www.continental-ir.com.

Statutory exemption provisions applying to German companies

The following German companies and partnerships utilized the exemption provisions of Section 264 (3) *HGB* and Section 264b *HGB*:

Company	Registered office
ADC Automotive Distance Control Systems GmbH	Lindau
A-Z Formen- und Maschinenbau GmbH	Runding-Langwitz
balance GmbH, Handel und Beratungsservice im Gesundheitswesen	Hanover
Benecke-Kaliko AG	Hanover
CAS-One Holdinggesellschaft mbH	Hanover
CAT-One GmbH	Ingolstadt
Conseo GmbH	Hamburg
Conti Temic microelectronic GmbH	Nuremberg
Conti Versicherungsdienst Versicherungsvermittlungsges. mbH	Hanover
Continental Advanced Antenna GmbH	Hildesheim
Continental Aftermarket & Services GmbH	Schwalbach am Taunus
Continental Automotive GmbH	Hanover
Continental Automotive Grundstücksges. mbH	Frankfurt am Main
Continental Automotive Technologies GmbH	Hanover
Continental Autonomous Mobility Germany GmbH	Ingolstadt
Continental Caoutchouc-Export-GmbH	Hanover
Continental Engineering Services & Products GmbH	Ingolstadt
Continental Engineering Services GmbH	Frankfurt am Main
Continental Finance GmbH	Hanover
Continental Fuel Storage Systems GmbH	Hanover
Continental Reifen Deutschland GmbH	Hanover
Continental Safety Engineering International GmbH	Alzenau
Continental Trebbin GmbH & Co. KG Sondermaschinenbau	Ingolstadt
ContiTech Antriebssysteme GmbH	Hanover
ContiTech Deutschland GmbH	Hanover
ContiTech Elastomer-Beschichtungen GmbH	Hanover
ContiTech Kühner Beteiligungsgesellschaft mbH	Hanover
ContiTech Kühner GmbH & Cie. KG	Oppenweiler
ContiTech Luftfedersysteme GmbH	Hanover
ContiTech MGW GmbH	Hannoversch Münden
ContiTech Schlauch GmbH	Hanover
ContiTech Techno-Chemie GmbH	Karben
ContiTech Transportbandsysteme GmbH	Hanover
ContiTech Vibration Control GmbH	Hanover
ContiTech-Universe Verwaltungs-GmbH	Hanover
co-pace GmbH	Hanover
Eddelbüttel + Schneider GmbH	Hamburg

Company	Registered office
Elektrobit Automotive GmbH	Erlangen
Formpolster GmbH	Hanover
Hornschuch-Markt GmbH	Weißbach
Hornschuch Stolzenau GmbH	Weißbach
kek-Kaschierungen GmbH	Herbolzheim
Konrad Hornschuch AG	Weißbach
MISA-Beteiligungs GmbH	Hanover
MISA GmbH & Co. KG	Hanover
Phoenix Beteiligungsgesellschaft mbH	Hamburg
Phoenix Conveyor Belt Systems GmbH	Hamburg
Phoenix Vermögensverwaltungsgesellschaft mbH	Hamburg
REG Reifen-Entsorgungsgesellschaft mbH	Hanover
Senior Experts Services GmbH	Hanover
STEINEBRONN BETEILIGUNGS-GMBH	Oppenweiler
TON Tyres Over Night Trading GmbH	Schondra-Schildeck
Union-Mittelland-Gummi-GmbH & Co. Grundbesitz KG	Hanover
Vergölst GmbH	Bad Nauheim

43. German Corporate Governance Code/Declaration in Accordance with Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)*

The declaration required in accordance with Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)* was issued by the Executive Board and Supervisory Board in December 2023, and is available to our shareholders online at www.continental.com in the Company section under Corporate Governance.

44. Report on Subsequent Events

As at February 27, 2024, there were no events or developments that could have materially affected the measurement and presentation of individual asset and liability items as at December 31, 2023.

Aside from this, Continental announced a restructuring measure in the Automotive segment after the reporting period. This is expected to result in additions to personnel restructuring provisions amounting to a low nine-figure sum. The agreed measure is to be initiated from 2024 onward and will be carried out gradually until the end of 2025.

Further Information

Responsibility Statement by the Company's Legal Representatives

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

Hanover, February 27, 2024

Continental AG
The Executive Board

Members of the Executive Board and Their Directorships

List of the positions held by the Executive Board members on statutory supervisory boards and on comparable controlling bodies of companies in Germany and abroad:

Nikolai Setzer
Chairman
Chairman of the Automotive Board (until April 30, 2023)
Group Communications and Public Affairs
Group Compliance (until April 30, 2023)
Group Law and Intellectual Property (until April 30, 2023)
Group Quality, Technical Compliance, Continental Business System and Environment (until April 30, 2023)
Group Strategy
Contract Manufacturing Group Sector
Chinese Market
› ContiTech Deutschland GmbH, Hanover* (Chairman, until June 30, 2023)

Katja Garcia Vila
Group Finance and Controlling
Group Information Technology
Automotive Finance and Controlling (until April 30, 2023)
› Continental Automotive Technologies GmbH, Hanover* (Chairperson)
› Continental Reifen Deutschland GmbH, Hanover*

Philipp von Hirschheydt
Automotive Group Sector (since May 1, 2023)

Christian Kötz
Tires Group Sector
Group Purchasing
› Continental Reifen Deutschland GmbH, Hanover* (Chairman)
› Continental Tire Holding US LLC, Wilmington, Delaware, USA*
› Continental Tire the Americas, LLC, Columbus, Ohio, USA*

Philip Nelles
ContiTech Group Sector
› Benecke-Kaliko AG, Hanover*
› ContiTech USA, Inc., Fairlawn, Ohio, USA*

Dr. Ariane Reinhart
Group Human Relations
Director of Labor Relations
Group Sustainability
› Suse S.A., Luxembourg, Luxembourg (until March 31, 2023)
› Vonovia SE, Düsseldorf
› Evonik Industries AG, Essen (since May 31, 2023)

Olaf Schick
Group Compliance (since May 1, 2023)
Group Internal Audit (since May 1, 2023)
Group Law and Intellectual Property (since May 1, 2023)
Group Quality, Technical Compliance, Continental Business System and Environment (since May 1, 2023)
Group Risks and Controls (since May 1, 2023)

* *Companies pursuant to Section 100 (2) of the German Stock Corporation Act (Aktiengesetz – AktG).*

Members of the Supervisory Board and Their Directorships

Memberships of other statutory supervisory boards and of comparable controlling bodies of companies in Germany and abroad:

Prof. Dr.-Ing. Wolfgang Reitzle, Chairman
Member of various supervisory boards
- Ivoclar Vivadent AG, Schaan, Liechtenstein
- Axel Springer SE, Berlin
- HAWESKO Holding AG, Hamburg

Christiane Benner*, Vice Chairperson
Chairperson of IG Metall
- BMW AG, Munich

Hasan Allak*
Chairman of the Corporate Works Council of Continental AG and Chairman of the Works Council of Continental Reifen Deutschland GmbH, Stöcken, Hanover
- Continental Reifen Deutschland GmbH, Hanover**

Dorothea von Boxberg
Chief Executive Officer of Brussels Airlines SA/NV, Brussels, Belgium
- Aerologic GmbH, Schkeuditz (until May 15, 2023)

Stefan E. Buchner
Member of various supervisory boards
- thyssenkrupp AG, Essen
- Mosolf SE & Co. KG, Kirchheim unter Teck
- HÖRMANN Holding GmbH & Co. KG, Kirchseeon

Dr. Gunter Dunkel
Chairman of European Private Debt, Muzinich & Co., London, United Kingdom
- DEVnet AG, Munich

Francesco Grioli*
Member of the Central Board of Executive Directors of IG Bergbau, Chemie, Energie (Mining, Chemical and Energy Industries Union)
- Gerresheimer AG, Düsseldorf (Vice Chairman)
- Bayer AG, Leverkusen

Michael Iglhaut*
Chairman of the Works Council for the Frankfurt Location

Satish Khatu
Management advisor

Isabel Corinna Knauf
Member of the Shareholders' Committee of the Knauf Group
- Skillet Fork Farms LLP, Wayne City, Illinois, USA (Chairperson)
- Compagnie Marocaine de Plâtre et d'Enduit S.A., Safi, Morocco
- Knauf S.r.l., Castellina, Italy**
- Knauf İnşaat Ve Yapı Elemanları San. Ve Tic. A.Ş., Ankara, Türkiye** (Chairperson, until March 23, 2023)
- PFT Siva Sistemleri San. Ve Tic. A.Ş., Ankara, Türkiye** (Chairperson, until March 23, 2023)

Carmen Löffler*
Chairperson of the Works Council for the Ingolstadt Location
- Conti Temic microelectronic GmbH, Nuremberg** (Vice Chairperson)

Sabine Neuß
Member of the Executive Board of Jungheinrich AG – Technik
- JULI Motorenwerk s.r.o., Moravany, Czechia
- MAGAZINO GmbH, Munich (until August 23, 2023)
- Valmet Automotive Inc., Uusikaupunki, Finland (until May 31, 2023)

Prof. Dr. Rolf Nonnenmacher
Member of various supervisory boards
- ProSiebenSat.1 Media SE, Unterföhring

Dirk Nordmann*
Chairman of the Works Council for the Vahrenwald Plant, ContiTech Antriebssysteme GmbH, Hanover
- ContiTech Luftfedersysteme GmbH, Hanover**

Lorenz Pfau*
Chairman of the Central Works Council of Continental Automotive Technologies GmbH

Klaus Rosenfeld
Chief Executive Officer of Schaeffler AG, Herzogenaurach
- Vitesco Technologies Group AG, Regensburg**

Georg F. W. Schaeffler
Co-owner of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach
Managing Director of IHO Verwaltungs GmbH
- Schaeffler AG, Herzogenaurach** (Chairman)
- ATESTEO Management GmbH, Herzogenaurach**
- Vitesco Technologies Group AG, Regensburg**

Jörg Schönfelder*
Chairman of the Works Council for the Korbach Plant and Chairman of the European Works Council
- Continental Reifen Deutschland GmbH, Hanover**

Stefan Scholz*
Head of Finance & Treasury
- Phoenix Pensionskasse von 1925, Hamburg
- Pensionskasse für Angestellte der Continental Aktiengesellschaft VVaG, Hanover

Elke Volkmann*
Second Authorized Representative of IG Metall Nordhessen, Administrative Office for North Hesse, Kassel
- Krauss-Maffei Wegmann Verwaltungs GmbH, Munich

Members of the Supervisory Board committees:

1. Chairman's Committee
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Christiane Benner
- Georg F. W. Schaeffler
- Jörg Schönfelder

2. Audit Committee
- Prof. Dr. Rolf Nonnenmacher (Chairman)
- Francesco Grioli
- Michael Iglhaut
- Dirk Nordmann
- Klaus Rosenfeld
- Georg F. W. Schaeffler

3. Nomination Committee
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Isabel Corinna Knauf
- Prof. Dr. Rolf Nonnenmacher
- Georg F. W. Schaeffler

4. Mediation Committee required under Section 27 (3) of the German Co-determination Act *(Mitbestimmungsgesetz)*
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Christiane Benner
- Georg F. W. Schaeffler
- Jörg Schönfelder

5. Committee for Related Party Transactions
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Prof. Dr. Rolf Nonnenmacher

6. Special Emissions Committee
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Prof. Dr. Rolf Nonnenmacher
- Dirk Nordmann

7. Special ContiTech Committee***
- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Prof. Dr. Rolf Nonnenmacher
- Dirk Nordmann

* *Employee representative.*
** *Companies pursuant to Section 100 (2) of the German Stock Corporation Act (Aktiengesetz – AktG).*
*** *The Special ContiTech Committee was dissolved following the conclusion of its investigations by resolution of the Supervisory Board at its meeting on December 13, 2023.*

Ten-Year Review – Continental Group

		2023	2022[1, 2]	2021[3, 4]	2020[4]	2019[5]	2018[6]	2017	2016	2015	2014
Statement of financial position											
Non-current assets	€ millions	19,165.0	18,788.7	19,585.3	23,117.9	24,724.5	23,658.7	22,038.4	21,321.0	19,666.6	16,923.3
Current assets	€ millions	18,587.8	19,138.0	16,054.8	16,520.1	17,843.7	16,786.7	15,402.1	14,853.9	13,169.1	13,317.8
Total assets	€ millions	37,752.8	37,926.7	35,640.1	39,638.0	42,568.2	40,445.4	37,440.5	36,174.9	32,835.7	30,241.1
Shareholders’ equity (excl. non-controlling interests)	€ millions	13,675.9	13,259.2	12,216.0	12,262.4	15,395.3	17,850.4	15,828.4	14,270.0	12,786.3	10,672.1
Non-controlling interests	€ millions	449.2	475.8	452.5	376.7	480.4	482.9	461.9	464.8	427.6	352.5
Total equity (incl. non-controlling interests)	€ millions	14,125.1	13,735.0	12,668.5	12,639.1	15,875.7	18,333.3	16,290.3	14,734.8	13,213.9	11,024.6
Equity ratio[7]	%	37.4	36.2	35.5	31.9	37.3	45.3	43.5	40.7	40.2	36.5
Capital expenditure[8, 9]	€ millions	2,436.9	2,426.4	1,947.4	1,779.7	3,308.6	3,124.4	2,854.4	2,593.0	2,178.8	2,045.4
Free cash flow	€ millions	1,159.0	90.6	1,372.4	878.7	761.7	1,351.0	1,752.8	1,771.3	1,443.6	2,014.9
Net indebtedness	€ millions	4,037.9	4,499.4	3,765.5	4,139.1	4,071.7	1,661.3	2,047.6	2,797.8	3,541.9	2,823.5
Gearing ratio	%	28.6	32.8	29.7	32.7	25.6	9.1	12.6	19.0	26.8	25.6
Income statement											
Sales[8]	€ millions	41,420.5	39,408.9	33,765.2	31,864.4	44,478.4	44,404.4	44,009.5	40,549.5	39,232.0	34,505.7
Share of foreign sales[8]	%	80.9	82.4	82.6	81.5	81.2	80.1	79.7	79.3	78.6	76.6
Cost of sales[8, 10]	%	78.7	80.8	77.1	76.5	76.2	75.0	74.2	73.4	74.1	74.9
Research and development expenses (net)[8, 10]	%	10.0	10.3	7.7	8.5	7.6	7.2	7.1	6.9	6.2	6.2
Selling and logistics expenses[8, 10]	%	6.1	6.1	7.1	7.1	6.1	5.6	5.5	5.6	5.6	5.3
Administrative expenses[8, 10]	%	3.3	2.8	3.0	3.0	2.5	2.6	2.6	2.5	2.4	2.2
EBITDA[8]	€ millions	4,078.9	3,966.1	4,104.2	2,763.5	4,977.2	6,235.7	6,678.9	6,057.4	6,001.4	5,133.8
EBITDA[8, 10]	%	9.8	10.1	12.2	8.7	11.2	14.0	15.2	14.9	15.3	14.9
EBIT[8]	€ millions	1,853.8	754.8	1,845.8	-428.0	-268.3	4,027.7	4,561.5	4,095.8	4,115.6	3,344.8
EBIT[8, 10]	%	4.5	1.9	5.5	-1.3	-0.6	9.1	10.4	10.1	10.5	9.7
ROCE[8]	%	8.9	3.7	10.0	-2.2	-1.0	17.0	20.6	20.0	20.9	20.0
Personnel expenses[8]	€ millions	11,395.2	10,172.5	9,436.8	9,807.4	11,750.0	11,125.3	10,687.3	9,695.7	9,164.6	7,757.2
Depreciation and amortization[8, 11]	€ millions	2,225.2	3,211.2	2,258.4	3,191.5	5,245.5	2,208.0	2,117.4	1,961.6	1,885.8	1,789.0
Net income attributable to the shareholders of the parent	€ millions	1,156.4	66.6	1,435.2	-961.9	-1,225.0	2,897.3	2,984.6	2,802.5	2,727.4	2,375.3
Dividend and earnings per share											
Dividend for the fiscal year	€ millions	440.0[12]	300.0	440.0	–	600.0	950.0	900.0	850.0	750.0	650.0
Number of shares as at December 31	millions	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Dividend per share	€	2.20[12]	1.50	2.20	–	3.00	4.75	4.50	4.25	3.75	3.25
Net income (per share) attributable to the shareholders of the parent	€	5.78	0.33	7.18	-4.81	-6.13	14.49	14.92	14.01	13.64	11.88
Employees											
Annual average[8]	thousands	203.3	195.2	193.5	195.9	244.1	242.8	230.7	216.0	204.7	186.0

1 In the year under review, the presentation of income and expenses in connection with specific warranties, restructuring measures, severance payments, as well as impairment and reversal of impairment losses on intangible assets and property, plant and equipment was changed. They are now assigned to the relevant functional areas. The comparative period has been adjusted accordingly.
2 The assignment of income and expenses from certain business activities within the functional areas has been adjusted. The comparative period has been adjusted accordingly.
3 The methodology used in the consolidated financial statements for recognizing uncertain tax positions has been changed. For more information, see Note 2 (General Information and Accounting Principles) of the notes to the consolidated financial statements in the 2022 annual report. The figures for 2021 have been adjusted accordingly.
4 The spin-off of Vitesco Technologies on September 15, 2021, resulted in the application of IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.
5 IFRS 16, Leases, has been applied since 2019.
6 IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, have been applied since 2018.
7 Including non-controlling interests.
8 The figure for 2020 has been adjusted in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, and encompasses continuing operations.
9 Capital expenditure on property, plant and equipment, and software.
10 As a percentage of sales.
11 Excluding impairment on financial investments.
12 Subject to the approval of the Annual Shareholders’ Meeting on April 26, 2024.

Financial Calendar

2024	
Annual Press Conference	March 7
Analyst and Investor Conference Call	March 7
Annual Shareholders' Meeting	April 26
Quarterly Statement as at March 31, 2024	May 8
Half-Year Financial Report as at June 30, 2024	August 7
Quarterly Statement as at September 30, 2024	November 11

2025	
Annual Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting	April 25
Quarterly Statement as at March 31, 2025	May
Half-Year Financial Report as at June 30, 2025	August
Quarterly Statement as at September 30, 2025	November

Publication Details

The annual report, the annual financial statements, the half-year financial report and the quarterly statements are available online at:
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