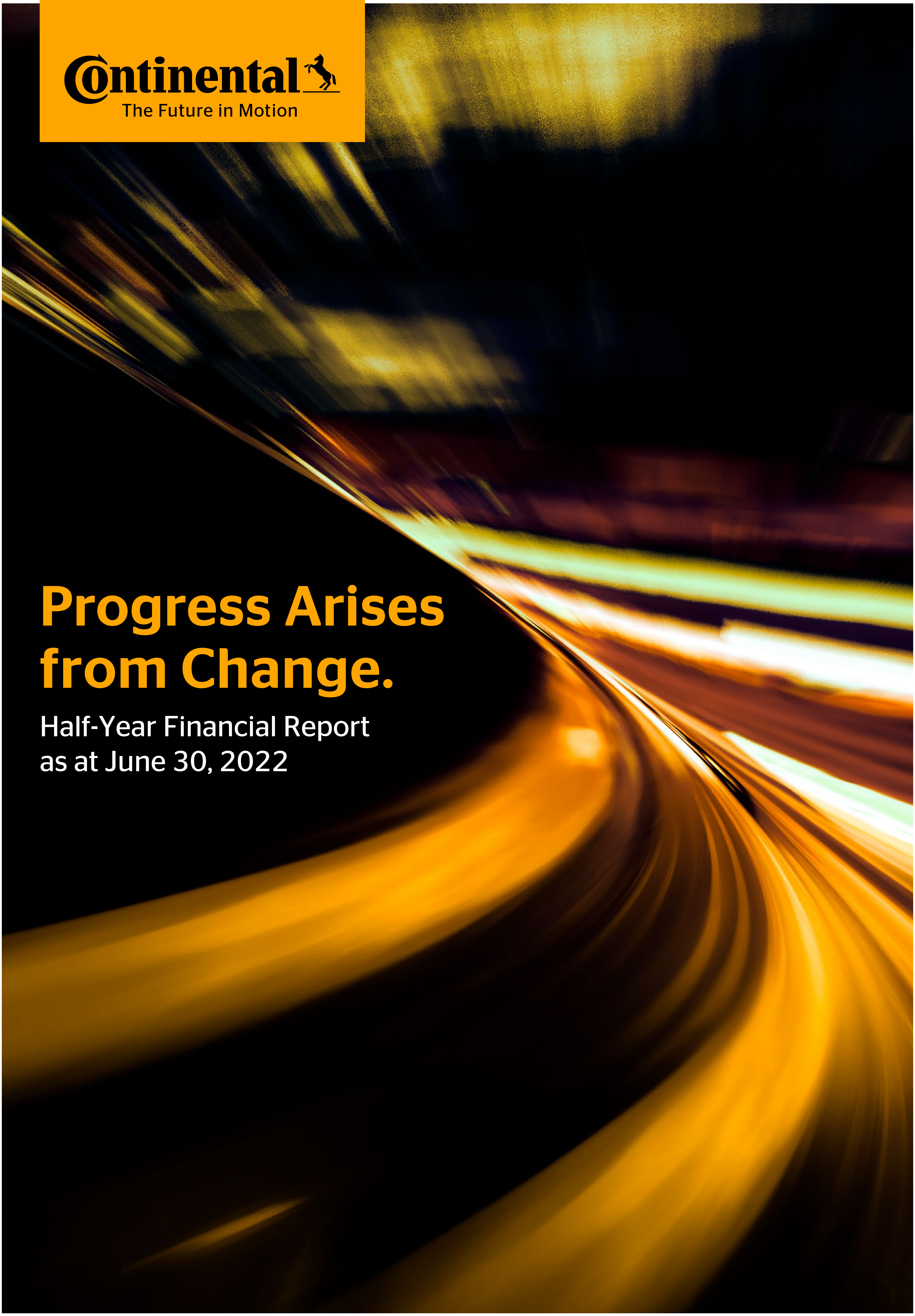
Continental
The Future in Motion



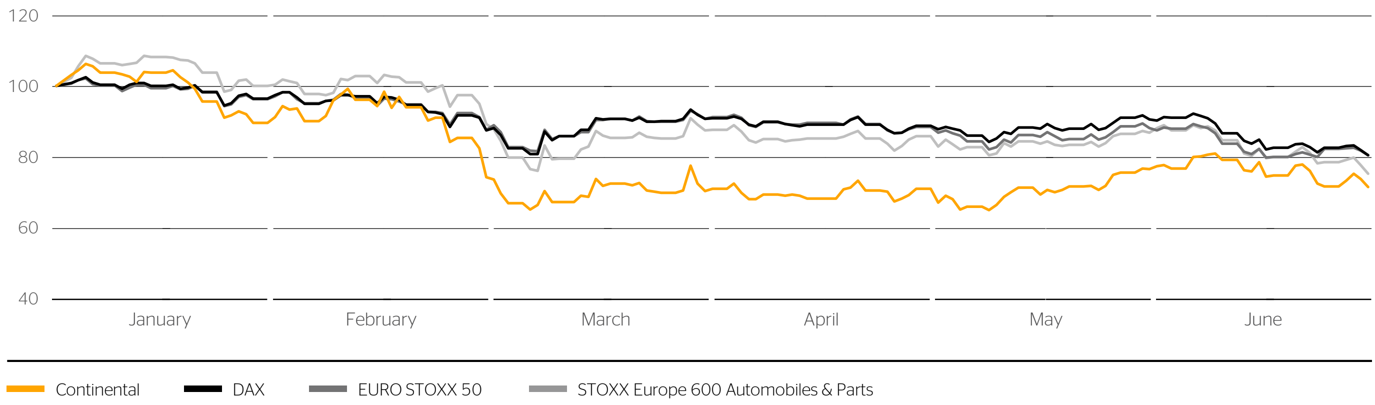
# Progress Arises from Change.

Half-Year Financial Report
as at June 30, 2022

# Continental Shares and Bonds

**Price performance of Continental shares in 2022 versus selected stock indexes**

Indexed to January 1, 2022




**Negative trend on the stock markets**

The stock markets were strained in the first half of 2022, in particular due to the effects of the war in Ukraine. Higher prices for natural gas and crude oil as well as price increases and supply shortages for raw materials and semi-finished products as a result of disrupted supply chains, led to significant price rises for consumer goods during the reporting period. This in turn led to a sharp increase in inflation rates in many economies worldwide. Furthermore, the strict measures taken to contain the coronavirus in China had a negative impact on local economic development and global supply chains as a result of ports being closed.

In order to curb inflation, various central banks reversed their previously expansive monetary policy in the second quarter and raised their base rates (such as the US Federal Reserve, the Bank of England and the Swiss National Bank) or announced their intention to do so in the second half of the year (such as the European Central Bank). In June, there were further price losses on the stock markets as a result. The DAX closed the first half of 2022 at 12,783.77 points. This represented a decline of 19.5% compared to the end of 2021, when it was quoted at 15,884.86 points. The EURO STOXX 50 followed a very similar trend, falling by 19.6% in the first half of the year to close at 3,454.86 points at the end of June.

**Significant losses in automotive stocks**

Many automotive stocks were directly or at least indirectly affected by the developments in the first half of 2022. Price increases for semiconductors and other electronic products primarily burdened suppliers of automotive components and systems during the reporting period, while tire manufacturers were affected by the noticeable rise in the cost of raw materials and energy. By contrast, strong demand for passenger cars allowed automotive manufacturers to raise prices for many models and to make improvements to the product mix. The STOXX Europe 600 Automobiles & Parts fell to 496.36 points in the first half of 2022, a decline of 24.8% compared to the end of 2021.

**Weak performance by Continental shares**

In the first quarter of 2022, Continental's share price performance – like that of other automotive suppliers – was heavily affected after the outbreak of the war in Ukraine due to increasing concerns among many investors over lower production volumes as well as cost increases for raw materials and energy. This sharp decline was followed in the second quarter by a period of stabilization at a level between €60 and €75. On May 2, 2022, the dividend of €2.20 for fiscal 2021 resolved by the Annual Shareholders' Meeting was marked down.

At the end of June 2022, Continental's shares were listed at €66.50. Compared to the 2021 year-end price of €93.11, this represented a decline of 28.6%, or 26.1% when factoring in a reinvestment of the dividend paid out on the distribution date.

**Price losses for Continental bonds**

Interest rates for European corporate bonds rose sharply in the reporting period as a result of the general rise in interest rates, causing a noticeable decline in bond prices. The outstanding Continental bonds were also quoted at a lower price at the end of June 2022 compared with the end of 2021.

**Continental's key bonds outstanding as at June 30, 2022**

| WKN/ISIN | Coupon | Maturity | Volume in € millions | Issue price | Price as at June 30, 2022 | Price as at Dec. 31, 2021 |
|---|---|---|---|---|---|---|
| A2YPE5/XS2051667181 | 0.000% | September 12, 2023 | 500.0 | 99.804% | 98.042% | 100.209% |
| A28XTQ/XS2178585423 | 2.125% | November 27, 2023 | 750.0 | 99.559% | 100.255% | 103.946% |
| A28YEC/XS2193657561 | 1.125% | September 25, 2024 | 625.0 | 99.589% | 97.987% | 102.625% |
| A2YPAE/XS2056430874 | 0.375% | June 27, 2025 | 600.0 | 99.802% | 93.792% | 100.627% |
| A28XTR/XS2178586157 | 2.500% | August 27, 2026 | 750.0 | 98.791% | 98.946% | 109.623% |

## Credit rating for Continental AG

| | **June 30, 2022** | December 31, 2021 |
|---|---|---|
| **Standard & Poor's**[1] | | |
| Long-term | BBB | BBB |
| Short-term | A-2 | A-2 |
| Outlook | negative | 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 | negative | negative |

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

### Credit rating for Continental AG unchanged

The rating agency Fitch confirmed its long-term credit rating of BBB on April 8, 2022, and left its outlook of stable unchanged.

The rating agencies Standard & Poor's and Moody's also left their respective credit ratings unchanged in the reporting period.

### Investor Relations online

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

# Key Figures for the Continental Group

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

The following table generally shows the figures for continuing operations in the reporting and comparative periods, with free cash flow (continuing and discontinued operations), net income attributable to the shareholders of the parent and earnings per share referring to continuing and discontinued operations in the comparative period.

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| Sales | 18,722.4 | 16,929.7 | 9,444.1 | 8,354.4 |
| EBITDA | 1,780.9 | 2,245.9 | 848.6 | 1,032.3 |
| in % of sales | 9.5 | 13.3 | 9.0 | 12.4 |
| EBIT | 210.7 | 1,135.3 | –164.6 | 472.7 |
| in % of sales | 1.1 | 6.7 | –1.7 | 5.7 |
| Net income attributable to the shareholders of the parent | -5.3 | 992.9 | -250.7 | 545.3 |
| Basic earnings per share in € | -0.03 | 4.96 | –1.26 | 2.72 |
| Diluted earnings per share in € | -0.03 | 4.96 | –1.26 | 2.72 |
| | | | | |
| Research and development expenses (net) | 1,509.7 | 1,330.5 | 738.5 | 706.1 |
| in % of sales | 8.1 | 7.9 | 7.8 | 8.5 |
| Depreciation and amortization[1] | 1,570.2 | 1,110.6 | 1,013.2 | 559.6 |
| thereof impairment[2] | 443.9 | 9.8 | 447.0 | 8.4 |
| Capital expenditure[3] | 987.5 | 623.2 | 543.2 | 380.2 |
| in % of sales | 5.3 | 3.7 | 5.8 | 4.6 |
| Operating assets as at June 30 | 20,471.6 | 17,834.0 | | |
| Number of employees as at June 30[4] | 194,577 | 193,754 | | |
| | | | | |
| Adjusted sales[5] | 18,654.4 | 16,844.2 | 9,410.1 | 8,314.2 |
| Adjusted operating result (adjusted EBIT)[6] | 849.0 | 1,240.1 | 410.5 | 512.1 |
| in % of adjusted sales | 4.6 | 7.4 | 4.4 | 6.2 |
| | | | | |
| Free cash flow (continuing operations) | -870.6 | 764.4 | -697.4 | 431.8 |
| Free cash flow (continuing and discontinued operations) | -870.6 | 919.2 | -697.4 | 281.6 |
| | | | | |
| Net indebtedness as at June 30 | 5,433.9 | 4,054.0 | | |
| Gearing ratio in % | 37.8 | n. a. | | |

*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.*

# Consolidated Management Report

**Continental launches first tires with polyester made from recycled PET bottles**
In April 2022, Continental became the first tire manufacturer to introduce recycled polyester yarn obtained in a new process from PET bottles into its volume production. The new high-performance material is initially being used in selected sizes of Continental's PremiumContact 6 and EcoContact 6 summer tires as well as the AllSeasonContact year-round tire. It completely replaces the polyester conventionally used in the tire casing. Around 40 recycled PET bottles are used for each set of passenger car tires.

Continental unveiled its ContiRe.Tex technology for the first time in September 2021. It uses polyester yarn obtained from used PET bottles that would not otherwise be recycled, without requiring any intermediate chemical steps.

**Continental wins volume order for V-shaped display**
Continental is expanding its display portfolio with a volume order for V-shaped displays. The solution will be integrated into multiple car lines of a global Asian vehicle manufacturer. The V shape consists of a flat display with a backlight that is covered with a curved (V-shaped) glass. It extends from the driver's area to the center console and visually connects the two screens of the instrument cluster and center information display under one surface. The radius and angle of the display solution focus on the driver's perspective, placing them at the center of the information output. Its ergonomics make it even easier to perceive relevant information more quickly, which reduces driver distraction and can make driving safer. The start of production is scheduled for 2023.

**Continental technology in the BMW iX electric vehicle creates an intuitive user experience**
Continental supplies essential elements for an intuitive user experience in the new BMW iX. In response to vehicle digitalization, the electric vehicle integrates Continental's Cockpit High Performance Computer. It manages the increasing software complexity as well as the rapidly growing functional scope in the cockpit. The computer also provides the necessary computing power for the functions in the head-up display and the large-scale display landscape in the vehicle. Together with the driver camera integrated in the digital instrument cluster, Continental offers essential building blocks for a seamless interaction between the driver and the vehicle with a new type of user experience. Furthermore, Continental is also equipping the electric model with ultra-wideband transceivers for digital vehicle access with smartphones. Other solutions from Continental, such as the integrated smartphone terminal with close-range communication for inductive charging, the electronics for the intelligent panoramic roof as well as soft and low-emission surface materials, ensure convenience, comfort, ergonomics and user-friendliness.

**Continental invests in two German locations for advanced driver assistance systems and automated driving**
Continental is further expanding its global activities in the field of advanced driver assistance systems and automated driving and strengthening its development locations in Germany. For example, the technology company is starting to expand its site in Memmingen and plan a new, central location in Neu-Ulm.

The groundbreaking ceremony for a new development campus in Memmingen took place on March 30, 2022. The new building is set to be completed and occupied by mid-2023. In Neu-Ulm, employees from three locations in Ulm and Neu-Ulm will be brought together to combine their expertise. The start of construction is scheduled for December 2022, with completion planned in 2024.

**Continental invests in the construction of a hydraulic hose production facility**
Continental is expanding its hydraulic business in North America. A new, state-of-the-art industrial hydraulic hose production facility will be built in San Luis Potosi, Mexico, to increase and complement manufacturing capabilities in the region and beyond.

Hydraulic products support many key industries, including agriculture, construction, energy, engineering as well as fluid transport in agricultural, construction and many other industrial vehicles. Product development focuses on carbon neutrality and a 100% responsible value chain.

Construction of the facility is expected to commence later this year, and operations are expected to start in 2024. The investment will help to increase regional manufacturing capacity and supply chain efficiency. It will create multi-location capabilities across the region and will be a part of Continental's commitment to growth in North America.

**Continental inaugurates surface solutions plant in Pune**
In April 2022, Continental inaugurated its new plant in Pune, India, which will manufacture surface solutions materials primarily for the Indian automotive and two-wheeler market, but also for exports. Continental is investing in facilities and machinery for the production of premium surface materials for car interiors, including electric vehicles, as well as for two-wheeler seats.

The new location is Continental's 16th surface solutions plant globally, with the company producing well-known surface materials like Acella Eco, which is used by top car manufacturers and automotive brands.

# Economic Report

## Macroeconomic Development

According to the latest forecast by the World Bank, global economic growth is expected to slow down considerably in 2022, from 5.7% in 2021 to 2.9% this year. The rise in energy and food prices, together with the supply and trade disruptions triggered by the war in Ukraine and the normalization of base rates by various central banks, are the main factors behind lower gross domestic product (GDP) growth in many countries, according to the World Bank. In addition, there are still negative effects from the ongoing COVID-19 pandemic. The temporary lockdowns in China in particular led to considerable disruptions in local production and global trade in the first half of 2022.

According to the World Bank, the global outlook is subject to considerable downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains and worsening food insecurity. The World Bank urges the global community to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere, to alleviate food insecurity and to expand vaccine access to ensure a durable end of the COVID-19 pandemic.

### Forecast economic growth (GDP) for 2022

| | **June 2022[1]** | April 2022[2] | January 2022[3] |
|---|---|---|---|
| Europe | | | |
| Germany | 1.9%[4] | 2.1% | 3.8% |
| Eurozone | 2.5% | 2.8% | 3.9% |
| United Kingdom | 3.5%[5] | 3.7% | 4.7% |
| Russia | -8.9% | -8.5% | 2.8% |
| | | | |
| The Americas | | | |
| USA | 2.3%[6] | 3.7% | 4.0% |
| Brazil | 1.5% | 0.8% | 0.3% |
| | | | |
| Asia | | | |
| China | 4.3% | 4.4% | 4.8% |
| Japan | 1.7% | 2.4% | 3.3% |
| India | 7.5% | 8.2% | 9.0% |
| | | | |
| **World** | **2.9%** | **3.6%** | **4.4%** |

*Sources:*
*1 World Bank, Global Outlook, June 2022.*
*2 International Monetary Fund (IMF), World Economic Outlook, April 2022.*
*3 IMF, World Economic Outlook Update, January 2022.*
*4 Deutsche Bundesbank, June 2022.*
*5 BCC – British Chambers of Commerce, June 2022.*
*6 IMF, July 2022.*

## Development of Key Customer Sectors and Sales Regions

With a 61% share of consolidated sales (PY: 63%), the automotive industry – with the exception of the replacement business – was Continental's most important customer group in the first half of 2022. 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, with 28% of total sales in the first half of 2022 (PY: 26%). 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 in the first half of 2022 (PY: 9%).

### Development of production of passenger cars and light commercial vehicles

| | **H1 2022** | 2022 |
|---|---|---|
| Europe | -12% | 1% to 4% |
| North America | 5% | 12% to 14% |
| China | 1% | 0% to 2% |
| **Worldwide** | **-2%** | **4% to 6%** |

*Source: S&P Global (formerly IHS Markit Inc.)*
*Europe with Western, Central and Eastern Europe incl. Russia and Turkey.*
*Preliminary figures and own estimates.*

The disrupted supply chains resulting from the war in Ukraine and the pandemic-related lockdowns in China put a strain on the production of passenger cars and light commercial vehicles weighing less than 6 metric tons in most regions in the first half of 2022. According to preliminary data, Europe was particularly affected, with a decline of 12% compared with the relatively weak prior-year figures, which had already suffered from the increasing shortage of semiconductors. In China, production fell as a result of the temporary plant closures in the second quarter, causing manufacturing to rise by just 1% for the reporting period as a whole. By contrast, production in North America rose by 5%. Global production volumes fell by 2% year-on-year, according to preliminary data.

In the second half of the year, we expect the supply situation for semiconductors and other semi-finished products to improve slightly and production volumes to pick up as a result. For the year as a whole, we are leaving our forecast for the global production of passenger cars and light commercial vehicles weighing less than 6 metric tons unchanged at 4% to 6%.

### Development of production of medium and heavy commercial vehicles

| | **H1 2022** | 2022 |
|---|---|---|
| Europe | -12% | -14% to -10% |
| North America | 13% | 11% to 15% |

*Source: S&P Global (Europe with Western, Central and Eastern Europe incl. Russia and Turkey). Preliminary figures and own estimates.*

The production of medium and heavy commercial vehicles weighing more than 6 metric tons was affected by disrupted supply chains in our core European market in the reporting period. In Eastern Europe and Russia in particular, production was also heavily impaired as a result of the war in Ukraine. By contrast, strong economic growth in North America led to a considerable upturn in demand and production.

For the year as a whole, we expect a continuation of current trends. In Europe, we anticipate a decline in the production of medium and heavy commercial vehicles of 10% to 14%. In the report on expected developments in the 2021 annual report, we expected an increase of 5% to 8%. In North America, we currently expect growth of 11% to 15%. In the report on expected developments in the 2021 annual report, we estimated growth of 17% to 20%.

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

| | **H1 2022** | 2022 |
|---|---|---|
| Europe | 3% | -1% to 1% |
| North America | 1% | 0% to 2% |
| China | -16% | -4% to -2% |
| **Worldwide** | **0%** | **-2% to 0%** |

*Source: preliminary figures and own estimates.*

Sales volumes of replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons recorded only a slight increase in Europe and North America in the reporting period. Following a strong first quarter, the second quarter saw a significant decline in demand in both core regions. Higher prices due to the substantial increase in costs caused by the war in Ukraine led to purchases being made in advance by tire dealers. In China, the measures taken to contain the COVID-19 pandemic led to a slump in sales volumes, particularly in the second quarter.

In Europe, we expect a slight decline in demand as a result of inflation over the remainder of the year. For the year as a whole, we expect demand to be on par with the previous year in Europe and up slightly year-on-year in North America. In China, we expect a significant recovery in sales volumes in the second half of the year following the end of the COVID-19 measures in our key regions. This is unlikely to fully compensate for the decline in sales in the first half of the year, however. Globally, we expect sales volumes of replacement tires for passenger cars and light commercial vehicles to decline slightly by up to 2%. In the report on expected developments in the 2021 annual report, we expected a stable performance on par with the previous year (-1% to 1%).

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

| | **H1 2022** | 2022 |
|---|---|---|
| Europe | 7% | 1% to 3% |
| North America | 8% | 1% to 3% |

*Source: preliminary figures and own estimates.*

Higher prices caused by inflation led to strong demand for replacement tires for medium and heavy commercial vehicles weighing more than 6 metric tons in our core markets of Europe and North America in the reporting period, due to advance purchases by tire dealers.

As a result of full inventories, we expect demand to weaken in the second half of the year. For 2022 as a whole, we now expect demand in both core regions to increase slightly by a total of 1% to 3%. In the report on expected developments in the 2021 annual report, we expected a rise of 0% to 2% in each case.

### Development of industrial production

| | **Q1 2022** | **Q2 2022** | 2022 |
|---|---|---|---|
| Eurozone | 0.2% | -0.4% | 0% to 2% |
| USA | 5.2% | 5.6% | 4% to 6% |
| China | 5.0% | 0.6% | 3% to 5% |

*Source: Bloomberg, preliminary figures and own estimates.*

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 was affected by disrupted supply chains and increased costs, mainly in the second quarter. By contrast, industrial production in the USA increased considerably. In China, the temporary lockdowns to combat the COVID-19 pandemic affected development in the second quarter of 2022 in particular.

In the second half of the year, we expect an upturn in industrial production in the eurozone as well as in China. In the USA, we expect the current growth trend to continue.

# Earnings, Financial and Net Assets Position of the Continental Group

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

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| in % of sales | 9.5 | 13.3 | 9.0 | 12.4 |
| EBIT | 210.7 | 1,135.3 | -164.6 | 472.7 |
| in % of sales | 1.1 | 6.7 | -1.7 | 5.7 |
| Net income attributable to the shareholders of the parent | -5.3 | 992.9 | -250.7 | 545.3 |
| Basic earnings per share in € | -0.03 | 4.96 | -1.26 | 2.72 |
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| Research and development expenses (net) | 1,509.7 | 1,330.5 | 738.5 | 706.1 |
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| Depreciation and amortization[1] | 1,570.2 | 1,110.6 | 1,013.2 | 559.6 |
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| in % of sales | 5.3 | 3.7 | 5.8 | 4.6 |
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| Number of employees as at June 30[4] | 194,577 | 193,754 | | |
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| in % of adjusted sales | 4.6 | 7.4 | 4.4 | 6.2 |
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| Free cash flow (continuing operations) | -870.6 | 764.4 | -697.4 | 431.8 |
| Free cash flow (continuing and discontinued operations) | -870.6 | 919.2 | -697.4 | 281.6 |
| | | | | |
| Net indebtedness as at June 30 | 5,433.9 | 4,054.0 | | |
| Gearing ratio in % | 37.8 | n. a. | | |

*The additional information relating to the second quarter was not part of the auditor's review.*

*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.*

## Earnings Position

**Sales up 10.6%**
**Sales up 6.6% before changes in the scope of consolidation and exchange-rate effects**
Consolidated sales for the first six months of 2022 rose by 10.6% year-on-year to €18,722.4 million (PY: €16,929.7 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 6.6%.

**Adjusted EBIT down 31.5%**
Adjusted EBIT for the Continental Group decreased by €391.1 million or 31.5% year-on-year to €849.0 million (PY: €1,240.1 million) in the first six months of 2022, corresponding to 4.6% (PY: 7.4%) of adjusted sales.

**EBIT down 81.4%**
The Continental Group's EBIT decreased by €924.6 million or 81.4% year-on-year to €210.7 million (PY: €1,135.3 million) in the first six months of 2022. The return on sales fell to 1.1% (PY: 6.7%).

**Special effects in the first half of 2022**
Total consolidated expense from special effects in the first six months of 2022 amounted to €546.2 million. Automotive accounted for €397.3 million of this, Tires for €77.3 million, ContiTech for €70.7 million, Contract Manufacturing for €0.8 million, and the holding for €0.1 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 is an 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 €57.3 million and property, plant and equipment impaired by €313.1 million in the Automotive group sector.

Owing to the current sanctions made against or by Russia, intangible assets and property, plant and equipment were reviewed at the Russian companies. This led to a full impairment of all intangible assets and property, plant and equipment. In total, this resulted in impairment on property, plant and equipment of €74.2 million (Automotive €0.1 million; Tires €69.0 million; ContiTech €5.1 million) and on intangible assets of €0.4 million in the Tires group sector.

Together with the aforementioned effects, impairment on property, plant and equipment resulted in expenses totaling €390.5 million (Automotive €316.4 million; Tires €69.0 million; ContiTech €5.1 million; Contract Manufacturing €0.0 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 €18.6 million (Automotive €8.8 million; Tires €4.9 million; ContiTech €4.8 million; Contract Manufacturing €0.0 million; holding €0.1 million).

In the Automotive group sector, restructuring expenses of €2.0 million were incurred. These included impairment on property, plant and equipment in the amount of €1.5 million. In addition, the reversal of restructuring provisions resulted in income of €4.9 million.

In the Tires group sector, restructuring expenses of €0.6 million were incurred. These included impairment on property, plant and equipment in the amount of €0.1 million.

In the ContiTech group sector, restructuring expenses of €64.3 million were incurred. These included impairment on property, plant and equipment in the amount of €2.0 million. In addition, the reversal of restructuring provisions resulted in income of €5.4 million. These included reversals of impairment losses on property, plant and equipment in the amount of €4.4 million.

In the Contract Manufacturing group sector, the reversal of restructuring provisions resulted in income of €0.1 million.

Restructuring-related expenses resulted in an expense totaling €27.5 million (Automotive €21.2 million; Tires €2.8 million; ContiTech €2.6 million; Contract Manufacturing €0.9 million).

The disposal of companies resulted in income totaling €1.1 million (Tires €0.4 million; ContiTech €0.7 million).

**Special effects in the first half of 2021**
Total consolidated expense from special effects in the first six months of 2021 amounted to €42.8 million. Automotive accounted for €26.4 million of this, ContiTech for €10.4 million, Contract Manufacturing for €11.9 million and the holding for €1.1 million. In the Tires group sector, total income from special effects amounted to €7.0 million.

The spin-off of Vitesco Technologies resulted in expenses totaling €17.6 million (Automotive €16.9 million; holding €0.7 million).

Impairment on property, plant and equipment resulted in expenses totaling €14.1 million (Automotive €3.5 million; Tires €0.1 million; Contract Manufacturing €10.5 million). In addition, reversals of impairment losses on property, plant and equipment resulted in income of €5.4 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 €45.2 million (Automotive €25.6 million; Tires €10.2 million; ContiTech €7.5 million; Contract Manufacturing €1.5 million; holding €0.4 million).

In the Automotive group sector, restructuring expenses of €0.2 million were incurred. In addition, the reversal of restructuring provisions resulted in income of €36.5 million.

In the Tires group sector, restructuring expenses of €2.3 million were incurred. These restructuring expenses included impairment on property, plant and equipment in the amount of €0.9 million. The reversal of restructuring provisions also resulted in income of €19.6 million.

In the ContiTech group sector, restructuring expenses of €6.6 million were incurred. These restructuring expenses included impairment on property, plant and equipment and intangible assets in the amount of €0.3 million. In addition, the reversal of restructuring provisions resulted in income of €5.4 million.

Restructuring-related expenses resulted in an expense totaling €22.5 million (Automotive €20.8 million; ContiTech €1.7 million).

The Automotive group sector recorded income of €0.3 million from the sale of an equity-accounted investee.

Also in the Automotive group sector, an expense of €1.5 million was incurred in connection with the preparations to repatriate the business from former associate OSRAM CONTINENTAL GmbH, Munich, Germany.

**Research and development**

In the first six months of 2022, research and development expenses (net) rose by 13.5% compared with the same period of the previous year to €1,509.7 million (PY: €1,330.5 million), representing 8.1% (PY: 7.9%) of sales. The major portion of this (€1,270.3 million; PY: €1,102.7 million) related to Automotive, corresponding to 14.8% (PY: 13.9%) of sales.

**Financial result**

The negative financial result rose by €76.4 million year-on-year to €99.0 million (PY: €22.6 million) in the first half of 2022. This was primarily attributable to other valuation effects.

Interest income increased by €35.5 million year-on-year to €57.1 million (PY: €21.6 million) in the first half of 2022. A significant effect resulted from the ruling by the German Federal Constitutional Court in July 2021, according to which the interest rate of 6% p.a. previously applied for interest on claims for back taxes and tax refunds is unconstitutional. At the end of 2021, the provisions for possible interest payments on income tax liabilities were adjusted for the first time on the basis of a reduced interest rate of 3% p.a. In the first half of 2022, there were further positive effects as a result of this interest rate being reduced again to 1.8% p.a. Expected income from long-term employee benefits and from pension funds is now reported net against interest expense from long-term employee benefits. The resulting net expense is included in interest expense. The figures for the comparative period have been adjusted accordingly.

Interest expense totaled €110.9 million in the first half of 2022 and was thus €14.5 million higher than the previous year's figure of €96.4 million. Interest expense from long-term employee benefits is now reported net against expected income from long-term employee benefits and from pension funds. The resulting net expense of €30.0 million (PY: €21.2 million) is included in interest expense. This does not include the interest expense from the defined benefit obligations of the pension contribution funds or the interest income from the plan assets of the pension contribution funds. The figures for the comparative period have been adjusted accordingly. At €80.9 million, interest expense resulting mainly from bank borrowings, capital market transactions and other financing instruments was slightly higher than the prior-year figure of €75.2 million.

The bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, resulted in expenses of €25.6 million and are therefore on par with the previous year (PY: €25.5 million).

The effects from currency translation resulted in a positive contribution to earnings of €0.4 million (PY: negative contribution to earnings of €40.5 million) in the first half of 2022. This was countered by effects from changes in the fair value of derivative instruments, and other valuation effects, which resulted in an expense totaling €45.6 million (PY: income of €92.7 million).

Other valuation effects in the financial result accounted for income of €1.9 million (PY: €106.4 million) in the reporting period. In the previous year, the main cause of this was the reversal of allowances for doubtful accounts on loans and the reversal of a provision for loan commitments to the former associate OSRAM CONTINENTAL GmbH, Munich, Germany, and two of its subsidiaries. Taking into account exchange-rate effects, this resulted in income totaling €105.8 million.

Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in the first half of 2022 were negatively impacted by €47.1 million (PY: €54.2 million).

**Income tax expense**

Income tax expense in the first half of 2022 amounted to €99.5 million (PY: €199.7 million). The tax rate in the reporting period was 89.1% (PY: 17.9%). This is primarily attributable to non-tax-effective accounting effects in connection with the net income affected by impairment.

**Net income attributable to the shareholders of the parent**

Net income attributable to the shareholders of the parent decreased by 100.5% to -€5.3 million (PY: €992.9 million). After the first six months of 2022, basic earnings per share amounted to -€0.03 (PY: €4.96), the same amount as diluted earnings per share.

## Financial Position

**Reconciliation of cash flow**
The following information on the reconciliation of cash flow relates to continuing operations in the reporting year and to continuing and discontinued operations in the comparative year.

EBIT for the first six months of 2022 decreased by €1,127.6 million year-on-year to €210.7 million (PY: €1,338.3 million).

Interest payments fell by €40.3 million to €46.6 million (PY: €86.9 million).

Income tax payments decreased by €149.2 million to €275.8 million (PY: €425.0 million).

At €1,570.2 million, depreciation, amortization, impairment and reversal of impairment losses increased by €302.9 million from €1,267.3 million in the previous year.

The cash-effective increase in working capital led to a cash outflow of €1,185.6 million (PY: €654.0 million).

At €154.5 million as at June 30, 2022, the cash outflow arising from operating activities was €1,726.9 million lower than the previous year's figure (PY: cash inflow of €1,572.4 million).

Cash flow arising from investing activities amounted to an outflow of €716.1 million (PY: €653.2 million) in the first six months of 2022.

Capital expenditure on property, plant and equipment, and software was up €98.3 million from €626.0 million to €724.3 million before leases and the capitalization of borrowing costs. The acquisition and disposal of interests in companies resulted in a total cash outflow of €10.0 million (PY: €28.3 million).

The free cash flow in the first half of 2022 resulted in an outflow of €870.6 million (PY: inflow of €919.2 million). The free cash flow thus decreased by €1,789.8 million year-on-year.

**Financing and indebtedness**
As at June 30, 2022, the Continental Group's net indebtedness amounted to €5,433.9 million. This rose by €1,379.9 million compared with the year-on-year figure of €4,054.0 million and by €1,668.4 million compared with the figure of €3,765.5 million as at December 31, 2021. The increase compared with the figure as at June 30, 2021, is primarily attributable to the negative free cash flow over the past 12 months of €564.7 million and to the dividend payment of €440.0 million in May 2022. The increase compared with the end of 2021 is likewise primarily attributable to the negative free cash flow over the past six months of €870.6 million and to the dividend payment of €440.0 million in May 2022. The financing requirement was mainly covered with commercial paper issuances. The gearing ratio amounted to 37.8% for the first half of 2022 (PY: 25.7%). The previous year's gearing ratio relates to continuing and discontinued operations.

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. In November 2021, Continental exercised the second and final option to extend the term by one year. The lending banks then extended this financing commitment until December 2026 at unchanged conditions. As in the previous year, this credit line had not been utilized as at the end of June 2022. For further details regarding the syndicated loan, please refer to the comments in the 2021 annual report.

As at June 30, 2022, the Continental Group had liquidity reserves totaling €6,804.4 million (PY: €6,933.7 million), consisting of cash and cash equivalents of €1,907.4 million (PY: €2,162.8 million) and committed, unutilized credit lines of €4,897.0 million (PY: €4,770.9 million).

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 aforementioned 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. The assessment of any restrictions related to cash and cash equivalents is made on each respective reporting date. 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. As at June 30, 2022, unrestricted cash and cash equivalents totaled €1,404.9 million (PY: €1,866.3 million).

## Reconciliation of net indebtedness

| € millions | June 30, 2022 | December 31, 2021 | June 30, 2021 |
|---|---|---|---|
| Long-term indebtedness | 4,686.4 | 4,643.2 | 4,691.5 |
| Short-term indebtedness | 2,879.5 | 1,617.3 | 1,866.4 |
| Long-term derivative instruments and interest-bearing investments | –116.0 | –113.2 | –146.6 |
| Short-term derivative instruments and interest-bearing investments | –108.6 | –112.7 | –194.5 |
| Cash and cash equivalents | –1,907.4 | –2,269.1 | –2,162.8 |
| **Net indebtedness** | **5,433.9** | **3,765.5** | **4,054.0** |

## Reconciliation of change in net indebtedness

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| € millions | 2022 | 2021 | 2022 | 2021 |
| **Net indebtedness of continuing and discontinued operations at the beginning of the reporting period** | **3,765.5** | **4,139.1** | **4,117.0** | **3,561.7** |
| | | | | |
| Cash flow arising from operating activities | –154.5 | 1,572.4 | –278.8 | 686.3 |
| Cash flow arising from investing activities | –716.1 | –653.2 | –418.6 | –404.7 |
| **Cash flow before financing activities (free cash flow)** | **–870.6** | **919.2** | **–697.4** | **281.6** |
| Dividends paid | –440.0 | – | –440.0 | – |
| Dividends paid to and cash changes from equity transactions with non-controlling interests | –21.9 | –26.8 | –22.4 | –11.7 |
| Non-cash changes | –363.5 | 4.3 | –165.5 | 76.3 |
| Other | – | – | – | – |
| Exchange-rate effects | 27.6 | 28.6 | 8.4 | 1.7 |
| **Change in net indebtedness** | **–1,668.4** | **925.3** | **–1,316.9** | **347.9** |
| **Net indebtedness of continuing and discontinued operations at the end of the reporting period** | **5,433.9** | **3,213.8** | **5,433.9** | **3,213.8** |
| Less net indebtedness of discontinued operations | n. a. | –840.2 | n. a. | –840.2 |
| | | | | |
| **Net indebtedness of continuing operations at the end of the reporting period** | **5,433.9** | **4,054.0** | **5,433.9** | **4,054.0** |

*The additional information relating to the second quarter was not part of the auditor's review.*

### Capital expenditure (additions)

In the first half of 2022, capital expenditure on property, plant and equipment amounted to €987.5 million (PY: €623.2 million). The Automotive and Tires group sectors contributed to the increase of €364.3 million, while capital expenditure in the ContiTech and Contract Manufacturing group sectors was stable and down, respectively. The capital expenditure ratio after six months was 5.3% (PY: 3.7%).

A total of €571.7 million (PY: €346.7 million) of this capital expenditure was attributable to the Automotive group sector, representing 6.7% (PY: 4.4%) of sales. Investments were made primarily in production equipment for the manufacture of new products and the implementation of new technologies, with production capacity being increased at European best-cost locations as well as in Germany, Mexico, the USA and China. In Novi Sad, Serbia, and New Braunfels, Texas, USA, investments were made in the construction of new production sites.

The Tires group sector invested €304.1 million (PY: €163.3 million), equivalent to 4.6% (PY: 2.9%) of sales. Investments were made in the expansion of production capacity at existing plants in European best-cost locations and in the USA, Germany, China and Thailand. Quality assurance and cost-cutting measures were also implemented.

A total of €82.0 million (PY: €82.0 million) of this capital expenditure was attributable to the ContiTech group sector, representing 2.6% (PY: 2.7%) of sales. Production capacity was expanded in Germany, the USA, China, Brazil, Mexico and Romania. There were major additions relating to the expansion of production capacity in selected growth markets for the Mobile Fluid Systems, Advanced Dynamics Solutions, Power Transmission Group and Surface Solutions business areas. In addition, investments were made in all business areas to rationalize existing production processes.

The Contract Manufacturing group sector invested €5.3 million (PY: €6.6 million), equivalent to 1.4% (PY: 1.3%) of sales. The capital expenditure was primarily attributable to production equipment for the manufacture of specific products and the implementation of new technologies.

## Net Assets Position

Compared to June 30, 2021, goodwill was up by €115.7 million to €3,721.3 million (PY: €3,605.6 million). Other intangible assets fell by €87.5 million to €1,029.1 million (PY: €1,116.6 million). Property, plant and equipment increased by €149.8 million to €11,240.6 million (PY: €11,090.8 million). Deferred tax assets were down €404.7 million at €2,137.8 million (PY: €2,542.5 million). Inventories increased by €1,746.8 million to €6,295.2 million (PY: €4,548.4 million), and trade accounts receivable rose by €2,001.9 million to €8,146.4 million (PY: €6,144.5 million). Short-term derivative instruments and interest-bearing investments decreased by €85.9 million to €108.6 million (PY: €194.5 million). At €1,907.4 million, cash and cash equivalents were down €255.4 million from €2,162.8 million on the same date in the previous year. There were no assets held for sale as at the reporting date (PY: €7,326.7 million). At €37,517.8 million (PY: €41,309.8 million), total assets as at June 30, 2022, were €3,792.0 million lower than on the same date in the previous year.

Equity including non-controlling interests was up €1,864.9 million at €14,377.5 million as compared to €12,512.6 million as at June 30, 2021. This was due to the decrease in retained earnings of €1,002.3 million. By contrast, other comprehensive income changed by €2,812.0 million to -€555.6 million (PY: -€3,367.6 million). This was primarily attributable to an adjustment of pension provisions to reflect increased discount rates. At €1,998.1 million, long-term employee benefits were down €2,752.3 million from €4,750.4 million in the previous year. This decline was also primarily attributable to the remeasurement of defined benefit pension plans as a result of increased discount rates. The reacquisition of shares in ContiTech AG, Hanover, from Continental Pension Trust e. V., Hanover, totaling €496.3 million also led to a further reduction in long-term employee benefits. There were no liabilities held for sale as at the reporting date (PY: €3,777.3 million).

The gearing ratio changed from 25.7% as at June 30, 2021, to 37.8% as at June 30, 2022. The equity ratio increased to 38.3% (PY: 30.3%). The prior-year figures for the items of shareholders' equity, gearing ratio and equity ratio relate to continuing and discontinued operations.

Compared to December 31, 2021, total assets rose by €1,677.0 million to €37,517.8 million (PY: €35,840.8 million). In relation to the individual items of the statement of financial position, this is primarily due to the increase in trade accounts receivable of €1,056.9 million to €8,146.4 million (PY: €7,089.5 million) and the increase in inventories of €1,301.5 million to €6,295.2 million (PY: €4,993.7 million). Equity including non-controlling interests was up €1,734.3 million at €14,377.5 million as compared to €12,643.2 million as at the end of 2021. Other comprehensive income changed by €2,179.9 million to -€555.6 million (PY: -€2,735.5 million). The adjustment of pension provisions to reflect increased discount rates led to an increase in other comprehensive income in the amount of €1,441.8 million (PY: €477.1 million). The corresponding increase in equity contrasted with a decline in long-term employee benefits of €2,041.7 million (PY: €642.8 million). The reacquisition of shares in ContiTech AG, Hanover, from Continental Pension Trust e. V., Hanover, totaling €496.3 million also led to a further reduction in long-term employee benefits. Net income attributable to the shareholders of the parent resulted in a decline of €5.3 million. The gearing ratio changed from 29.8% as at December 31, 2021, to 37.8% as at June 30, 2022.

### Employees

As at the end of the second quarter of 2022, the Continental Group had 194,577 employees, representing an increase of 3,702 in comparison to the end of 2021. Due to the expansion of the workforce in the area of research and development as well as increases in volumes, the number of employees in the Automotive group sector rose by a total of 3,868. In the Tires group sector, the adjustment to demand-driven production as well as job cuts at trading companies led to a reduction of 28 employees. Counter to the implementation of structural and efficiency programs, higher order volumes in the ContiTech group sector resulted in the number of employees rising by a total of 454. In the Contract Manufacturing group sector, the number of employees fell by 615.

Compared to the reporting date for the previous year, the number of employees in the Continental Group was up by a total of 823.

## Reconciliation to operating assets as at June 30, 2022

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| **Total assets** | **15,442.4** | **10,827.1** | **4,825.8** | **961.5** | **5,461.0** | **37,517.8** |
| Cash and cash equivalents | – | – | – | – | 1,907.4 | 1,907.4 |
| Short- and long-term derivative instruments, interest-bearing investments | – | – | – | – | 224.6 | 224.6 |
| Other financial assets | 51.2 | 29.4 | 5.5 | 0.1 | 19.3 | 105.5 |
| **Less financial assets** | **51.2** | **29.4** | **5.5** | **0.1** | **2,151.3** | **2,237.5** |
| **Less other non-operating assets** | **7.9** | **47.1** | **5.7** | **0.3** | **566.1** | **627.1** |
| Deferred tax assets | – | – | – | – | 2,137.8 | 2,137.8 |
| Income tax receivables | – | – | – | – | 348.9 | 348.9 |
| **Less income tax assets** | **–** | **–** | **–** | **–** | **2,486.7** | **2,486.7** |
| **Segment assets** | **15,383.3** | **10,750.6** | **4,814.6** | **961.1** | **256.9** | **32,166.5** |
| | | | | | | |
| **Total liabilities and provisions** | **8,442.4** | **4,327.9** | **2,264.7** | **349.4** | **7,755.9** | **23,140.3** |
| Short- and long-term indebtedness | – | – | – | – | 7,565.9 | 7,565.9 |
| Interest payable and other financial liabilities | – | – | – | – | 507.1 | 507.1 |
| **Less financial liabilities** | **–** | **–** | **–** | **–** | **8,073.0** | **8,073.0** |
| Deferred tax liabilities | – | – | – | – | 94.6 | 94.6 |
| Income tax payables | – | – | – | – | 762.5 | 762.5 |
| **Less income tax liabilities** | **–** | **–** | **–** | **–** | **857.1** | **857.1** |
| **Less other non-operating liabilities** | **2,060.9** | **970.7** | **728.4** | **90.4** | **-1,335.1** | **2,515.3** |
| **Segment liabilities** | **6,381.5** | **3,357.2** | **1,536.3** | **259.0** | **160.9** | **11,694.9** |
| | | | | | | |
| **Operating assets** | **9,001.8** | **7,393.4** | **3,278.3** | **702.1** | **96.0** | **20,471.6** |

## Reconciliation to operating assets from continuing operations as at June 30, 2021

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| **Total assets** | **13,635.4** | **9,418.5** | **4,442.0** | **388.4** | **6,128.8** | **34,013.1** |
| Cash and cash equivalents | – | – | – | – | 2,162.8 | 2,162.8 |
| Short- and long-term derivative instruments, interest-bearing investments | – | – | – | – | 341.1 | 341.1 |
| Other financial assets | 65.6 | 17.5 | 2.3 | 0.3 | 16.3 | 102.0 |
| **Less financial assets** | **65.6** | **17.5** | **2.3** | **0.3** | **2,520.2** | **2,605.9** |
| **Less other non-operating assets** | **32.7** | **52.9** | **0.6** | **-33.3** | **596.8** | **649.7** |
| Deferred tax assets | – | – | – | – | 2,542.5 | 2,542.5 |
| Income tax receivables | – | – | – | – | 219.0 | 219.0 |
| **Less income tax assets** | **–** | **–** | **–** | **–** | **2,761.5** | **2,761.5** |
| **Segment assets** | **13,537.1** | **9,348.1** | **4,439.1** | **421.4** | **250.3** | **27,996.0** |
| | | | | | | |
| **Total liabilities and provisions** | **8,636.2** | **3,794.9** | **2,179.1** | **374.8** | **10,034.9** | **25,019.9** |
| Short- and long-term indebtedness | – | – | – | – | 6,557.9 | 6,557.9 |
| Interest payable and other financial liabilities | – | – | – | – | 2,178.5 | 2,178.5 |
| **Less financial liabilities** | **–** | **–** | **–** | **–** | **8,736.4** | **8,736.4** |
| Deferred tax liabilities | – | – | – | – | 244.6 | 244.6 |
| Income tax payables | – | – | – | – | 630.5 | 630.5 |
| **Less income tax liabilities** | **–** | **–** | **–** | **–** | **875.1** | **875.1** |
| **Less other non-operating liabilities** | **3,056.5** | **993.5** | **785.4** | **73.0** | **338.0** | **5,246.4** |
| **Segment liabilities** | **5,579.7** | **2,801.4** | **1,393.7** | **301.8** | **85.4** | **10,162.0** |
| | | | | | | |
| **Operating assets** | **7,957.4** | **6,546.7** | **3,045.4** | **119.6** | **164.9** | **17,834.0** |

# Development of the Group Sectors

| Automotive in € millions | January 1 to June 30 2022 | 2021 | Second Quarter 2022 | 2021 |
|---|---|---|---|---|
| Sales | 8,561.0 | 7,910.2 | 4,315.0 | 3,796.0 |
| EBITDA | 188.0 | 452.4 | 127.9 | 148.0 |
| in % of sales | 2.2 | 5.7 | 3.0 | 3.9 |
| EBIT | -714.2 | -47.8 | -509.9 | -103.2 |
| in % of sales | -8.3 | -0.6 | -11.8 | -2.7 |
| Research and development expenses (net) | 1,270.3 | 1,102.7 | 618.3 | 591.8 |
| in % of sales | 14.8 | 13.9 | 14.3 | 15.6 |
| Depreciation and amortization[1] | 902.2 | 500.2 | 637.8 | 251.2 |
| thereof impairment[2] | 371.7 | -1.9 | 370.5 | -1.9 |
| Capital expenditure[3] | 571.7 | 346.7 | 310.0 | 205.8 |
| in % of sales | 6.7 | 4.4 | 7.2 | 5.4 |
| Operating assets as at June 30 | 9,001.8 | 7,957.4 | | |
| Number of employees as at June 30[4] | 93,218 | 89,778 | | |
| | | | | |
| Adjusted sales[5] | 8,493.0 | 7,910.2 | 4,281.0 | 3,796.0 |
| Adjusted operating result (adjusted EBIT)[6] | -264.0 | 10.9 | -99.2 | -85.9 |
| in % of adjusted sales | -3.1 | 0.1 | -2.3 | -2.3 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*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.*

# Automotive

### Sales volumes

Sales volumes in the Automotive group sector were impacted by the negative effects of the pandemic-related lockdowns in China, the war in Ukraine and ongoing supply problems in the semiconductor industry. In the Safety and Motion business area, there was a decline in sales of electronic brake systems. Sales figures for brake boosters and calipers with integrated electric parking brakes were down considerably, while those for airbag control units rose. Sales volumes in the Autonomous Mobility business area increased. In the Architecture and Networking, Smart Mobility and User Experience business areas, global sales volumes of seamless connectivity technologies, vehicle electronics and high-performance computers, as well as those in the commercial-vehicles and independent replacement-parts business, were up year-on-year, while sales figures of display solutions were down year-on-year.

### Sales up 8.2%
### Sales up 3.1% before changes in the scope of consolidation and exchange-rate effects

Sales of the Automotive group sector were up 8.2% at €8,561.0 million (PY: €7,910.2 million) in the first six months of 2022 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 3.1%.

### Adjusted EBIT down 2,522.0%

Adjusted EBIT for the Automotive group sector decreased by €274.9 million or 2,522.0% year-on-year to -€264.0 million (PY: €10.9 million) in the first six months of 2022, corresponding to -3.1% (PY: 0.1%) of adjusted sales.

### EBIT down 1,394.1%

Compared with the same period of the previous year, the Automotive group sector reported a decline in EBIT of €666.4 million or 1,394.1% to -€714.2 million (PY: -€47.8 million) in the first six months of 2022. The return on sales fell to -8.3% (PY: -0.6%).

### Special effects

Please see our comments on pages 8 and 9 regarding the special effects for 2022 and 2021.

| **Tires in € millions** | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Sales | 6,676.2 | 5,631.1 | 3,381.0 | 2,888.2 |
| EBITDA | 1,436.9 | 1,373.9 | 671.7 | 723.1 |
| in % of sales | 21.5 | 24.4 | 19.9 | 25.0 |
| EBIT | 947.6 | 967.6 | 389.7 | 520.1 |
| in % of sales | 14.2 | 17.2 | 11.5 | 18.0 |
| Research and development expenses (net) | 160.3 | 148.5 | 80.4 | 74.4 |
| in % of sales | 2.4 | 2.6 | 2.4 | 2.6 |
| Depreciation and amortization[1] | 489.3 | 406.3 | 282.0 | 203.0 |
| thereof impairment[2] | 69.5 | 1.0 | 69.4 | – |
| Capital expenditure[3] | 304.1 | 163.3 | 177.3 | 113.4 |
| in % of sales | 4.6 | 2.9 | 5.2 | 3.9 |
| Operating assets as at June 30 | 7,393.4 | 6,546.7 | | |
| Number of employees as at June 30[4] | 57,189 | 57,081 | | |
| | | | | |
| Adjusted sales[5] | 6,676.2 | 5,631.1 | 3,381.0 | 2,888.2 |
| Adjusted operating result (adjusted EBIT)[6] | 1,032.0 | 969.7 | 467.0 | 514.5 |
| in % of adjusted sales | 15.5 | 17.2 | 13.8 | 17.8 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*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.*

# Tires

### Sales volumes
Sales figures in the original-equipment business and tire-replacement business were down year-on-year in the first six months of 2022 due to lockdowns in China as a result of the COVID-19 pandemic and the war in Ukraine. In the commercial-vehicle tire business, sales figures stabilized on par with the previous year's level in the reporting period.

### Sales up 18.6%
### Sales up 14.3% before changes in the scope of consolidation and exchange-rate effects
Sales of the Tires group sector were up 18.6% at €6,676.2 million (PY: €5,631.1 million) in the first six months of 2022 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 14.3%.

### Adjusted EBIT up 6.4%
Adjusted EBIT for the Tires group sector increased by €62.3 million or 6.4% year-on-year to €1,032.0 million (PY: €969.7 million) in the first six months of 2022, corresponding to 15.5% (PY: 17.2%) of adjusted sales.

### EBIT down 2.1%
Compared with the same period of the previous year, the Tires group sector reported a decline in EBIT of €20.0 million or 2.1% to €947.6 million (PY: €967.6 million) in the first six months of 2022. The return on sales fell to 14.2% (PY: 17.2%).

### Special effects
Please see our comments on pages 8 and 9 regarding the special effects for 2022 and 2021.

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **ContiTech in € millions** | **2022** | 2021 | **2022** | 2021 |
| Sales | 3,183.7 | 3,012.0 | 1,613.3 | 1,491.3 |
| EBITDA | 220.7 | 395.6 | 76.4 | 178.0 |
| in % of sales | 6.9 | 13.1 | 4.7 | 11.9 |
| EBIT | 61.9 | 233.9 | -7.4 | 98.1 |
| in % of sales | 1.9 | 7.8 | -0.5 | 6.6 |
| Research and development expenses (net) | 79.1 | 79.5 | 39.8 | 40.0 |
| in % of sales | 2.5 | 2.6 | 2.5 | 2.7 |
| Depreciation and amortization[1] | 158.8 | 161.7 | 83.8 | 79.9 |
| thereof impairment[2] | 2.7 | 0.3 | 7.1 | 0.2 |
| Capital expenditure[3] | 82.0 | 82.0 | 43.5 | 41.9 |
| in % of sales | 2.6 | 2.7 | 2.7 | 2.8 |
| Operating assets as at June 30 | 3,278.3 | 3,045.4 | | |
| Number of employees as at June 30[4] | 41,414 | 43,312 | | |
| | | | | |
| Adjusted sales[5] | 3,183.7 | 2,926.5 | 1,613.3 | 1,451.1 |
| Adjusted operating result (adjusted EBIT)[6] | 164.7 | 264.9 | 79.2 | 114.4 |
| in % of adjusted sales | 5.2 | 9.1 | 4.9 | 7.9 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*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.*

## ContiTech

**Sales up 5.7%**
**Sales up 5.0% before changes in the scope of consolidation and exchange-rate effects**
Sales of the ContiTech group sector were up 5.7% at €3,183.7 million (PY: €3,012.0 million) in the first six months of 2022 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 5.0%. While sales in automotive original equipment were slightly below the previous year's level, sales in the industrial and replacement business increased year-on-year, in some cases significantly. The moderate performance of the automotive original-equipment business was attributable to reduced volumes, mainly as a result of external supply chain shortages. Realized price increases could not fully compensate for negative volume effects. The industrial and replacement business developed positively, particularly in the area of industrial hoses as well as for conveyor belts and air spring systems, accompanied by comprehensive price measures.

**Adjusted EBIT down 37.8%**
Adjusted EBIT for the ContiTech group sector decreased by €100.2 million or 37.8% year-on-year to €164.7 million (PY: €264.9 million) in the first six months of 2022, corresponding to 5.2% (PY: 9.1%) of adjusted sales.

**EBIT down 73.5%**
Compared with the same period of the previous year, the ContiTech group sector reported a decline in EBIT of €172.0 million or 73.5% to €61.9 million (PY: €233.9 million) in the first six months of 2022. The return on sales fell to 1.9% (PY: 7.8%).

**Special effects**
Please see our comments on pages 8 and 9 regarding the special effects for 2022 and 2021.

| **Contract Manufacturing in € millions** | January 1 to June 30 **2022** | 2021 | Second Quarter **2022** | 2021 |
|---|---|---|---|---|
| Sales | 388.9 | 490.1 | 179.0 | 225.2 |
| EBITDA | 33.8 | 99.1 | 12.6 | 21.5 |
| in % of sales | 8.7 | 20.2 | 7.0 | 9.5 |
| EBIT | 15.3 | 61.4 | 3.6 | -2.0 |
| in % of sales | 3.9 | 12.5 | 2.0 | -0.9 |
| Research and development expenses (net) | 0.0 | -0.2 | 0.0 | -0.1 |
| in % of sales | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation and amortization[1] | 18.5 | 37.7 | 9.0 | 23.5 |
| thereof impairment[2] | 0.0 | 10.4 | 0.0 | 10.1 |
| Capital expenditure[3] | 5.3 | 6.6 | 3.3 | 5.8 |
| in % of sales | 1.4 | 1.3 | 1.8 | 2.6 |
| Operating assets as at June 30 | 702.1 | 119.6 | | |
| Number of employees as at June 30[4] | 2,289 | 3,130 | | |
| | | | | |
| Adjusted sales[5] | 388.9 | 490.1 | 179.0 | 225.2 |
| Adjusted operating result (adjusted EBIT)[6] | 16.1 | 73.3 | 4.0 | 8.4 |
| in % of adjusted sales | 4.1 | 15.0 | 2.2 | 3.7 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*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.*

## Contract Manufacturing

**Sales volumes**
In the Contract Manufacturing group sector, sales volumes decreased year-on-year in the first six months of 2022. This corresponds to the contractually agreed procedure between Continental and Vitesco Technologies. The development of sales volumes was also negatively influenced by supply shortages for semiconductors and the COVID-19 pandemic.

**Sales down 20.6%**
**Sales down 22.2% before changes in the scope of consolidation and exchange-rate effects**
Sales of the Contract Manufacturing group sector were down 20.6% at €388.9 million (PY: €490.1 million) in the first six months of 2022 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 22.2%.

**Adjusted EBIT down 78.0%**
Adjusted EBIT for the Contract Manufacturing group sector decreased by €57.2 million or 78.0% year-on-year to €16.1 million (PY: €73.3 million) in the first six months of 2022, corresponding to 4.1% (PY: 15.0%) of adjusted sales.

**EBIT down 75.1%**
Compared with the same period of the previous year, the Contract Manufacturing group sector reported a decline in EBIT of €46.1 million or 75.1% to €15.3 million (PY: €61.4 million) in the first six months of 2022. The return on sales fell to 3.9% (PY: 12.5%).

**Special effects**
Please see our comments on pages 8 and 9 regarding the special effects for 2022 and 2021.

# Report on Risks and Opportunities

Due to the continuing effects of semiconductor supply shortages, the COVID-19 pandemic and the ongoing war in Ukraine, there is still a risk of significant negative effects on the Continental Group's sales and procurement markets. This includes the risk of possible uncertainty with respect to energy supplies due to a lack of or reduced gas supplies from Russia. Due to the economic consequences that can be expected as a result, there may be negative effects on the earnings, financial and net assets position.

Other than this, there were no material changes in risks and opportunities. For details of the other main risks and opportunities, please refer to our comments in the 2021 annual report.

# Report on Expected Developments and Outlook

As mentioned on pages 5 and 6 of the economic report, Continental continues to expect an increase in the production of passenger cars and light commercial vehicles in 2022 compared with the previous year. For the tire-replacement business, we expect demand to weaken in the second half of the year as a result of advance purchases in the first half of the year. For the industrial business, we expect stable development worldwide over the remainder of the fiscal year.

As expected, negative effects from cost inflation for key inputs, especially for oil-based raw materials as well as for energy and logistics in Tires and ContiTech, will intensify further in the second half of the year.

Based on all of the assumptions mentioned as well as current exchange rates, Continental continues to expect the following key financial figures for fiscal 2022:

› **Consolidated sales** are expected to be around €38.3 billion to €40.1 billion, and the adjusted EBIT margin is expected to be around 4.7% to 5.7%.

› For the **Automotive** group sector, Continental expects sales of around €17.8 billion to €18.8 billion and an adjusted EBIT margin of around -0.5% to 1%. This still includes higher procurement and logistics expenses of around €1 billion as well as additional expenses for research and development of around €100 million in the Autonomous Mobility business area.

› For the **Tires** group sector, sales are expected to be around €13.8 billion to €14.2 billion, with an adjusted EBIT margin of around 12.0% to 13.0%. The adjusted EBIT margin range assumes a year-on-year increase in procurement and logistics costs of around €1.9 billion.

› For the **ContiTech** group sector, Continental expects sales of around €6.3 billion to €6.5 billion and an adjusted EBIT margin of around 6.0% to 7.0%. The adjusted EBIT margin range assumes a year-on-year increase in procurement and logistics costs of around €600 million.

› For the **Contract Manufacturing** group sector, sales of around €600 million to €700 million and an adjusted EBIT margin of around 0% to 1.0% are expected.

› **Capital expenditure before financial investments** is expected to total around 6% of sales.

› **Adjusted free cash flow** of around €0.6 billion to €1.0 billion is expected in fiscal 2022.

In addition, Continental anticipates the following effects for the year as a whole:

› As in the previous year, amortization from purchase price allocations is again expected to total approximately €150 million and affect mainly the Automotive and ContiTech group sectors.

› In addition, we expect negative special effects of around €650 million (previously: around €150 million). This does not affect the outlook for adjusted EBIT margins.

› In 2022, we expect the negative financial result to be below €200 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%.

In the event the geopolitical situation, in particular in Eastern Europe, remains tense or worsens, it could result in further lasting consequences for production, supply chains and demand. In addition, further negative effects may result from the ongoing COVID-19 pandemic as well as possible disruption to the energy supply in Europe, particularly in Germany, and the associated supply situation. Depending on the severity of the disruption, this may result in lower sales and especially earnings in all group sectors as well as for the Continental Group compared to the prior year.

# Consolidated Financial Statements

## Consolidated Statement of Income

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

The items in the consolidated statement of income show the figures for continuing operations in the reporting and comparative periods. Net income in the comparative period comprises earnings after tax from continuing and discontinued operations.

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| **Sales** | **18,722.4** | **16,929.7** | **9,444.1** | **8,354.4** |
| Cost of sales | -14,663.3 | -12,734.5 | -7,451.3 | -6,320.6 |
| **Gross margin on sales** | **4,059.1** | **4,195.2** | **1,992.8** | **2,033.8** |
| Research and development expenses | -1,998.1 | -1,700.9 | -1,000.6 | -883.7 |
| Selling and logistics expenses | -1,257.5 | -1,167.0 | -640.6 | -598.6 |
| Administrative expenses | -550.8 | -511.8 | -289.9 | -269.3 |
| Other income | 738.8 | 752.3 | 397.5 | 384.3 |
| Other expenses | -784.5 | -444.9 | -623.4 | -201.2 |
| Income from equity-accounted investees | 3.1 | 12.0 | -1.0 | 7.0 |
| Other income from investments | 0.6 | 0.4 | 0.6 | 0.4 |
| **EBIT** | **210.7** | **1,135.3** | **-164.6** | **472.7** |
| Interest income[1] | 57.1 | 21.6 | 14.7 | 15.0 |
| Interest expense[1] | -110.9 | -96.4 | -62.8 | -48.6 |
| Effects from currency translation | 0.4 | -40.5 | -4.9 | -36.5 |
| Effects from changes in the fair value of derivative instruments, and other valuation effects | -45.6 | 92.7 | -14.7 | 132.1 |
| **Financial result** | **-99.0** | **-22.6** | **-67.7** | **62.0** |
| **Earnings before tax from continuing operations** | **111.7** | **1,112.7** | **-232.3** | **534.7** |
| Income tax expense | -99.5 | -199.7 | -9.7 | -72.5 |
| **Earnings after tax from continuing operations** | **12.2** | **913.0** | **-242.0** | **462.2** |
| **Earnings after tax from discontinued operations** | **n. a.** | **102.2** | **n. a.** | **100.5** |
| **Net income** | **12.2** | **1,015.2** | **-242.0** | **562.7** |
| Non-controlling interests | -17.5 | -22.3 | -8.7 | -17.4 |
| Net income attributable to the shareholders of the parent | -5.3 | 992.9 | -250.7 | 545.3 |
| | | | | |
| **Earnings per share (in €) relating to** | | | | |
| Basic earnings per share from continuing operations | -0.03 | 4.45 | -1.26 | 2.22 |
| Consolidated basic earnings per share | -0.03 | 4.96 | -1.26 | 2.72 |
| Diluted earnings per share from continuing operations | -0.03 | 4.45 | -1.26 | 2.22 |
| Consolidated diluted earnings per share | -0.03 | 4.96 | -1.26 | 2.72 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*1 Expected income from long-term employee benefits and from pension funds and interest expense from long-term employee benefits are reported net under interest expense. The previous year's figures have been adjusted accordingly.*

# Consolidated Statement of Comprehensive Income

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

The items in the consolidated statement of comprehensive income for the reporting period show continuing operations. The figures for the comparative period show continuing and discontinued operations. In addition, comprehensive income is shown separately for continuing and discontinued operations in the comparative period.

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| **Net income** | **12.2** | **1,015.2** | **-242.0** | **562.7** |
| **Items that will not be reclassified to profit or loss** | | | | |
| Remeasurement of defined benefit plans[1] | 2,310.5 | 644.7 | 1,620.8 | -22.0 |
| Fair value adjustments[1] | 2,332.6 | 659.1 | 1,638.2 | -26.5 |
| Currency translation[1] | -22.1 | -14.4 | -17.4 | 4.5 |
| Other investments | -1.2 | 113.8 | -1.2 | 114.2 |
| Fair value adjustments[1] | -0.8 | 114.1 | -0.9 | 114.1 |
| Currency translation[1] | -0.4 | -0.3 | -0.3 | 0.1 |
| Tax on other comprehensive income | -688.5 | -165.9 | -492.2 | 5.3 |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Currency translation[1] | 561.3 | 421.5 | 245.9 | 64.1 |
| Difference from currency translation[1] | 561.3 | 423.1 | 245.9 | 65.7 |
| Reclassification adjustments to profit and loss[1] | – | -1.6 | – | -1.6 |
| **Other comprehensive income** | **2,182.1** | **1,014.1** | **1,373.3** | **161.6** |
| **Comprehensive income** | **2,194.3** | **2,029.3** | **1,131.3** | **724.3** |
| Attributable to non-controlling interests | -19.7 | -34.5 | -4.9 | -21.8 |
| Attributable to the shareholders of the parent | 2,174.6 | 1,994.8 | 1,126.4 | 702.5 |
| **The share of comprehensive income attributable to the shareholders of the parent is as follows:** | | | | |
| Continuing operations | 2,174.6 | 1,756.6 | 1,126.4 | 623.4 |
| Discontinued operations | n. a. | 238.2 | n. a. | 79.1 |

*The additional information relating to the second quarter was not part of the auditor's review.*

*1 Including non-controlling interests.*

# Consolidated Statement of Financial Position

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

All items in the reporting and comparative periods as at December 31, 2021, represent continuing operations. The assets from discontinued operations in the comparative period as at June 30, 2021, are included in assets held for sale. The liabilities from discontinued operations in the comparative period as at June 30, 2021, are included in liabilities held for sale.

| **Assets in € millions** | **June 30, 2022** | *December 31, 2021* | June 30, 2021 |
|---|---|---|---|
| Goodwill | 3,721.3 | *3,711.8* | 3,605.6 |
| Other intangible assets | 1,029.1 | *1,087.7* | 1,116.6 |
| Property, plant and equipment | 11,240.6 | *11,411.6* | 11,090.8 |
| Investment property | 12.1 | *12.0* | 11.8 |
| Investments in equity-accounted investees | 313.6 | *305.9* | 336.1 |
| Other investments | 183.2 | *169.4* | 119.7 |
| Deferred tax assets | 2,137.8 | *2,529.5* | 2,542.5 |
| Defined benefit assets | 110.4 | *101.6* | 81.4 |
| Long-term derivative instruments and interest-bearing investments | 116.0 | *113.2* | 146.6 |
| Long-term other financial assets | 261.2 | *229.6* | 301.0 |
| Long-term other assets | 109.9 | *113.7* | 16.7 |
| **Non-current assets** | **19,235.2** | ***19,786.0*** | **19,368.8** |
| Inventories | 6,295.2 | *4,993.7* | 4,548.4 |
| Trade accounts receivable | 8,146.4 | *7,089.5* | 6,144.5 |
| Short-term contract assets | 117.2 | *94.0* | 99.9 |
| Short-term other financial assets | 134.1 | *118.4* | 129.2 |
| Short-term other assets | 1,224.8 | *1,066.1* | 1,116.0 |
| Income tax receivables | 348.9 | *303.4* | 219.0 |
| Short-term derivative instruments and interest-bearing investments | 108.6 | *112.7* | 194.5 |
| Cash and cash equivalents | 1,907.4 | *2,269.1* | 2,162.8 |
| Assets held for sale | – | *7.9* | 7,326.7 |
| **Current assets** | **18,282.6** | ***16,054.8*** | **21,941.0** |
| **Total assets** | **37,517.8** | ***35,840.8*** | **41,309.8** |

| **Equity and liabilities in € millions** | **June 30, 2022** | *December 31, 2021* | June 30, 2021 |
|---|---|---|---|
| Issued/subscribed capital | 512.0 | *512.0* | 512.0 |
| Capital reserves | 4,155.6 | *4,155.6* | 4,155.6 |
| Retained earnings | 9,813.2 | *10,258.6* | 10,815.5 |
| Other comprehensive income | –555.6 | *–2,735.5* | –3,367.6 |
| **Equity attributable to the shareholders of the parent** | **13,925.2** | ***12,190.7*** | **12,115.5** |
| Non-controlling interests | 452.3 | *452.5* | 397.1 |
| **Total equity** | **14,377.5** | ***12,643.2*** | **12,512.6** |
| Long-term employee benefits | 1,998.1 | *4,743.0* | 4,750.4 |
| Deferred tax liabilities | 94.6 | *101.6* | 244.6 |
| Long-term provisions for other risks and obligations | 827.8 | *787.7* | 888.5 |
| Long-term indebtedness | 4,686.4 | *4,643.2* | 4,691.5 |
| Long-term other financial liabilities | 10.7 | *10.3* | 6.9 |
| Long-term contract liabilities | 7.2 | *7.6* | 6.8 |
| Long-term other liabilities | 21.3 | *36.0* | 62.9 |
| **Non-current liabilities** | **7,646.1** | ***10,329.4*** | **10,651.6** |
| Short-term employee benefits | 1,173.9 | *1,243.5* | 1,146.6 |
| Trade accounts payable | 6,765.5 | *5,865.4* | 5,132.0 |
| Short-term contract liabilities | 255.8 | *265.2* | 185.6 |
| Income tax payables | 762.5 | *672.9* | 630.5 |
| Short-term provisions for other risks and obligations | 1,077.2 | *1,130.7* | 1,209.1 |
| Short-term indebtedness | 2,879.5 | *1,617.3* | 1,866.4 |
| Short-term other financial liabilities | 1,726.4 | *1,265.0* | 3,351.3 |
| Short-term other liabilities | 853.4 | *808.2* | 846.8 |
| Liabilities held for sale | – | *–* | 3,777.3 |
| **Current liabilities** | **15,494.2** | ***12,868.2*** | **18,145.6** |
| **Total equity and liabilities** | **37,517.8** | ***35,840.8*** | **41,309.8** |

# Consolidated Statement of Cash Flows

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*, in the comparative period. Vitesco Technologies is reported as discontinued operations in the comparative period.

The items in the consolidated statement of cash flows for the reporting period show continuing operations. The figures for the comparative period show continuing and discontinued operations. In addition, cash flow arising from operating activities, investing activities and financing activities is shown separately for continuing operations and discontinued operations in the comparative period.

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| **Net income** | **12.2** | **1,015.2** | **–242.0** | **562.7** |
| Income tax expense | 99.5 | 308.5 | 9.7 | 129.7 |
| Financial result | 99.0 | 14.6 | 67.7 | –74.0 |
| **EBIT** | **210.7** | **1,338.3** | **–164.6** | **618.4** |
| Interest paid | –46.6 | –86.9 | –32.2 | –55.7 |
| Interest received | 24.9 | 25.8 | 13.7 | 17.8 |
| Income tax paid | –275.8 | –425.0 | –167.5 | –276.6 |
| Dividends received | 2.1 | 0.9 | 1.7 | 0.9 |
| Depreciation, amortization, impairment and reversal of impairment losses | 1,570.2 | 1,267.3 | 1,013.2 | 584.2 |
| Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses | –3.7 | 0.0 | 0.4 | 5.0 |
| Gains/losses from the disposal of assets, companies and business operations | –6.6 | –11.4 | –5.5 | –7.0 |
| Changes in | | | | |
| inventories | –1,110.6 | –954.9 | –636.3 | –488.9 |
| trade accounts receivable | –833.1 | –11.2 | –224.2 | 484.0 |
| trade accounts payable | 758.1 | 312.1 | 198.3 | –15.8 |
| employee benefits and other provisions | –129.0 | 176.7 | –228.4 | –171.5 |
| other assets and liabilities | –315.1 | –59.3 | –47.4 | –8.5 |
| **Cash flow arising from operating activities** | **–154.5** | **1,572.4** | **–278.8** | **686.3** |
| Cash flow arising from operating activities – continuing operations | –154.5 | 1,308.5 | –278.8 | 766.4 |
| Cash flow arising from operating activities – discontinued operations | n. a. | 263.9 | n. a. | –80.1 |
| | | | | |
| Cash flow from the disposal of assets | 36.9 | 36.6 | 25.1 | 19.9 |
| Capital expenditure on property, plant and equipment, and software | –724.3 | –626.0 | –423.0 | –389.5 |
| Capital expenditure on intangible assets from development projects and miscellaneous | –18.7 | –35.5 | –10.0 | –14.7 |
| Cash flow from the disposal of companies and business operations | –0.6 | 2.8 | 0.4 | 2.3 |
| Acquisition of companies and business operations | –9.4 | –31.1 | –11.1 | –22.7 |
| **Cash flow arising from investing activities** | **–716.1** | **–653.2** | **–418.6** | **–404.7** |
| Cash flow arising from investing activities – continuing operations | –716.1 | –544.1 | –418.6 | –334.6 |
| Cash flow arising from investing activities – discontinued operations | n. a. | –109.1 | n. a. | –70.1 |

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| **Cash flow before financing activities (free cash flow)** | **–870.6** | **919.2** | **–697.4** | **281.6** |
| Change in indebtedness | 894.3 | –751.9 | 710.9 | –274.7 |
| Dividends paid | –440.0 | — | –440.0 | — |
| Dividends paid to and cash changes from equity transactions with non-controlling interests | –21.9 | –26.8 | –22.4 | –11.7 |
| **Cash flow arising from financing activities** | **432.4** | **–778.7** | **248.5** | **–286.4** |
| Cash flow arising from financing activities – continuing operations | 432.4 | –766.6 | 248.5 | –285.7 |
| Cash flow arising from financing activities – discontinued operations | n. a. | –12.1 | n. a. | -0.7 |
| | | | | |
| **Change in cash and cash equivalents** | **–438.2** | **140.5** | **–448.9** | **-4.8** |
| Cash and cash equivalents at the beginning of the reporting period | 2,269.1 | 2,938.7 | 2,323.9 | 3,142.4 |
| Effect of exchange-rate changes on cash and cash equivalents | 76.5 | 55.4 | 32.4 | -3.0 |
| Cash and cash equivalents at the end of the reporting period | 1,907.4 | 3,134.6 | 1,907.4 | 3,134.6 |
| Less cash and cash equivalents from discontinued operations | n. a. | -971.8 | n. a. | -971.8 |
| **Cash and cash equivalents from continuing operations at the end of the reporting period** | **1,907.4** | **2,162.8** | **1,907.4** | **2,162.8** |

*The additional information relating to the second quarter was not part of the auditor's review.*

# Consolidated Statement of Changes in Equity

| | | | | | Difference from | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **€ millions** | Issued/ subscribed capital[1] | Capital reserves | Retained earnings | Successive purchases[2] | remeasurement of defined benefit plans | currency translation | financial instruments[3] | Subtotal | Non-controlling interests | **Total** |
| **As at January 1, 2021** | **512.0** | **4,155.6** | **11,960.2** | **-302.1** | **-2,817.0** | **-1,232.7** | **-13.6** | **12,262.4** | **376.7** | **12,639.1** |
| Net income | – | – | 992.9 | – | – | – | – | 992.9 | 22.3 | **1,015.2** |
| Other comprehensive income | – | – | – | – | 478.6 | 409.5 | 113.8 | 1,001.9 | 12.2 | **1,014.1** |
| **Net profit for the period** | **–** | **–** | **992.9** | **–** | **478.6** | **409.5** | **113.8** | **1,994.8** | **34.5** | **2,029.3** |
| Dividends paid/resolved | – | – | – | – | – | – | – | – | -14.2 | **-14.2** |
| Non-cash dividends due to the resolved spin-off | – | – | -2,137.6 | – | – | – | – | -2,137.6 | – | **-2,137.6** |
| Successive purchases | – | – | – | 0.1 | – | – | – | 0.1 | – | **0.1** |
| Other changes | – | – | – | -4.2 | – | – | – | -4.2 | 0.1 | **-4.1** |
| **As at June 30, 2021** | **512.0** | **4,155.6** | **10,815.5** | **-306.2** | **-2,338.4** | **-823.2** | **100.2** | **12,115.5** | **397.1** | **12,512.6** |
| **As at January 1, 2022** | **512.0** | **4,155.6** | **10,258.6** | **-311.8** | **-1,994.9** | **-507.8** | **79.0** | **12,190.7** | **452.5** | **12,643.2** |
| Net income | – | – | -5.3 | – | – | – | – | -5.3 | 17.5 | **12.2** |
| Other comprehensive income | – | – | – | – | 1,621.1 | 560.0 | -1.2 | 2,179.9 | 2.2 | **2,182.1** |
| **Net profit for the period** | **–** | **–** | **-5.3** | **–** | **1,621.1** | **560.0** | **-1.2** | **2,174.6** | **19.7** | **2,194.3** |
| Dividends paid/resolved | – | – | -440.0 | – | – | – | – | -440.0 | -24.8 | **-464.8** |
| Other changes[4] | 0.0 | 0.0 | -0.1 | – | – | – | – | -0.1 | 4.9 | **4.8** |
| **As at June 30, 2022** | **512.0** | **4,155.6** | **9,813.2** | **-311.8** | **-373.8** | **52.2** | **77.8** | **13,925.2** | **452.3** | **14,377.5** |

*1 Divided into 200,005,983 (PY: 200,005,983) outstanding shares with dividend and voting rights.*
*2 The comparative period includes an amount of €0.1 million from successive purchases of shares in fully consolidated subsidiaries and an amount of -€4.2 million relating to effects from the first-time consolidation of previously non-consolidated subsidiaries.*
*3 The change in the difference arising from financial instruments, including deferred taxes, was due to other investments of -€1.2 million (PY: €113.8 million).*
*4 Other changes in non-controlling interests due to changes in the scope of consolidation and capital increases.*

# Explanatory Notes to the Consolidated Financial Statements

All segment report tables show only the figures for continuing operations in the reporting and comparative periods for all segments. As part of the new organizational structure in place since January 1, 2022, the reporting segments are Automotive, Tires, ContiTech and Contract Manufacturing. All key figures for the segments reflect the resegmentation over the entire reporting period and are adjusted accordingly for the comparative period.

### Segment report for the period from January 1 to June 30, 2022

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| External sales | 8,560.1 | 6,626.1 | 3,147.4 | 388.8 | – | 18,722.4 |
| Intercompany sales | 0.9 | 50.1 | 36.3 | 0.1 | -87.4 | – |
| **Sales (total)** | **8,561.0** | **6,676.2** | **3,183.7** | **388.9** | **-87.4** | **18,722.4** |
| EBIT (segment result) | -714.2 | 947.6 | 61.9 | 15.3 | -99.9 | 210.7 |
| in % of sales | -8.3 | 14.2 | 1.9 | 3.9 | – | 1.1 |
| Depreciation and amortization[1] | 902.2 | 489.3 | 158.8 | 18.5 | 1.4 | 1,570.2 |
| thereof impairment[2] | 371.7 | 69.5 | 2.7 | 0.0 | – | 443.9 |
| Capital expenditure[3] | 571.7 | 304.1 | 82.0 | 5.3 | 24.4 | 987.5 |
| in % of sales | 6.7 | 4.6 | 2.6 | 1.4 | – | 5.3 |
| Operating assets as at June 30 | 9,001.8 | 7,393.4 | 3,278.3 | 702.1 | 96.0 | 20,471.6 |
| Number of employees as at June 30[4] | 93,218 | 57,189 | 41,414 | 2,289 | 467 | 194,577 |
| | | | | | | |
| Adjusted sales[5] | 8,493.0 | 6,676.2 | 3,183.7 | 388.9 | -87.4 | 18,654.4 |
| Adjusted operating result (adjusted EBIT)[6] | -264.0 | 1,032.0 | 164.7 | 16.1 | -99.8 | 849.0 |
| in % of adjusted sales | -3.1 | 15.5 | 5.2 | 4.1 | – | 4.6 |

*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 the period from January 1 to June 30, 2021

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| External sales | 7,873.6 | 5,587.8 | 2,979.2 | 489.1 | – | 16,929.7 |
| Intercompany sales | 36.6 | 43.3 | 32.8 | 1.0 | -113.7 | – |
| **Sales (total)** | **7,910.2** | **5,631.1** | **3,012.0** | **490.1** | **-113.7** | **16,929.7** |
| EBIT (segment result) | -47.8 | 967.6 | 233.9 | 61.4 | -79.8 | 1,135.3 |
| in % of sales | -0.6 | 17.2 | 7.8 | 12.5 | – | 6.7 |
| Depreciation and amortization[1] | 500.2 | 406.3 | 161.7 | 37.7 | 4.7 | 1,110.6 |
| thereof impairment[2] | -1.9 | 1.0 | 0.3 | 10.4 | – | 9.8 |
| Capital expenditure[3] | 346.7 | 163.3 | 82.0 | 6.6 | 24.6 | 623.2 |
| in % of sales | 4.4 | 2.9 | 2.7 | 1.3 | – | 3.7 |
| Operating assets as at June 30 | 7,957.4 | 6,546.7 | 3,045.4 | 119.6 | 164.9 | 17,834.0 |
| Number of employees as at June 30[4] | 89,778 | 57,081 | 43,312 | 3,130 | 453 | 193,754 |
| | | | | | | |
| Adjusted sales[5] | 7,910.2 | 5,631.1 | 2,926.5 | 490.1 | -113.7 | 16,844.2 |
| Adjusted operating result (adjusted EBIT)[6] | 10.9 | 969.7 | 264.9 | 73.3 | -78.7 | 1,240.1 |
| in % of adjusted sales | 0.1 | 17.2 | 9.1 | 15.0 | – | 7.4 |

*With the application of IFRS 5, the external sales of Vitesco Technologies resulting from supply and service relationships between the Contract Manufacturing segment and Vitesco Technologies have been shown as external sales of the Contract Manufacturing segment due to the continuation of the supply and service relationships. The external sales of discontinued operations have been reduced by this amount.*

*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) from January 1 to June 30, 2022

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| **Sales** | **8,561.0** | **6,676.2** | **3,183.7** | **388.9** | **–87.4** | **18,722.4** |
| Changes in the scope of consolidation[1] | –68.0 | – | – | – | – | –68.0 |
| **Adjusted sales** | **8,493.0** | **6,676.2** | **3,183.7** | **388.9** | **–87.4** | **18,654.4** |
| | | | | | | |
| **EBITDA** | **188.0** | **1,436.9** | **220.7** | **33.8** | **–98.5** | **1,780.9** |
| Depreciation and amortization[2] | –902.2 | –489.3 | –158.8 | –18.5 | –1.4 | –1,570.2 |
| **EBIT** | **–714.2** | **947.6** | **61.9** | **15.3** | **–99.9** | **210.7** |
| Amortization of intangible assets from purchase price allocation (PPA) | 37.3 | 7.1 | 32.1 | – | – | 76.5 |
| Changes in the scope of consolidation[1] | 15.6 | – | – | – | – | 15.6 |
| Special effects | | | | | | |
| Impairment on goodwill | 57.3 | – | – | – | – | 57.3 |
| Impairment[3] | 312.9 | 69.4 | 5.1 | 0.0 | – | 387.4 |
| Restructuring[4] | –2.9 | 0.6 | 58.9 | –0.1 | – | 56.5 |
| Restructuring-related expenses | 21.2 | 2.8 | 2.6 | 0.9 | – | 27.5 |
| Severance payments | 8.8 | 4.9 | 4.8 | 0.0 | 0.1 | 18.6 |
| Gains and losses from disposals of companies and business operations | – | –0.4 | –0.7 | – | – | –1.1 |
| Other | – | – | – | – | – | – |
| **Adjusted operating result (adjusted EBIT)** | **–264.0** | **1,032.0** | **164.7** | **16.1** | **–99.8** | **849.0** |

*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 €3.6 million (Automotive €1.5 million; Tires €0.1 million; ContiTech €2.0 million) and a reversal of impairment losses of €4.4 million in the ContiTech segment.*

## Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) from January 1 to June 30, 2021

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| **Sales** | **7,910.2** | **5,631.1** | **3,012.0** | **490.1** | **-113.7** | **16,929.7** |
| Changes in the scope of consolidation[1] | – | – | -85.5 | – | – | -85.5 |
| **Adjusted sales** | **7,910.2** | **5,631.1** | **2,926.5** | **490.1** | **-113.7** | **16,844.2** |
| | | | | | | |
| **EBITDA** | **452.4** | **1,373.9** | **395.6** | **99.1** | **-75.1** | **2,245.9** |
| Depreciation and amortization[2] | -500.2 | -406.3 | -161.7 | -37.7 | -4.7 | -1,110.6 |
| **EBIT** | **-47.8** | **967.6** | **233.9** | **61.4** | **-79.8** | **1,135.3** |
| Amortization of intangible assets from purchase price allocation (PPA) | 32.3 | 9.1 | 37.4 | – | – | 78.8 |
| Changes in the scope of consolidation[1] | – | – | -16.8 | – | – | -16.8 |
| Special effects | | | | | | |
| Impairment on goodwill | – | – | – | – | – | – |
| Impairment[3] | -1.9 | 0.1 | – | 10.4 | – | 8.6 |
| Restructuring[4] | -36.3 | -17.3 | 1.2 | – | – | -52.4 |
| Restructuring-related expenses | 20.8 | – | 1.7 | – | – | 22.5 |
| Severance payments | 25.6 | 10.2 | 7.5 | 1.5 | 0.4 | 45.2 |
| Gains and losses from disposals of companies and business operations | -0.3 | – | – | – | – | -0.3 |
| Other[5] | 18.5 | – | – | – | 0.7 | 19.2 |
| **Adjusted operating result (adjusted EBIT)** | **10.9** | **969.7** | **264.9** | **73.3** | **-78.7** | **1,240.1** |

*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 €1.2 million (Tires €0.9 million; ContiTech €0.3 million.*
*5 Mainly includes expenses totaling €17.6 million in connection with the spin-off of Vitesco Technologies.*

## Reconciliation of EBIT to net income

| | January 1 to June 30 | | Second Quarter | |
|---|---|---|---|---|
| **€ millions** | **2022** | 2021 | **2022** | 2021 |
| Automotive | -714.2 | -47.8 | -509.9 | -103.2 |
| Tires | 947.6 | 967.6 | 389.7 | 520.1 |
| ContiTech | 61.9 | 233.9 | -7.4 | 98.1 |
| Contract Manufacturing | 15.3 | 61.4 | 3.6 | -2.0 |
| Other/Holding/Consolidation | -99.9 | -79.8 | -40.6 | -40.3 |
| **EBIT** | **210.7** | **1,135.3** | **-164.6** | **472.7** |
| Financial result | -99.0 | -22.6 | -67.7 | 62.0 |
| **Earnings before tax from continuing operations** | **111.7** | **1,112.7** | **-232.3** | **534.7** |
| Income tax expense | -99.5 | -199.7 | -9.7 | -72.5 |
| Earnings after tax from continuing operations | 12.2 | 913.0 | -242.0 | 462.2 |
| Earnings after tax from discontinued operations | n. a. | 102.2 | n. a. | 100.5 |
| **Net income** | **12.2** | **1,015.2** | **-242.0** | **562.7** |
| Non-controlling interests | -17.5 | -22.3 | -8.7 | -17.4 |
| **Net income attributable to the shareholders of the parent** | **-5.3** | **992.9** | **-250.7** | **545.3** |

*The additional information relating to the second quarter was not part of the auditor's review.*

### Segment reporting
Information on the development of the Continental Group's four segments or group sectors can be found in the consolidated management report as at June 30, 2022.

### Accounting principles
These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union. These also include the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Standards Interpretations Committee or its predecessor, the International Financial Reporting Interpretations Committee (IFRIC), and the former Standing Interpretations Committee (SIC). The interim financial statements were prepared in condensed form in compliance with IAS 34, *Interim Financial Reporting*. The same accounting policies have been applied in the interim financial statements as in the consolidated financial statements for 2021. These accounting policies are described in detail in the 2021 annual report. In addition, the IFRS amendments and new regulations effective as at June 30, 2022, have also been applied in the interim financial statements. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2021 annual report.

The IFRS amendments and new regulations effective as at June 30, 2022, had no material effect on the reporting of the Continental Group.

Income tax expense is calculated based on the estimated, weighted average tax rate expected for the year as a whole. Tax effects of specific significant items that can only be allocated to the respective period under review are taken into account.

Although certain elements of the Continental Group's business are seasonal, the overall comparability of the consolidated financial reports is not compromised. All significant effects in the current period are shown in this report. Changes in the recognition or measurement of assets and liabilities within the scope of company acquisitions are presented retrospectively once the final purchase price allocation has been determined.

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.

### Effects of the COVID-19 pandemic on accounting in the reporting period
Based on available information, the effects of the ongoing COVID-19 pandemic on the accounting of the Continental Group were also continuously reviewed over the course of the reporting period. The analysis of the effects on the accounting of the Continental Group did not lead to any significant adjustments as at June 30, 2022. However, the nature of the pandemic's development and the lack of empirical data in this regard increased the level of uncertainty in making estimates in the reporting period compared with the reporting periods before the COVID-19 pandemic.

### Impact of the war in Ukraine on accounting in the reporting period
It is difficult at present to predict how the geopolitical situation will develop, particularly in Eastern Europe. We cannot foresee the effects that the ongoing war in Ukraine and 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 June 30, 2022, on the basis of the information available in the reporting period.

In particular, the evaluation regarding control over subsidiaries as in accordance with IFRS 10, *Consolidated Financial Statements*, IAS 28, *Investments in Associates and Joint Ventures* and IFRS 11, *Joint Arrangements*, must be critically reviewed given the current situation. The assessment that took place to that effect within the Continental Group was based on standard principles and on the general conditions in place at the time of the assessment. All facts and circumstances of the individual case were taken into consideration. With respect to the conditions determined until now, the analysis did not reveal any changes. In particular, loss of control in accordance with IFRS 10 was ruled out in the reporting period.

As part of the recognition of financial instruments, the Continental Group has made allowances in cases where, in the assessment of credit management, the more probable scenario is that receivables are not collectible. The Continental Group regularly reviews the expected credit loss model pursuant to IFRS 9, *Financial Instruments*, in order to identify potential effects on the model and make any necessary adjustments. A review based on the information currently available did not reveal any need for adjustment as at June 30, 2022.

For the impairment testing of intangible assets and property, plant and equipment in accordance with IAS 36, *Impairment of Assets*, at the Russian companies of the Continental Group, please refer to the section on impairment.

With respect to further developments in relation to the COVID-19 pandemic as well as the war in Ukraine, the Continental Group is still continuously reviewing the possible effects on accounting.

**Companies consolidated**

In addition to the parent company, the number of companies consolidated includes 470 (PY: 551) domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10, *Consolidated Financial Statements*, or that are classified as joint arrangements or associates. Of these, 392 (PY: 434) are fully consolidated and 78 (PY: 117) are accounted for using the equity method.

The number of companies consolidated has decreased by a total of two since December 31, 2021. Seven companies were founded. Companies no longer included in the scope of consolidation are attributable to mergers, disposals and liquidations.

Since June 30, 2021, the number of companies consolidated has decreased by a total of 81. Eleven new companies were founded. Sixty-seven companies were deconsolidated in connection with the spin-off of Vitesco Technologies. This reduced the scope of consolidation by 42 fully consolidated companies and 25 companies accounted for using the equity method. Thirteen companies were sold and eleven companies were merged. Other changes in the scope of consolidation resulted from acquisitions and liquidations.

**Acquisition and disposal of companies and business operations**

In the Tires segment, an asset deal took place. The purchase price of €0.4 million in total was paid in cash. Intangible assets of €0.1 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 June 30, 2022.

In the Tires segment, sub-areas of the Replacement EMEA business area were sold. This transaction resulted in income of €0.1 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at June 30, 2022.

In the Tires segment, the sale of an equity-accounted investee resulted in income of €0.3 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at June 30, 2022.

In the ContiTech segment, there was income of €0.7 million from the disposal of a company. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at June 30, 2022.

In the Automotive segment, changes to the preliminary purchase price allocation for the termination of the former joint venture OSRAM CONTINENTAL GmbH, Munich, Germany, carried out in 2021 resulted in an increase in the purchase price of €0.4 million. The resulting change to the preliminary purchase price allocation resulted in an increase in goodwill of €0.4 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at June 30, 2022.

### Revenue from contracts with customers

The following tables show the breakdown of sales in accordance with IFRS 15, *Revenue from Contracts with Customers*, into main geographical markets, segments and customer groups.

#### Sales from contracts with customers from January 1 to June 30, 2022

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| Germany | 1,812.7 | 790.1 | 593.1 | 157.9 | -44.1 | 3,309.7 |
| Europe excluding Germany | 2,140.1 | 2,532.4 | 847.2 | 94.2 | -11.8 | 5,602.1 |
| North America | 2,090.6 | 2,005.8 | 930.4 | 78.6 | -20.8 | 5,084.6 |
| Asia | 2,306.6 | 926.3 | 593.7 | 58.1 | -2.9 | 3,881.8 |
| Other countries | 211.0 | 421.6 | 219.3 | 0.1 | -7.8 | 844.2 |
| **Sales by region** | **8,561.0** | **6,676.2** | **3,183.7** | **388.9** | **-87.4** | **18,722.4** |
| | | | | | | |
| Automotive original-equipment business | 8,025.0 | 1,493.8 | 1,475.3 | 378.7 | -21.6 | 11,351.2 |
| Industrial/replacement business | 536.0 | 5,182.4 | 1,708.4 | 10.2 | -65.8 | 7,371.2 |
| **Sales by customer type** | **8,561.0** | **6,676.2** | **3,183.7** | **388.9** | **-87.4** | **18,722.4** |
| | | | | | | |
| Physical goods | 8,390.0 | 6,307.5 | 3,026.7 | 388.5 | -72.9 | 18,039.8 |
| Services | 84.2 | 368.7 | 63.4 | 0.4 | -4.1 | 512.6 |
| Project business | 86.8 | – | 93.6 | – | -10.4 | 170.0 |
| **Sales by product type** | **8,561.0** | **6,676.2** | **3,183.7** | **388.9** | **-87.4** | **18,722.4** |

#### Sales from contracts with customers from January 1 to June 30, 2021

| € millions | Automotive | Tires | ContiTech | Contract Manufacturing | Other/ Holding/ Consolidation | Continental Group |
|---|---|---|---|---|---|---|
| Germany | 1,643.4 | 722.6 | 589.5 | 191.5 | -41.2 | 3,105.8 |
| Europe excluding Germany | 2,224.5 | 2,236.4 | 821.8 | 145.9 | -17.9 | 5,410.7 |
| North America | 1,775.0 | 1,482.2 | 837.3 | 76.9 | -28.3 | 4,143.1 |
| Asia | 2,090.0 | 844.4 | 579.8 | 73.4 | -20.4 | 3,567.2 |
| Other countries | 177.3 | 345.5 | 183.6 | 2.4 | -5.9 | 702.9 |
| **Sales by region** | **7,910.2** | **5,631.1** | **3,012.0** | **490.1** | **-113.7** | **16,929.7** |
| | | | | | | |
| Automotive original-equipment business | 7,444.9 | 1,283.0 | 1,502.6 | 480.3 | -59.3 | 10,651.5 |
| Industrial/replacement business | 465.3 | 4,348.1 | 1,509.4 | 9.8 | -54.4 | 6,278.2 |
| **Sales by customer type** | **7,910.2** | **5,631.1** | **3,012.0** | **490.1** | **-113.7** | **16,929.7** |
| | | | | | | |
| Physical goods | 7,757.8 | 5,451.2 | 2,878.8 | 489.6 | -99.8 | 16,477.6 |
| Services | 90.2 | 179.9 | 63.5 | 0.5 | -3.0 | 331.1 |
| Project business | 62.2 | – | 69.7 | – | -10.9 | 121.0 |
| **Sales by product type** | **7,910.2** | **5,631.1** | **3,012.0** | **490.1** | **-113.7** | **16,929.7** |

**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).

The rise in the general interest rate level is an 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 €57.3 million in the Safety and Motion CGU, and property, plant and equipment impaired by €313.1 million in the Architecture and Networking CGU of the Automotive segment. These impairment losses are reported as other expenses and relate primarily to production facilities. In the Original Equipment CGU of the Tires segment, the carrying amount exceeds the value in use by €442.0 million. Due to the immaterial goodwill, the recoverability of the individual assets was reviewed. This review did not reveal any need for impairment, since the fair value less cost of disposal of the individual assets exceeds their respective carrying amount.

The expected cash flows of the CGUs are derived from long-term planning that covers the next five years. For this impairment test over the course of the year, the cash flows of the CGUs of the Automotive and Contract Manufacturing segments were discounted with an interest rate before tax of 12.8% (December 31, 2021: 10.7%), those of the Tires segment with an interest rate of 11.0% (December 31, 2021: 8.6%) and those of the ContiTech segment with an interest rate of 11.7% (December 31, 2021: 9.2%). At the time of implementation, these pre-tax WACCs were based on the capital structure of the respective relevant peer group on average over the last five years. The risk-free interest rate was 1.64% (December 31, 2021: -0.07%) and the market risk premium 7.5% (December 31, 2021: 7.5%). Borrowing costs were calculated as the total of the risk-free interest rate plus the credit spreads of peer group companies rated by Standard & Poor's, Moody's or Fitch.

On average, the growth rate in the detailed planning period was 12.7% (December 31, 2021: 15.7%) for the CGUs of the Automotive segment, 0.4% (December 31, 2021: 4.4%) for those of the Tires segment and 4.1% (December 31, 2021: 5.5%) 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% (December 31, 2021: 1.0%) for the CGUs of the Automotive segment, 0.5% (December 31, 2021: 0.5%) for those of the Tires and ContiTech segments and 0.0% (December 31, 2021: 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.

Assuming a 1.0-percentage-point increase in the discount rate would potentially lead to an additional asset impairment of around €155 million in the Architecture and Networking CGU. In the Safety and Motion CGU, this would lead to an additional goodwill impairment of around €193 million. In the Original Equipment CGU, the carrying amount would exceed the value in use by a further €118 million. Reducing the long-term growth rate by 0.5 percentage points would potentially lead to an additional asset impairment of around €65 million in Architecture and Networking. In Safety and Motion, this would lead to an additional goodwill impairment of around €75 million. In the Original Equipment CGU, the carrying amount would exceed the value in use by a further €47 million. If sales in perpetuity would decline by 5.0%, consequently reducing free cash flow as a key planning parameter, this would potentially lead to an additional asset impairment of around €80 million in Architecture and Networking. In Safety and Motion, this would lead to a goodwill impairment of around €88 million. In the Original Equipment CGU, the carrying amount would exceed the value in use by a further €56 million.

Owing to the current sanctions made against or by Russia, intangible assets and property, plant and equipment were reviewed at the Russian companies. This led to a full impairment of all intangible assets and property, plant and equipment. These impairment losses are reported as other expenses and relate primarily to production facilities. There were expenses of €69.4 million in the Tires segment, €5.1 million in the ContiTech segment and €0.1 million in the Automotive segment.

**Income tax expense**
Income tax expense in the first half of 2022 amounted to €99.5 million (PY: €199.7 million). The tax rate in the reporting period was 89.1% (PY: 17.9%). This is primarily attributable to non-tax-effective accounting effects in connection with the net income affected by impairment.

### Leases

The following table shows the right-of-use assets as at June 30, 2022:

| € millions | June 30, 2022 | December 31, 2021 |
|---|---|---|
| Land and buildings | 1,241.1 | 1,120.8 |
| Technical equipment and machinery | 4.6 | 4.4 |
| Other equipment, factory and office equipment | 67.4 | 69.9 |
| **Total right-of-use assets** | **1,313.1** | **1,195.1** |

The lease liabilities as at June 30, 2022, are shown in the following table:

| € millions | June 30, 2022 | December 31, 2021 |
|---|---|---|
| **Lease liabilities** | **1,409.6** | **1,274.1** |
| Current | 407.9 | 288.2 |
| Non-current | 1,001.7 | 985.9 |

### Long-term employee benefits

Compared to December 31, 2021, the remeasurement of defined benefit plans as at June 30, 2022, led to a €1,441.8 million increase (PY: €477.1 million) in other comprehensive income, which resulted from a rise in discount rates. The corresponding increase in equity contrasted with a decline in long-term employee benefits of €2,041.7 million (PY: €642.8 million). The discount rates used for the remeasurement for the key countries as at June 30, 2022, were 3.39% in Germany (December 31, 2021: 1.25%), 4.80% in the USA (December 31, 2021: 2.80%), 3.84% in the United Kingdom (December 31, 2021: 1.90%) and 3.40% in France (December 31, 2021: 1.10%).

In the reporting period, Continental AG reacquired a €475.6 million share in ContiTech AG, Hanover, from Continental Pension Trust e. V., Hanover. Furthermore, an additional purchase price of €20.7 million was agreed for the sale of the former compensation payment by ContiTech AG, Hanover. The purchase price and the additional purchase price will become due on January 31, 2023, at the latest. The purchase price claim of Continental Pension Trust e. V., Hanover, constitutes plan assets as defined in IAS 19, *Employee Benefits*, and is therefore reported net against the corresponding obligations.

### Cash changes in pension and similar obligations

Pension funds exist solely for pension obligations – particularly in Germany, the USA, Canada and the UK – and not for other benefit obligations. These pension funds qualify as plan assets. In the period from January 1 to June 30, 2022, the companies of the Continental Group made regular payments of €52.3 million (PY: €14.8 million) into these pension funds.

Payments for pension obligations totaled €121.0 million (PY: €119.6 million) in the period from January 1 to June 30, 2022. Payments for obligations similar to pensions totaled €6.6 million (PY: €7.1 million).

The net pension cost for continuing operations in the reporting period and for continuing and discontinued operations in the comparative period can be summarized as follows:

| | January 1 to June 30, 2022 | | | | | | January 1 to June 30, 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **€ millions** | **Germany** | **USA** | **Canada** | **UK** | **Other** | **Total** | Germany | USA | Canada | UK | Other | Total |
| Current service cost | 103.4 | 1.6 | 0.8 | 1.0 | 11.0 | **117.8** | 151.9 | 2.4 | 1.0 | 1.2 | 19.1 | 175.6 |
| Interest on defined benefit obligations | 33.1 | 15.1 | 0.7 | 3.9 | 5.6 | **58.4** | 26.2 | 13.6 | 1.5 | 3.1 | 4.6 | 49.0 |
| Expected return on the pension funds | -10.6 | -15.7 | -0.7 | -4.1 | -2.1 | **-33.2** | -5.5 | -13.8 | -1.3 | -2.9 | -2.2 | -25.7 |
| Effect of change of asset ceiling | – | – | – | – | 0.0 | **0.0** | – | – | 0.0 | – | 0.0 | 0.0 |
| Other pension income and expenses | – | 0.8 | 0.1 | – | 0.1 | **1.0** | – | 0.9 | 0.2 | – | -0.6 | 0.5 |
| **Net pension cost** | **125.9** | **1.8** | **0.9** | **0.8** | **14.6** | **144.0** | **172.6** | **3.1** | **1.4** | **1.4** | **20.9** | **199.4** |

The net cost of healthcare and life-insurance benefit obligations in the USA and Canada for continuing operations in the reporting period and for continuing and discontinued operations in the comparative period can be summarized as follows:

| | January 1 to June 30 | |
|---|---|---|
| **€ millions** | **2022** | 2021 |
| Current service cost | 0.4 | 0.7 |
| Interest on healthcare and life-insurance benefit obligations | 2.1 | 2.4 |
| **Net cost of obligations similar to pensions** | **2.5** | **3.1** |

**Financing and indebtedness**

As at June 30, 2022, the Continental Group's net indebtedness amounted to €5,433.9 million. This rose by €1,379.9 million compared with the year-on-year figure of €4,054.0 million and by €1,668.4 million compared with the figure of €3,765.5 million as at December 31, 2021. The increase compared with the figure as at June 30, 2021, is primarily attributable to the negative free cash flow over the past 12 months of €564.7 million and to the dividend payment of €440.0 million in May 2022. The increase compared with the end of 2021 is likewise primarily attributable to the negative free cash flow over the past six months of €870.6 million and to the dividend payment of €440.0 million in May 2022. The financing requirement was mainly covered with commercial paper issuances. The gearing ratio amounted to 37.8% for the first half of 2022 (PY: 25.7%). The previous year's gearing ratio relates to continuing and discontinued operations.

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. In November 2021, Continental exercised the second and final option to extend the term by one year. The lending banks then extended this financing commitment until December 2026 at unchanged conditions. As in the previous year, this credit line had not been utilized as at the end of June 2022. For further details regarding the syndicated loan, please refer to the comments in the 2021 annual report.

As at June 30, 2022, the Continental Group had liquidity reserves totaling €6,804.4 million (PY: €6,933.7 million), consisting of cash and cash equivalents of €1,907.4 million (PY: €2,162.8 million) and committed, unutilized credit lines of €4,897.0 million (PY: €4,770.9 million).

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 aforementioned 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. The assessment of any restrictions related to cash and cash equivalents is made on each respective reporting date. 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. As at June 30, 2022, unrestricted cash and cash equivalents totaled €1,404.9 million (PY: €1,866.3 million)

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### 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 June 30, 2022** | **Fair value as at June 30, 2022** | thereof Level 1 | thereof Level 2 | thereof Level 3 |
|---|---|---|---|---|---|---|
| Other investments[1] | FVOCIwoR | 173.1 | 173.1 | – | – | 173.1 |
| Derivative instruments and interest-bearing investments | | | | | | |
| Derivative instruments not accounted for as effective hedging instruments | FVPL | 5.1 | 5.1 | – | 5.1 | – |
| Debt instruments | FVPL | 71.7 | 71.7 | 71.7 | – | – |
| Debt instruments | at cost | 147.8 | 147.8 | – | – | – |
| Trade accounts receivable without lease receivables | | | | | | |
| Trade accounts receivable | at cost | 7,899.6 | 7,899.6 | – | – | – |
| Bank drafts | FVOCIwR | 232.3 | 232.3 | – | 232.3 | – |
| Trade accounts receivable | FVPL | 10.7 | 10.7 | – | 10.7 | – |
| Other financial assets without lease receivables | | | | | | |
| Other financial assets | FVPL | 122.2 | 122.2 | – | 122.2 | – |
| Other financial assets | at cost | 255.4 | 255.4 | – | – | – |
| Cash and cash equivalents | | | | | | |
| Cash and cash equivalents | at cost | 1,837.9 | 1,837.9 | – | – | – |
| Cash and cash equivalents | FVPL | 69.5 | 69.5 | 69.5 | – | – |
| **Financial assets without lease receivables** | | **10,825.3** | **10,825.3** | **141.2** | **370.3** | **173.1** |
| Indebtedness without lease liabilities | | | | | | |
| Derivative instruments not accounted for as effective hedging instruments | FVPL | 49.5 | 49.5 | – | 49.5 | – |
| Other indebtedness | at cost | 6,106.8 | 6,041.2 | 3,189.9 | 469.2 | – |
| Trade accounts payable | at cost | 6,765.5 | 6,765.5 | – | – | – |
| Other financial liabilities | at cost | 1,737.1 | 1,737.1 | – | – | – |
| **Financial liabilities without lease liabilities** | | **14,658.9** | **14,593.3** | **3,189.9** | **518.7** | **–** |
| | | | | | | |
| Aggregated according to categories as defined in IFRS 9: | | | | | | |
| Financial assets (FVOCIwR) | | 232.3 | | | | |
| Financial assets (FVOCIwoR) | | 173.1 | | | | |
| Financial assets (FVPL) | | 279.2 | | | | |
| Financial assets (at cost) | | 10,140.7 | | | | |
| Financial liabilities (FVPL) | | 49.5 | | | | |
| Financial liabilities (at cost) | | 14,609.4 | | | | |

*1 Excluding investments in unconsolidated affiliated companies.*

| **€ millions** | Measurement category in acc. with IFRS 9 | Carrying amount as at Dec. 31, 2021 | Fair value as at Dec. 31, 2021 | thereof Level 1 | thereof Level 2 | thereof Level 3 |
|---|---|---|---|---|---|---|
| Other investments[1] | FVOCIwoR | 159.5 | 159.5 | – | – | 159.5 |
| Derivative instruments and interest-bearing investments | | | | | | |
| Derivative instruments not accounted for as effective hedging instruments | FVPL | 25.1 | 25.1 | – | 25.1 | – |
| Debt instruments | FVPL | 81.2 | 81.2 | 81.2 | – | – |
| Debt instruments | at cost | 119.6 | 119.6 | – | – | – |
| Trade accounts receivable without lease receivables | | | | | | |
| Trade accounts receivable | at cost | 6,795.9 | 6,795.9 | – | – | – |
| Bank drafts | FVOCIwR | 282.6 | 282.6 | – | 282.6 | – |
| Trade accounts receivable | FVPL | 7.7 | 7.7 | – | 7.7 | – |
| Other financial assets without lease receivables | | | | | | |
| Other financial assets | FVPL | 114.2 | 114.2 | – | 114.2 | – |
| Other financial assets | at cost | 216.7 | 216.7 | – | – | – |
| Cash and cash equivalents | | | | | | |
| Cash and cash equivalents | at cost | 1,672.1 | 1,672.1 | – | – | – |
| Cash and cash equivalents | FVPL | 597.0 | 597.0 | 597.0 | – | – |
| **Financial assets without lease receivables** | | **10,071.6** | **10,071.6** | **678.2** | **429.6** | **159.5** |
| Indebtedness without lease liabilities | | | | | | |
| Derivative instruments not accounted for as effective hedging instruments | FVPL | 21.3 | 21.3 | – | 21.3 | – |
| Other indebtedness | at cost | 4,965.1 | 5,113.0 | 3,348.0 | 477.8 | – |
| Trade accounts payable | at cost | 5,865.4 | 5,865.4 | – | – | – |
| Other financial liabilities | at cost | 1,275.3 | 1,275.3 | – | – | – |
| **Financial liabilities without lease liabilities** | | **12,127.1** | **12,275.0** | **3,348.0** | **499.1** | **–** |
| | | | | | | |
| Aggregated according to categories as defined in IFRS 9: | | | | | | |
| Financial assets (FVOCIwR) | | 282.6 | | | | |
| Financial assets (FVOCIwoR) | | 159.5 | | | | |
| Financial assets (FVPL) | | 825.2 | | | | |
| Financial assets (at cost) | | 8,804.3 | | | | |
| Financial liabilities (FVPL) | | 21.3 | | | | |
| Financial liabilities (at cost) | | 12,105.8 | | | | |

*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

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.

The following table shows the changes to financial instruments at Level 3:

| **€ millions** | **Other investments** | **Other financial assets** | **Subtotal** |
|---|---|---|---|
| **As at January 1, 2021** | **109.2** | **33.5** | **142.7** |
| Transfers to Level 1 | – | -33.5 | -33.5 |
| Exchange-rate effects | 0.4 | – | 0.4 |
| **As at June 30, 2021** | **109.6** | **–** | **109.6** |
| **As at January 1, 2022** | **159.5** | **–** | **159.5** |
| Additions | 10.2 | – | 10.2 |
| Convertible note conversion | 0.5 | – | 0.5 |
| Gains/losses recognized in other comprehensive income | -0.7 | – | -0.7 |
| Exchange-rate effects | 3.6 | – | 3.6 |
| **As at June 30, 2022** | **173.1** | **–** | **173.1** |

At the start of 2021, the fair value of other financial assets in the amount of €33.5 million was determined based on non-observable market data (Level 3). As a reliable quoted market price became available for these instruments as of the 2021 half-year financial statements, they were measured using the market price and assigned to Level 1 until they were sold.

Of the financial instruments remaining at Level 3, there were no indications of any significant change in the value of the financial investments as at the reporting date. For reasons of materiality, a sensitivity analysis is not required.

### Litigation and compensation claims

There were no significant new findings or developments in the reporting period with regard to the litigation and compensation claims described in the 2021 annual report.

### Contingent liabilities and other financial obligations

As at June 30, 2022, there were no material changes in the contingent liabilities and other financial obligations described in the 2021 annual report.

### Appropriation of net income

As at December 31, 2021, Continental AG reported net retained earnings of €2,591.6 million (PY: €6,038.9 million). On April 29, 2022, the Annual Shareholders' Meeting resolved to pay out a dividend of €2.20 per share to the shareholders of Continental AG for the past fiscal year. The total distribution is therefore €440,013,156.00 for 200,005,980 shares entitled to dividends. The remaining retained earnings were carried forward to new account.

### Earnings per share

Basic earnings per share fell to -€0.03 (PY: €4.96) in the first half of 2022 and to -€1.26 (PY: €2.72) for the period from April 1 to June 30, 2022. The figures for basic earnings per share were the same as for diluted earnings per share.

### Transactions with related parties

In the period under review, there were no material changes with regard to content in transactions with related parties compared to December 31, 2021. For further information, please refer to the comments in the 2021 annual report.

### German Corporate Governance Code

The annual declaration by the Executive Board and Supervisory Board of Continental AG on the German Corporate Governance Code, in accordance with Section 161 of the German Stock Corporation Act *(Aktiengesetz – AktG)*, is made permanently available to shareholders on the Continental Group's website. Earlier declarations in accordance with Section 161 *AktG* can also be found there.

# Significant Events after June 30, 2022

On July 1, 2022, ContiTech USA, Inc., Fairlawn, Ohio, USA, acquired 100% of the shares in WCCO Belting LLC, Wahpeton, North Dakota, USA, with the aim of strengthening the agricultural business in the Conveying Solutions business area. The preliminary purchase price is around €77 million.

Hanover, July 22, 2022

Continental Aktiengesellschaft
The Executive Board

Other than this, there were no significant events after June 30, 2022.

# Responsibility Statement by the Company's Legal Representatives

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

Hanover, July 22, 2022

Continental Aktiengesellschaft
The Executive Board

# Review Report

To Continental Aktiengesellschaft, Hanover

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the explanatory notes to the consolidated interim financial statements – and the interim consolidated management report of Continental Aktiengesellschaft, Hanover, for the period from January 1 to June 30, 2022, which are part of the half-year financial report pursuant to § (Article) 115 *WpHG* (“*Wertpapierhandelsgesetz*”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim consolidated management report in accordance with the provisions of the German Securities Trading Act applicable to interim consolidated management reports is the responsibility of the parent company’s Executive Board. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim consolidated management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim consolidated management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW).

Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim consolidated management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim consolidated management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim consolidated management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim consolidated management reports.

Hanover, August 2, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Sven Rosorius | Dr. Arne Jacobi |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

# Financial Calendar

| 2022 | |
|---|---|
| Annual Financial Press Conference | March 9 |
| Analyst and Investor Conference Call | March 9 |
| Annual Shareholders' Meeting | April 29 |
| Quarterly Statement as at March 31, 2022 | May 11 |
| Half-Year Financial Report as at June 30, 2022 | August 9 |
| Quarterly Statement as at September 30, 2022 | November 10 |

| 2023 | |
|---|---|
| Annual Financial Press Conference | March |
| Analyst and Investor Conference Call | March |
| Annual Shareholders' Meeting | April 27 |
| Quarterly Statement as at March 31, 2023 | May |
| Half-Year Financial Report as at June 30, 2023 | August |
| Quarterly Statement as at September 30, 2023 | November |

## Publication Details

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