

Vitesco Technologies Group AG, Hanover

Interim Group Management Report as at June 30, 2021

1. Basic Information about the Company

1.1 Company and Group Structure

Vitesco Technologies Group Aktiengesellschaft (“VT Group AG” or the “Company”), based in Hanover, is registered under the number HRB 219172 in the company register at the Hanover district court. A resolution was passed at the Company’s annual general meeting on August 25, 2021 to relocate the Company’s head office and business address to Regensburg following the spin-off.

The Company’s objects during the reporting period were to acquire, hold, manage, and dispose of equity interests within the meaning of commercial laws in existing or newly established companies of any permissible legal form and with any permissible company objects, whether these companies are in Germany or abroad, and especially including equity interests in companies in the technology sector. A resolution was passed at the annual general meeting to amend the Company’s objects following the spin-off.

The Company’s parent is Continental AG, Hanover, which holds 100% of the Company’s stock. Its capital stock is divided into 20,000 no-par shares. These shares are registered. Continental AG is registered under the number HRB 3527 in the company register at the Hanover district court. The Company is included in the consolidated financial statements of Continental AG.

Continental AG, Hanover, concluded a spin-off and transfer agreement with VT Group AG on March 18, 2021, which was approved at the annual general meetings of both companies. Based on it, Continental AG’s indirect interest in Vitesco Technologies GmbH (VT GmbH), based in Hanover, which includes its direct and indirect subsidiaries and equity interests (together “Vitesco Technologies”) that are mainly held through Vitesco Technologies 1. Beteiligungsgesellschaft mbH & Co. KG, Frankfurt am Main, and Vitesco Technologies 2. Beteiligungsgesellschaft mbH & Co. KG, Hanover, is intended to be spun off into VT Group AG with retroactive effect from January 1, 2021. The authorization for the market listing of the VT Group AG shares is planned for directly after the spin-off. The prospectus was approved on September 7, 2021.

Vitesco Technologies mainly comprises the operationally and organizationally independent business activities of the Powertrain Technologies division and Powertrain field of business within the Continental corporation.

1.2 Company’s Business Model

The Company currently does not conduct active business operations. Once the spin-off has occurred in the third quarter of 2021, VT Group AG will take on a holding-company function as part of the Vitesco Technologies group of companies.

Vitesco Technologies’ development and production focus on components and system solutions for power trains in hybrid and electric vehicles and combustion engines. Its portfolio includes drive solutions for 48-volt electrification, electric motors, and power electronics for hybrid-electric and pure-electric vehicles. Furthermore, its range of services include electronic controls, sensors, actuators, turbochargers, hydraulic components, and pumps as well as solutions for treating exhaust gases.

Vitesco Technologies already offers a broad and extensive portfolio of technologies, products, and solutions for drive engineering in vehicles of various types and classes. It supplies almost all significant original-equipment manufacturers (OEMs) in the automotive sector. In particular, its product range includes technologies and products for electric vehicles, including pure-electric ones.

1.3 Control System

Due to the Company's low level of business activities, there was no direct control over business activities during the reporting period. As a result of that, there are no financial or nonfinancial performance indicators defined at a Company level. However, VT Group AG is incorporated into the Continental corporation's control system until the spin-off is complete.

2. Economic Report

2.1 Overall Macroeconomic and Industry-Specific Conditions

Gross domestic product (GDP) in the second quarter of 2021 was 1.6% up on the previous quarter, after falling by 2% in the first quarter. The strong fall in the second quarter of 2020 and the additional decline in the first quarter of 2021 were caused by the impacts of the coronavirus crisis and the associated shutdown of the economy. GDP in the second quarter of 2021 rose by 1.6% from its level in the first quarter of 2021. After the coronavirus crisis caused another decline in economic output at the beginning of 2021 (the latest calculations show -2.0% for the first quarter), Germany's economy recovered again in the second quarter.

According to the Federal Statistical Office (Destatis), growth ended up 0.1 percentage points higher than reported in its first statistics release on July 30, 2021. Compared to the fourth quarter of 2019, the quarter preceding the coronavirus crisis, economic output was still 3.3% lower.

The international automotive markets continue to be shaped by the impacts of the coronavirus pandemic. The European (EU27, EFTA, and UK) car market managed to improve during the first half of 2021 after its historically low figures in the year prior. New-vehicle registrations increased by 27% to 6.5 mn units. In the US, the volume of light vehicles (cars and light trucks) sold during the first quarter rose by 29% to roughly 8.3 mn units. With 9.8 mn new vehicles sold, car sales in China grew by 27% in the first quarter of 2021. Sales in the second quarter receded slightly by 1% to 4.8 mn units. The reason for this decline is that the demand built up during the lockdown early in the summer of 2020 had materialized.

2.2 Business Development

The Company was established as a new undertaking in November 2019. The calendar year serves as its fiscal year. The 2019 fiscal year was a short fiscal year and consisted of the period from December 11 through December 31, 2019. An interim management report was compiled for the first time on June 30, 2021. The comparability of the figures at the time of compiling the interim management report against the previous year's figures was not affected as the Company only has few business activities in total to its name.

New Executive Board appointments were made on March 8, 2021, with Andreas Wolf (CEO), Ingo Holstein, and Werner Volz taking positions. Prior to this date, the Executive Board had consisted of Dr. Ulrike Schramm and Dr. Christian zur Nedden.

2.3 Performance

a) Earnings

Due to its business activities, the Company did not generate any earnings.

The half-year report recognizes general administrative costs of €3k (LY €0k).

By concluding the spin-off and transfer agreement, the Company has undertaken to pay half of the costs for the joint spin-off report, spin-off audit, and audits in conjunction with the noncash capital increase and postformation acquisition and to pay by itself the costs for the planned stock-market authorization, demonstrable associated costs for such things as lawyers and auditors, and costs for banks and other service providers if and to the extent that they were incurred after October 22, 2019. These costs come to €26,366k. The Company has therefore produced a net half-year loss of €28,869k (LY €0k).

b) Assets and Finances

Cash and cash equivalents shrank by €6k to €42k since December 31, 2020.

Tax provisions of €2,500k (LY €10k) have been formed for the land-transfer tax due.

The Company has recognized other provisions of an amount of €26,373k (LY €0k). These provisions include the Company's assumption of expenses in connection with the upcoming IPO.

As at the end of the half-year reporting period, the Company identified a net loss that was not covered by equity, at an amount of €28,831k (LY equity of €38k). In particular, the net loss not covered by equity is the result of forming other provisions for expenses that are incurred by shouldering the stock-market authorization costs in accordance with the spin-off and transfer agreement and the demonstrable associated costs for consultants.

The spin-off and transfer agreement between Continental AG and VT Group AG was approved during VT Group AG's extraordinary general meeting held on March 23, 2021. By concluding the spin-off and transfer agreement, the Company has undertaken to pay half of the costs for the joint spin-off report, spin-off audit, and audits in conjunction with the noncash capital increase and postformation acquisition and to pay by itself the costs for the planned stock-market authorization, demonstrable associated costs for such things as lawyers and auditors, and costs for banks and other service providers if and to the extent that they were incurred after October 22, 2019. According to current estimates, the costs payable by VT Group AG are roughly €37 mn. The obligation to pay the above costs is subject to the condition precedent that the spin-off take effect. In spite of this, a provision of the amount of the costs incurred so far must be formed for these costs on signing the spin-off and transfer agreement. Because the current VT Group AG capital stock amounts to €50k, the provision represents a loss equaling more than half of the capital stock for the purposes of German Stock Corporation Act (*Aktiengesetz*, AktG) § 92. Despite the resulting asset deficiency from an accounting perspective, the Executive Board has issued a positive forecast for the Company to remain a going concern.

The main goal of financial management is to ensure the Company's solvency, fulfill payment obligations, and reduce financial risk.

The Company is integrated into the corporate finance of the Continental group of companies.

The Company will not conduct active business operations until the spin-off occurs. The reported negative income and asset deficiency for accounting purposes are connected to the spin-off and

subsequent stock-market authorization, which is why the Executive Board believes there are no peculiarities in the business' development.

3. Outlook, Opportunities, and Risks Report

3.1 Outlook Report

Global GDP is forecast to grow by 5.5% during 2021, while the European Commission expects German GDP to increase by 1.1%

A noncash capital increase is going to be performed as part of the spin-off, resulting in VT Group AG possessing equity of more than €4.6 bn after the noncash capital increase. This equity is sufficient to cover the loss incurred from paying the spin-off costs. If, unexpectedly, the spin-off were not to occur, VT Group AG would not be obliged to pay the costs and would be able to reverse the provision in full. The asset deficiency recognized would be rectified in this case.

Dividends are not expected to be distributed. According to current information, VT Group AG will incur expenses after the spin-off for remunerating Executive Board members, some employees in key functions, and Supervisory Board members at VT Group AG and expenses for the Company's accounting or preparing and holding the annual general meeting. For the purposes of commercial law, Vitesco Technologies Group AG is expected to incur negative net annual income of a medium two-digit amount in the millions of euros, which is mainly due to it covering expenses in connection with the spin-off. Vitesco Technologies Group AG's results can still be affected by the measurement of its equity holdings. This expectation for the Company's separate financial statements under commercial law do not reflect any indication for the consolidated IFRS financial statements for the Vitesco Technologies group of companies.

3.2 Opportunities and Risks Report

There were no particular opportunities or risks to report as at June 30, 2021 due to the Company's straightforward business activities.

The Company's Executive Board regularly examines and evaluates potential risks and takes relevant actions. There were no material, existential risks identified during the reporting period. Furthermore, VT Group AG is integrated into the risk-management system of the Continental corporation. This risk-management system also includes a system for early risk detection in accordance with AktG § 91(2). The Continental corporation's risk-management system involves regular reviews of its companies' reporting and monthly statements as well as observation and assessment of the impacts of corporate and industry risks on its companies.

Following the spin-off in the third quarter of 2021, the Company's purpose as a holding company within the Vitesco Technologies group of companies means that future opportunities and risks will be determined mainly by affiliated subsidiaries with active operations.

Once the spin-off from Continental AG is completed in the third quarter, material risks for the development of Vitesco Technologies' business will be the uncertain development in its most-important procurement and sales markets and the speed of technological change in the automotive industry. Either could lead to a worsening of incoming contracts for Vitesco Technologies or existing contracts being delayed, reduced in scope, or canceled.

For VT Group AG in particular, the risk of equity holdings not retaining value should be noted. The equity interests held might be subject to devaluation if their prospects deteriorate.

VT Group AG, as at June 30, 2021, was not exposed to any price, credit, or liquidity risks or risks from variability in cash flows. Moreover, the Company is integrated into the corporate finance of the Continental group of companies and is financed through funds provided by the corporation.

The automotive industry is currently undergoing a process of fundamental transformation. Vitesco Technologies is concentrating on expanding its leading position in electrical solutions and helping to shape the future of electric drive systems. Vitesco Technologies firmly believes that its corporate culture and core values foster and produce innovativeness, technical excellence, and a passion for clean and efficient transport. By developing its DIRECTION 2030 business strategy, Vitesco Technologies has defined the following focuses for its business activities: Leading in Electrified Solutions, Business Excellence, Investors, Great Employees, Great Company, and Sustainability. With this approach, Vitesco Technologies seeks to add value for its customers, staff, and stockholders.

Conclusion by Executive Board

The VT Group AG Executive Board has an optimistic view of the future despite the persistently uncertain economy. Thanks to the DIRECTION 2030 mission and the investments made in new business fields at Vitesco Technologies in recent years, a broad foundation has been created for the growth planned.

Hanover, September 8, 2021


Andreas Wolf


Ingo Holstein


Werner Volz

Vitesco Technologies Group AG

Hanover

Statement of Financial Position as at June 30, 2021

Assets	30.06.2021		31.12.2020		Liabilities
	EUR	EUR	EUR	EUR	
B. Current assets			A. Equity		
IV. Cash balance, credit balance at banks	42.231,00	48.233,50	I. Subscribed capital	50.000,00	50.000,00
Net loss not covered by equity	28.830.870,38	0,00	II. Loss carried forward	-11.766,50	-4.039,00
			III. Net half-year loss	-28.869.103,88	-7.727,50
			Net loss not covered by equity	28.830.870,38	0,00
				0,00	38.233,50
			B. Provisions		
			1. Tax provisions	2.500.000,00	0,00
			2. Other provisions	26.373.101,38	10.000,00
				28.873.101,38	10.000,00
	28.873.101,38	48.233,50		28.873.101,38	48.233,50

Vitesco Technologies Group AG

Hanover

Income Statement for the Period from January 1 through June 30, 2021

	January 1, 2021 through June 30, 2021	January 1, 2020 through June 30, 2020
	EUR	EUR
1. General administrative costs	-3.053,88	0,00
2. Other operating income	0,00	0,00
3. Other operating expenses	-26.366.050,00	-127,50
4. Other taxes	-2.500.000,00	0,00
5. Profit after tax = net half-year loss	-28.869.103,88	-127,50

Notes for the Half-Year Report Ending June 30, 2021

1. General Disclosures

Vitesco Technologies Group Aktiengesellschaft (“VT Group AG” or the “Company”), based in Hanover, is registered under the number HRB 219172 in company register B at the Hanover district court. A resolution was passed at the Company’s annual general meeting on August 25, 2021 to relocate the Company’s head office and business address to Regensburg following the spin-off.

The notes for the 2021 half-year report cover the period from January 1 through June 30, 2021.

The Company’s objects are to acquire, hold, manage, and dispose of equity interests within the meaning of commercial laws in existing or newly established companies of any permissible legal form and with any permissible company objects, whether these companies are in Germany or abroad, and especially including equity interests in companies in the technology sector. A resolution was passed at the annual general meeting to amend the Company’s objects following the spin-off.

The Company’s parent is Continental AG, Hanover, which holds 100% of the Company’s stock. Its capital stock is divided into 20,000 no-par shares. These shares are registered. Continental AG is registered under the number HRB 3527 in the company register at the Hanover district court.

The Company is included in the consolidated financial statements of Continental AG, Hanover. The consolidated financial statements are available on the Continental AG website and in Germany’s Federal Gazette.

Continental AG, Hanover, concluded a spin-off and transfer agreement with VT Group AG on March 18, 2021, which was approved at the annual general meetings of both companies. Based on it, Continental AG’s indirect interest in Vitesco Technologies GmbH, based in Hanover, which includes its direct and indirect subsidiaries and equity interests (together “Vitesco Technologies”) that are mainly held through Vitesco Technologies 1. Beteiligungsgesellschaft mbH & Co. KG, Frankfurt am Main, and Vitesco Technologies 2. Beteiligungsgesellschaft mbH & Co. KG, Hanover, is intended to be spun off into VT Group AG with retroactive effect from January 1, 2021. The authorization for the market listing of the VT Group AG shares is planned for directly after the spin-off. The prospectus was approved on September 7, 2021.

The Company was established as a new undertaking in November 2019. The calendar year serves as its fiscal year. The 2019 fiscal year was a short fiscal year and consisted of the period from December 11 through December 31, 2019. An interim management report was compiled for the first time on June 30, 2021. The comparability of the figures at the time of compiling the interim management report against the previous year’s figures was not affected as the Company only has few business activities in total to its name.

The presentation and structure of the statement of financial position and income statement follow the statutory regulations provided by Germany’s Commercial Code (*Handelsgesetzbuch*, HGB) for small corporations. The income statement is compiled using

the cost-of-sales method. The Company makes use of some of the size-based exemptions allowed for disclosures in the notes under HGB § 288(1) as well as the exemption for deferred taxes under HGB § 274a(4).

To improve the clarity of the data presented, some of the disclosures regarding simultaneous inclusion within other items and some “of which” information are provided in these notes.

2. Accounting and Measurement Methods

Measurement is based on the assumption of a going concern within the meaning of HGB § 252(1)(2).

By concluding the spin-off and transfer agreement, the Company has undertaken to pay half of the costs for the joint spin-off report, spin-off audit, and audits in conjunction with the noncash capital increase and postformation acquisition and to pay by itself the costs for the planned stock-market authorization, demonstrable associated costs for such things as lawyers and auditors, and costs for banks and other service providers if and to the extent that they were incurred after October 22, 2019. According to current estimates, the costs payable by VT Group AG are roughly €37 mn.

The obligation to pay the above costs is subject to the condition precedent that the spin-off take effect. In spite of this, a provision of the amount of the costs incurred so far must be formed for these costs on signing the spin-off and transfer agreement. Because the current VT Group AG capital stock amounts to €50k, the provision represents a loss equaling more than half of the capital stock for the purposes of German Stock Corporation Act (*Aktiengesetz*, AktG) § 92. Despite the resulting asset deficiency from an accounting perspective, the Executive Board has issued a positive forecast for the Company to remain a going concern. The obligations to pay the costs set out above is subject to a condition precedent that the spin-off become effective. A noncash capital increase is going to be performed as part of the spin-off, resulting in VT Group AG possessing equity of more than €4.6 bn after the noncash capital increase. This equity is sufficient to cover the loss incurred from paying the spin-off costs. If, unexpectedly, the spin-off were not to occur, VT Group AG would not be obliged to pay the costs and would be able to reverse the provision in full. The asset deficiency recognized would be rectified in this case.

The following accounting and measurement methods, unchanged from the 2020 annual financial statements, remained the main ones applied for the preparation of the half-year report.

Credit balances at banks are accounted for at nominal value.

The other provisions factor in all risks as well as liabilities of uncertain amounts and/or applicability that are identifiable at the time of composition, determining the amounts required based on reasonable commercial judgment. They are recognized at the amount required to settle the relevant obligation. All provisions expire in less than one year.

3. Notes on the Statement of Financial Position

The credit balance at banks amounts to €42k (LY €48k).

The subscribed capital on June 30, 2021 remained unchanged from December 31, 2020 at €50k.

Tax provisions of €2,500k (LY €0k) were formed for land-transfer taxes.

The Company has recognized other provisions for associated companies of an amount of €26,373k (LY €0k) as at the end of the half-year reporting period. These provisions include the Company's assumption of expenses in connection with the upcoming stock-market authorization.

4. Notes on the Income Statement

The administrative costs of €3k (LY €0k) refer to costs for auditing the 2020 annual financial statements.

As of June 30, 2021, the Company had generated a net half-year loss of €28,869k (LY €0k).

5. Other Disclosures

The average number of people employed during the first half of 2021 was as follows at the time of compiling this half-year report:

	2021	2020
Employees doing manual work	0	0
Employees not doing manual work	0	0
	<hr/>	<hr/>
	0	0

The VT Group AG Executive Board comprises the following members:

Andreas Wolf, Lappersdorf, Chief Executive Officer, since March 8, 2021

Ingo Holstein, Essel, Chief Human Resources Officer, since March 8, 2021

Werner Volz, Ulm, Chief Financial Officer, since March 8, 2021

Dr. Ulrike Schramm, until March 8, 2021

Dr. Christian zur Nedden, until March 8, 2021

The VT Group AG Supervisory Board comprises the following members:

Johannes Suttmeier, attorney, Chairman
Head of Law Corporate Matters, M&A, EMEA, APAC, Continental AG, Hanover

Cornelia Stiewing, salaried employee, Deputy Chairwoman
Head of Corporate Controlling, Continental AG, Hanover

Holger Siebenthaler, salaried employee
Senior Vice President Accounting, Continental AG, Hanover

All transactions with related parties were performed on terms typical for the market.

Contingent liabilities within the meaning of HGB § 251 do not exist.

There are no financial obligations apart from the obligations under the spin-off and transfer agreement.

6. Events after the End of the Reporting Period

New stockholder representatives were elected to the Company's Supervisory Board on August 25, 2021, with their appointments taking effect as of the date of the spin-off. The new Supervisory Board members are:

Prof. Hans-Jörg Bullinger, Chairman of the Executive Board of Fraunhofer-Zukunftsstiftung

Manfred Eibeck, investor and corporate consultant

Susanne Heckelsberger, corporate consultant

Joachim Hirsch, corporate consultant

Prof. Sabina Jeschke, manager, company founder, and academic

Klaus Rosenfeld, Chief Executive Officer of Schaeffler AG

Georg F.W. Schaeffler, Partner at INA-Holding Schaeffler GmbH & Co. KG and Chief Executive Officer of IHO Verwaltungs GmbH

Prof. Siegfried Wolf, entrepreneur

The capital stock's increase to €100,052,990 was recorded in the company register on August 20, 2021 in the lead-up to the spin-off. New articles of incorporation including the raised capital stock and division into 40,021,196 registered no-par shares were also lodged. The issue of the new no-par shares and increase of the capital stock will take effect when the spin-off is recorded in Continental AG's entry in the company register.

As at September 8, 2021, there are no other events of particular importance that transpired after the end of the reporting period.

Hanover, September 8, 2021



Andreas Wolf



Ingo Holstein



Werner Volz

Affirmation by Statutory Representatives

We hereby affirm that, to the best of our knowledge, this half-year report presents an accurate image of the Company's assets, finances, and earnings in accordance with the accounting principles applicable for the half-year financial reporting and that the interim management report describes the development of business, including the net income and the Company's overall position, in such a way that it presents an accurate image of the actual state of affairs and describes the material opportunities and risks associated with the Company's expected performance during the rest of the fiscal year.

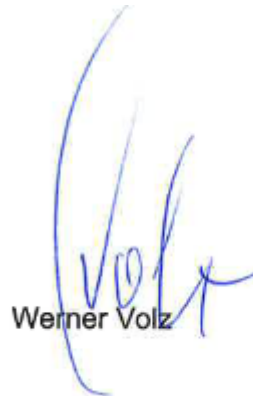
Hanover, September 8, 2021



Andreas Wolf



Ingo Holstein



Werner Volz