

# **CONVENIENCE TRANSLATION<sup>1</sup>**

of the

## **Joint Spin-off Report**

of

the of the executive boards

of

Continental Aktiengesellschaft

and

Continental Automotive Holding SE

regarding the spin-off of the participation held in

Continental Automotive Technologies GmbH

and of a domination and profit and loss transfer agreement

with Continental Automotive Technologies GmbH

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<sup>1</sup> This convenience translation of the Joint Spin-off Report is legally not binding and provided for information purposes only. This applies in particular to Annex 1– Spin-off and Transfer Agreement which only contains Annex A – Spin-off and Transfer Agreement of the Roll of deeds no. 165/2025 of the Notary Public Dr. Florian Hartl, Hanover, done on March 13, 2025. Annex – 1 is only a convenience translation of Annex A as a part of the deed and does not contain the whole deed (in particular excluding the powers of attorneys). The German version each of this Joint Spin-off Report and of Annex A – Spin-off and Transfer Agreement prevails.

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of the executive boards  
of  
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and  
Continental Automotive Holding SE  
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Continental Automotive Technologies GmbH  
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March 13, 2025

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## I. Introduction

The executive board and the supervisory board of Continental Aktiengesellschaft, a German stock corporation (*Aktiengesellschaft*) with registered office in Hanover, registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3527 (**Continental AG**) and, together with its dependent companies, collectively referred to as the **Continental Group**, have resolved to transform Continental Automotive Technologies GmbH, a German limited liability company (*Gesellschaft mit beschränkter Haftung*) with registered office in Hanover, registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3669 (**CAT GmbH**), together with its direct and indirect subsidiaries and participations (collectively referred to as **Automotive**) by way of a spin-off by absorption (*Abspaltung zur Aufnahme*) in accordance with the German Transformation Act (*Umwandlungsgesetz – UmwG*) into an independent group under a new company (the **Spin-off**) and have the shares in this company admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.

The Spin-off and Transfer Agreement described in Chapter XIII.1, including the annexes, is intended to be submitted for resolution to the shareholders' meeting of Continental AG on April 25, 2025.

At the time of preparation of this Spin-off Report, the sole shareholder of CAT GmbH is Continental Automotive GmbH (**CA GmbH**), whose sole shareholder is Continental AG. It is intended to merge CA GmbH as transferring entity into its sole shareholder Continental AG as acquiring entity immediately prior to the Spin-off in accordance with the provisions of the UmwG (the **Merger**), so that Continental AG will become the sole shareholder of CAT GmbH. The Merger is intended to have retroactive economic effect as at January 1, 2025 (the **Merger Effective Date**) (as described in more detail in Chapter V.1.b)).

As part of the Merger, the existing domination and profit and loss transfer agreement between CA GmbH and CAT GmbH (as described in more detail in Chapter IV.3) will also be transferred to Continental AG and will then be spun off as well.

The operating business of CAT GmbH and its subsidiaries comprises the business activities of the Automotive group sector, which are, for the most part, operationally and organizationally independent, and the business activities of the Contract Manufacturing group sector, which are primarily provided by subsidiaries of CAT GmbH.

The Automotive group sector has a total of 56 manufacturing sites in 21 countries globally, of which 17 are pure manufacturing sites. The other 39 sites combine manufacturing and research and development (**R&D**)

activities. Automotive has more than 90,000 employees worldwide (all figures as per December 31, 2024).

The Automotive group sector is divided into the business areas Autonomous Mobility (AM), Architecture and Network Solutions (ANS), Safety and Motion (SAM) and User Experience (UX) and offers technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio includes innovative solutions for assisted and automated driving, display and operating technologies, camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services.

With its comprehensive product and services portfolio, Automotive is a business partner of almost all major automotive original equipment manufacturers (**OEMs**) and supplies its customers, which also include companies acting as intermediaries for OEMs, fleet operators, workshops and wholesalers as customers in the aftermarket business worldwide. The products and services portfolio is described and explained in Chapters II.3.a) and IX.1.a).

The Contract Manufacturing group sector is currently organizationally integrated into the Automotive group sector and is intended to be continued as a business area of the future Automotive Group after the Spin-off has taken effect. The group sector resulted from the carve-out of the Powertrain business, which was spun off from the Continental Group in 2021 and has been managed by the independent Vitesco Technologies group since that spin-off. Since the merger of Vitesco Technologies Group AG (**Vitesco Technologies**) into Schaeffler AG (**Schaeffler**) in 2024, the Powertrain business is managed by the Schaeffler Group. The Contract Manufacturing group sector (and future business area) is intended to be phased out in the medium term.

The legal independence aims, in particular, to give the Automotive group sector greater flexibility in the further development of its business. The business retained by the Continental Group after the Spin-off will consist of the Tires and ContiTech group sectors.

In order to make Automotive legally independent, the shares directly held by Continental AG in CAT GmbH when the Merger takes effect are intended to be transferred by way of the Spin-off by absorption to Continental Automotive Holding SE, a European stock corporation (*Societas Europaea*, **SE**) with registered office in Munich, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 295655 (**CA Holding SE**).<sup>2</sup> CA Holding SE is intended to become the listed parent company of the future Automotive group (CA Holding SE and Automotive after the effective

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<sup>2</sup> Unless otherwise provided, the provisions of the German Stock Corporation Act (*AktG*) cited in this Spin-off Report shall apply to CA Holding SE in accordance with Article 9(1)(c)(ii) SE Regulation.

date of the Spin-off collectively referred to as the **Automotive Group**). All shares in CA Holding SE (**CA Holding Shares**) are currently held by Continental AG.

In order to implement the Spin-off, Continental AG and CA Holding SE entered into a notarized spin-off and transfer agreement (the **Spin-off and Transfer Agreement**) prior to the shareholders' meeting of Continental AG which is to be convened for April 25, 2025. The Spin-off and Transfer Agreement dated March 13, 2025, including the annexes, is attached hereto in its notarized form as **Annex 1**. In addition, the content of the Spin-off and Transfer Agreement is described and explained in Chapter XIII.1.

Subject to a possible postponement as described in Chapter VI.6, the Spin-off is intended to have retroactive economic effect (*wirtschaftliche Rückwirkung*) as at January 1, 2025, 0:00 hrs, and immediately after the Merger of CA GmbH into Continental AG has taken effect (as described in more detail in Chapter V.1.b)) (referred to (including a possible postponement) as the **Spin-off Effective Date**). The Spin-off will take effect upon its registration with the commercial register of Continental AG. When the Spin-off takes effect, CA Holding SE will acquire 100% of the shares in CAT GmbH and thus become the parent company of the newly established Automotive Group. Also, after the Spin-off has taken effect, the CA Holding Shares are intended to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.

The Spin-off and Transfer Agreement is subject to approval by the respective shareholders' meetings of both Continental AG and CA Holding SE in order to be effective and therefore is intended to be submitted for approval to the annual shareholders' meeting of Continental AG on April 25, 2025. The approval of the shareholder's meeting of CA Holding SE will be granted by Continental AG as its sole shareholder after the shareholders' meeting of Continental AG. In this report, the members of the executive boards of the two companies involved in the Spin-off, Continental AG and CA Holding SE, explain in detail and provide reasons for the planned Spin-off and the Spin-off and Transfer Agreement in legal and economic terms in accordance with Section 127 sentence 1 UmwG (the **Spin-off Report**). The members of the executive boards of Continental AG and CA Holding SE avail themselves of the possibility provided for in Section 127 sentence 1 last half sentence UmwG to issue a joint Spin-off Report.

This Spin-off Report is intended to provide information to the shareholders of Continental AG in preparation of their decision required under the UmwG and not for reaching a specific investment decision. In particular, this Spin-off Report is not a document deemed equivalent to a prospectus within the meaning of Section 9(4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). The admission of the CA Holding Shares to stock exchange trading will be based on a separate securities prospectus.



## II. Initial situation – the legal entities involved in the Spin-off and the Continental Group prior to the Spin-off

### 1. Overview of the Continental Group

In 1871, Continental AG was founded as Continental-Caoutchouc- und Gutta-Percha Compagnie in Hanover. Today, Continental AG, still headquartered in Hanover, Germany, is the parent company of the Continental Group. As at December 31, 2024, the Continental Group comprised, in addition to Continental AG, 477 companies, including non-controlled companies. As at December 31, 2024, the Continental Group had 190,159 employees at a total of 518 locations in 55 countries and markets. Added to this are the distribution locations, with 848 company-owned tire outlets and a total of around 5,600 other franchises and operations with a Continental brand presence.

### 2. Continental AG as transferring entity

#### a) Registered office and fiscal year

The transferring entity, Continental AG, is a stock corporation under German law (*Aktiengesellschaft*) with registered office in Hanover, Germany. Continental AG is registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3527. Its fiscal year is the calendar year.

#### b) Share capital and shares

On the date of signing of this Spin-off Report, the share capital of Continental AG amounts to €512,015,316.48 and is divided into 200,005,983 no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) (**Continental Shares**), each share representing a pro rata amount of the share capital of €2.56. Each no-par value share carries one vote.

#### c) Share-based remuneration plans and employee participation plans

The Continental Group had, and continues to have, different share-based remuneration plans (**LTI Plans**) in place for its employees, executives and members of the executive board, the purpose of which is to reward their contribution to the company's growth and to further the long-term success of the company (for details on the remuneration plans, see Chapter XII.1). All LTI Plans are settled in cash, and none of the LTI Plans grants a right to receive shares in Continental AG.

#### d) Shareholder structure and stock exchange trading

The shareholder structure of Continental AG at the time of preparation of this Spin-off Report is, in simplified terms, as follows:

46% of the shares are indirectly held by Georg F. W. Schaeffler and Maria-Elisabeth Schaeffler-Thumann. They hold direct limited partnership interests

in INA-Holding Schaeffler GmbH & Co. KG which is – indirectly through several companies – the sole shareholder of IHO Beteiligungs GmbH. IHO Beteiligungs GmbH is the sole shareholder of IHO Verwaltungs GmbH. IHO Verwaltungs GmbH and IHO Beteiligungs GmbH hold 35.99% and 10.01%, respectively, of the shares in Continental AG.

The remaining 54% of the shares are held in free float.

According to the voting rights notifications pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz* – **WpHG**) which Continental AG has received by March 12, 2025 on the basis of the existing share capital of €512,015,316.48, the following statements can be made: Harris Associates Investment Trust, Boston, Massachusetts, United States of America, informed Continental AG on March 6, 2025 in accordance with the provisions of the WpHG regarding participations that the proportion of voting rights attributed to it (voting rights pursuant to Section 33 WpHG) was 2.98%. Harris Associates L.P., Wilmington, Delaware, United States of America, informed Continental AG on December 4, 2024 that the proportion of voting rights attributed to it (voting rights pursuant to Section 34 WpHG) was 4.9998434296%. Silchester International Investors LLP, London, United Kingdom, informed Continental AG on November 29, 2024 that the proportion of voting rights attributed to it (voting rights pursuant to Section 34 WpHG) was 2.99%. The Ministry of Finance on behalf of the State of Norway, Oslo, Norway, informed Continental AG on October 17, 2024 that the proportion of voting rights attributed to it (voting rights pursuant to Section 34 WpHG and instruments pursuant to Section 38 WpHG) was 3.02%. Furthermore, BlackRock, Inc., Wilmington, Delaware, United States of America, informed Continental AG on October 4, 2024 that the proportion of voting rights attributed to it (voting rights pursuant to Section 34 WpHG and instruments pursuant to Section 38 WpHG) was 3.26%.

The shares in Continental AG are admitted to trading on the Hamburg, Hanover, Stuttgart and Frankfurt Stock Exchanges on the regulated market and are represented in the DAX equity index at the Frankfurt Stock Exchange under ISIN (International Securities Identification Number) DE0005439004 and WKN (German securities identification number) 543900. They are also traded on other unofficial stock exchanges in Germany and other countries. In addition to being listed on European stock exchanges, the shares in Continental AG are traded in the U.S.A. as part of a sponsored ADR (American Depositary Receipt) program on the over-the-counter (OTC) market. Each ten ADRs (American Depositary Receipts) represent one share in Continental AG. They are not admitted to any U.S. stock exchange.

e) Executive board

Pursuant to article 7(1) of the articles of association of Continental AG, the executive board consists of at least two persons. The supervisory board may determine a larger number of members of the executive board.

The executive board of Continental AG currently comprises six members:

- Nikolai Setzer (Chairman)
- Philipp von Hirschheydt
- Christian Kötz
- Philip Nelles
- Dr. Ariane Reinhart
- Olaf Schick

Pursuant to article 8 of the articles of incorporation, Continental AG is legally represented by two members of the executive board or by one member of the executive board jointly with an authorized signatory (*Prokurist*).

Philipp von Hirschheydt was appointed to the executive board of Continental AG with effect as at May 1, 2023, where he is responsible for the Automotive group sector. In view of the planned Spin-off of Automotive, it is intended that Philipp von Hirschheydt will resign from his position on the executive board of Continental AG at the latest when the Spin-off takes effect. Philipp von Hirschheydt was also appointed to the executive board of CA Holding SE by resolution of the supervisory board of CA Holding SE of March 12, 2025 (see Chapter II.4.c)).

Independently from the planned Spin-off, Olaf Schick resigned from his position on the executive board of Continental AG with effect as at September 30, 2025 before the end of his term of office.

f) Supervisory board

The supervisory board of Continental AG consists of 20 members. It is composed of an equal number of ten shareholder representatives and ten employee representatives in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz – **MitbestG***).

The current ten shareholder representatives on the supervisory board are:

- Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- Dorothea von Boxberg
- Stefan E. Buchner
- Dr. Gunter Dunkel
- Satish Khatu
- Isabel Corinna Knauf

- Sabine Neuß
- Prof. Dr. Rolf Nonnenmacher
- Klaus Rosenfeld
- Georg F.W. Schaeffler

The ten shareholder representatives on the supervisory board were elected in the shareholders' meeting of Continental AG on April 26, 2024. Their term of office expires in the case of Dorothea von Boxberg, Stefan E. Buchner, Isabel Corinna Knauf, Prof. Dr. Rolf Nonnenmacher and Klaus Rosenfeld at the close of the annual shareholders' meeting to be held in 2028 and in the case of the other members of the supervisory board at the close of the annual shareholders' meeting to be held in 2026.

The current ten employee representatives on the supervisory board are:

- Christiane Benner (Vice Chairwoman)
- Hasan Allak
- Dr. Kevin Borck
- Dr. Matthias Ebenau
- Francesco Grioli
- Michael Iglhaut
- Carmen Löffler
- Anne Nothing
- Jörg Schönfelder
- Matthias Tote

Nine of the ten employee representatives on the supervisory board were elected by the employees on March 20, 2024 in accordance with the provisions of the MitbestG. Dr. Kevin Borck was appointed by court on September 16, 2024 after Stefan Scholz had resigned from his position at the end of September 1, 2024. The term of office of the employee representatives will expire at the close of the annual shareholders' meeting to be held in 2029. Since the companies of the future Automotive Group will no longer be consolidated companies of Continental AG after the Spin-off has taken effect, the term of office of those employee representatives on the supervisory board of Continental AG whose employer companies are part of the future Automotive Group will expire pursuant to Section 24(1) MitbestG (as described in more detail in Chapter XII.3). The supervisory board mandates of Carmen Löffler, Michael Iglhaut and Anne Nothing will

therefore expire at the time when the Spin-off takes effect because they are employed with companies of the future Automotive Group.

### **3. Group sectors of the Continental Group**

The Continental Group is divided into the four group sectors Automotive, Tires, ContiTech and Contract Manufacturing. Since November 1, 2024, these comprise a total of 15 business areas. A group sector or business area is classified according to product requirements, market trends, customer groups and distribution channels. The group sectors and business areas have overall responsibility for their business, including their results.

The Automotive group sector which is, for the most part, operationally and organizationally independent, operates in relations to third parties under the name "Continental Automotive", while the Contract Manufacturing group sector is organizationally integrated into the Automotive group sector (for further details on the operational and organizational transformation into an independent group in connection with the Spin-off, see Chapter V). This has no effect on the financial reporting of the Automotive and Contract Manufacturing group sectors within the Continental Group.

Overall responsibility for the management of the Continental Group is borne by the executive board of Continental AG. The Automotive, Tires and ContiTech group sectors are represented by one executive board member each in the executive board. The group functions of Continental AG are represented by the chairman of the executive board (Chief Executive Officer), the Chief Financial Officer and the Chief Human Relations Officer, and assume the functions required to manage the Continental Group across the group sectors. They include, in particular, Finance and Controlling, Integrity and Law, Compliance, Internal Audit, Quality Management, Human Relations, Sustainability, IT and Group Purchasing.

The structure of the Continental Group is currently as follows:

Overview of the group structure: <sup>3</sup>			
Continental Group Sales: €39.7 billion; Employees: 190,159 <sup>4</sup>			
Automotive	Tires	ContiTech	Contract Manufacturing
Sales: €19.4 billion	Sales: €13.9 billion	Sales: €6.4 billion	Sales: €0.2 billion
Employees: 92,581	Employees: 57,060	Employees: 39,211	Employees: 772

a) Automotive

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

Since November 1, 2024, the Automotive group sector comprises the following four business areas:

aa) Autonomous Mobility

The Autonomous Mobility business area (**AM**) develops and manufactures products and solutions for Advanced Driver Assistance Systems (**ADAS**) and autonomous driving (**AD**) technologies. With its ADAS and AD electronics, software and service solutions, AM provides technologies designed to enhance vehicle safety and improves overall driving experience for the automated and autonomous mobility sector. In addition, AM offers electronics, software and service solutions for commercial and special vehicles. These solutions address the special needs for trucks, busses, two-wheelers and vehicles used in special environments such as forestry, agriculture, construction and mining (**Off-Highway**). AM also provides customized service solutions for vehicle fleets and workshops.

<sup>3</sup> Sales figures for the fiscal year ending on December 31, 2024; number of employees as at December 31, 2024.

<sup>4</sup> Including employees at holding level.

bb) Architecture and Network Solutions

The Architecture and Network Solutions business area (**ANS**) designs and manufactures electronic products and solutions for software-defined vehicles (**SDV**), i.e., vehicles that manage their operations, add functionality, and enable new features primarily or entirely through software. ANS offers server zone architecture (i.e., structured systems in which electronic components, modules and networks are divided into sub-areas independent of their vehicle function and centrally managed by servers or control units to increase efficiency and flexibility), advanced access solutions, vehicle connectivity solutions, convenience electronics (such as seat comfort systems for vehicle occupants) and build-to-print services. Covering the entire life cycle of a vehicle, ANS combines hardware and software solutions in the fields of vehicle architecture and vehicle networking, and develops, designs and produces its technologies and software, as well as integrates them into entire vehicle systems.

cc) Safety and Motion

The Safety and Motion business area (**SAM**) develops and manufactures products in the field of the chassis domain. Its product portfolio consists of components, systems and software for passive and active safety, driving dynamics and comfort, such as electronic brake systems and air bag control units. With its products, SAM serves the light vehicle and two-wheeler market. The aftermarket business of the Automotive group sector is also part of SAM. It offers spare parts for vehicle components from the Automotive group sector (including products from other business areas of the Automotive group sector) and other manufacturers for the original equipment services business and the independent aftermarket.

dd) User Experience

The User Experience business area (**UX**) designs, develops and manufactures products for driver and passenger information and the interaction with vehicles, such as display solutions, head-up displays and digital clusters, i.e., digital instrument displays that provide the driver with relevant driving information (e.g., speedometer, rev counter, temperature, fuel, indicator lights and warnings) as well as additional information (e.g., navigation, radio, telephone). UX covers the whole life cycle of its products, from innovation and technology pre-development to the development for serial customer projects based on the respective customer specifications as well as serial manufacturing. UX performs a variety of pre-assembly processes inhouse, e.g., optical bonding, display backlight manufacturing, plastic injection molding as well as display closing processes, but also purchases key components, such as displays panels, from a worldwide supplier network. In addition, mechanical instrument clusters, interior cameras, in-car entertainment systems, radios and

haptic controls complete UX 's portfolio, but are no longer actively offered.

b) Tires

With its premium portfolio in the car, truck, bus two-wheel and specialty tire segment, the Tires group sector stands for innovative tire solutions. Intelligent products and services relating to tires and the promotion of sustainability complete the portfolio. For specialist dealers and fleet management, Tires offers digital tire monitoring and tire management systems, in addition to other services, with the aim of keeping fleets mobile and increasing their efficiency. With its tires, the group sector contributes to safe, efficient and environmentally friendly mobility. In the reporting year 2024, 24% of sales in Tires related to business with vehicle manufacturers, and 76% related to the tire-replacement business.

The group sector is divided into the following five business areas:

- Original Equipment
- Replacement APAC (Asia-Pacific region)
- Replacement EMEA (Europe, the Middle East and Africa)
- Replacement The Americas (North, Central and South America)
- Specialty Tires

c) ContiTech

Thanks to its materials expertise, the ContiTech group sector creates solutions for industrial applications made from rubber, metal and textiles. The broad portfolio of hoses, conveyor belts, air springs and drive belts is designed for the sometimes challenging operating conditions in industrial environments. At the same time, ContiTech offers visually and haptically appealing surface materials for home and vehicle interiors. ContiTech's industrial growth areas are primarily in energy, mining agriculture and construction as well as exterior and interior design. In the reporting year 2024, 44% of sales in ContiTech related to business with automotive manufacturers, and 56% related to business with other industries and to the automotive replacement market.

The group sector is divided into the following five business areas:

- Industrial Solutions Americas (North, Central and South America)
- Industrial Solutions APAC (Asia-Pacific region)
- Industrial Solutions EMEA (Europe, the Middle East and Africa)
- Original Equipment Solutions



- Surface Solutions

ContiTech strengthens its strategic focus on the industrial business. In this connection, the Original Equipment Solutions (OESL) business area, comprising the automotive business of ContiTech except for surface solutions for vehicle interiors, will be made organizationally independent with the aim of a sale.

d) Contract Manufacturing

The Contract Manufacturing group sector comprises the contract manufacturing of products by companies of the Continental Group for the Schaeffler Group and Vitesco Technologies (until the merger on October 1, 2024; for information on the spin-off of Vitesco Technologies from Continental and the merger of Vitesco Technologies into Schaeffler, see Chapter I). The contract manufacturing is not intended to be a permanent situation; rather, the operational separation of production will continue to be promoted and the volume of contract manufacturing reduced, and contract manufacturing is expected to be entirely discontinued in the first half of 2026. The Contract Manufacturing group sector comprises only one business area, which is also referred to as "Contract Manufacturing".

#### 4. CA Holding SE as acquiring entity

CA Holding SE is the acquiring entity in the Spin-off by absorption. When the Spin-off takes effect, CA Holding SE will become the sole shareholder of CAT GmbH and thus also become the parent company of the future Automotive Group.

a) General corporate information

CA Holding SE was established by notarial deed dated August 6, 2024 as a stock corporation under European law (*Societas Europaea*) with the name Blitz 24-891 SE in Munich and registered with the commercial register of the local Court (*Amtsgericht*) of Munich under HRB 295655 on August 22, 2024. CA Holding SE was formed by Blitzstart Gründungs SE. By sale and transfer agreement dated October 24, 2024, Continental AG acquired all shares in CA Holding SE from Blitzstart Gründungs SE. The fiscal year of CA Holding SE is the calendar year. The object of the company is the management, holding and administration of a group of companies (including joint ventures) that are active in the following areas:

- a) the development, manufacture and distribution of parts, system components and complete systems for all kinds of vehicles,
- b) the manufacture or purchase of raw materials which are required for the production of these goods.

The company has not commenced business operations and does not have any employees yet. By resolution of the shareholder's meeting of February 6, 2025, the name of the company was changed from Blitz 24-891

SE to Continental Automotive Holding SE. The name change was registered with the commercial register on February 12, 2025.

b) Share capital and shares, shareholder structure

The share capital of CA Holding SE currently still amounts to €120,000.00, divided into 48,000 registered no-par value shares (*auf den Namen lautende Stückaktien*). This means that each share represents a pro rata amount of €2.50 in the share capital. The shares have not yet been listed. All shares are currently held by Continental AG.

c) Executive board

Pursuant to article 5(1) of the articles of association of CA Holding SE in their current version, the executive board of CA Holding SE consists of one or more persons. The exact number is determined by the supervisory board. The supervisory board may appoint deputy members of the executive board and, if there are several members of the executive board, appoint one member to act as chairperson of the executive board.

CA Holding SE currently has an executive board with two members. The current members are:

- Philipp von Hirschheydt (Chairman)
- Andrea Czarnecki

First, Andrea Czarnecki and Dr. Ulrike Schramm were appointed as members of the executive board by resolution of the supervisory board of October 23, 2024 with effect from the end of the shareholder's meeting on October 24, 2024 for a term of office until the end of October 24, 2026.

Then, Philipp von Hirschheydt was appointed as Chairman of the executive board by resolution of the supervisory board of March 12, 2025 with immediate effect.

Thereafter, Dr. Ulrike Schramm resigned from her position as member of the executive board with effect as at March 12, 2025.

Pursuant to article 6(1) of the articles of association of CA Holding SE in their current version, CA Holding SE is legally represented by two members of the executive board acting jointly or by one member of the executive board jointly with an authorized signatory (*Prokurist*). If only one member of the executive board is appointed, such member shall represent the company alone. Pursuant to article 6(2) of the articles of association of CA Holding SE in their current version, the supervisory board may grant sole power of representation to one or more members of the executive board even if several members of the executive board have been appointed.

For an overview of the planned amendments to the provisions of the articles of association and the planned appointment of further executive board members and their areas of responsibility, see Chapter IX.3.d).

d) Supervisory board

Pursuant to article 8(1) of the articles of association of CA Holding SE in their current version, the supervisory board of CA Holding SE has three members. The current members of the supervisory board of CA Holding SE are the following employees of Continental AG:

- Dr. Christoph Willeke (Chairman)
- Lars Heinz-Werner Busse
- Anna-Maria Fischer

For details on the planned amendments to the relevant provisions of the articles of association and the members of the supervisory board until the Spin-off takes effect, see Chapter IX.3.e).

e) Resolutions of the shareholder's meeting

In the shareholder's meeting held on October 24, 2024, the actions of the then members of the executive board and of the supervisory board for the period until the date of the ratification were ratified. In addition, the members of the supervisory board listed in Chapter II.4.d) were elected.

On December 5, 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was elected as auditor for the fiscal year ending on December 31, 2024 (fiscal year 2024) by resolution of the shareholder's meeting on the recommendation of the supervisory board.

By resolution of February 6, 2025, the shareholder's meeting of CA Holding SE changed the name Blitz 24-891 SE to Continental Automotive Holding SE and resolved to amend the provisions of the articles of association regarding the object, the list of reserved matters requiring prior approval of the supervisory board and the place where the shareholder's meeting is held.

By resolution of February 25, 2025, the shareholder's meeting of CA Holding SE amended the articles of association. CA Holding SE's share capital in the amount of €120,000, initially divided into 120,000 no-par value shares, was divided into 48,000 no-par value shares by way of a consolidation of shares without a capital decrease (article 4(1) of the articles of association). Every five no-par value shares were consolidated into two no-par value shares. The amount of the share capital represented by each no-par value share was increased accordingly to €2.50.

The actions of the members of the executive board and of the supervisory board in the fiscal year 2024 were ratified and a resolution on the

appropriation of net income was adopted in the annual shareholder’s meeting held on March 12, 2025.

After the annual shareholders’ meeting of Continental AG scheduled for April 25, 2025, it is intended that the shareholder’s meeting of CA Holding SE to be held in July 2025, by Continental AG as its sole shareholder, will approve the Spin-off and Transfer Agreement and adopt a resolution approving the Spin-off Capital Increase necessary for the Spin-off by absorption (see Chapters VI.8 and VI.9). By signing the Spin-off and Transfer Agreement, CA Holding SE has agreed, in particular, to bear the costs for the joint spin-off report, the spin-off audit, the audits in connection with the capital increase against contributions in kind and the post-formation acquisition as well as the costs of the planned stock exchange listing and the related evidenced costs for advisers (in particular, lawyers and auditors), banks and other service providers alone (see Chapter XIII.1.p)). The latter shall not include the costs for the organization and conduct of Continental AG’s Capital Market Day, which shall be borne by Continental AG. Continental AG shall consult with CA Holding SE before engaging additional advisers not already involved in connection with the capital increase against contributions in kind (*Sachkapitalerhöhung*), the post-formation acquisition (*Nachgründung*) or the planned stock exchange listing. The aforementioned obligation to bear costs is subject to the condition precedent that the Spin-off takes effect, and the relevant costs will initially be advanced by Continental AG and subsequently reimbursed by CA Holding SE to Continental AG after the Spin-off has taken effect and upon issuance of an invoice by Continental AG. Nonetheless, provisions have to be set up in the individual financial statements of CA Holding SE in accordance with the German Commercial Code (*HGB*) for these future liabilities upon signing of the Spin-off and Transfer Agreement. These provisions will result in a loss in the amount of more than half of the current share capital within the meaning of Section 92 AktG (*Aktiengesetz – AktG*). After the Spin-off has taken effect, the share capital of CA Holding SE will amount to €250,127,477.50. For reasons of legal precaution, the executive board of CA Holding SE will notify the shareholder’s meeting of the loss of half of the share capital pursuant to Section 92 AktG without undue delay (for the measures taken to ensure that CA Holding SE will have the necessary funds and liquidity, see Chapter V.5 below).

Furthermore, it is intended that, after the completion of status proceedings (*Statusverfahren*) and before the Spin-off takes effect, the shareholder’s meeting of CA Holding SE, by Continental AG as its sole shareholder, will adopt a resolution to amend the articles of association to reflect the employee involvement agreement expected to be concluded prior thereto in the provisions of the articles of association regarding the composition of the supervisory board and a resolution on the appointment of the members of the supervisory board (as described in more detail in Chapter XII.3 below). At the end of this shareholder’s meeting, the current supervisory board members will cease to hold office in accordance with Section 97(2) sentence 3 AktG.

It is also planned to relocate the registered office of CA Holding SE to Frankfurt am Main before the Spin-off takes effect. To this end, the shareholder's meeting of CA Holding SE will adopt a corresponding resolution on the amendment of the articles of association before the Spin-off takes effect.

### **III. Decision to make Automotive independent**

#### **1. Reasons for the decision to make Automotive independent**

With regard to the reasons for the decision to make Automotive independent, a distinction is made in the following between the interests of Automotive itself and the interests of Continental AG.

##### **a) Reasons in the interest of Automotive**

The decision to transform Automotive into an independent group is essentially based on increasingly dynamic markets in the automotive industry. For example, sharply fluctuating regional developments in the markets, changes in the regulatory framework, rapidly changing market shares of automotive manufacturers in the different regions, lower forecasts for global vehicle output as well as the software-driven technology transformation will require greater flexibility and entrepreneurial freedom in the future.

As a separate and independent corporate group, the future Automotive Group will be better equipped to react to these different market developments and will have more competitive opportunities. As a result of shorter decision-making channels, the future Automotive Group will be able to act more rapidly and with increased transparency and agility. Its clear focus is on automotive electronics, supported by an independent brand presence aligned with this focus.

The transformation of Automotive into an independent group will provide it with the necessary independence and flexibility to be able to assume a leading role in the dynamic market environment for automotive electronics. The Spin-off will also provide all stakeholders with clear guidance on future planning so that they can focus on the actual business, its profitable growth and successful technological expansion and strengthen selected business relationships in a targeted manner.

The direct access to the capital market will give Automotive the flexibility to directly access external sources for financing. This will be made possible by the stock exchange listing of the shares in CA Holding SE following the Spin-off. In the Continental Group, the raising of external capital is generally subject to the approval of the relevant central corporate functions and, depending on the amount and duration of the financing, also requires the approval of the executive board and of the supervisory board of Continental AG. Therefore, Automotive is currently not able to independently raise external capital and must rely on the allocation of funds within the Continental Group. Direct access to the capital market will now give the

future Automotive Group as an independent corporate group the general possibility to access financing in a manner appropriate for its situation and to decide on the uses of the financing without the constraints of a broad-based corporate group such as the Continental Group.

Moreover, the transformation of Automotive into an independent group will enable shareholders to make targeted investments in Automotive. Since such targeted investments will have a different growth, risk and reward profile than an investment in Continental AG, they may generate more value. In addition, the transformation into an independent group will incentivize the management of the future Automotive Group as a result of their direct accountability to the shareholders and the supervisory board of CA Holding SE. A stock exchange listing will allow for the introduction of share-based remuneration plans and employee participation plans which will be directly linked to the corporate success of CA Holding SE. Thus, CA Holding SE will be able to foster employee participation in the company and broaden its options for attracting and retaining highly qualified personnel. The company's own regular reporting and investor relations work associated with a stock exchange listing will enable CA Holding SE to sharpen its corporate profile and perception among the general public and to present the performance of CA Holding SE in a transparent and detailed manner.

b) Reasons in the interest of Continental AG

The transformation of Automotive into an independent group is also advantageous for Continental AG. First of all, it is also in the interest of Continental AG to optimize the structuring of the group sectors and business areas and to fully leverage their potential. In view of the changes in the market environment, this can only be achieved by establishing the planned structures which will increase agility and flexibility after the Spin-off.

However, the technological development in the automotive industry also requires considerable investments. Such investments have already been made, but further investments will be necessary in the future. From a financial and strategic perspective, it would be advantageous for Continental AG that CA Holding SE will raise funds on its own responsibility by availing itself of its own financing opportunities after the Spin-off.

In addition, reducing the complexity of the management of the company as a whole by making Automotive independent will enable Continental AG to focus on Tires and ContiTech as the core business of Continental AG in the future. The focus on these group sectors will make the Continental Group even more resilient in the future as a result of the balance between profitable and stable aftermarkets and growth opportunities and will enable a continuous increase in value.

Moreover, the focus on Tires and ContiTech will enable shareholders to make more targeted investments in Continental AG. Since such targeted investments will have a different growth, risk and reward profile than an investment in Automotive, they may generate more value.

## 2. Decision in favor of the Spin-off

On December 9, 2024, the executive board of Continental AG decided to implement a spin-off of Automotive and a subsequent stock exchange listing of the new Automotive Group – subject to the approval of the supervisory board. The executive board of Continental AG was advised and is advised, among others, by several investment banks in connection with the Spin-off and subsequent stock exchange listing.

Furthermore, the executive board of Continental AG decided on December 9, 2024 to submit the implementation of the Spin-off to the supervisory board for resolution in its meeting to be held on March 12, 2025 and to submit the Spin-off and Transfer Agreement, subject to the approval of the supervisory board, for resolution to the annual shareholders' meeting of Continental AG.

### a) Reasons for the Spin-off

The executive board of Continental AG has assessed various options for making Automotive independent.

In the opinion of the executive board of Continental AG, it is in the best interests of Continental AG and its shareholders to transform Automotive into an independent group by way of the Spin-off.

This view is based on the following reasons:

- The successful implementation of the Spin-off has the advantage that it depends to a lesser extent on the current capital market environment than a public offering of the shares by way of an initial public offering (**IPO**). Subject to the approval of the shareholders' meeting of Continental AG, the admission of the CA Holding Shares to stock exchange trading after the Spin-off has taken effect will follow a defined timeline, which constitutes a clear and more reliable basis for planning.
- The direct allocation of the shares in CA Holding SE to the shareholders of Continental AG will give them the freedom to separately decide about two independent investment profiles. They can decide on their own whether they wish to remain invested in the value reflected in the price of the CA Holding Shares on the stock exchange after the stock exchange listing or realize this value by selling the shares allocated to them.

### b) Reasons against a partial IPO

The executive board of Continental AG has carefully assessed a divestment of Automotive by way of a partial IPO as an alternative to the Spin-off and has come to the conclusion that none of the advantages of a complete Spin-off would be achieved by a partial IPO. In the opinion of the executive board of Continental AG, a partial IPO would undermine the desired full realization

of the value potential, flexibility, entrepreneurial freedom and agility. Investors would have relatively limited freedom to decide. In the opinion of the executive board, the conditions for a potential partial IPO are largely unpredictable. As a consequence, such a partial IPO could not be implemented in a manner which would be in the interest of Continental AG and its shareholders. A stock exchange listing by way of a public offering would be subject to a placement risk resulting from volatility, external business influences and discounts in pricing and would also require more time. Under an IPO, it would not be possible to split up the Continental Group fully and in a timely manner to the same extent as under a spin-off, and it is usually only possible to place a minority participation at an appropriate price. If a larger participation is placed, price discounts cannot be ruled out. Any remaining participation of Continental AG could only have been reduced in the medium term by means of further placements with due regard to the market, and such placements in turn would have been subject to a placement risk and price risk. As a result of this prevailing uncertainty in the capital market, the transformation of Automotive into an independent group by way of a partial IPO would only be feasible with a considerably lower transaction certainty.

Finally, a partial IPO would increase the complexity of the structure of the Continental Group and would not achieve the goal of a clearly recognizable independence of Automotive to the same extent.

c) Reasons against an M&A transaction

Prior to its decision, the executive board of Continental AG also considered options for a complete or partial non-public divestment of Automotive by way of a company sale and, after careful assessment, decided not to pursue these options. In the opinion of the executive board of Continental AG, the objectives pursued with the transformation of Automotive into an independent group would not have been achievable with such an M&A transaction. In particular, there would have been a risk that the full value of the participation could not be realized in an M&A transaction in the light of the current market valuations in the automotive environment. Moreover, the objective of a (later) stock exchange listing of the future Automotive Group would not have been achievable with a comparable degree of certainty after a successful sale in an M&A transaction. This would have meant that, in particular, an independent access of Automotive to the capital market – one of the main reasons for the transformation into an independent group – would not have been certain (see Chapter III.1.a)). In addition, the transaction certainty of a divestment by way of a company sale is considered to be relatively low in the current market environment, particularly in comparison to the high transaction certainty of a spin-off. The Spin-off, by contrast, enables the current shareholders of Continental AG to retain their shares in the future Automotive Group and to decide on a potential realization of their value themselves.

d) Reasons against a distribution in the form of a dividend in kind (*Sachdividende*)



From the outset, one of the arguments against a separation of Automotive by way of distribution of a dividend in kind was that an issuance of shares in CAT GmbH (after the change of legal form into a stock corporation) would not have any material advantages in comparison with a spin-off under the planned structure. However, there would be serious disadvantages both under corporate law and under tax law:

- The transaction certainty would not be the same as in the case of a spin-off because, in the event that actions are brought against the resolution of the shareholders' meeting on the dividend in kind, German stock corporation law does not provide for the possibility to initiate judicial clearance proceedings (*Freigabeverfahren*). Even without the requirement of registration with the commercial register, a need to deal with actions to set aside brought against the resolution on the dividend in kind would add to legal uncertainty.
- Also under tax considerations, a dividend in kind would be generally more disadvantageous to the shareholders of Continental AG because a dividend in kind is, as any other dividend, treated as taxable income at the level of the shareholders and therefore would, as a rule, be subject to withholding tax. In contrast to a spin-off, at least shareholders in Germany would not have the possibility to avoid a taxable gain under certain conditions by a carryover of the acquisition costs for tax purposes or book values, allocated between the new shares and the existing shares (see Chapter VIII.2.a)).

### **3. Decision in favor of a complete Spin-off**

The executive board of Continental AG decided to completely spin off the participation (indirectly) held by Continental AG in Automotive. This is the only way to achieve the goal of the Spin-off (see Chapter III.2.a)), i.e., the transformation of Automotive into an independent group, in the best possible way. Otherwise, i.e., in the case of a partial spin-off, Automotive might continue to be integrated in the processes and bound by the internal rules of the Continental Group. As a result, the intended agility and flexibility with regard to future market developments and financing opportunities would not be achieved to the same extent.

In addition, the goal of reducing complex structures in the management of the company as a whole and the externally recognizable independence of Automotive could not be achieved.

### **4. Decision in favor of the Spin-off by absorption**

The executive board of Continental AG decided in favor of a spin-off by absorption (*Abspaltung zur Aufnahme*) pursuant to Section 123(2) no. 1 UmwG and, thus, against a spin-off by formation of a new legal entity (*Abspaltung zur Neugründung*) (Section 123(2) no. 2 UmwG). The difference between the spin-off by absorption and the spin-off by formation of a new legal entity is that, in the former case, the acquiring entity (in the

present case CA Holding SE) is not established as a new entity as a result of the spin-off but already exists prior to the spin-off.

A spin-off by formation of a new legal entity with a European stock corporation (*Societas Europaea*) as acquiring entity was already ruled out pursuant to Article 2 of the SE Regulation because the *numerus clausus* of formation methods set forth in this provision does not permit the formation of a new SE by means of a spin-off. A spin-off by formation of a new legal entity would only have been possible with a German stock corporation as acquiring entity.

In addition, the fact that the acquiring entity in the spin-off by absorption already exists prior to the spin-off taking effect makes the communication with internal and external stakeholders (in particular, employees, customers and suppliers) easier. An example is the amendment of contracts with customers which often requires that the customers know the new parent company of the group even if the customer contracts have not been entered into directly with the parent company.

Moreover, a spin-off by absorption allows to prepare the capital structure and financing of the acquiring entity as the then new group parent company in line with the requirements of an exchange-listed group.

A spin-off by absorption with a European stock corporation (*Societas Europaea*) as acquiring entity (unlike a pro rata spin-off by formation of a new legal entity with a German stock corporation as acquiring entity) legally requires the conduct of a spin-off audit resulting in additional costs. However, these costs are not material in comparison with the described benefits, also taking into account the total costs incurred in connection with the Spin-off.

#### **IV. Subject of the Spin-off**

As a result of the Spin-off, the shareholders of Continental AG are intended to hold direct participations in the operations of Automotive. The assets to be spun off in the legal sense are the shares directly held by Continental AG in CAT GmbH when the Spin-off takes effect and the domination and profit and loss transfer agreement currently in place between CA GmbH and CAT GmbH dated February 15, 2021, as amended on November 28, 2022 (including all rights and obligations as well as ancillary rights and obligations under the domination and profit and loss transfer agreement, the ***Domination and Profit and Loss Transfer Agreement***), which will be transferred to Continental AG as part of the Merger prior to the Spin-off (see Chapter IV.3) (the shares in CAT GmbH and the Domination and Profit and Loss Transfer Agreement together referred to as the ***Spin-off Assets***). As a result of the spin-off of the Spin-off Assets, the direct and indirect subsidiaries and participations of CAT GmbH as well as the Automotive and Contract Manufacturing group sectors will also be transferred to the future Automotive Group.

## 1. CAT GmbH

CAT GmbH was established as a German limited liability company (*Gesellschaft mit beschränkter Haftung*) under the name Union-Mittelland-Gummi-Gesellschaft mit beschränkter Haftung on July 18, 1929. It has its registered office in Hanover and is registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3669. The share capital of CAT GmbH amounts to €526,565 and is divided into 526,565 shares, each with a nominal amount of €1.00. The fiscal year corresponds to the calendar year.

The object of CAT GmbH according to its articles of association is:

- the development, manufacture and distribution (OEM and spare parts and retrofitting business) of electrical, electronic, mechatronic and mechanical components, modules and systems as well as the provision of related services in the field of automotive technology (passenger cars, commercial vehicles and motorcycles), and
- the acquisition, holding, management and sale of participations in existing and newly established enterprises of any permitted legal form in Germany and abroad, including the industrial management of these enterprises.

As a result of the Merger of CA GmbH into Continental AG, 100% of the shares (serial numbers 4 to 526,568) in CAT GmbH are held by Continental AG. The current managing directors of CAT GmbH are Nicole Werner, Harald Stuhlmann, Tobias Freundorfer and Dr. Andreas Listl.

CAT GmbH currently has a co-determined supervisory board in accordance with the provisions of the MitBestG, which consists of 16 members (eight shareholder representatives and eight employee representatives). The term of office of all current members of the supervisory board of CAT GmbH will expire regularly at the close of the shareholders' meeting which will resolve on the ratification of the actions of the supervisory board (*Entlastung*) for the fiscal year 2028.

The current eight shareholder representatives on the supervisory board are:

- Claudia Holtkemper (Chairwoman)
- Lars Heinz-Werner Busse
- Birgit Hiller
- Dr. Stefan Otremba
- Nino Romano
- Dr. Ulrike Schramm

- Dirk Siebels
- Dr. Christoph Willeke

The current eight employee representatives on the supervisory board are:

- Silke Nötzel (Vice Chairwoman)
- Anil Alpay
- Susanne Auffmanberg
- Michael Erhardt
- Maria Felbermaier
- Michael Kornmaier
- Orhan Özen
- Marco Streng

## **2. Business operations of Automotive**

The operative business of Automotive is organized under the roof of CAT GmbH and comprises the activities of the Automotive group sector described in Chapter II.3.a). The focus of development and production is on technologies for safety, brake, chassis, motion and motion-control systems at a total of 56 manufacturing sites located in 21 countries globally, of which 17 are pure manufacturing sites. The other 39 sites combine manufacturing and R&D activities. Automotive has more than 90,000 employees worldwide (all figures as per December 31, 2024).

The product offering of Automotive in the group sector of the same name including its AM, ANS, SAM and UX business areas comprises technologies for safety, brake, chassis, motion and motion-control systems. Its portfolio includes innovative solutions for assisted and automated driving, display and operating technologies, camera solutions for the vehicle interior as well as intelligent information and communication technology associated with the mobility services of fleet operators and commercial vehicle manufacturers. Comprehensive activities relating to vehicle connectivity, architecture and electronics, as well as high-performance computers and software solutions, round off the range of products and services. Automotive offers products and solutions for passenger cars, commercial vehicles and motorcycles and is also engaged in the aftermarket and retrofitting business.

Automotive plans to focus on high-growth and value-creating product groups and intends to achieve a leading market position in all these product groups.

Automotive aims to achieve above-average growth compared with the market environment. This is intended to be achieved by improving

Automotive's market share, in particular among Asian automotive manufacturers which are growing at a disproportionate rate, and an increasing value creation per vehicle. Moreover, various measures have been initiated or taken to optimize operational costs and cash inflow, such as increasing efficiency in the development and manufacture of electronic components, the intelligent optimization of inventories or price adjustments in relationships with customers to cover cost increases, additional expenses in development and volume declines. Another key element in increasing competitiveness is the continuous reduction of material costs through price negotiations with suppliers and product redesign activities.

With its broad range of modern mobility solutions, Automotive addresses current developments in the vehicle market, such as the ongoing digitalization and transformation towards SDVs. Automotive aims to become the preferred system integrator for SDVs. Automotive also plans to drive forward the increasing trend towards automated and autonomous vehicle applications through pioneering collaborations with established technology companies. Strategic partnerships are intended to contribute to a higher level of innovation and agility when launching products, further optimize research and development costs and help Automotive to improve its competitive position. In addition, Automotive has a stable core business in many of the product groups offered by it. For details on the product portfolio, see Chapter IX.1.a) and Chapter IX.2.c)cc).

Automotive's product portfolio serves all vehicle classes, largely irrespective of the drive technology, and offers a wide range of sustainable solutions designed to minimize the environmental impact of products and services. These range from green calipers and drum brakes that significantly reduce CO<sub>2</sub> emissions, via sensors for electrified vehicles to car key cases made from 100% bio-sourced plastic material, displays made from up to 85% recycled plastic, as well as door control unit housings made from recycled material. With its innovative and energy-efficient system solutions and components, Automotive can help to make vehicles more efficient and sustainable and support customers in achieving their ambitious sustainability goals.

The operations of the future Automotive Group will be managed in five business areas, which will also represent the reporting segments under the International Financial Reporting Standards (**IFRS**). In addition to Autonomous Mobility (AM), Architecture and Network Solutions (ANS), Safety and Motion (SAM), and User Experience (UX), Continental's current Contract Manufacturing group sector will be continued as a business area of the future Automotive Group.

For a detailed description of the individual business areas of the Automotive group sector and the future Automotive Group, see Chapters II.3.a), II.3.d) and IX.1.a).

### **3. Domination and Profit and Loss Transfer Agreement**

The Domination and Profit and Loss Transfer Agreement is in place between CA GmbH as the controlling company and CAT GmbH as the controlled company and has not been terminated at the time of this Spin-off Report. The Domination and Profit and Loss Transfer Agreement will first be transferred from CA GmbH to Continental AG as part of the Merger. It is intended that the Domination and Profit and Loss Transfer Agreement will subsequently be transferred from Continental AG to CA Holding SE by way of the Spin-off so that it will then be in place between CA Holding SE and CAT GmbH. When the Spin-off takes effect, CA Holding SE will replace Continental AG as the controlling company. It is therefore not necessary to terminate the Domination and Profit and Loss Transfer Agreement prior to the Spin-off.

The Domination and Profit and Loss Transfer Agreement is attached as annex to the Spin-off and Transfer Agreement.

### **V. The operational and organizational transformation of Automotive into an independent group prior to the Spin-off**

As shown in Chapter II.3, the Continental Group is divided into the four group sectors Automotive, Tires, ContiTech und Contract Manufacturing, which have been divided into a total of 15 business areas since November 1, 2024.

#### **1. Corporate measures in preparation for the transformation of Automotive into an independent group**

##### **a) Corporate measures for the transformation into an independent group**

In preparation for the Spin-off, measures with regard to the corporate structure have been taken to ensure that participations in group companies are only held by shareholders from the same group sector and that the shareholdings belong in each case to the "correct" group sectors of the Continental Group prior to the Spin-off. To this end, the following internal group restructuring measures were implemented in 2024:

- The 100% participation held by Continental Automotive Holding Netherlands B.V. in Conti-Gummi Finance B.V. was sold and transferred to CGH Holding B.V. Following the Spin-off, Conti-Gummi Finance B.V. will remain part of the Continental Group.
- Furthermore, the 100% participation held by Continental Automotive Inc. in Continental Rubber of America Corporation was sold and transferred to Continental Global Holding Netherlands B.V. Following the Spin-off, Continental Rubber of America Corporation will remain part of the Continental Group.
- In addition, the 100% participation held by Continental Caoutchouc-Export-GmbH in co-pace GmbH including its minority interest in

Unternehmertum VC Fonds II GmbH & Co. KG was sold and transferred to CAT GmbH as at the end of December 31, 2024. Following the Spin-off, co-pace GmbH will be part of the Automotive Group.

b) Merger of CA GmbH into Continental AG

At the time of preparation of this Spin-off Report, the sole shareholder of CAT GmbH is CA GmbH, whose sole shareholder is Continental AG. It is intended to merge CA GmbH as transferring entity with its sole shareholder Continental AG as acquiring entity immediately prior to the Spin-off in accordance with the provisions of the UmwG, so that Continental AG will become the sole shareholder of CAT GmbH.

A merger agreement on which the Merger is based is intended to be filed with the commercial register of Continental AG and published by the register court by March 24, 2025 and forwarded to the competent works council of Continental AG. It is also intended that the shareholders' meeting of Continental AG scheduled for April 25, 2025 will adopt a resolution on the Merger. On March 13, 2025, Continental AG as the sole shareholder of CA GmbH adopted a corresponding shareholder's resolution of CA GmbH regarding the Merger. It is intended that an application for registration of the Merger will be filed with the commercial register of Continental AG and of CA GmbH by August 31, 2025 at the latest.

It is intended that the Merger will first take effect as a result of its registration with the commercial register of Continental AG (in its capacity as absorbing entity under the Merger) of the local court (*Amtsgericht*) of Hanover before the Spin-off will be registered with the commercial register of Continental AG (in its capacity as transferring entity under the Spin-off) of the local court (*Amtsgericht*) of Hanover. This chronological order of the registrations with the commercial register will be ensured by a condition precedent in the Spin-off and Transfer Agreement. Due to this chronological order, Continental AG will become the direct sole shareholder of CAT GmbH at the time of registration of the Spin-off with the commercial register of Continental AG as transferring entity in accordance with Section 20(1) no. 1 UmwG and will therefore be able to spin off this direct participation in CAT GmbH to CA Holding SE. As a result of the Merger, Continental AG will also be a party to the Domination and Profit and Loss Transfer Agreement as controlling company at the time of registration of the Spin-off with the commercial register of Continental AG as transferring entity and will be able to spin off this contractual position to CA Holding SE.

Furthermore, as a result of the Merger, the 51% participation held by CA GmbH in Continental Caoutchouc-Export-GmbH will be transferred to Continental AG in accordance with Section 20(1) no. 1 UmwG and, as a consequence, Continental Caoutchouc-Export-GmbH will become a wholly-owned subsidiary of Continental AG.

## **2. Intercompany agreements within the meaning of Section 291 AktG or similar provisions of foreign law**

The Domination and Profit and Loss Transfer Agreement is in place between CA GmbH and CAT GmbH and will first be transferred from CA GmbH to Continental AG as part of the Merger and is then intended to be transferred by way of the Spin-off to CA Holding SE (see Chapter IV.3). It is therefore not necessary to terminate the Domination and Profit and Loss Transfer Agreement prior to the Spin-off.

No other intercompany agreements between Automotive and the rest of the Continental Group will be in place at the time when the Spin-off takes effect.

## **3. Financing**

Automotive is expected to participate in the financing structure of the Continental Group until shortly before the Spin-off will take effect. This encompasses, in addition to participating in the cash pooling of the Continental Group, among other things, short-term loans and cash deposits. In total, the intra-group financing resulted in a negative net balance to the detriment of Automotive as at December 31, 2024. In addition, Automotive participates in the currency hedging transactions of the Continental Group. Furthermore, the Continental Group has provided guarantees or other types of collateral for Automotive. In 2024, the step-by-step separation of Automotive from the financial structures of the Continental Group began and is scheduled to be completed by the time the Spin-off takes effect. In parallel, among other things, an own treasury organization of Automotive is being set up.

### **a) Set-up of an external financing**

It is planned to set up a separate, external financing for the future Automotive Group before the Spin-off takes effect (see Chapter IX.2.f)dd)).

### **b) Cash pooling and cash management**

The participation of Automotive in the cash pooling and other cash management of the Continental Group will be terminated at the latest when the Spin-off takes effect. Therefore, an own cash pooling and cash management will be established within the future Automotive Group.

### **c) Hedging**

The currency hedging transactions entered into with Continental AG will be terminated at the latest when the Spin-off takes effect. There are no outstanding interest or raw material price hedging transactions. It is intended that CA Holding SE and/or CAT GmbH will enter into framework agreements with banks under which individual currency and interest hedging transactions can be entered into which can replace the previous hedging obtained through Continental AG. Also, options for raw material price hedging are being considered.



d) Discharge of bank and group guarantees

The Continental Group or banks mandated by the Continental Group have provided guarantees and sureties for the benefit of customers of Automotive companies, banks and other partners or authorities in order to secure the performance of contractual obligations of Automotive companies.

As part of a Group Separation Agreement in which Continental AG, CA Holding SE and CAT GmbH make provisions for various legal relationships existing between them and their respective group companies with regard to the Spin-off and which is attached in its notarized form dated March 13, 2025 as annex to the Spin-off and Transfer Agreement (the **Group Separation Agreement**, for a summary of the Group Separation Agreement see Chapter XIII.2), CA Holding SE and Continental AG will enter into an agreement under which companies of the future Automotive Group shall, as far as practicable, procure a discharge of this collateral. Sec. 5 of the Group Separation Agreement provides that, from the time the Spin-off takes effect, if any collateral has been provided by a company of a group for liabilities of a company of the other group, the Parties shall (i) endeavor to ensure a discharge of such collateral, and/or (ii) agree on an indemnification as between the Parties.

**4. Equity**

As described in Chapter V.3, Automotive participates in the financing structure of the Continental Group. Automotive's net financial liabilities to the Continental Group from intercompany financing amounted to approximately €462 million as at December 31, 2024 (see Chapter VIII.1.d). These net financial liabilities will be repaid in full prior the Spin-off. In addition, irrespective of the debt financing described in Chapter V.3.a), the Continental Group will provide Automotive with the necessary funds to ensure that the cash and cash equivalents of Automotive prior to the Spin-off (as at June 30, 2025) will amount to €1.5 billion (the **Target Cash and Cash Equivalents**).

To ensure this, the following measures have been taken or are planned until the Spin-off:

By shareholder resolution dated December 18, 2024, CA GmbH, as sole shareholder, increased the equity of CAT GmbH by €5,244 million with effect from December 31, 2024, 24:00 hrs. This increase was implemented by way of contribution of two receivables of CA GmbH from CAT GmbH and Continental Autonomous Mobility GmbH, a subsidiary of CAT GmbH under intercompany loan agreements in a total amount of €5,244 million to the free capital reserves of CAT GmbH in accordance with Section 272(2) no. 4 of the German Commercial Code (*Handelsgesetzbuch* – **HGB**). After this capital contribution, Automotive's total remaining liabilities to the Continental Group from intercompany financing (negative net balance) amounted to €462 million as at December 31, 2024.

In order to enable Automotive to repay its remaining liabilities to the rest of the Continental Group from intercompany financing and to ensure that it will have the Target Cash and Cash Equivalents, the equity of CAT GmbH will be increased again on the basis of the actual figures of the Continental Group as at June 30, 2025 prior to the Spin-off. This equity will be provided by way of contribution of cash and cash equivalents and/or receivables from Automotive from intercompany financing to the free capital reserves of CAT GmbH in accordance with Section 272(2) no. 4 HGB (the **Final Equity Contribution**). The amount of the Final Equity Contribution will be determined as follows:

The current cash and cash equivalents of Automotive as at June 30, 2025 will be deducted from the Target Cash and Cash Equivalents and the then current net balance of financial liabilities of Automotive to the rest of the Continental Group from intercompany financing will be added.

The resulting amount will be contributed to CAT GmbH by way of the Final Equity Contribution. After implementation of the Final Equity Contribution, Automotive will be completely separated from the financing structure of the Continental Group shortly before the closing of the Spin-off.

In the event that Automotive or Continental AG initiates extraordinary measures that affect the calculation of the Final Equity Contribution, Continental AG will ensure, in accordance with the Group Separation Agreement, that the effect on the Final Equity Contribution is offset by a corresponding adjustment of the Target Cash and Cash Equivalents.

The calculation of the amount of the Final Equity Contribution is shown in the following table. The figures in brackets (each figure in € millions) are purely illustrative.

	Target Cash and Cash Equivalents of Automotive at the time of the Spin-off	1,500.00
Less:	Available cash and cash equivalents of Automotive as at June 30, 2025	[1,100.00]
Plus:	Net balance of Automotive’s financial liabilities to the Continental Group from intercompany financing as at June 30, 2025	[800.00]
=	<b>Amount of Final Equity Contribution</b>	<b>[1,200.00]</b>

## 5. Comfort letter and loan

To ensure by the time the Spin-off takes effect that CA Holding SE will have the necessary funds and liquidity, the issue of a comfort letter by Continental AG and the granting of a loan by CAT GmbH are intended. Continental AG declared by declaration of February 18, 2025 that it will, subject to the condition subsequent (*auflösende Bedingung*) of the Spin-off taking effect but at the latest of February 28, 2026, grant sufficient financial

support to CA Holding SE to enable it (a) to continue its business operations, and (b) to repay its debts and liabilities when due. Moreover, to ensure the liquidity of CA Holding SE, CAT GmbH will also grant CA Holding SE an interest-free loan in an amount based on CA Holding SE's needs. The repayment of the loan amount is scheduled to be due in December 2025.

## 6. Properties and real estate

CAT GmbH and its subsidiaries either hold ownership rights in the properties used by them or use them on the basis of lease agreements or similar contracts under the law of obligations. In connection with the Spin-off, it is not envisaged that there will be any significant changes to these ownership rights.

Some of the properties owned by the Automotive companies are located in Germany. In this regard, both the Merger of CA GmbH into Continental AG and the Spin-off of CAT GmbH will result in an indirect transfer of properties through the direct or indirect transfer of those Automotive companies that own these German properties. These share transfers will in some cases trigger real estate transfer tax in Germany (see Chapter V.6.b)). In addition, the Spin-off will result in the incurrence of real estate transfer tax due to the violation of so-called "subsequent holding periods" within the meaning of Section 6a of the German Real Estate Transfer Tax Act (*Gründerwerbsteuergesetz – GrEStG*) applicable to transfers relevant to real estate transfer tax that took place in connection with restructurings during the past five years (see Chapter V.6.a)). In the case of transformations, the assessment basis for the real estate transfer tax is either the property value in accordance with the German Valuation Act (*Bewertungsgesetz – BewG*) or a proven lower market value (fair market value pursuant to Section 198 BewG). These two values have not yet been definitely determined for the large number of properties (and can be finally determined only with effect as at the Closing Date of the Spin-off (see Chapter VI.11) with regard to the real estate transfer tax payable as a result of the Spin-off); however, according to initial calculations, the market values (without considering any special charges) are expected to be, in many cases, lower than the property values. Subject to the still outstanding final review and the remaining valuation uncertainties, the executive boards of Continental AG and CA Holding SE estimate that the total real estate transfer tax expense resulting from the Merger and the Spin-off will likely amount to approximately €51 million. According to the Group Separation Agreement, a total amount of approximately €11 million of this real estate transfer tax will be borne by Continental AG and a total amount of approximately €40 million by CA Holding SE.

- a) Real estate transfer tax resulting from the violation of subsequent holding periods

In recent years, various restructuring measures were carried out within Automotive, as a result of which Automotive took its current form. These measures included, in particular, the contribution and transfer by way of

carve-out of parts of the operating business and Automotive companies by CA GmbH to CAT GmbH in June/July 2022 (**Project Shape**). In some of these previous restructurings, German properties or companies holding properties were transferred and gave rise in some cases to chargeable events for real estate transfer tax purposes. However, real estate transfer tax was not charged at the time due to the application of the so-called “corporate group clause” (Section 6a GrEStG). However, this exemption generally requires that a qualified group of companies with a controlling company continues to exist for at least five years after the transfer (so-called “subsequent holding period”). The controlling company at the time was CA GmbH or Continental AG. The current Spin-off of CAT GmbH will in any event result in a violation of these subsequent holding periods of Automotive if the Merger and the Spin-off will take effect as scheduled in 2025. The real estate transfer tax triggered by this violation of the subsequent holding periods is incurred by law primarily by CAT GmbH and in addition, by some of its (directly or indirectly) wholly owned German affiliates.

b) No new real estate transfer tax triggered by the Merger

The executive boards of Continental AG and CA Holding SE both expect that the Merger will ultimately not give rise to any new real estate transfer tax liability at Automotive companies, nor at Tires companies. It is expected that the Merger will not give rise to a chargeable event under the GrEStG (except for properties owned by CAT GmbH for which, in the controversial opinion of the tax authorities, a chargeable event under the GrEStG is expected to arise), and even if it would, it is expected that the corporate group clause within the meaning of Section 6a GrEStG, under which a tax relief is available for intra-group restructurings under certain conditions, will apply so that no real estate transfer tax will be charged. This applies accordingly if, contrary to the view of the executive boards of Continental AG and CA Holding SE, the tax authorities come to the conclusion that a chargeable event under the GrEStG arises also with regard to the other properties.

aa) Effects on Automotive companies

With regard to the companies within Automotive, it is expected that the Merger of CA GmbH into Continental AG – given that it merely shortens the chain of participations – will generally not give rise to chargeable events for real estate transfer tax purposes. Yet, in the opinion of the tax authorities, a chargeable event under Section 1(2b) GrEStG (i.e., a change in share ownership concerning at least 90% of the shares in a corporation) may arise with regard to properties of CAT GmbH (directly transferred as a result of the Merger); however, this is not expected to result in a real estate transfer tax burden either because the tax should not be charged due to the application of the so-called “corporate group clause” (Section 6a GrEStG). It is expected that ultimately no other chargeable events for real estate transfer tax purposes will arise.

- bb) Effects on Continental AG and companies of the Tires and ContiTech group sectors

The executive boards of Continental AG and CA Holding SE both expect that the Merger of CA GmbH to Continental AG will not give rise to a chargeable event at companies outside of Automotive (i.e., in particular, at Continental AG itself and at companies of the Tires and ContiTech group sectors) for various reasons. Therefore, it is irrelevant that the “corporate group clause” (Section 6a GrEStG) would be applicable.

- c) New real estate transfer tax triggered by the Spin-off

The executive boards of Continental AG and CA Holding SE both expect that the Spin-off of CAT GmbH to CA Holding SE will give rise to a taxable transaction (within the meaning of Section 1(2b) GrEStG) without an exemption under the rules of the GrEStG being available. The executive boards of Continental AG and CA Holding SE therefore share the view that the Spin-off of the shares in CAT GmbH will give rise to real estate transfer tax with regard to the German properties owned by CAT GmbH and those owned by the German Automotive companies. This real estate transfer tax will arise at the time when the Spin-off takes effect and the shareholders of Continental AG acquire the new shares in CA Holding SE. Pursuant to the GrEStG, this tax is incurred by the relevant corporation that owns the properties, i.e., in the present case, CAT GmbH and some of its (directly or indirectly) wholly owned affiliates.

## 7. Employees including pension plans

The majority of the employees of Automotive (**Automotive Employees**) are entitled to pension benefits under defined benefit or defined contribution plans upon satisfaction of the relevant benefit requirements. The pension obligations of these plans are concentrated in Germany, the U.S.A. and the United Kingdom, which account for more than 95% of the total pension obligations.

In Germany, Automotive provides pension benefits to the active Automotive Employees mainly through a so-called cash balance plan (*Kapitalkontenplan*), which incorporates prior pension commitments under legacy plans (for example, pension commitments taken over as part of acquisitions). For the German Automotive companies, the cash balance plan is partly covered by special funds held in trust by a trustee (so-called contractual trust arrangements (**CTAs**)). The current plan is that the trust agreement currently in place between CAT GmbH and Continental Treuhänder e.V. will be transferred to and continued by the already existing trustee Automotive Treuhänder e.V. The deferred compensation offered by Automotive is provided by Höchster Pensionskasse VVaG for contributions up to 4% of the assessment ceiling of the statutory pension insurance (*Beitragsbemessungsgrenze der gesetzlichen Rentenversicherung*). After the Spin-off, the deferred compensation for the Automotive Employees can continue to be provided by Höchster Pensionskasse VVaG without any

changes. To the extent that Automotive Employees make deferred compensation contributions above the 4% assessment ceiling, they receive, with regard to this portion of the contributions, corresponding direct pension commitments from Automotive, which are covered by pension plan reinsurances (*Rückdeckungsversicherung*) or for which special funds are held by a trustee on the basis of CTAs. The reinsurances or CTAs entered into for such purpose can be continued unchanged after the Spin-off.

Due to the acquisition history of the Continental Group, Automotive provides various defined benefit plans in the U.S.A., which were closed to new entrants and frozen for active Automotive Employees. The corresponding assets allocated to these pension commitments are administered by a multi-employer trustee who maintains a separate trust portfolio for each employer which is, in each case, subject to a minimum funding requirement. The investment decision and supervision by the trustee was delegated to a Pension Committee established for the Continental Group, whose members are advisers within the Continental Group and external advisers. This trust structure can be continued unchanged after the Spin-off, provided that the Pension Committee for the Continental Group can no longer act on behalf of Automotive after the Spin-off and, as a consequence, a new Pension Committee with new advisers has to be established for Automotive. Closed defined benefit plans were replaced by defined contribution plans, mainly by the so-called 401(k) savings plan.

As a result of the acquisition history of the Continental Group, Automotive also maintains two defined benefit plans for Automotive Employees employed in the United Kingdom, which have been closed for new entrants for more than 20 years. After the Spin-off, these defined benefit plans can be continued unchanged:

- Continental Teves U.K. Employee Benefit Scheme, and
- Mannesmann U.K. Pension Scheme.

The funding conditions are determined by the Pensions Regulator and the relevant laws and regulations. The defined benefit plans are administered by trustee companies whose managing bodies (Board of Trustees) are obliged under the trust agreement and the law to act solely in the interests of the beneficiaries.

Both plans are currently covered by a "Parent Company Guarantee" issued by Continental AG, which will have to be replaced as a result of the Spin-off by a guarantee to be issued by CA Holding SE. This replacement requires the involvement of the trustees and the Pensions Regulator.

Subject to the exceptions described above, the pension commitments granted to Automotive Employees will remain unaffected by the Spin-off. When the Spin-off takes effect, the pension commitments will be continued, taking into account the vested years of service. To the extent that adjustments to the investment portfolio for a pension plan will be required

as a result of the Spin-off, these may have an effect on the expected return. The provisions for pension commitments will be established at Automotive. Any existing cover assets will be made available to Automotive on a pro rata basis.

## **8. Governance systems and sustainability reporting**

CA Holding SE is currently working on setting up its own governance systems, which will be combined under the leadership of the Head of Governance, who will report to the future CEO, in order to ensure the comprehensive adequacy and effectiveness of governance at CA Holding SE and to exploit potential synergies between the individual governance systems. The governance systems of CA Holding SE include the internal control system (**ICS**), the risk management system (**RMS**), the compliance management system (**CMS**) and the Internal Audit system. The RMS also includes the early risk identification system pursuant to Section 91(2) AktG. In addition, the governance system of CA Holding SE includes the management system to ensure compliance with the legal requirements for sustainability reporting. All governance systems are based on the systems currently in place in the Continental Group and continue these systems, with proven structures, processes and systems being adjusted to meet the specific requirements of CA Holding SE.

In order to ensure the propriety, effectiveness and efficiency of all processes as well as compliance with the relevant legal and sub-legislative regulations and internal requirements, CA Holding SE has established a holistic governance system which is based on the principles of risk orientation and materiality and includes all relevant business processes. Based on these fundamental principles, the governance follows the “Three Lines” model. According to this model, the first line generally comprises the operating units that are responsible for identifying, assessing and managing governance risks in day-to-day business and ensuring that business processes are executed efficiently and in compliance with regulations and that risks are managed responsibly. The second line includes, among other things, the ICS, the RMS and the CMS. The task of these functions is to translate complex regulatory, business partner-induced and internal requirements into comprehensible guidelines, to support the operating units in their implementation and to monitor their implementation using suitable control mechanisms. The third line consists of the Internal Audit. Internal Audit serves as an independent and objective auditing and advisory function, applying a systematic approach to help review, assess and improve the adequacy and effectiveness of the organization’s governance systems.

## **9. Insurance**

At the latest by the time the Spin-off takes effect, Automotive will have taken out its own insurance programs, which will replace the insurance coverage provided until then by Continental AG’s insurance programs.

These insurance programs will include, in particular, a general and product liability insurance and a directors and officers (D&O) liability insurance. In addition, separate insurance programs were already taken out in some areas of insurance as at January 1, 2025. These include, in particular, a property damage and business interruption insurance and a transport insurance. CA Holding SE will make its own assessment whether to take out an automotive recall insurance and a cyber protect insurance after the Spin-off has taken effect.

The insurance coverage of the future Automotive Group is intended to adequately cover the risks of Automotive taking into account commercial aspects. However, it cannot be ruled out that insurance coverage may be available only on less favorable terms or to a lesser extent than was the case when Automotive was co-insured through the Continental Group.

With regard to insurances, see also sec. 6 of the Group Separation Agreement.

#### **10. Intellectual property rights**

All intellectual property rights of the Continental Group exclusively used by Automotive (in particular, patents, utility models, trademarks, designs, know-how, rights of use relating to works protected by copyright) are held by Automotive companies already prior to the Spin-Off.

Furthermore, the Parties intend to enter into agreements relating to intellectual property rights, which shall enable the Continental Group and the future Automotive Group to continue and develop their businesses as independently as possible after the Spin-off. For details, see Chapter XI.2.a).

For details on the license for the use of the name "Continental" and the related logos, which is intended to remain valid to a limited extent for a transition period after the Spin-off has taken effect, see Chapter V.13.

#### **11. IT**

As part of the Spin-off, the IT organization of Automotive will be fully separated from the IT organization of the (other) companies of the Continental Group.

After the Spin-off, the IT of the future Automotive Group will be organized by seven central "competence centers" and a regional organization that coordinates all local IT activities. The central IT competence centers are responsible for engineering, manufacturing and business applications as well as for infrastructure, governance (IT service management, contract and license management, M&A, quality), cybersecurity and IT strategy. The local ITs manage all local topics (e.g. local data centers, local networks, business consulting, etc.). Aiming to ensure a high level of standardization and best leverage of synergies and best practices across locations, they are coordinated by a regional management team. For the IT systems used by



the future Automotive Group (i.e. any hardware and software, including, but not limited to, computers, networks, servers and database systems), a logical separation by company has, in general, already been largely completed.

However, both the systems that have already been logically separated and those which already have been physically separated will continue to be fully integrated into the IT network structure of the Continental Group until September 2025.

The objective of implementing the operational independence of Automotive's IT application structure and infrastructure is intended to be achieved as at August 31, 2025. A complete physical separation of the IT networks is scheduled for September 2025. For those accesses to Continental systems which will then still be necessary until the Spin-off takes effect, a (transparent and reliable) network peering of the two network structures of the Continental Group and of the future Automotive Group will be set up.

Each of the companies of the Continental Group is the owner of rights in proprietary software and a party to contracts with external IT providers. Any software and contracts exclusively used by Automotive are intended to be transferred to Automotive companies prior to the Spin-off. The future Automotive Group is also intended to be granted rights of use relating to other proprietary software of the Continental Group on the basis of license agreements. Some of the licenses are currently intended to bear royalties.

To the extent that a separation has not been completed when the Spin-off takes effect, companies of the Continental Group will enable companies of the future Automotive Group, and vice versa, for a certain transition period of not more than 18 months after the Spin-off has taken effect the temporary joint use of IT resources (networks, servers, applications and data, cybersecurity, engineering), to the extent permitted by law, in accordance with the amended Transitional Services Agreements (see Chapter XI.1.c)) and related statements of work, and provide to the future Automotive Group or to the Continental Group ancillary services such as maintenance and support, as well as certain other services currently provided by the IT functions of the Continental Group.

## **12. Termination of intercompany agreements and transitional services after the Spin-off**

Prior to the Spin-off, the key intercompany contractual relationships existing until then between Automotive and the rest of the Continental Group were identified. It is intended that contracts will be agreed for the period after the Spin-off to ensure that both the future Automotive Group and the Continental Group will continue to have access to the services, supplies and other resources required to continue their respective businesses after the complete operational separation. For this purpose, it is intended that the relevant companies of the Continental Group and the relevant Automotive

companies will enter into agreements to address those supply and service provision relationships that are intended to be continued between the Automotive Group and the Continental Group after the Spin-off has taken effect, in particular several supply agreements regarding the supply of certain products by companies of the Continental Group to companies of the future Automotive Group, and vice versa, and Transitional Services Agreements for the provision of general services (including the area of information technology). The details of the above-mentioned contractual relationships entering into force at the latest when the Spin-off takes effect are described in Chapter XI.1.

For further information on the (cross-)license agreements that will be entered into between the Continental Group and the future Automotive Group when the Spin-off takes effect, and the further agreements relating to intellectual property rights which have consequences for the period after the Spin-off, see Chapters V.10 and XI.2.a).

### **13. Use of the name “Continental” and related logos**

On the occasion of the intended Spin-off, Automotive will create its own name and corporate identity. The worldwide roll-out will start in 2025. Automotive intends in particular to cease using the name “Continental” and the logos of the Continental Group (e.g. on specifications, products, product packages or tools), in general as soon as possible. As the rebranding required for such purpose will be very time-consuming and an early rebranding of tools, recyclable packages or existing inventories, for example, could be very costly (and in some cases require new homologations or the consent of customers), Continental Reifen Deutschland GmbH (as owner of the “Continental” brands), Continental AG (as owner of the “Continental” internet domains) and CA Holding SE or another company of the future Automotive Group will enter into a license agreement in connection with the Spin-off, under which certain transition and grace periods will be granted to the future Automotive Group. On the date of signing of this Spin-off Report, the exact duration of such transition and grace periods is still being agreed. Another issue which is still being agreed on the date of this Spin-off Report concerns the potential medium-term or long-term use of the “Continental” brands by the future Automotive Group on a license basis for certain products in the Independent Aftermarket (IAM).

### **14. Taxes**

Global tax governance (in the sense of risk monitoring) in the current Continental Group has so far been ensured for all group sectors by the group tax department of Continental AG. The group tax department is also responsible for performing the local German tax function; there are already employees who focus entirely or predominantly on the support of the German Automotive companies. In addition, there are also employees in the foreign Automotive companies who are in charge of specific local Automotive tax functions (e.g., in China and Mexico).

From the time the Spin-off takes effect, the future Automotive Group is intended to have an independent central group tax department which is expected to be located at CA Holding SE and to assume both the tax function for the German Automotive companies and the governance functions for all foreign companies, including the right to issue instructions on tax matters. This central tax department is intended to comprise at least the areas of National Tax & Tax Strategy, International Tax, Transfer Pricing, VAT und Governance & Digitalization.

The staff required to perform the central tax functions of the future Automotive Group in Germany will consist of existing employees transferred from the group tax department of Continental AG and of newly recruited employees. The period until the central Automotive group tax department will be fully established is intended to be bridged by engaging an external strategic partner who will start work prior to the Spin-off. In addition, there are employees in charge with tax functions in foreign Automotive companies; if not already available, any additional capacity required will be built up.

**15. State aid**

There are no contractual relationships with regard to state aid project agreements between Automotive and the rest of the Continental Group, and no guarantees, warranties or sureties have been provided between the groups existing after the Spin-off. Nor are any rights of access or rights of use existing under state aid project agreements granted by companies within Automotive to companies of the rest of the Continental Group or vice versa. All agreements regarding the provision of subsidies for Automotive were directly concluded with the relevant Automotive company. For this reason, a legal separation of contractual relationships in relation to state aid projects prior to the Spin-off is not necessary. Any approvals by the providers of subsidies that may be required by contract will be obtained prior to the Spin-off taking effect. If and to the extent required by law, the providers of subsidies will be informed of the intended Spin-off before it takes effect.

**16. Shared contracts with third parties**

It is intended that (to the extent that this has not already been done) generally all contracts with third parties which have been jointly held (or utilized) by Automotive companies and other companies of the Continental Group and which both Groups will need in the future (including group framework agreements under which both companies within Automotive and other companies of the Continental Group have concluded or executed purchase orders or other individual contracts) will be allocated by the time the Spin-off takes effect. In this connection, it is also intended to obtain all approvals from contractual partners that may be required for the allocation of such third-party contracts (or otherwise in connection with the Spin-off). If and to the extent the necessary approvals cannot be obtained by the time the Spin-off takes effect, the relevant companies of the Automotive Group

or the Continental Group which will no longer be party to such third-party contracts shall endeavor to make customary transitional arrangements with the contractual partners concerned (and/or the other companies of the Continental Group or Automotive Group, as applicable) for the continuation of the existing business.

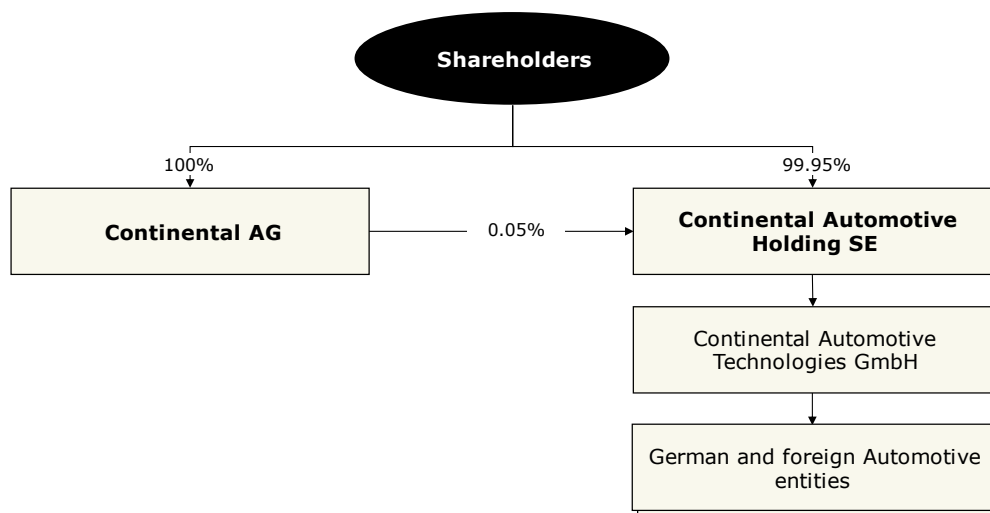
## VI. Legal implementation of the Spin-off

### 1. Overview

In connection with the Spin-off, Continental AG intends to completely dispose of its participation in Automotive. For this purpose, all shares in CAT GmbH and the Domination and Profit and Loss Transfer Agreement will be spun off to CA Holding SE.

As consideration for the Spin-off, the shareholders of Continental AG will receive shares in CA Holding SE pro rata in proportion to their participations in Continental AG (*verhältnismäßige Spaltung*). The shares required for this purpose will be created by a capital increase of CA Holding SE against contributions in kind yet to be resolved. As a result, the shareholders of Continental AG will hold shares in CA Holding SE pro rata in proportion to their respective participations and indirectly hold 100% of the shares in CAT GmbH. The plan is that Continental AG will sell its participation in CA Holding SE in the amount of 48,000 shares on the market in a timely manner after the Spin-off has taken effect and after the shares in CA Holding SE have been listed on the stock exchange.

The result of the Spin-off of CAT GmbH is shown in the following chart (in simplified form):



### 2. Transferring entity and acquiring entity

The Spin-off involves Continental AG as the transferring entity and CA Holding SE as the acquiring entity. Before the Spin-off, Continental AG is the sole shareholder of CA Holding SE. CA Holding SE is a European stock

corporation (*Societas Europaea*) acquired by Continental AG as a so-called shelf company, which has not yet commenced business operations.

### **3. Spin-off pursuant to Section 123(2) no. 1 UmwG (spin-off by absorption)**

From a legal perspective, the Spin-off will be a spin-off by absorption (*Abspaltung zur Aufnahme*) pursuant to Section 123(2) no. 1 UmwG. Continental AG as the transferring entity will transfer part of its assets as a whole to CA Holding SE as the acquiring entity by way of absorption. CA Holding SE as the acquiring entity will grant shares in CA Holding SE to the shareholders of Continental AG in accordance with Section 123(2) UmwG as consideration for the Spin-off Assets. For details on the share allocation ratio of the shares in CA Holding SE granted as consideration, see Chapter VII.

### **4. Spin-off Assets**

The Spin-off Assets consist of (i) all shares in CAT GmbH currently held by CA GmbH with a total nominal amount of €526,565.00, and (ii) the Domination and Profit and Loss Transfer Agreement currently concluded between CA GmbH as the controlling company and CAT GmbH as the controlled company; (i) and (ii) will be transferred to Continental AG as part of the Merger of CA GmbH into Continental AG prior to the Spin-off. The subject of the Spin-off is described in more detail in Chapter IV.

### **5. Spin-off and Transfer Agreement**

In order to implement the Spin-off, Continental AG and CA Holding SE have entered into a notarized Spin-off and Transfer Agreement dated March 13, 2025 (which is attached to this Spin-off Report in its notarized form as **Annex 1**) prior to the shareholders' meeting of Continental AG to be held on April 25, 2025. The Spin-off and Transfer Agreement, which will be submitted to the shareholders' meetings of Continental AG and CA Holding SE for approval, sets out the details of the transfer of the Spin-Off Assets from Continental AG to CA Holding SE. The Domination and Profit and Loss Transfer Agreement, which is part of the Spin-off Assets (see Chapter VI.4) and a Group Separation Agreement are attached to the Spin-off and Transfer Agreement. The Spin-off and Transfer Agreement and the Group Separation Agreement are explained in Chapter XIII.

The Spin-off and Transfer Agreement dated March 13, 2025 in its notarized form will be submitted to the relevant works councils of Continental AG (Section 126(3) UmwG). No such submission is required in the case of CA Holding SE because it has not yet had a works council prior to the Spin-off.

### **6. Spin-off Effective Date**

As between Continental AG and CA Holding SE, the transfer of the Spin-off Assets is intended to occur with economic effect as at January 1, 2025, 0:00 hrs. From that date, the transactions between Continental AG and CA Holding SE relating to the Spin-off Assets will be carried out for the account

of CA Holding SE. In the event that the Spin-off has not been registered with the commercial register of Continental AG by the end of January 23, 2026, the Spin-off Effective Date will be postponed by one year to January 1, 2026. If the registration is delayed further beyond January 23 of a following year, the Spin-off Effective Date shall be postponed to January 1 of the year of registration.

#### **7. Spin-off audit report**

Pursuant to Section 125 sentence 1 in conjunction with Section 9 UmwG, the Spin-off and Transfer Agreement must be audited by an expert spin-off auditor to be selected and appointed by court. At the joint request of the executive board of Continental AG and the executive board of CA Holding SE, the regional court (*Landgericht*) of Hanover selected and appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as joint expert spin-off auditor by order of January 9, 2025 pursuant to Section 125(1) in conjunction with Sections 9(1) and 10(1), (2) UmwG. The spin-off auditor will prepare a written report about the result of the audit in accordance with Section 125(1) in conjunction with Section 12 UmwG.

#### **8. Shareholders' meetings of Continental AG and CA Holding SE**

The Spin-off and Transfer Agreement will only take effect if it is approved by the shareholders' meetings of Continental AG as well as CA Holding SE, in each case with a majority of at least three quarters of the share capital represented when adopting the resolution (Section 125(1) in conjunction with Sections 13(1), 65(1) UmwG) as well as with the simple majority of the votes cast (Section 133(1) AktG). The Spin-off and Transfer Agreement and the Merger Agreement are intended to be submitted for approval to the annual shareholders' meeting of Continental AG on April 25, 2025. The documents to be made available for inspection with regard to the Spin-off and the Merger pursuant to Section 63(1) UmwG will be made available on Continental AG's website prior to the shareholders' meeting. It is further intended that the shareholder's meeting of CA Holding SE, by Continental AG as its sole shareholder, will approve the Spin-off and Transfer Agreement following the shareholders' meeting of Continental AG, probably in July 2025.

With regard to the effective date of the Group Separation Agreement see also Chapter XIII.

#### **9. Capital increase for the implementation of the Spin-off; audit of post-formation acquisition and contribution in kind**

In order to implement the Spin-off, CA Holding SE will increase its share capital from €120,000.00 by €250,007,477.50 to €250,127,477.50 against a contribution in kind (*Sacheinlage*) by issuing 100,002,991 registered no-par value shares (Sections 142, 69 UmwG in conjunction with Sections 183, 183a AktG) (see Chapter V.4) (the ***Spin-off Capital Increase***). It is intended that each share will represent a notional pro rata amount of €2.50

in the share capital. To the extent that the fair value of the Spin-off Assets as at the Spin-off Effective Date under commercial law exceeds the amount of €250,007,477.50, which is the amount of the increase in the share capital of CA Holding SE, a portion of this excess amount equal to the legally required reserve shall be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 1 HGB and the amount remaining after such allocation shall be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 4 HGB (see sec. 11.4 of the Spin-off and Transfer Agreement). All shares granted as consideration for the transfer of the Spin-off Assets are entitled to dividends for the fiscal years beginning on January 1, 2025. If the Spin-off Effective Date is postponed (see Chapter VI.6), the beginning of the dividend entitlement for the shares to be granted will be postponed accordingly. It is intended to adopt the relevant resolution on the capital increase in the shareholder's meeting of CA Holding SE following the shareholders' meeting of Continental AG. The registration of the Spin-off can only occur after the Spin-off Capital Increase has been registered with the commercial register of CA Holding SE (Section 125(1) in conjunction with Section 66 UmwG).

An audit of the contribution in kind will be conducted in the context of the Spin-off Capital Increase. Namely, it will be examined whether or not the value of the contribution in kind covers the minimum issue price for the shares granted in exchange. Furthermore, an audit of post-formation acquisition (*Nachgründung*) will be conducted because the Spin-off and Transfer Agreement is an agreement entered into between CA Holding SE and its sole shareholder, Continental AG, and less than two years have yet passed since the registration of the economic new formation of CA Holding SE with the commercial register.

On December 19, 2024, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor of the post-formation acquisition and the contribution in kind by the local court (*Amtsgericht*) of Munich (for details on the audit of the post-formation acquisition, see Section 125(1) in conjunction with Section 67 UmwG in conjunction with Sections 52(4), 33(3) through (5), 34 et seq. AktG, and for details on the audit of the contribution in kind, see Section 125(1) in conjunction with Sections 142(1), 69(1) sentence 1 UmwG in conjunction with Sections 183(3), 33(3) through (5), 34 et seq. AktG). The auditor of the post-formation acquisition and the contribution in kind will issue a report on the results of the audit of the post-formation acquisition and on the valuation of the contribution in kind. In addition, the supervisory board of CA Holding SE will prepare a report on the post-formation acquisition. The report on the audit of the post-formation acquisition and the contribution in kind as well as the report on the post-formation acquisition will be filed and deposited with the commercial register of CA Holding SE at the competent local court (*Amtsgericht*) (Section 142(2) UmwG). The post-formation acquisition requires the approval of the shareholder's meeting of CA Holding SE. The plan is that this approval resolution will be adopted together with the resolution on the approval of the shareholder's meeting of CA Holding SE for the Spin-off and Transfer Agreement. The registration of the Spin-off

Capital Increase and of the Spin-off can only occur when the post-formation acquisition has been registered with the commercial register of CA Holding SE.

**10. Application for registration and registration of the Spin-off with the commercial register**

After the shareholders' meetings of Continental AG and CA Holding SE have approved the Spin-off, the executive board of Continental AG and the executive board of CA Holding SE must file an application for registration of the Spin-off with the commercial register (Sections 129, 125(1) in conjunction with Section 16(1) UmwG). Based on the shareholders' resolution, it is intended that the executive board of Continental AG will apply for registration of the Spin-off immediately before the approval of the listing prospectus, the timing of which will be agreed with the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), but shall under no circumstances apply for registration later than August 31, 2025.

The application for registration with the commercial register of Continental AG must include a balance sheet of Continental AG as closing balance sheet, which is to be prepared as at a date no more than eight months before the application for registration (Section 125(1) in conjunction with Section 17(2) UmwG). The closing balance sheet is the annual balance sheet of Continental AG as at December 31, 2024, 24:00 hrs. It was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover branch, which was appointed as auditor and group auditor for the fiscal year 2024 in accordance with the legal requirements by resolution of the annual shareholders' meeting of Continental AG of April 26, 2024, in connection with the audit of the annual financial statements of Continental AG on which an unqualified audit opinion was issued.

The Spin-off will take effect upon its registration with the commercial register of Continental AG of the local court (*Amtsgericht*) of Hanover. Before this registration can be made, it is required that the Spin-off has been registered with the commercial register of CA Holding SE. Upon registration with the commercial register of Continental AG of the local court (*Amtsgericht*) of Hanover, the Spin-off Assets will be transferred as a whole by operation of law to CA Holding SE by way of partial universal succession in the scope set forth in the Spin-off and Transfer Agreement. The register courts will publish their respective registration of the Spin-off with the commercial register pursuant to Section 10 sentence 1 HGB in the electronic information and communications system determined by the state justice administration ([www.registerbekanntmachungen.de](http://www.registerbekanntmachungen.de)).

If the shareholders' meeting of Continental AG approves the Spin-off and Transfer Agreement and no action has been brought at all or in due time against the validity of the approval resolution adopted by the shareholders' meeting of Continental AG, it is planned that the registration will be made in September 2025 – after the shareholder's meeting of CA Holding SE has



also approved the Spin-off and Transfer Agreement – and that the Spin-off will, as a result, take effect at that time. Immediately thereafter, the CA Holding Shares are intended to be admitted to trading in the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. If, however, an action to set aside the spin-off resolution is brought in due time, it will, as a matter of principle and without regard to its prospects of success, hinder the immediate registration of the Spin-off with the commercial register with the result that the Spin-off does not become effective, and may therefore result in a delay. The reason for this is that the executive boards of Continental AG and CA Holding SE must each declare in the application pursuant to Section 125(1) in conjunction with Section 16(2) sentence 1 UmwG that no action against the validity of the spin-off resolution has been brought at all or in due time or that such an action has been dismissed by a final and binding judgment or withdrawn (so-called negative declaration), which they could not do if an action were brought in due time. With regard to the approval resolution to be adopted by the shareholder's meeting of CA Holding SE, Continental AG as the sole shareholder will waive its right to bring an action at the shareholders' meeting. However, with regard to the approval resolution to be adopted by the shareholders' meeting of Continental AG, it cannot be ruled out that one or more shareholders may challenge the resolution by a defective resolution action (*Beschlussmängelklage*). Even in the absence of a negative declaration, the Spin-off can be registered despite the fact that defective resolution actions have been brought in due time if the Higher Regional Court (*Oberlandesgericht*) having jurisdiction pursuant to Section 125(1) in conjunction with Section 16(3) sentence 7 UmwG has determined by a decision pursuant to Section 125(1) in conjunction with Section 16(3) sentence 1 UmwG that the registration is not prevented by the fact that such an action has been brought (so-called clearance decision (*Freigabeentscheidung*)). Pursuant to Section 125(1) in conjunction with Section 16(3) sentence 9 UmwG, such a decision is non-appealable. Pursuant to Section 125(1) in conjunction with Section 16(3) sentence 3 UmwG, such a decision will be issued if (i) the action is inadmissible or obviously unfounded, or (ii) the plaintiff has not proven within one week after service of the request by means of documents that the plaintiff has been holding a pro rata amount of at least €1,000 in the share capital of Continental AG since the notice convening the shareholders' meeting was published, or (iii) the immediate coming into effect of the Spin-off appears to take precedence because the court holds, at its discretion and conviction, that the significant disadvantages for the legal entities involved in the Spin-off and their shareholders as presented by Continental AG outweigh the disadvantages for the claiming shareholder, unless there has been a particularly severe violation of law.

## **11. Effects of the registration**

The Spin-off will take effect upon its registration with the commercial register of Continental AG (**Closing Date**). As a result, the Spin-off Assets

will be transferred by operation of law to CA Holding SE by way of partial universal succession. At the same time, the shareholders of Continental AG will, by operation of law, become shareholders of CA Holding SE in accordance with the share allocation ratio specified in sec. 11.1 of the Spin-off and Transfer Agreement. A possible lack of notarization of the Spin-off and Transfer Agreement or of the required approval declarations of the involved shareholders' meetings will be cured by the registration with the commercial register.

**12. Allocation of the shares; fractional shares; stock exchange listing and trading; ADR program**

a) Allocation of the shares in CA Holding SE to the shareholders of Continental AG

The Spin-off will be a pro rata (*verhältnismäßig*) spin-off in exchange for the granting of registered no-par value shares in CA Holding SE to the shareholders of Continental AG pro rata in proportion to their respective participations at the time when the Spin-off takes effect. When the Spin-off takes effect, these shareholders will receive one registered no-par value share in CA Holding SE for every two no-par value bearer shares in Continental AG in accordance with the share allocation ratio of 2:1 specified in sec. 11.1 of the Spin-off and Transfer Agreement (for details on the share allocation ratio, see Chapter VII). The shares in CA Holding SE granted as consideration are entitled to dividends for fiscal years beginning on January 1, 2025. If the Spin-off Effective Date is postponed (see Chapter VI.6), the beginning of the dividend entitlement for the shares to be granted will be postponed accordingly.

The shares to be granted will be created by the Spin-off Capital Increase described in Chapter VI.9.

The determination of who is a Continental AG shareholder for purposes of the allocation will be made by the custodian banks, normally on the basis of the respective holdings of Continental shares in the securities accounts on the evening of the date on which the Spin-off takes effect as a result of the registration with the commercial register of Continental AG (**Share Allocation Effective Date**), taking into account stock market trades which have been executed, but not yet settled at the close of trading. Individual custodian banks also allocate shares on the basis of the relevant holdings of shares in the securities accounts at the "record date" of Clearstream (i.e., after settlement of the stock market trades effected still on the Share Allocation Effective Date). A total of 100,002,991 shares in CA Holding SE will be issued to the shareholders of Continental AG.

Continental AG has mandated Deutsche Bank Aktiengesellschaft (**Deutsche Bank**) for the processing of the allocation, and has also appointed Deutsche Bank as trustee pursuant to Section 125(1) in conjunction with Section 71(1) UmwG for receipt of the shares in CA Holding SE to be granted and delivering them to the entitled shareholders. Prior to the Spin-off taking

effect, the trustee will, on behalf of the shareholders of Continental AG, take possession of the CA Holding Shares to be issued to the shareholders and will deliver these shares to the shareholders through Clearstream Banking AG, Frankfurt am Main (**Clearstream**) in a timely manner after the Spin-off has taken effect in accordance with the share allocation ratio of 2:1 specified in the Spin-off and Transfer Agreement. The allocation of the CA Holding Shares will take place for the entitled shareholders of Continental AG exclusively through Clearstream for the respective securities accounts at the ratio of 2:1 by a credit to the securities account made by the respective custodian bank. No commissions or expenses will be charged for the share allocation to entitled Continental shareholders who hold their Continental shares in securities accounts in Germany. Shareholders who hold their Continental shares in securities accounts outside of Germany might incur commissions and expenses on the basis of the existing agreements with the custodian institution. Details of the processing of the allocation will be separately announced to the shareholders of Continental AG without undue delay after the registration of the Spin-off with the commercial register of CA Holding SE and of Continental AG (the **Share Allocation Notification**). The Share Allocation Notification will be published by Continental AG in Germany in the Federal Gazette (*Bundesanzeiger*).

Since all shares in Continental AG are evidenced by global share certificates deposited with Clearstream, the Continental shareholders do not need to take any action with regard to the allocation of the CA Holding Shares; for a potential settlement of fractional shares (fractional entitlements), see Chapter VI.12.b) below. The relevant custodian bank will credit the CA Holding Shares to the securities account of the respective Continental shareholder, normally prior to the commencement of trading, to the extent that the shares are not based on fractional entitlements for the account of the shareholders. At the level of Clearstream, the allocated shares in CA Holding SE will be booked by Clearstream, initially in the form of fractional entitlements, to the accounts of the custodian banks prior to commencement of trading on the morning of the stock exchange trading day following the “record date” of Clearstream (after settlement of the stock market trades effected still on the Share Allocation Effective Date). The relevant custodian bank will then effect the re-booking of the fractional entitlements to full entitlements (CA Holding Shares) to the extent that the shares are not based on fractional entitlements for the account of the shareholders; for a potential settlement of fractional shares (fractional entitlements), see Chapter VI.12.b) below. The entitlement of the CA Holding SE shareholders to demand the issue of share certificates is excluded pursuant to the articles of association of CA Holding SE, unless a written instrument is required by rules that apply at a stock exchange at which the share is admitted for trading. The registered shares in CA Holding SE will be evidenced by one or more global share certificates with global bearer dividend coupons deposited with Clearstream; the CA Holding SE shareholders will participate in the global share certificates and the global

bearer dividend coupons as co-owners in proportion to their respective participation.

b) Fractional shares and settlement of fractional shares

The aforementioned share allocation ratio of 2:1 will result in fractional shares (fractional entitlements) to the extent that holdings of Continental shares in securities accounts are not an exact multiple of two. In such a case, the affected shareholders of Continental AG will initially receive fractional shares in CA Holding SE. Since generally no shareholder rights can be asserted on the basis of such fractional shares (see Section 213(2) AktG), such fractional shares will be aggregated and compensated in cash by the relevant custodian banks or at the level of Clearstream by Deutsche Bank as the central issuing agent in accordance with the European guidelines for the implementation of capital measures without the participation of the holders of fractional shares. The amount of the cash payment is determined by the shareholder's share of the net proceeds from the sale of the CA Holding Shares aggregated from fractional shares at the level of the respective custodian bank. The net proceeds will be distributed to the holders of fractional shares, with each holder receiving a share of the proceeds in proportion to the share of the fractional shares that the holder would otherwise have been entitled to receive. As the price of the CA Holding Share may fluctuate, the cash proceeds received by the CA Holding SE shareholders for their fractional shares may differ depending on the time when they are sold by the respective custodian bank.

No commissions or expenses will be charged for the sale of fractional shares to entitled shareholders who hold their Continental shares in securities accounts in Germany. Shareholders who hold their Continental shares in securities accounts outside of Germany might incur commissions and expenses on the basis of the existing agreements with the custodian institution.

c) Stock exchange listing and trading

All shares in CA Holding SE are intended to be admitted to trading in the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on the day on which the Spin-off becomes legally effective by registration with the commercial register of Continental AG. Trading in the shares on the Frankfurt Stock Exchange is expected to commence on the first trading day after listing approval has been granted. On the day on which the Spin-off becomes legally effective through registration with the commercial register of Continental AG, trading in the shares in CA Holding SE will not yet be possible and the Continental share will still be traded "cum Automotive".

d) Procedure with regard to the ADR program

In the U.S.A., Continental AG shares are traded on the OTC (over-the-counter) market in the form of a Sponsored ADR (American Depositary

Receipt) Program. Under the deposit agreement insofar existing between Continental AG and Deutsche Bank Trust Company Americas as depositary, the depositary shall, in the case of non-cash distributions made by Continental AG (excluding subscription rights and additional Continental shares), after consultation with Continental AG, be entitled, under certain circumstances, to distribute the net proceeds from the sale of the relevant securities instead of the securities themselves to the holders of the ADRs. The depositary shall be entitled to do this if a distribution of securities is illegal or not practicable. It is intended that CA Holding SE will also establish a Sponsored ADR Program and holders of Continental ADRs will receive CA Holding SE American Depositary Receipts (pro rata in proportion to their respective participations). Holders of Continental ADRs should note that the delivery of CA Holding SE American Depositary Receipts may, under certain circumstances, occur later than the delivery of CA Holding Shares to shareholders who directly hold Continental shares.

To the extent that a holder of Continental ADRs is, due to the share allocation ratio and the terms of Continental AG's Sponsored ADR Program, not entitled to receive full CA Holding SE American Depositary Receipts, Deutsche Bank Trust Company Americas or a designated agent will sell the CA Holding Shares attributable pro rata to the Continental ADRs on the stock exchange after commencement of trading, and distribute the proceeds, net of expenses, pro rata to the holders of the Continental ADRs.

In the event that CA Holding SE has not established a Sponsored ADR Program by the Share Allocation Effective Date or the delivery of CA Holding SE American Depositary Receipts is illegal or not practicable for any other reasons, Deutsche Bank Trust Company Americas or a designated agent will sell the CA Holding Shares attributable to the Continental ADRs on the stock exchange after commencement of trading, and distribute the proceeds, net of expenses, pro rata to the holders of the Continental ADRs.

### **13. Ownership structure in the Automotive Group after the Spin-off**

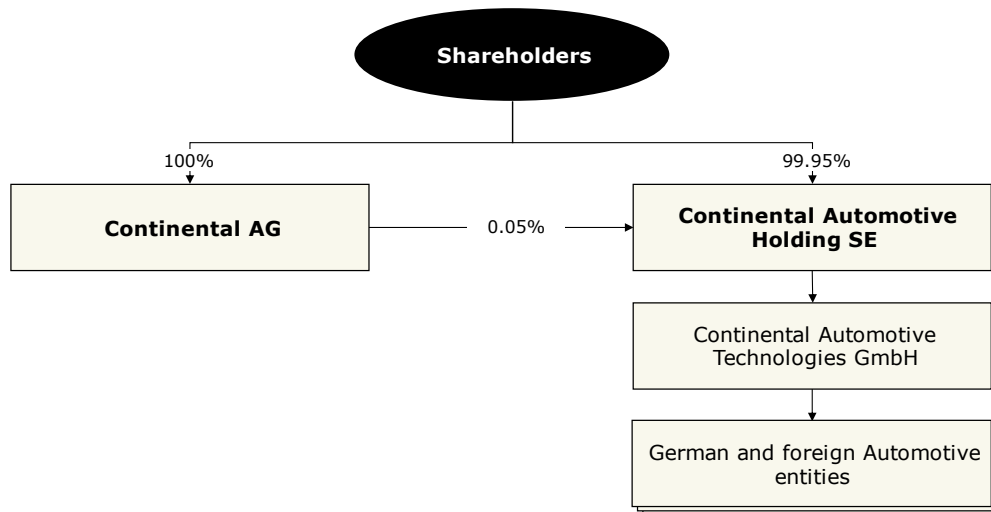
When the Spin-off takes effect, all shares in CA Holding SE which are newly created as a result of the Spin-off Capital Increase will be held by the Continental shareholders. After the Spin-off has taken effect, Continental AG will still hold the participation in CA Holding SE (48,000 shares) which it already held on the date of signing of the Spin-off and Transfer Agreement. The plan is that Continental AG will sell these 48,000 shares on the market in a timely manner after the Spin-off has taken effect and the shares in CA Holding SE have been listed on the stock exchange.

Each shareholder's proportional notional share in the share capital of CA Holding SE issued in the course of the Spin-off Capital Increase will correspond to such shareholder's proportional notional share in the share capital of Continental AG (so-called pro rata spin-off (*verhältnismäßige Abspaltung*)).

CA Holding SE, in turn, will be the sole shareholder of CAT GmbH.

For further explanations regarding the legal structure of the Automotive Group after the Spin-off, see Chapter VI.9.

The ownership structure after the Spin-off will therefore be as follows (in simplified form):



**14. External costs and taxes related to the transformation into an independent group, the Spin-off and the planned stock exchange listing**

In connection with the transformation into an independent group (as described in Chapter V), the Merger and the Spin-off and in connection with the planned stock exchange listing of CA Holding SE (as described in Chapter VI), the following external costs and taxes are expected to be incurred: The external one-time costs (excluding transaction taxes incurred, see the following sections in this Chapter) incurred by the Continental Group and the future Automotive Group in the preparation and implementation of the Spin-off and the reorganization of the Continental Group in connection with making the future Automotive Group fully independent in organizational terms are estimated at approximately €300 million in total. This amount includes costs already incurred until December 31, 2024 in the amount of approximately €28 million and planned expenses for the period until the end of 2026 in the amount of approximately €272 million.

The external one-time costs for the organizational separation of the future Automotive Group and the reorganization of the Continental Group are estimated at €229 million in total, of which expenses of approximately €8 million have already been incurred as at December 31, 2024 and expenses of €221 million are expected to be incurred during the period until 2026. The costs for the organizational separation include, in particular, the expenses for the set-up of independent structures in the IT area in the amount of approximately €120 million. Furthermore, local costs in the amount of approximately €26 million are expected to be incurred, in particular for rebranding measures. The costs incurred for external advice (e.g., for the separation of operations, the separation of contracts and

finance) and for personnel (in particular for severance payments, employee retention and external recruitment) as well as further separation expenses are estimated at approximately €83 million.

Furthermore, the one-time costs for the planned stock exchange listing and the Spin-off for the years 2024 and 2025 are expected to amount to €71 million. These costs mainly include costs for external advice (in particular, for investment banks, lawyers and further advisers) and audit costs (for auditors and the audit of the Spin-off, the audit of the post-formation acquisition and the audit of the capital increase against contribution in kind) as well as further external costs related to the stock exchange listing. Expenses of approximately €20 million have already been incurred for this in 2024; the listing costs incurred in 2025 are expected to amount to approximately €51 million. For information on the allocation of the expected one-time costs for the planned stock exchange listing, the Spin-off and the organizational separation of the future Automotive Group, see sec. 19.1 of the Spin-off and Transfer Agreement.

As at December 31, 2024, no transaction taxes were incurred that could be attributed to the preparation of the Spin-off, in particular the transformation of Automotive into an independent group. However, various transaction taxes will become payable when the Spin-off takes effect.

This concerns, first, real estate transfer taxes in an expected amount of approximately €51 million, which will be incurred at the level of CAT GmbH and some of its German Automotive affiliates; of this real estate transfer tax, approximately €40 million will be borne by the new Automotive Group and approximately €11 million by Continental AG (see also Chapters VIII.2.b) and V.6).

In addition, this concerns tax expense for accounting purposes to be recognized for income tax (corporate income tax plus solidarity surcharge and trade tax) in the IFRS consolidated financial statements of Continental AG. This tax expense results from two factors, namely the expected tax liability on the so-called contribution gain I (see Chapter VIII.2.b)aa)(1)(c)) and from the reduction of deferred tax assets accounted for in the IFRS consolidated statement of financial position of Continental AG and will be reduced due to the pro rata forfeiture of tax loss carryforwards that occurs in connection with a spin-off due to legal requirements (Section 15(3) of the German Transformation Tax Act (*Umwandlungssteuergesetz – UmwStG*)). Both factors are interdependent; if, for example, the contribution gain I (the amount of which, as described above, cannot yet be reliably forecast due to various factors) is lower, a lower amount of tax losses/loss carryforwards (and thus less deferred tax assets accounted for) will be utilized for set-off against this gain; this, however, will slightly increase the effect of the subsequent legally required pro rata forfeiture of loss carryforwards still existing as at the effective transfer date for tax purposes (and vice versa).

The executive board of Continental AG estimates that the expected 2025 tax expense for accounting purposes resulting from both factors, taking into

account the valuation ranges resulting from the uncertainties in the valuation of the contribution gain I, will, in the aggregate, amount to approximately €71-209 million. This includes tax expense that will be incurred retroactively for 2021 as a result of the Spin-off, as well as tax expense from the reduction in deferred tax assets accounted for in the IFRS consolidated financial statements as at December 31, 2024.

The tax expense for accounting purposes of CA Holding SE is expected to amount to up to approximately €40 million and includes, in particular, the share in the aforementioned real estate transfer taxes (incurred by the acquired CAT GmbH and its German affiliates) to be borne by CA Holding SE. For a description of the tax effects of the Spin-off, see Chapters VIII.2 et seq.

For the relevant provisions regarding the allocation of costs and taxes, see also sec. 19.1 of the Spin-off and Transfer Agreement and parts II, III, IV, VI, VIII and X of the Group Separation Agreement.

## **VII. Explanation and reasons for the share allocation ratio**

All shares held by Continental AG in CAT GmbH when the Merger takes effect will be spun off from Continental AG to CA Holding SE in exchange for shares in CA Holding SE which will be granted to Continental AG's shareholders. The share allocation ratio pursuant to Section 126(1) no. 3 UmwG for the granting of shares will be 2:1 pursuant to sec. 11.1 of the Spin-off and Transfer Agreement, i.e., each shareholder of Continental AG will receive one share in CA Holding SE in exchange for every two Continental Shares when the Spin-off takes effect. No additional cash payments are envisaged.

The determination of the share allocation ratio of 2:1 was essentially influenced by the following parameters:

- The aim was to determine the amount of CA Holding SE's future share capital in a reasonable proportion to its equity and the expected market capitalization of CA Holding SE and to reasonably reflect the sizes of the transferring entity and the acquiring entity. When determining CA Holding SE's share capital and the number of shares, it was considered that the future stock exchange price of the CA Holding SE share should be in a range which is attractive at the present time for private investors and institutional investors – and, in particular, significantly higher than the notional proportionate amount of the shares in CA Holding SE's share capital.
- The share allocation ratio of 2:1 also accounts for the objective to limit the number of fractional entitlements which may arise as a result of the allocation of CA Holding SE shares to Continental AG shareholders. It is expected that the envisaged structure will allow for the allocation of a certain number of CA Holding SE shares to a large number of Continental AG shareholders without fractional entitlements. In the case of shareholders who hold less than two Continental Shares or a number of



Continental Shares which is not a multiple of two, the fractional entitlements will be realized by way of sale or they will receive a cash payment (for details on the settlement of fractional entitlements, see Chapter VI.12.b)).

- A lower share allocation ratio would have led to a larger number of CA Holding SE shares. CA Holding SE's equity value and stock market value would have been pro-rated to this larger number of shares, missing the above-mentioned goal of having an attractive stock exchange price for the CA Holding SE shares. In these considerations, the experience of investment banks in the context of IPOs and earlier spin-offs was also taken into account in the decision to determine the share allocation ratio.
- In order to permit an even division by the share allocation ratio of 2:1 without remainder, Continental AG will ensure that the number of shares that are entitled to an allocation (*zuteilungsberechtigt*) pursuant to Section 131(1) no. 3 sentence 1 UmwG will be 200,005,982 shares as at the Closing Date.

An enterprise valuation, valuing the Spin-off Assets on the one hand and the acquiring entity on the other hand in order to calculate a value ratio, was not necessary to determine the share allocation ratio for the following reasons:

- When the Spin-off takes effect, the Spin-off Assets will consist of the entire direct participation held by Continental AG in CAT GmbH and the Domination and Profit and Loss Transfer Agreement between Continental AG and CAT GmbH. From an economic perspective, CA Holding SE will not have any other assets at the time of the Spin-off.
- The CA Holding SE shares to be granted to the Continental AG shareholders as consideration for the transfer of the Spin-off Assets will be transferred in proportion to their respective participations in Continental AG. Therefore, after the Spin-off has taken effect, the Continental AG shareholders will be invested in the CA Holding SE shares to be issued in the same proportion as they are in the issued Continental AG shares prior to the Spin-off. Thus, the Continental AG shareholders are not deprived of any assets. Therefore, a comparative enterprise valuation is not needed.

Pursuant to Section 125(1) sentence 1 in conjunction with Section 9 UmwG, the Spin-off and Transfer Agreement must be audited by a spin-off auditor. Pursuant to Section 125(1) sentence 1 in conjunction with Section 12(1), (2) UmwG, the expert spin-off auditor appointed by the court, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, provides a separate written report on the results of the audit. In this report, the spin-off auditor also comments on whether the proposed share allocation ratio is appropriate.

## VIII. Accounting, tax and other effects of the Spin-off

This Chapter discusses the accounting, tax and other effects of the Spin-off.

### 1. Accounting effects of the Spin-off

This Chapter deals with the accounting effects of the Spin-off.

#### a) Overview and introduction

- aa) Relevant balance sheets and statements of financial position and pro forma balance sheets and statements of financial position

The balance sheets and statements of financial position as at December 31, 2024 which are relevant for the description and explanation are the balance sheet of Continental AG, the statement of financial position of the Continental Group, the statement of financial position of Automotive, and the balance sheet of CA Holding SE.

The relevant pro forma balance sheets and statements of financial position are the pro forma balance sheet of Continental AG, the pro forma statement of financial position of the Continental Group and the pro forma statement of financial position of the Automotive Group, in each case as at January 1, 2025.

A consolidated statement of financial position of CA Holding SE as at December 31, 2024 does not exist because CA Holding SE does not hold any participations as at December 31, 2024 and in particular does not constitute a group with the companies of Automotive for the purposes of IFRS 10 *Consolidated Financial Statements*. The statement of financial position of the Automotive Group is therefore based on the statement of financial position as at December 31, 2024 taken from the consolidated financial statements of Automotive for the fiscal years 2022, 2023 and 2024 (**Consolidated Financial Statements**). CAT GmbH together with its direct and indirect subsidiaries are included in these Consolidated Financial Statements.

The individual balance sheets and consolidated statements of financial position in each case as at December 31, 2024 reflect the situation prior to the Spin-off taking effect. The pro forma balance sheets and statements of financial position as at January 1, 2025, 0:00 hrs, reflect the situation which would have occurred if the Spin-off had taken effect on January 1, 2025, 0:00 hrs. The closing of the Spin-off was assumed as pro forma assumption.

The balance sheets and statements of financial position were prepared as at December 31, 2024, 24:00 hrs, and the pro forma balance sheets and statements of financial position were prepared as at the Spin-off Effective Date of January 1, 2025, 0:00 hrs. The Spin-off Effective Date is the point in time as from which the actions of Continental AG relating to the Spin-off Assets are deemed to have

been made for the account of CA Holding SE (Section 126(1) no. 6 UmwG). This means that the Spin-off and, thus, the transfer of the Spin-off Assets under commercial law will have retroactive economic effect as at January 1, 2025, 0:00 hrs. By preparing the pro forma balance sheets and statements of financial position as at January 1, 2025, 0:00 hrs, the material direct accounting effects of the Spin-off are shown on the basis of the values in the balance sheets and statements of financial position as at December 31, 2024, 24:00 hrs. The actual balance sheets and statements of financial position at the time when the Spin-off takes effect will deviate from these pro forma balance sheets and statements of financial position.

In particular, the pro forma balance sheets and statements of financial position as at January 1, 2025 do not take into account changes in assets and liabilities and in equity resulting from the business operations of Automotive and the other companies of the Continental Group from January 1, 2025 until the Spin-off takes effect. Transactions from January 1, 2025 onwards are not taken into account in the pro forma balance sheets and statements of financial position even if they have a close connection to the Spin-off, unless they are explicitly specified below as effects shown.

Accounting effects on deferred and current taxes resulting from the described reorganization and capital measures after December 31, 2024, and from the Spin-off are, as a general rule, not anticipated in the pro forma balance sheets and statements of financial position. With regard to the particularities of the presentation of deferred and current taxes in the consolidated financial statements of Automotive, see Chapter VIII.1.e) and VIII.2.

Transaction costs incurred in connection with the Spin-off and the preparatory measure attributable to the period from January 1, 2025 onwards are not taken into account in the pro forma balance sheets and statements of financial position. By contrast, transaction costs attributable to the period until December 31, 2024 are already reflected in the relevant balance sheets and statements of financial position as at December 31, 2024 (for a description of the transaction costs incurred in connection with the preparation and implementation of the Spin-off, see also Chapter VI.14).

In connection with the legal separation of the Automotive business, Transitional Services Agreements, service agreements and other agreements will be entered into and implemented between the companies of the future Continental Group and the companies of the future Automotive Group (see Chapter XI.). Should these agreements have any accounting effects (which may be material) during the period until the time the Spin-off takes effect, these effects are also not taken into account in the pro forma balance sheets and statements of financial position as at January 1, 2025.

Measures in connection with the Target Cash and Cash Equivalents and the repayment of receivables and liabilities between the Continental Group and Automotive during the period from January 1, 2025 onwards are not shown in the pro forma balance sheets and statements of financial position (for further details on the Target Cash and Cash Equivalents, see Chapter V.4).

The pro forma balance sheets and statements of financial position do not take into account the changes in provisions and liabilities that result from the transfer of employees from Continental AG to CA Holding SE or CAT GmbH after December 31, 2024.

The actual balance sheets and statements of financial position at the time when the Spin-off takes effect can and will differ significantly from the pro forma balance sheets and statements of financial position, in particular due to the effects not taken into account above and further simplifications in the preparation of the pro forma balance sheets and statements of financial position.

To the extent that special measures or effects in connection with the Spin-off can already be foreseen at present and have material accounting effects, these are explained in the following Chapters without being taken into account in the pro forma balance sheets and statements of financial position.

- bb) Preparation, determination and audit of the relevant balance sheets and statements of financial position

The individual balance sheets were prepared in each case according to the accounting principles of the HGB, and the consolidated statement of financial position of Continental AG and the statement of financial position in the Consolidated Financial Statements were prepared on the basis of the IFRS as they have been adopted by the European Union (**EU**). The individual pro forma balance sheets are guided by applicable accounting principles for individual balance sheets under the HGB, and the pro forma consolidated statements of financial position are guided by applicable accounting principles for consolidated statements of financial position under the IFRS. As described in more detail below, the balance sheets and statements of financial position as at December 31, 2024 are used as basis. For the purpose of describing the accounting effects of the Spin-off on the assets in the aforementioned balance sheet and statement of financial position as at December 31, 2024, the pro forma balance sheets and statements of financial position as at January 1, 2025 are based on the same accounting standards as the corresponding balance sheets and statements of financial position as at December 31, 2024.

The pro forma balance sheets and statements of financial position are pro forma descriptions prepared exclusively for the purpose of this joint Spin-off Report. The individual balance sheet of Continental

AG as at December 31, 2024 is part of the annual financial statements of Continental AG for the fiscal year ending on December 31, 2024, which were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion thereon, and approved by the supervisory board of Continental AG on March 12, 2025. The individual balance sheet of Continental AG is also the closing balance sheet pursuant to Section 125 sentence 1 in conjunction with Section 17(2) UmwG. The individual balance sheet of CA Holding SE as at December 31, 2024 is part of the annual financial statements of CA Holding SE for the fiscal year ending on December 31, 2024, which were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion thereon, and approved by the supervisory board of CA Holding SE on March 12, 2025. The consolidated statement of financial position of Continental AG as at December 31, 2024 is part of the consolidated financial statements of Continental AG for the fiscal year ending on December 31, 2024, which were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion thereon, and approved by the supervisory board of Continental AG on March 12, 2025. The consolidated statement of financial position of Automotive as at December 31, 2024 is part of the Consolidated Financial Statements, which were prepared by the executive board of Continental AG and audited by its auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an independent auditor’s report thereon.

Due to rounding, it is possible that individual numbers in the balance sheets and statements of financial position and pro forma balance sheets and statements of financial position will not exactly add up to the stated totals.

- b) Balance sheet of Continental AG (HGB)
  - aa) Effects of the Spin-off taken into account in the pro forma balance sheet

The column “December 31, 2024” in the following overview contains the items of the individual balance sheet of Continental AG as at December 31, 2024, 24:00 hrs. It shows the situation prior to the Merger of CA GmbH and the Spin-off of CAT GmbH taking effect. The column “January 1, 2025” contains the items of the pro forma balance sheet of Continental AG as at January 1, 2025, 0:00 hrs. It shows the situation after the Merger and the Spin-off have taken effect, on the basis of the pro forma assumptions explained in Chapter VIII.1.a)aa) above.

<b>Assets</b> (€ millions)	<b>December 31, 2024</b>	<b>Merger</b>	<b>Spin-off</b>	<b>January 1, 2025</b>
I. Intangible assets				

CONVENIENCE TRANSLATION – legally not binding

1. Acquired concessions, industrial and similar rights and assets, and licenses in such rights and assets .....	7			7
II. Property, plant and equipment				
1. Land, land rights and buildings including buildings on third-party land .....	250			250
2. Other equipment, factory and office equipment .....	11			11
3. Advances to suppliers and assets under construction .....	0			0
III. Investments				
1. Shares in affiliated companies .....	11,285	9,857	-9,519	11,622
2. Other long-term equity investments .....	0			0
3. Long-term securities .....	93			93
4. Other loans .....	0			0
<b>A. Non-current assets .....</b>	<b>11,647</b>	<b>9,857</b>	<b>-9,519</b>	<b>11,984</b>
I. Receivables and other assets				
1. Trade accounts receivable...	0			0
2. Receivables from affiliated companies .....	11,300	-	-1,106	10,194
3. Receivables from companies in which the company has a participating interest .....	-			-
4. Receivables from related parties .....	-		1,106	1,106
5. Other assets .....	20			20
II. Cash and cash equivalents .....	164	0		164
<b>B. Current assets .....</b>	<b>11,483</b>	<b>0</b>	<b>0</b>	<b>11,483</b>
<b>C. Prepaid expenses and deferred charges .....</b>	<b>120</b>			<b>120</b>
<b>Total assets .....</b>	<b>23,250</b>	<b>9,857</b>	<b>-9,519</b>	<b>23,587</b>
<b>Equity and liabilities</b> (€ millions)	<b>December 31, 2024</b>	<b>Merger</b>	<b>Spin-off</b>	<b>January 1, 2025</b>
I. Subscribed capital .....	512			512
II. Capital reserves .....				
1. Capital reserves pursuant to Section 272(2) nos. 1-3 HGB ..	4,155		-786	3,369
2. Capital reserves pursuant to Section 272(2) no. 4 HGB .....	24		-15	9
III. Revenue reserves				
1. Legal reserve .....	-			-

CONVENIENCE TRANSLATION – legally not binding

2. Other revenue reserves .....	3,401		-3,401	-
IV. Retained earnings ( <i>Bilanzgewinn</i> ) .....	5,317	4,590	-5,317	<b>4,590</b>
<b>A. Shareholders' equity .....</b>	<b>13,409</b>	<b>4,590</b>	<b>-9,519</b>	<b>8,480</b>
1. Provisions for pensions and similar obligations .....	285	1		287
2. Provisions for taxes.....	244			244
3. Other provisions .....	87	4		91
<b>B. Provisions .....</b>	<b>616</b>	<b>6</b>		<b>622</b>
1. Bonds .....	4,183			4,183
2. Liabilities to banks.....	710			710
3. Trade accounts payable.....	102			102
4. Liabilities to affiliated companies.....	4,208	5,261	-1,111	8,358
5. Liabilities to companies in which the company has a participating interest.....	-			-
6. Liabilities to related parties .	-		1,111	1,111
7. Other liabilities .....	21	0		21
<b>C. Liabilities .....</b>	<b>9,224</b>	<b>5,261</b>	<b>0</b>	<b>14,485</b>
<b>D. Prepaid expenses and deferred charges.....</b>	-			-
<b>Total equity and liabilities.....</b>	<b>23,250</b>	<b>9,857</b>	<b>-9,519</b>	<b>23,587</b>

Continental AG intends to transfer CAT GmbH, together with its direct and indirect subsidiaries and participations, and a Domination and Profit and Loss Transfer Agreement by way of the Spin-off as transferring entity to CA Holding SE with retroactive economic effect as at January 1, 2025, 0:00 hrs. The individual balance sheet of Continental AG as at December 31, 2024, 24:00 hrs, contains under the item "Investments" the participation in CA GmbH, which is the sole shareholder of CAT GmbH. Prior to the Spin-off, CA GmbH is intended to be merged into Continental AG in accordance with the provisions of the UmwG with effect as at January 1, 2025, 0:00 hrs, with the realization of hidden reserves and hidden losses and the application of the principles of exchange under commercial law. The difference between the book value and the fair value of the shares in CA GmbH ceasing to exist as a result of the Merger will result in a positive amount of €4,590 million, which will be recognized in profit and loss at Continental AG in the fiscal year 2025. In the column "Merger", the essential effects on the assets are the first-time recognition of the 100% participation in CAT GmbH in the amount of €9,519 million and the 51% participation in Continental Caoutchouc-Export GmbH in the amount of €9,474 million. These effects are offset by the derecognition of the participation in CA GmbH (derecognition at book value) in the amount of €9,137 million. In

total, liabilities to affiliated companies in the amount of €5,422 million are taken over as a result of the merger. Of these, €161 million are extinguished by confusion.

The stated fair values of the shares in CAT GmbH and in Continental Caoutchouc-Export GmbH are based on a valuation performed on January 1, 2025 by Ernst & Young Wirtschaftsprüfungsgesellschaft as neutral valuation expert on the basis of the IDW S1 standard ("Principles for the Performance of Business Valuations").

In the pro forma balance of Continental AG as at January 1, 2025, 0:00 hrs, Continental AG has transferred the entire participation in CAT GmbH and the Domination and Profit and Loss Transfer Agreement to CA Holding SE by way of the Spin-off by absorption pursuant to Section 123(2) no. 1 UmwG. This results in a pro forma adjustment of €9,519 million from the derecognition of the participation in CAT GmbH at book value. Correspondingly, the shareholders' equity in the pro forma balance sheet is reduced by the previous book values of the assets to be spun off in the amount of €9,519 million. For this purpose, first, the retained earnings (*Bilanzgewinn*) for the fiscal year 2024 in the amount of €5,317 million, the free other revenue reserves in the amount of €3,401 million, the free capital reserves that are not subject to a block on distribution in the amount of €15 million and, finally, the capital reserves that are subject to a restriction on utilization in the amount of €786 million are utilized.

As consideration for the transfer of the Spin-off Assets, the shareholders of Continental AG shall be granted one registered no-par value share in CA Holding SE for every two no-par value bearer shares in Continental AG pro rata in proportion to their respective participations in Continental AG.

As a result of the Spin-off, the companies of the newly created Automotive Group are no longer considered to be subsidiaries of Continental AG. Accordingly, in the pro forma balance sheet as at January 1, 2025, receivables from affiliated companies and liabilities to affiliated companies are reduced by €1,106 million and €1,111 million, respectively, in comparison with the balance sheet as at December 31, 2024, while receivables from related parties and liabilities to related parties are increased accordingly by €1,106 million and €1,111 million, respectively.

- bb) Effects of the Spin-off not taken into account in the pro forma balance sheet

The proposal for the appropriation of profits made by Continental AG to its shareholders during the period from January 1, 2025 onwards is not shown in the pro forma balance sheets.

The transfer of the existing Domination and Profit and Loss Transfer Agreement to CA Holding SE (see Chapter IV.3) is only taken into



account in the pro forma balance sheets to the extent that, as a result of the Spin-off, Continental AG will lose the control over the companies of the future Automotive Group .

c) Balance sheet of CA Holding SE (HGB)

The column “December 31, 2024” in the following overview contains the items of the individual balance sheet of CA Holding SE as at December 31, 2024. This balance sheet shows the situation prior to the Spin-off taking effect. Essentially, the contributions made to the share capital in 2024, the year in which the company was founded, are shown here.

<b>Assets</b> (€ thousands)	<b>December 31, 2024</b>	<b>Acquisition as a result of the Spin-off</b>	<b>January 1, 2025</b>
I. Investments .....			
1. Shares in affiliated companies.....		8,749,000	8,749,000
<b>A. Non-current assets</b> .....	<b>0</b>	<b>8,749,000</b>	<b>8,749,000</b>
I. Cash and cash equivalents .....	120		120
<b>B. Current assets</b> .....	<b>120</b>	<b>0</b>	<b>120</b>
<b>Total assets</b> .....	<b>120</b>	<b>8,749,000</b>	<b>8,749,120</b>
<b>Equity and liabilities</b> (€ thousands)	<b>December 31, 2024</b>	<b>Acquisition as a result of the Spin-off</b>	<b>January 1, 2025</b>
I. Subscribed capital .....	120	250,007	250,127
II. Capital reserves.....			
Capital reserves pursuant to Section 272(2) nos. 1-3 HGB.....		25,013	25,013
Capital reserves pursuant to Section 272(2) no. 4 HGB .....		8,473,980	8,473,980
III. Net loss.....	(5)		(5)
<b>A. Shareholders' equity</b> .....	<b>115</b>	<b>8,749,000</b>	<b>8,749,115</b>
1. Other provisions.....	5		5
<b>B. Provisions</b> .....	<b>5</b>	<b>0</b>	<b>5</b>
1. Liabilities to affiliated companies	0		0
<b>C. Liabilities</b> .....	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity and liabilities</b> .....	<b>120</b>	<b>8,749,000</b>	<b>8,749,120</b>

aa) Effects of the Spin-off shown in the balance sheet

The assets in the pro forma balance sheet as of January 1, 2025, 0:00 hrs, show the participation in CAT GmbH acquired through the Spin-off after the Spin-off has taken effect. In this regard, the acquisition costs of the participation are determined by the issue price for the shares in CA Holding SE. The issue price for the shares is equal to the fair value of the participation in CAT GmbH as at the Spin-off Effective Date in the amount of €8,749,000 thousand. The fair value is based on a valuation performed as at January 1, 2025 by Ernst & Young Wirtschaftsprüfungsgesellschaft as neutral valuation expert on the basis of the IDW S1 standard ("Principles for the Performance of Business Valuations"). The fair value of the participation in CAT GmbH in the context of the initial measurement at CA Holding SE differs from the fair value of the participation in CAT GmbH in the context of the Merger at the level of Continental AG because the first value includes, for example, synergies which only arise at the level of CA Holding SE.

The increase in equity by €8,749,000 thousand consists of an increase in the subscribed capital by €250,007 thousand as a result of the Spin-off Capital Increase as well as of an increase in the capital reserves by the remaining amount of the fair value of the participation spun off as at the Spin-off Effective Date (see Chapter VI.9). To the extent that the fair value of the Spin-off Assets as at the Spin-off Effective Date under commercial law exceeds the amount of €250,007 thousand, which is the amount of the increase in the share capital of CA Holding SE, a portion of this excess amount equal to the legally required reserve will be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 1 HGB and the amount remaining after such allocation shall be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 4 HGB.

bb) Effects of the Spin-off not shown in the balance sheet

For the effects of the Spin-off not shown in the pro forma balance sheet see Chapter VIII.1.a)aa) above.

d) Statement of financial position of the Continental Group (IFRS)

The column "December 31, 2024" in the following overview contains the statement of financial position of the Continental Group as at December 31, 2024, 24:00 hrs.

It shows the situation prior to the Spin-off taking effect. The relevant subsidiaries belonging to Automotive, which are controlled by Continental AG in accordance with the provisions of IFRS 10 (Consolidated Financial Statements), are fully consolidated. The investments belonging to Automotive, which are classified as joint arrangements or associated companies, are accounted for using the equity method. Thus, as at December 31, 2024, Automotive continues to be part of the consolidated group. Intercompany receivables and liabilities are consolidated. The

column “January 1, 2025” contains the pro forma statement of financial position of the Continental Group as at January 1, 2025, 0:00 hrs. It shows the situation after the Spin-off has taken effect, on the basis of the pro forma assumptions explained in Chapter VIII.1.a)aa) above. The pro forma statement of financial position of the Continental Group is not identical with the consolidated statement of financial position as it will appear at the time when the Spin-off takes effect upon registration with the commercial register.

<b>Assets</b>			
(€ millions)	<b>December 31, 2024</b>	<b>Pro forma adjustmen ts</b>	<b>January 1, 2025</b>
Goodwill.....	3,165	-2,129	1,036
Other intangible assets .....	619	-414	205
Property, plant and equipment.....	11,798	-5,281	6,517
Investment property .....	11	-2	9
Investments in equity-accounted investees ..	326	-223	103
Other investments .....	108	-84	24
Deferred tax assets .....	2,523	-1,202	1,321
Defined benefit assets .....	114	-58	55
Long-term derivative instruments and interest-bearing investments.....	81	-3	78
Long-term other financial assets .....	252	-172	80
Long-term other assets.....	19	-12	7
<b>Non-current assets</b> .....	<b>19,016</b>	<b>-9,581</b>	<b>9,435</b>
Inventories.....	6,113	-2,583	3,531
Trade accounts receivable .....	7,104	-3,421	3,682
Short-term contract assets.....	128	-92	36
Short-term other financial assets .....	128	-42	86
Short-term other assets.....	1,077	-508	568
Income tax receivables .....	285	-112	173
Short-term derivative instruments and interest-bearing investments .....	151	1,997	2,147
Cash and cash equivalents .....	2,966	-1,394	1,572
<b>Current assets</b> .....	<b>17,950</b>	<b>-6,155</b>	<b>11,795</b>
<b>Total assets</b> .....	<b>36,966</b>	<b>-15,737</b>	<b>21,229</b>
<b>Equity and liabilities</b>			
(€ millions)	<b>December 31, 2024</b>	<b>Pro forma adjustmen ts</b>	<b>January 1, 2025</b>
Subscribed capital and reserves .....	16,152	-9,207	6,945
Other comprehensive income .....	-1,801	782	-1,019
<b>Equity attributable to the shareholders of the parent</b> .....	<b>14,351</b>	<b>-8,425</b>	<b>5,926</b>
Non-controlling interests.....	447	-203	244
<b>Total equity</b> .....	<b>14,798</b>	<b>-8,629</b>	<b>6,170</b>
Long-term employee benefits .....	3,116	-1,676	1,439
Deferred tax liabilities.....	97	-41	56
Long-term provisions for other risks and obligations .....	522	-358	164
Long-term indebtedness .....	4,112	-282	3,831
Long-term other financial liabilities.....	8	0	8
Long-term contract liabilities .....	22	-22	1
Long-term other liabilities .....	23	-14	9
<b>Non-current liabilities</b> .....	<b>7,899</b>	<b>-2,391</b>	<b>5,508</b>
Short-term employee benefits .....	1,380	-684	696
Trade accounts payable .....	6,471	-3,444	3,026
Short-term contract liabilities .....	198	-155	43
Income tax payables .....	531	-92	439
Short-term provisions for other risks and obligations .....	964	-701	263

Short-term indebtedness .....	2,797	1,282	4,079
Short-term other financial liabilities .....	1,249	-588	661
Short-term other liabilities .....	679	-334	345
<b>Current liabilities .....</b>	<b>14,269</b>	<b>-4,717</b>	<b>9,552</b>
<b>Total equity and liabilities .....</b>	<b>36,966</b>	<b>-15,737</b>	<b>21,229</b>

aa) Effects of the Spin-off shown in the statement of financial position

The Automotive Group is derecognized in the pro forma consolidated statement of financial position as at January 1, 2025, 0:00 hrs. The derecognition also includes CA Holding SE and co-pace GmbH. With effect as at January 1, 2025, co-pace GmbH was transferred within the Continental Group by way of a share transfer from the Tires group sector to the Automotive group sector.

This results in a decrease in the relevant assets by €15,737 million, in the relevant liabilities by €7,108 million and in retained earnings and other comprehensive income by €8,425 million in total.

Due to the elimination of the consolidation, the pro forma consolidated statement of financial position includes receivables and liabilities of the remaining Continental Group from and to the Automotive Group after the Spin-off. This results in an increase in short-term derivative instruments and interest-bearing investments by €1,997 million and in an increase in short-term indebtedness by €1,282 million. For details on the settlement of the short-term indebtedness intended to be agreed between the Continental Group and CA Holding SE in connection with an external financing from an international banking consortium, see Chapter V.3.

bb) Effects of the Spin-off not shown in the statement of financial position

With regard to the Spin-off, the Continental Group reflects – subject to the approval of the Spin-off and Transfer Agreement by the shareholders’ meeting of Continental AG on April 25, 2025 – a spin-off liability (at the book values of the assets and liabilities of Automotive to be derecognized) reducing equity (by a reduction of retained earnings) in the consolidated statement of financial position in analogous application of IFRIC 17 (Distributions of Non-Cash Assets to Owners) for the period as from the expected resolution of the shareholders’ meeting until the Spin-off takes effect. As of the subsequent reporting dates until the Spin-off takes effect, the spin-off liability has to be measured at the net book value of the assets and liabilities of Automotive to be derecognized. The spin-off liability is not measured at the fair value of Automotive because the Spin-off Assets are controlled before and after the Spin-off by the same shareholder pursuant to IFRS 10 (Common Control Transaction). When the Spin-off takes effect, the Continental Group will reflect the derecognition of this spin-off liability and the book value of the then existing assets held for sale and related liabilities. The classification as assets held for sale and related liabilities and the recording of the

spin-off liability is therefore not included in the pro forma statement of financial position of the Continental Group.

e) Statement of financial position of the future Automotive Group (IFRS)

The pro forma statement of financial position of the Automotive Group is based on the Consolidated Financial Statements which were prepared by the executive board of Continental AG and audited by its auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an independent auditor's report thereon.

The Consolidated Financial Statements of Automotive are the first IFRS consolidated financial statements of CAT GmbH. When preparing the consolidated financial statements, CAT GmbH made use of the simplifications available for subsidiaries (here: CAT GmbH) who prepare their first IFRS financial statements after the first IFRS consolidated financial statements of their parent company (here: Continental AG) (IFRS 1 D16a)). The simplification allows the initial measurement of the assets and liabilities of CAT GmbH and its direct and indirect subsidiaries at the values at which these items are carried in the consolidated financial statements of Continental AG. More details on the preparation of the Consolidated Financial Statements of Automotive can be found in the notes to these Consolidated Financial Statements.

However, certain deviations were made from the accounting principles and valuations applied in Continental's consolidated financial statements to the extent that this was necessary to present Automotive as a group of companies which is independent from the Continental Group. This concerns, in particular, adjustments which were required in connection with the Continental Group's consolidated financial statements. These adjustments were not taken into account in the Consolidated Financial Statements because, in the view of Automotive, relationships with the Continental Group were not required to be eliminated but, instead, to be reflected as results of the business of Automotive. This concerns, in particular, transactions under the joint financing structure with the Continental Group and transactions in connection with agreements on the provision of specific services.

Therefore, receivables and liabilities relating to companies of the Continental Group are recorded in the pro forma statement of financial position of the Automotive Group under trade accounts receivable and trade accounts payable. In addition, there are receivables and liabilities resulting from the participation in the joint financing structure with the Continental Group (which are included in the items "short-term derivative instruments and interest-bearing investments" and "short-term indebtedness"). Therefore, the presentation of the Automotive Group in its pro forma statement of financial position is only to a limited extent comparable with the presentation of the Automotive and Contract Manufacturing segments in the statement of financial position of the Continental Group because supply and service relationships as well as financing between CAT GmbH together with its direct and indirect subsidiaries and the Continental Group are eliminated

in the segment reporting of the Continental Group or attributed to the relevant contracting segment. In addition, the holding companies are not attributed to the Automotive or Contract Manufacturing segment in the segment reporting.

The following overview contains the pro forma statement of financial position of the Automotive Group as at the Spin-off Effective Date of January 1, 2025, 0:00 hrs, on the basis of the pro forma assumptions explained in Chapter VIII.1.a)aa) above.

<b>Assets</b>			
(€ millions)	<b>December 31, 2024</b>	<b>Pro forma adjustmen ts</b>	<b>January 1, 2025</b>
Goodwill.....	2,129	0	2,129
Other intangible assets .....	413	0	413
Property, plant and equipment.....	5,282	0	5,282
Investment property .....	2	0	2
Investments in equity-accounted investees .	223	0	223
Other investments .....	84	0	84
Deferred tax assets .....	1,561	0	1,561
Defined benefit assets .....	58	0	58
Long-term derivative instruments and interest-bearing investments.....	3	0	3
Long-term other financial assets .....	170	0	170
Long-term other assets.....	12	3	14
<b>Non-current assets</b> .....	<b>9,938</b>	<b>3</b>	<b>9,940</b>
Inventories.....	2,583	0	2,583
Trade accounts receivable .....	3,642	2	3,644
Short-term contract assets.....	92	0	92
Short-term other financial assets .....	48	0	48
Short-term other assets.....	509	0	509
Income tax receivables .....	118	0	118
Short-term derivative instruments and interest-bearing investments.....	1,594	0	1,594
Cash and cash equivalents .....	1,394	0	1,394
Assets held for sale .....	0	0	0
<b>Current assets</b> .....	<b>9,979</b>	<b>2</b>	<b>9,981</b>
<b>Total assets</b> .....	<b>19,917</b>	<b>5</b>	<b>19,922</b>
<b>Equity and liabilities</b>			
(€ millions)	<b>December 31, 2024</b>	<b>Pro forma adjustmen ts</b>	<b>January 1, 2025</b>
Subscribed capital and reserves .....	9,523	0	9,523
Other comprehensive income .....	-770	0	-770
<b>Equity attributable to the shareholders of the parent</b> .....	<b>8,753</b>	<b>0</b>	<b>8,753</b>
Non-controlling interests .....	204	0	204
<b>Total equity</b> .....	<b>8,956</b>	<b>0</b>	<b>8,957</b>
Long-term employee benefits .....	1,676	0	1,676
Deferred tax liabilities.....	69	0	69
Long-term provisions for other risks and obligations .....	358	0	358
Long-term indebtedness .....	282	0	282
Long-term other financial liabilities.....	0	0	0
Long-term contract liabilities .....	22	0	22
Long-term other liabilities .....	14	0	14
<b>Non-current liabilities</b> .....	<b>2,420</b>	<b>0</b>	<b>2,420</b>
Short-term employee benefits .....	686	0	686
Trade accounts payable .....	3,675	0	3,676
Short-term contract liabilities .....	155	0	155

Income tax payables .....	98	0	98
Short-term provisions for other risks and obligations .....	701	0	701
Short-term indebtedness .....	2,377	0	2,377
Short-term other financial liabilities .....	516	4	520
Short-term other liabilities .....	332	0	332
<b>Current liabilities</b> .....	<b>8,541</b>	<b>4</b>	<b>8,545</b>
<b>Total equity and liabilities</b> .....	<b>19,917</b>	<b>5</b>	<b>19,922</b>

- aa) Effects of the Spin-off shown in the pro forma statement of financial position

The pro forma statement of financial position of the future Automotive Group shows the assets and liabilities allocated to the newly created Automotive Group as at January 1, 2025 when the Spin-off takes effect. Pro forma adjustments result from the inclusion of the participation in co-pace GmbH not yet taken into account as at December 31, 2024 and the inclusion of CA Holding SE as the new parent company of the Automotive Group. Both companies were essentially included in the pro forma statement of financial position at their book values.

Please refer to Chapter VIII.1.c) for the presentation of the effects on equity, in particular the inclusion of CA Holding SE as the new parent company.

- bb) Effects of the Spin-off not shown in the pro forma statement of financial position

For the effects of the Spin-off not shown in the pro forma statement of financial position see Chapter VIII.1.a)aa) above.

## 2. Tax effects of the Spin-off

The following description explains the material tax effects of the Spin-off (including the prior Merger of CA GmbH into Continental AG) for the shareholders of Continental AG, as well as for Continental AG, CA Holding SE and CAT GmbH and the downstream affiliates of CAT GmbH. A comprehensive or final description of all conceivable tax aspects for each individual shareholder of Continental AG is not possible because these depend on the shareholder's individual tax circumstances. The following description also cannot substitute individual tax advice being provided to the individual shareholder. Therefore, shareholders should consult their tax advisers about the individual tax effects of the Spin-off.

The following description is based on the German tax law as it is currently applicable and its interpretation by courts and administrative instructions. Tax laws are subject to change – under certain circumstances with retroactive effect. Furthermore, it cannot be ruled out that the tax authorities or courts will consider another interpretation to be correct, instead of the description given in this Chapter. The tax effects in foreign jurisdictions and double tax treaties which may be applicable will not be discussed below.

- a) Tax consequences for shareholders of Continental AG who are subject to unlimited tax liability in Germany

The Merger prior to the Spin-off has no German tax consequences for the shareholders of Continental AG who are subject to taxation in Germany because the shareholders and the shares held by them in Continental AG are not directly affected by this Merger. Therefore, there is no connecting factor for tax purposes with regard to the shareholders of Continental AG.

The tax effects of the Spin-off for the shareholders of Continental AG who are subject to taxation in Germany are governed by the provisions of Section 15(1) in conjunction with Section 13 UmwStG as well as Section 20(4a) of the German Income Tax Act (*Einkommensteuergesetz – EStG*) and are described below. The tax consequences for the shareholders will not occur as at the effective transfer date for tax purposes (expected to be December 31, 2024) but only when the Spin-off takes effect under corporate law as at the Closing Date.

- aa) Tax effects for shares held as business assets

In the case that shares in Continental AG are held as business assets, the legal tax consequences for the shareholders are governed by Section 15(1) and Section 13 UmwStG.

- (1) In principle, deemed taxable pro rata sale of shares

Pursuant to the UmwStG, the shares in the transferring entity (Continental AG) are, in principle, deemed to have been sold on a pro rata basis at fair market value (*gemeiner Wert*), and the shares in the acquiring entity (CA Holding SE) replacing them are deemed to have been acquired at that value (Section 13(1) UmwStG). The resulting gain or loss is the difference between the pro rata book value and the pro rata fair market value of the shares in Continental AG at the time of registration of the Spin-off with the commercial register. The fair market value of the shares in Continental AG is, as a rule, determined on the basis of the stock exchange price of the Continental AG share (for details on the allocation of the book values for tax purposes of the shares in Continental AG between the shares in Continental AG and the shares in CA Holding SE, see below).

Pursuant to the statutory provisions mentioned above, a sale transaction by a shareholder is deemed to occur at the time when the Spin-off takes effect under civil law, and such transaction is subject to the general tax rules for the taxation of capital gains or losses from the sale of shares. In the case of a capital gain, the taxation depends, *inter alia*, on whether the shareholder is a corporation, a sole proprietor or a partnership.



The shares in CA Holding SE to be granted to the shareholders of Continental AG as consideration for the Spin-off are considered for tax purposes to have been newly acquired. Therefore, the tax features of the shares held in Continental AG by the individual shareholder (such as holding periods, deferred obligations to reverse impairment losses etc.) do not pass to the newly granted shares in CA Holding SE (no application of the so-called “footsteps theory”).

(2) Possibility of tax-neutral carryover of book values

The tax consequences described above may under certain circumstances be avoided. This requires action on the part of the relevant shareholder. Subject to the conditions of Section 15(1) sentence 2 in conjunction with Section 13(2) UmwStG, a carryover of book values is possible upon request of the relevant shareholder.

The applicability of the carryover of book values pursuant to Section 13(2) UmwStG is, *inter alia*, subject to the condition that both the Spin-off Assets and the assets to be retained by Continental AG each represent one or more branch(es) of activity (*Teilbetrieb*) for tax purposes (so-called “dual branch of activity requirement”) as at the effective transfer date for tax purposes provided for in the Spin-off and Transfer Agreement (December 31, 2024, 24:00 hrs, see Chapter XIII.1.b)) and that the assets of Continental AG as the transferring company are only attributable for tax purposes to these branches of activities. The competent tax office has confirmed in an advance ruling issued to Continental AG that both the Spin-off Assets (for details, see Chapter VI.4) and the assets to be retained by Continental AG represent branches of activity within the meaning of Section 15(1) sentence 2 UmwStG. Therefore, the “dual branch of activity requirement” within the meaning of Section 15(1) sentence 2 UmwStG is satisfied, provided that the matter on which the advance ruling issued by the tax office was based is implemented as proposed.

Therefore, the executive boards of Continental AG and CA Holding SE expect that the relevant shareholders of Continental AG will be entitled, upon request by the relevant shareholder, to carry the shares in CA Holding SE – in deviation from the general principle described above (see Chapter VIII.2.a)aa)(1))) – at the respective book value of the shares in Continental AG if the other conditions of Section 13(2) UmwStG are satisfied, in particular if the right of the Federal Republic of Germany to tax the capital gain from the sale of the shares in CA Holding SE is not excluded or restricted. Formally, however, the tax office competent for the relevant shareholder is not bound by the advance ruling

issued to Continental AG but may carry out its own assessment whether the conditions for a carryover of book values are satisfied.

In the case of a carryover of book values upon request described above, the shares in Continental AG are, in deviation from the principle described above (see Chapter VIII.2.a)aa)(1)), not deemed to have been sold on a pro rata basis at fair market value. Thus, there is no (taxable) capital gain when the Spin-off takes effect. In this case, the shares in CA Holding SE take, on a pro rata basis, the place of the shares in Continental AG for tax purposes (so-called "footsteps theory"). This means that certain tax features of the shares or the participation in Continental AG (such as holding periods, deferred obligations to reverse impairment losses etc.) pass to the shares in CA Holding SE and continue to exist to that extent.

The request for a carryover of book values pursuant to Section 13(2) UmwStG must be filed by the relevant shareholder of Continental AG with the tax office that is competent for that shareholder. The request cannot be subject to a condition and is irrevocable. A specific form is not required. However, the request for a carryover of book values must be submitted to the tax office competent for the shareholder at the latest by the time when such shareholder submits for the first time their tax return for the year in which the Spin-off takes effect under civil law.

The application of Section 15 UmwStG in conjunction with Section 13 UmwStG requires that the previous book values for tax purposes of the Continental Shares be allocated between the shares in Continental AG and the shares in CA Holding SE after the Spin-off. The tax authorities generally hold the view that this may be done on the basis of the share exchange ratio specified in the spin-off and transfer agreement (para. 15.43 of the Circular of the German Federal Ministry of Finance dated January 2, 2025, Federal Tax Gazette I 2025, page 92 (so-called "Transformation Tax Decree 2025" (*UmwSt-Erlass 2025*) with regard to the application of Section 13 UmwStG to spin-offs). In the present case, the Continental AG shareholders will, in accordance with the share allocation ratio specified in the Spin-off and Transfer Agreement, receive one CA Holding Share for every two Continental Shares, i.e., the share allocation ratio is 2:1 (see Chapter VII). As a result, the book values of the Continental AG shares prior to the Spin-off would have to be allocated at a rate of approximately 67% to the Continental Shares and 33% to the CA Holding Shares.

However, it is possibly permitted to use a different ratio (e.g., the ratio of the fair market value of Continental AG prior to the Spin-off to the fair market value of CA Holding SE after the Spin-off). Due to legal and factual reasons, neither Continental AG nor CA Holding SE has been able to obtain an advance ruling with regard to this question from all tax authorities competent for the relevant shareholders.

(3) Withholding tax

The following section is only relevant if the acquisition costs or book values are not carried over.

The relevant custodian bank or financial institution will usually not withhold any withholding tax on the share transfer resulting from the Spin-off which is deemed to be sale transaction for tax purposes if it is aware that such shares are held as business assets, possibly subject to the condition that the relevant shareholder has submitted a declaration regarding the exemption from withholding tax deduction. With regard to a potential tax deduction, it should also be noted that, in the absence of a cash payment, the funds for the tax deduction must generally be made available by the relevant shareholder and the custodian bank or financial institution may collect the tax amount from an account held by the shareholder at this bank or institution for such purpose – even without the shareholder’s prior consent. If the amount is not made available or cannot be collected, a notification must be made to the competent tax office. If withholding tax has nonetheless been paid in this way, shareholders may generally be entitled to claim a credit or refund of the withholding tax paid in the context of their tax assessment. Also – especially if a corresponding notification has been made – it cannot be ruled out that the tax authorities may subsequently claim payment of withholding tax from the relevant shareholder. In the light of this, the Continental AG shareholders should, before the Spin-off takes effect, review whether the conditions for non-deduction of withholding tax are met and ensure that the custodian bank or financial information is informed accordingly (e.g. by making declarations to the custodian bank).

bb) Tax effects for shares held as private assets

(1) Shareholders within the meaning of Section 17 EStG

The provisions of Section 13 UmwStG and, accordingly, the statements in Chapter VIII.2.a)aa) also apply to shares held as private assets within the meaning of Section 17 EStG. Shares held as private assets exist if a shareholder or, in the case of a legal succession without consideration, any of its

legal predecessors directly or indirectly held an interest of at least 1% in the capital of Continental AG during the last five years prior to the Spin-off (shareholder within the meaning of Section 17 EStG).

In this case, the transaction is also generally deemed to be a sale transaction pursuant to Section 13(1) UmwStG, such transaction being subject to the general tax rules for the taxation of capital gains or the treatment of losses from the sale of shares. If the individual shareholder files a request for a carryover of its acquisition costs, the shares in Continental AG are, in deviation from the principle described above, not deemed to have been sold on a pro rata basis at fair market value. Thus, there is no taxable capital gain. In this case, the shares in CA Holding SE take, on a pro rata basis, the place of the shares in Continental AG for tax purposes (so-called "footsteps theory"). The request for a carryover of book values pursuant to Section 13(2) UmwStG is subject to the conditions set out in Chapter VIII.2.a)aa)(2).

In the case of shareholders within the meaning of Section 17 EStG, there is, however – in deviation from the statements in Chapter VIII.2.a)aa)(3) – no possibility to avoid the deduction of withholding tax within the meaning of Section 43(2) sentence 3 EStG in accordance with the principles described in Chapter VIII.2.a)aa)(3) in the absence of a request for a carryover of acquisition costs. These shareholders may generally be entitled to claim a credit or refund of the withholding tax paid (if any) in the context of their tax assessment.

(2) Shareholders within the meaning of Section 20 EStG

To the extent that shares in Continental AG are held as private assets and the shareholder or, in the case of a legal succession without consideration, any of its legal predecessors did not hold an interest of at least 1% in Continental AG at any time during the last five years (shareholders within the meaning of Section 20 EStG), the Spin-off will be executed on a tax-neutral basis, i.e. without realization of taxable capital gains, provided that, in particular, the right of the Federal Republic of Germany to tax the capital gain from the sale of the CA Holding Shares is not excluded or restricted (Section 20(4a) sentences 7, 1 EStG). Thus, no deduction and payment of withholding tax is required.

Pursuant to Section 20(4a) sentences 7, 1 EStG, the shares in CA Holding SE granted to the shareholders of Continental AG in the Spin-off take, on a pro rata basis, the place of the Continental Shares. Therefore, the Spin-off does not lead to

a realization of gains or losses from the shares in Continental AG but, instead, is executed on a tax-neutral basis at acquisition costs. In the view of the tax authorities (see Circular of the German Federal Ministry of Finance dated May 19, 2022 with regard to Section 20(4a) EStG, Federal Tax Gazette I 2022, 742, para. 101), the allocation of the acquisition costs between the Continental Shares and the CA Holding Shares shall generally be determined on the basis of the share exchange ratio pursuant to the spin-off and transfer agreement. In the present case, the Continental AG shareholders will receive one CA Holding Share for every two Continental Shares, i.e., the share allocation ratio is 2:1 (see Chapter VII). As a result, the acquisition costs of the Continental Shares would have to be allocated at a rate of approximately 67% to the Continental Shares and approximately 33% to the CA Holding Shares. Since this allocation does not take into account the stock exchange values of the shares, the acquisition costs so determined may not reflect the proportionate value of the shares. This may result in adverse tax consequences for the shareholders in the case of a later sale. In the opinion of the executive boards of Continental AG and CA Holding SE, it is unclear whether, in the present case, the potential use of the stock exchange prices as a basis (as described in Chapter VIII.2.a)aa) for shares held as business assets) is permitted under tax law and whether this basis may be applied accordingly by the relevant shareholder in the context of such shareholder's personal tax assessment. Due to legal and factual reasons, neither Continental AG nor CA Holding SE has been able to obtain an advance ruling with regard to this question from all tax authorities competent for the relevant shareholders.

To the extent that the Continental AG shares were acquired prior to January 1, 2009 and, consequently, their sale would be exempt from tax due to the expiration of the so-called "speculation period" which was applicable in the past, it is expected on the basis of the Circular of the German Federal Ministry of Finance dated May 19, 2022 with regard to Section 20(4a) EStG, Federal Tax Gazette I 2022, 742, para. 100 that this feature will pass to the shares in CA Holding SE granted in the Spin-off. In the opinion of the executive boards of Continental AG and CA Holding SE, this Circular is also applicable to the relevant Section 20(4a) sentence 7 EStG which extends the scope of application of Section 20(4a) sentence 1 EStG to spin-offs (see Circular of the German Federal Ministry of Finance dated May 19, 2022 with regard to Section 20(4a) EstG, Federal Tax Gazette I 2022, 742, para. 115).

(3) Other situations

To the extent that shareholders of Continental AG are not resident for tax purposes in Germany (non-tax residents) and the shares are subject to tax in Germany (e.g. in case that they belong to a domestic permanent establishment of the non-tax resident), the principles set out in Chapter VIII.2.a)aa) above apply accordingly.

b) Tax effects for Continental AG, CA Holding SE, CAT GmbH and the downstream affiliates of CAT GmbH

aa) Tax effects for Continental AG

(1) Income tax consequences under the German UmwStG

The income tax consequences of the Spin-off for Continental AG are governed by the following legal provisions: with regard to the preparatory Merger by Section 11 UmwStG (see Chapter VIII.2.b)aa)(1)(a)), with regard to the Spin-off itself by Section 15 UmwStG (see Chapter VIII.2.b)aa)(1)(b)), with regard to current lock-up periods which are expected to be violated by the Spin-off by Chapter 22 UmwStG (see Chapter VIII.2.b)aa)(1)(b)), and by the MinStG (see Chapter VIII.2.b)aa)(2)).

(a) Merger of CA GmbH into Continental AG

The Merger of CA GmbH into Continental AG is governed by the provisions of Sections 11 and 12 UmwStG. For CA GmbH as the transferring company, the Merger must generally be carried out at fair market value, meaning that hidden reserves in the assets of CA GmbH would have to be disclosed for tax purposes. However, the Merger can be tax-neutral under certain conditions if the book values for tax purposes of CA GmbH are carried over to the acquiring Continental AG. Subject to a request still to be filed with the competent tax office, these conditions are satisfied in the present case, which has been confirmed by an advance ruling issued by the competent tax office. It is planned to file such a request for a carryover of book values. Therefore, it can be expected that the Merger of CA GmbH itself will not trigger any taxable gain. Otherwise, a potential tax on such a gain would be payable by Continental AG (as legal successor of CA GmbH which will cease to exist as a result of the Merger, and also as controlling company of CA GmbH in the consolidated tax group for income tax purposes). As a general rule, Continental AG as the acquiring company under the Merger will incur a so-called takeover gain

(Section 12(2) UmwStG) if for Continental AG the value of the net assets (for tax purposes) of CA GmbH transferred to Continental AG as a result of the Merger exceeds the book value (for tax purposes) attributable to the shares in CA GmbH. The relevant values are the values as at the effective transfer date for tax purposes which is scheduled to be December 31, 2024, 24:00 hrs, because this is the date as at which the closing balance sheet under commercial law is to be prepared and this balance sheet date determines the effective transfer date for tax purposes (Section 2(1) UmwStG). However, considering the planned request of a carryover of book values, it can be expected that the value for tax purposes of the transferred assets will be lower than the book value for tax purposes of the shares in CA GmbH as at the effective transfer date for tax purposes and, therefore, Continental AG will incur a takeover loss. This takeover loss will not be tax-deductible (Section 12(2) sentences 1, 2 UmwStG in conjunction with Section 8b(2), (3) of the German Corporate Income Tax Act (*Körperschaftsteuergesetz* – **KStG**).

Apart from that, Continental AG will carry over the book values for tax purposes of CA GmbH as planned. Taxable profits and losses of CA GmbH that are incurred after the effective transfer date for tax purposes will be attributable to Continental AG for tax purposes.

For the treatment of the Domination and Profit and Loss Transfer Agreement between CA GmbH and CAT GmbH, see Chapter IV.3.

- (b) Spin-off of the 100% participation in CAT GmbH by Continental AG

The legal tax consequences of the Spin-off for Continental AG are governed by Section 15 UmwStG. The effective transfer date for tax purposes within the meaning of Section 2(1) UmwStG for the Spin-off is – as is the case for the Merger – December 31, 2024, 24:00 hrs. Therefore, the income and assets of Continental AG and CA Holding SE have to be determined as if the assets to be spun off of Continental AG had been transferred to CA Holding SE at the end of the effective transfer date for tax purposes.

As a general rule, the transferring company (in this case Continental AG) is required under the UmwStG to

carry the transferred assets (in this case the 100% participation in CAT GmbH and the Domination and Profit and Loss Transfer Agreement) at fair market value. As a result, it will realize a gain in the amount of the hidden reserves in the assets to be spun off (i.e., the difference between the book value of the assets to be spun off and the fair market value of the assets to be spun off). However, under certain conditions, the transferred assets may also be recognized at book value and, in this case, Continental AG as the spinning-off company will not realize a gain. The fundamental condition for this is that both the assets to be spun off and the assets to be retained by Continental AG each represent one or more branch(es) of activity (*Teilbetrieb*) for tax purposes (so-called “dual branch of activity requirement”) as at the effective transfer date for tax purposes (December 31, 2024, 24:00 hrs) and that the assets of Continental AG as the spinning-off company are only attributable for tax purposes to these branches of activities. The competent tax office has confirmed in an advance ruling that both the assets to be spun off and the assets to be retained by Continental AG represent branches of activity within the meaning of Section 15(1) sentence 2 UmwStG. Therefore, the “dual branch of activity requirement” within the meaning of Section 15(1) sentence 2 UmwStG is satisfied at the time of the Spin-off, provided that the matter on which the advance ruling issued by the tax office was based is implemented as proposed.

However, this is not yet sufficient to definitively allow for a carryover of book values at the level of the transferring company. Another condition, among others, is that no shares in any of the legal entities involved in the Spin-off representing (on a cumulative basis) 20% of the value of Continental AG prior to the Spin-off are sold to outside persons within five years of the Spin-off; if this limit is exceeded, there is an irrebuttable presumption pursuant to Section 15(2) UmwStG that the Spin-off is aimed at the preparation of a sale (so-called “post-spin-off lock-up” (*Nachspaltungsveräußerungssperre*), Section 15(2) sentences 2 et seq. UmwStG), in which case a carryover of book values would no longer be possible for Continental AG. For the calculation of the 20% limit, sales via the stock exchange are expected to be taken into account, as the law does not provide for the benefit of a stock exchange clause. Considering these strict conditions, the executive boards of Continental



AG and CA Holding SE currently expect that a carryover of book values will ultimately not be possible, at least not with certainty.

For the Spin-off itself, however, this does not mean that a taxable gain resulting in corresponding income tax expense will be realized. This is because the executive boards of Continental AG and CA Holding SE expect that the actual fair market value of the assets to be spun off (the 100% participation in CAT GmbH) will be lower than the relevant book value for tax purposes and, therefore, a transfer loss will likely be incurred at the level of Continental AG; such a loss will, however, not be tax-deductible because it is attributable to a participation in a corporation (*Kapitalgesellschaft*) (namely, CAT GmbH) (Section 8b(2), (3) KStG).

- (c) Taxable contribution gain I with regard to previous transformations

As part of restructurings of Automotive implemented in the past (Project Shape, see Chapter V.6.a) above), contributions within the meaning of Section 20 UmwStG were made, which at the time could be made on a tax-neutral basis (at book values) because branches of activity (for tax purposes) were transferred. However, these contributions resulted in shares being subject to a lock-up period for tax purposes within the meaning of Section 22(1) UmwStG which will give rise to a partial retroactive taxation in the event of sale or other harmful transfer within seven years of the contribution (so-called "contribution gain I"). The executive boards of Continental AG and CA Holding SE expect that the Spin-off will result in a violation of these lock-up periods, that a taxable contribution gain I will be incurred and that this will trigger liabilities of Continental AG for the payment of corporate and trade tax. However, there will also be a so-called "step-up" at the level of CAT GmbH, which will give rise to offsetting tax deduction amounts at the level of CAT GmbH in the future (see Chapter VIII.2.b)bb)(2)).

The Merger will not give rise to a violation of the current lock-up periods within the meaning of Section 22(1) UmwStG if it will be executed (as planned) at book values for tax purposes. As a result of the Merger, the CAT shares subject to a lock-up period will be transferred to Continental AG as the legal successor for tax purposes. However, the Spin-

off of CAT GmbH will result in a transfer which will probably not be possible at book values (see Chapter VIII.2.b)aa)(1)(b) above); it must therefore be expected that the Spin-off will result in a violation of the lock-up periods, with the consequence that a contribution gain I within the meaning of Section 22(1) UmwStG will be incurred, on which Continental AG will have to pay tax. The amount of this gain depends on the amount of the taxable hidden reserves in the assets that were transferred at book values to CAT GmbH as at December 31, 2021 as the effective transfer date for tax purposes in Project Shape; these assets include, in particular, the former Continental Teves AG & Co. oHG and the main operating business of CA GmbH at that time, whereas hidden reserves in transferred participations in corporations (*Kapitalgesellschaften*) are irrelevant. When calculating this taxable gain, special rules also apply with regard to transferred pension liabilities which, in the opinion of the tax authorities, shall only be taken into account as reducing the gain at their value for tax purposes pursuant to Section 6a EStG without permitting a potential value-reducing adjustment elsewhere (this would result in a controversial overstatement). The amount of the hidden reserves relevant for tax purposes so calculated as at December 31, 2021 then has to be reduced by 3/7 because three full years have expired since the contribution (Section 22(1) sentence 3 UmwStG) and will be taxed with retroactive effect in 2021. The main questions of tax law (in particular, the irrelevance of the Merger if executed at book values, the reduction by 3/7, and the possibility of a step-up amount at CA Holding SE, see Chapter VIII.2.b)bb)) below) have been clarified in an advance ruling issued by the competent tax office.

The amount of the hidden reserves relevant for tax purposes as at December 31, 2021 has not yet been determined by a detailed valuation. This determination will be made by means of an enterprise valuation as at December 31, 2021, taking into account the valuation rules for tax purposes; in view of the various relevant economic valuation factors and particularities of the tax rules, it is not yet possible to make more precise forecasts as to the outcome at the present time. Taking into account the various factors (among others, the difficult earnings situation as at December 31, 2021 in the Automotive sector, the experience with valuations from other restructurings,

the uncertainties in connection with the hidden losses in provisions for pensions, and the existing tax losses and loss carryforwards in the assessment period 2021, the executive boards of Continental AG and CA Holding SE expect that the contribution gain I may reach a substantial amount in the mid- to upper three-digit million range (or even more in an unfavorable case). Therefore, it is expected that this effect will give rise to a tax expense for accounting purposes in a (low- to mid-) three-digit million range, a significant part of which will result from the utilization of existing tax losses and loss carryforwards (to the extent that deferred tax assets had been recognized for them). For details on the expected total tax expense for accounting purposes resulting therefrom, see Chapter VI.14.

- (d) Partial forfeiture of loss carryforwards of Continental AG; allocation of the capital contribution account for tax purposes

Pursuant to Section 15(3) UmwStG, offsettable losses, remaining loss carryforwards, negative income which has not been set off, any interest carryforward pursuant to Section 4h(1) sentence 5 EStG and any carryforward of EBITDA pursuant to Section 4h(1) sentence 3 EStG of Continental AG, which exist, in each case, as at the effective transfer date for tax purposes, will be generally reduced pro rata in the proportion in which, when using fair market values as a basis, the assets are transferred from Continental AG to CA Holding SE. Pursuant to Section 15(3) UmwStG, the determination of the extent to which offsettable losses, remaining loss carryforwards, negative income which has not been set off, the interest carryforward and the carryforward of EBITDA become forfeited depends on the ratio between the fair market value of the assets to be spun off and the fair market value of the assets of Continental AG prior to the Spin-off. In the opinion of the tax authorities, there is a legal presumption that the ratio of the fair market values generally corresponds to the spin-off ratio specified in the Spin-off and Transfer Agreement. Accordingly, on the basis of the share allocation ratio of 2:1 specified in the Spin-off and Transfer Agreement (see Chapter XIII.1.j)) (and provided that the fair market values of the relevant assets cannot be substantiated otherwise), approximately 33% of Continental AG's losses, loss carryforwards and carryforward of EBITDA existing on the effective

transfer date for tax purposes would become forfeited. For details on this effect and the expected total tax expense for accounting purposes resulting therefrom, see Chapter VI.14.

As no resolution on the Spin-off has yet been passed by the shareholders' meeting, the forfeiture of tax loss carryforwards will not be recognized in the annual financial statements for the fiscal year 2024. Therefore, the value of the deferred tax assets has not yet been reduced.

The capital contribution account for tax purposes of Continental AG will be allocated between Continental AG and CA Holding SE (Section 29(3) sentences 1, 2 KStG). This provision states that, if the assets of a corporation are transferred as a result of a split-up or spin-off within the meaning of Section 123(1) and (2) UmwG to a corporation that is subject to unlimited tax liability in Germany, the balance of the capital contribution account for tax purposes of the transferring corporation shall be allocated to an acquiring corporation in the ratio that the transferred parts of the assets bear to the assets existing at the transferring corporation prior to the transfer, as is generally expressed in the share exchange ratio specified in the spin-off and transfer agreement or in the draft terms of division (Section 126(1) no. 3, Section 136 UmwG). If the share exchange ratio does not correspond to the ratio of the transferred parts of the assets to the assets existing at the transferring corporation prior to such spin-off, the ratio of the fair market values of the transferred parts of the assets to the assets existing prior to such spin-off shall be relevant.

(2) No effects under the MinStG

Due to the size of its revenues, Continental AG is generally a German constituent entity subject to the German Minimum Tax Act (*Mindeststeuergesetz – MinStG*). However, it is not the ultimate parent company of a minimum tax group within the meaning of the MinStG because it is included in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG. Therefore, INA-Holding Schaeffler GmbH & Co. KG is the group parent company and, in principle, also the taxable entity within the meaning of the German MinStG. Transactions at the level of Continental AG may therefore have an effect on a minimum tax payable by INA-Holding Schaeffler GmbH & Co. KG. Pursuant to Section 3(6) MinStG, the taxable group parent company is entitled to claim a pro

rata compensation from a constituent entity where the total amount of the top-up tax paid by the group parent company is attributable to that constituent entity in accordance with the MinStG. Therefore, if the Merger and/or the Spin-off were to result in a taxable profit subject to minimum tax in accordance with the MinStG, this could result in a pro rata payment obligation on the part of Continental AG, or in an increase of such a payment obligation, vis-à-vis INA-Holding Schaeffler GmbH & Co. KG.

However, the executive boards of Continental AG and CA Holding SE do not expect that the Spin-off and the prior Merger of CA GmbH into Continental AG will give rise to a taxable minimum tax profit, especially because any profits relevant in connection with the Merger of CA GmbH and the Spin-off are only attributable to participations in corporations (*Kapitalgesellschaften*) (namely the shares in CA GmbH, CAT GmbH and Continental-Caoutchouc-Export GmbH transferred in connection with the two transformation measures), and these profits are expected to be exempt from tax pursuant to Section 21 MinStG. It should therefore be irrelevant that the incurrence of a relevant profit according to the applicable group accounting standard (here: IFRS) can probably be avoided by existing possibilities of a carryover of book values in intra-group restructurings (“transactions under common control”) and, in addition, in the opinion of the executive board of Continental AG, a tax-privileged minimum tax reorganization within the meaning of Section 66 MinStG should exist in the present case (this question is expected to be further clarified by the implementation of a discussion draft of a MinStG Amendment Act published by the Federal Ministry of Finance).

(3) VAT, real estate transfer tax and other taxes

The executive boards of Continental AG and CA Holding SE both expect that the Merger and the Spin-off will not trigger any VAT at the level of CA GmbH and Continental AG because the Merger and the Spin-off are tax-exempt or not taxable.

However, the executive boards of Continental AG and CA Holding SE both expect that the Spin-off will trigger real estate transfer tax in an expected total amount of approximately €51 million; this tax, however, will not be incurred at the level of Continental AG but at the level of CAT GmbH and the affiliates of Automotive owned by it, i.e., within the future Automotive Group (see Chapters VI.14 and V.6).

bb) Tax effects for CA Holding SE, CAT GmbH and the downstream affiliates of CAT GmbH

(1) CA Holding SE

(a) General tax consequences for CA Holding SE

CA Holding SE recognizes the assets to be spun off in its balance sheet for tax purposes at the value shown in the closing balance sheet for tax purposes of Continental AG (Section 15(1) sentence 1 in conjunction with Section 12(1) UmwStG). According to the current planning of the executive boards of Continental AG and CA Holding SE, this is expected to be the fair market value because it is rather unlikely that the conditions for a carryover of book values will be satisfied in the Spin-off (see Chapter VIII.2.b)bb)(2) above).

CA Holding SE succeeds to the tax status of Continental AG with regard to the assets to be spun off (Section 15(1) in conjunction with Section 12(3) UmwStG). This succession for tax purposes is generally comprehensive. Therefore, it also covers the formation of a consolidated tax group with CAT GmbH (see Chapter VIII.2.b)bb)(1)(b) below).

The principles described in Chapter VIII.2.b)aa)(1)(d) above apply to the allocation of Continental AG's capital contribution account for tax purposes between Continental AG and CA Holding SE.

The executive boards of Continental AG and CA Holding SE both expect that the Spin-off will not trigger any value added tax (**VAT**) at the level of CA Holding SE. However, both executive boards expect that the Spin-off will trigger real estate transfer tax in an expected total amount of approximately €51 million; this tax will not be incurred at the level of CA Holding SE but at the level of CAT GmbH (acquired by CA Holding SE as a result of the Spin-off) and the affiliates of Automotive owned by CAT GmbH, i.e., within the future Automotive Group managed by CA Holding SE (in this regard, also for the allocation of the relevant real estate transfer tax, see Chapters VI.14 and V.6).

(b) Forming a consolidated tax group with CAT GmbH

As a result of the Merger taking effect prior to the Spin-off, the Domination and Profit and Loss Transfer Agreement existing between CA GmbH as controlling company and CAT GmbH as controlled company in the consolidated tax group will first be transferred to Continental AG (Sections 2 no. 1, 20 UmwG).

However, the Domination and Profit and Loss Transfer Agreement will then be spun off to CA Holding SE together with the participation in CAT GmbH as part of the Spin-off (see Chapter IV.3). As a result, the Domination and Profit and Loss Transfer Agreement will be transferred to CA Holding SE under civil law by way of singular succession due to the Spin-off (Section 131(1) no. 1 UmwG). For tax purposes, the Spin-off with its effective transfer date for tax purposes of December 31, 2024, 24:00 hrs, and the fact that CA Holding SE will become the legal successor of Continental AG for tax purposes will, among other things, also result in the transfer of the financial integration of CAT GmbH as the controlled company, which previously existed between CA GmbH or Continental AG and CAT GmbH, to CA Holding SE as the new controlling company. Therefore, after the Spin-off takes effect, the conditions for a consolidated tax group for income tax purposes of CA Holding SE and CAT GmbH will be satisfied with effect as at the beginning of the then-current fiscal year of CAT GmbH (i.e., if the Spin-off takes effect in 2025: as at January 1, 2025). The competent tax office has shared this view by issuing a corresponding advance ruling.

(2) CAT GmbH and its downstream affiliates

The executive boards of Continental AG and CA Holding SE expect that the Spin-off will result in a taxation of a contribution gain I at Continental AG (see Chapter VIII.2.b)aa)(1)(c) above). Subject to the further conditions set out in Section 23(2) UmwStG (including the payment by Continental AG of the tax payable on the contribution gain I and the issuance of a corresponding certificate by the competent tax office), CAT GmbH (as the acquiring entity in the context of the contribution of the corresponding assets for tax purposes in Project Shape) may recognize a step-up amount for tax purposes pursuant to Section 23(2) UmwStG. The executive boards of Continental AG and CA Holding SE expect that the other conditions of Section 23(2) UmwStG will also be satisfied.

By granting the step-up amount, CAT GmbH can allocate the taxable contribution gain I (with regard to its estimated amount, see Chapter VIII.2.b)aa)(1)(c) above) to the assets that were transferred as a result of the carve-out of CA GmbH as at December 31, 2021 and are still held by CAT GmbH. If and to the extent these assets have been lost or transferred at fair market value, the step-up amount attributable to such assets is an immediately deductible operating expense at the

time of the harmful event. The general allowance of the step-up amount or the potential deduction of operating expenses (subject to the satisfaction of the other conditions) has been confirmed by the competent tax office in a corresponding advance ruling.

These tax consequences occur in the year in which the lock-up period is violated.

### **3. Other effects of the Spin-off**

#### **a) Consequences relating to liability under the UmwG**

The consequences of the Spin-off taking effect on the liability of Continental AG and CA Holding SE will be as follows:

Pursuant to Section 133(1) and (3) UmwG, Continental AG is jointly and severally liable for the satisfaction of the liabilities transferred to CA Holding SE if the liabilities become due within five years after the announcement of the registration of the Spin-off with the commercial register of Continental AG and if resulting claims against Continental AG are determined judicially or in another way as described in Section 133 UmwG. However, it must be taken into account that no liabilities will be directly spun off. Pursuant to Section 133(1) and (3) UmwG, CA Holding SE is, in turn, jointly and severally liable for the satisfaction of the liabilities remaining with Continental AG which were already established prior to the Spin-off taking effect if these liabilities become due within five years after the announcement of the registration of the Spin-off with the commercial register of Continental AG and resulting claims against CA Holding SE are determined judicially or in another way as described in Section 133 UmwG.

Pursuant to Section 133(3) sentence 2 UmwG, the joint and several liability of Continental AG and of CA Holding SE shall be limited to the value of the net assets allocated to each company on the day when the Spin-off takes effect.

Furthermore, pursuant to Section 133(2) UmwG, Continental AG and CA Holding SE are, as a rule, jointly and severally liable for complying with the duty to grant equivalent rights pursuant to Section 125(1) sentence 1 in conjunction with Section 23 UmwG. However, such rights to be granted pursuant to Section 125(1) sentence 1 in conjunction with Section 23 UmwG do not exist. In addition, Section 133(3) sentence 3 UmwG provides that the period of joint and several liability for pension obligations established prior to the Spin-off taking effect is ten years.

In the relationship between Continental AG and CA Holding SE, the provisions on the allocation of liability pursuant to the Spin-off and Transfer Agreement and the Group Separation Agreement will apply (see Chapter XIII).



Pursuant to Sections 22, 125(1) sentence 1, 133 UmwG, creditors of Continental AG and CA Holding SE can demand security for their claims from the company against which their respective claims are directed within a period of six months after the announcement of the registration of the Spin-off with the commercial register of Continental AG and CA Holding SE, as the case may be. The prerequisite is that the creditors cannot obtain any satisfaction at the respective point in time and that their claims are notified in writing both with regard to the basis and the amount and that plausible proof is provided that the Spin-off endangers the fulfillment of their claims. The members of the executive boards of Continental AG and CA Holding SE expect that no claims of creditors of Continental AG or CA Holding SE will be endangered by the Spin-off taking effect and, accordingly, that no obligation to provide security will exist for Continental AG or CA Holding SE under Sections 22, 125(1) sentence 1, 133 UmwG. This applies to claims against CA Holding SE especially in light of the fact that it has not commenced business operations and had not had any outstanding creditors until the date of signing of this Spin-off Report.

b) Effects of the Spin-off on the Continental share

The Spin-off will have no effects on the stock exchange listing of the shares in Continental AG. The Continental AG shares will continue to be admitted, as in the past, to trading on the relevant German stock exchanges (Frankfurt, Stuttgart, Hanover and Hamburg) after the Spin-off has taken effect. It is also expected that the Spin-off will have no effect on the listing of the Continental AG shares in the U.S.A. on the OTC (Over the Counter) Market (there in the form of ADRs). The shares in Continental AG will be traded "ex Automotive" as from the first trading day for the shares in CA Holding SE on the Frankfurt Stock Exchange.

The members of the executive board of Continental AG currently expect that the Continental AG shares may continue to fulfill the criteria for the DAX and could therefore remain in the DAX. This also applies to the indices EURO STOXX and MSCI World.

c) Effects of the Spin-off on the dividend policies of Continental AG and CA Holding SE

The executive boards of Continental AG and CA Holding SE have each examined for their companies how the Spin-off is expected to affect the amount of the distributable profits (*Bilanzgewinn*) and the determination of dividend proposals to the relevant shareholders' meeting for future fiscal years.

When determining the dividend proposals to the shareholders' meeting of Continental AG, the executive board and the supervisory board of Continental AG will apply in future, as a general rule, the targeted range of 40% to 60% of consolidated net income attributable to the shareholders of the parent company. In this regard, the executive board and the supervisory board take into account the gearing ratio and its planned reduction, the credit rating (maintaining the investment grade rating) and the liquidity

position of the Continental Group. When determining the relevant percentage of consolidated net income, certain exceptional non-cash effects may be taken into account. The dividend proposals generally seek to ensure an adequate balance between an attractive dividend for the shareholders on the one hand and a sufficient capitalization of Continental AG on the other hand.

CA Holding SE has not commenced business operations until the date of signing of this Spin-off Report and has not paid any dividends in the past. CA Holding SE's ability and intention to pay dividends in the future will depend on its financial position, results of operations, capital requirements, investment alternatives and other factors that the executive board and supervisory board may deem relevant. CA Holding SE expects that the principal source of funds for the payment of dividends, if any, will be dividends and other payments received from its current and future subsidiaries. The right of each subsidiary to pay dividends will depend on the law applicable to the relevant company. In future, CA Holding SE intends to pursue a dividend policy which is based on the average in the automotive supplier industry (between 10% and 30% of the IFRS consolidated net income after taxes attributable to the shareholders per fiscal year). This may also require further restructuring measures. When determining the relevant percentage of consolidated net income, certain exceptional non-cash effects may be taken into account.

CA Holding SE's ability to pay dividends in the future will depend on the amount of distributable profits. However, it cannot provide assurance regarding the amounts of future distributable profits, if any, and consequently, it can provide no assurance that it will pay dividends in the future. The results of operations set out in the Consolidated Financial Statements and consolidated interim financial statements may not be indicative of the amounts of future dividend payments. Furthermore, the terms of the financing described in Chapter IX.2.e)dd) will provide that a possible dividend distribution will depend on whether CA Holding SE generated a positive cash flow, taking into account the dividend payment on a pro forma basis and less the investment expenses. The period under review relates to the previous fiscal year on which the dividend payment is based. In the light of these aspects, it is currently not certain from what point in time a dividend payment will be proposed.

d) Effect of the Spin-off on the shareholders of Continental AG

All shareholders of Continental AG will continue to participate in the same proportion as before in Continental AG and, thus, in the retained economic activities of the Continental Group after the Spin-off has taken effect. The number of the shares issued by Continental AG will not change as a result of the Spin-off. The rights of the shareholders of Continental AG will not change as a result of the Spin-off. The shareholder structure of Continental AG will also not change as a result of the Spin-off.

All shareholders of Continental AG will be granted shares in CA Holding SE as consideration for the transfer of the Spin-off Assets under the Spin-off in accordance with the share allocation ratio pro rata in proportion to their respective participations. To the extent that an allocation on the basis of the share allocation ratio of 2:1 is not possible, a settlement of fractional entitlements will be effected (see Chapter VI.12.b)). With regard to the part that is to be spun off, the shareholders will therefore hold a direct participation in the Automotive Group and no longer only an indirect participation through their participation in Continental AG.

- e) Effects of the Spin-off on share-based remuneration plans and employee participation plans

To the extent that employees participate in the LTI Plans existing in the Continental Group (see Chapter II.2.c) above), the corresponding rights may be adjusted as a result of the Spin-off. In the case of employees who will continue to be employees of the Continental Group after the Spin-off, a possibility of adjustment would be, for example, that the executive board of Continental AG could, at its reasonable discretion, adjust the plan criteria in order to offset any effects of the Spin-off on the stock exchange price of the Continental AG share (for more details regarding the employees of the Automotive Group, see Chapter IX.3.f) below).

In addition, the LTI Plan 2025 provides that, in the event of a spin-off, the Key Performance Indicators (**KPIs**) shall be linked to targets of the Continental Group taking into account the spin-off.

## **IX. The Automotive Group after the Spin-off**

### **1. Business operations of the Automotive Group after the Spin-off**

The business operations of the future Automotive Group will be the same as the current business operations of the Automotive group sector (including Contract Manufacturing). The following description relating to Automotive will apply accordingly to the Automotive Group after the Spin-off. For a general description of the business areas of Automotive and the Automotive Group, see Chapter II.3.a).

- a) Offering: products, systems, solutions and services

The **AM business area** develops and manufactures products and solutions for Advanced Driver Assistance Systems (ADAS) and autonomous driving (AD) technologies.

The business area offers assisted and automated driving control units (ADCU) for **ADAS and AD solutions** with a comprehensive component product portfolio, including radar, camera and LiDAR solutions, being the basis for the complete automated driving domain, ranging from non-automated assistance and information systems (L0) to high driving automation (L4). In the field of ADAS, AM further provides technologies and

solutions for lane-keeping assistance, blind spot detection, and adaptive cruise control.

Based on a future-oriented co-development with system-on-chip (SoC) company Ambarella Inc., AM provides system solutions for autonomous driving system solutions, including automated parking assistance, under the Xelve product family. The business area also entered an exclusive partnership with Aurora Innovation, Inc. (**Aurora**) to deliver the first commercially scalable generation of Aurora's flagship integrated hardware and software system. AM develops and industrializes the complete technology in driverless trucks consisting of the required ADAS hardware with over 40 sensors, as well as the fallback system with software, computers and driving functions. AM also entered into a joint venture with the Chinese company Horizon Robotics. The aim of the joint venture is to provide ADAS and AD solutions based on Horizon Robotics' current Chinese SoC and AI-based software stack for the Chinese market and customized for global partners interested in a solution based on the technology offered by the joint venture.

Furthermore, the AM business area offers electronics, software and service solutions for **commercial and special vehicles**, i.e. for truck, bus, two-wheel and off-highway customers as well as fleets and workshops. AM provides customized products and systems by adapting passenger car technology knowledge to the needs of its customers in the commercial and special vehicles segment, utilizing synergies and economies of scale. In addition to electronic control units, display devices such as displays and driver assistance systems that are adapted to the special needs of commercial vehicles (ADAS) and two-wheelers (Advanced Rider Assistance Systems - ARAS), AM also offers telematics control units and tolling solutions. Furthermore, AM provides tachograph and standardized fleet solutions to enable fleets to comply with specific legal requirements.

The **ANS business area** designs and manufactures electronic products and solutions for software-defined vehicles. ANS' product portfolio is structured into three clusters.

In its **Foundation** Cluster, ANS provides the complete computing and networking infrastructure for modern, software-defined vehicles. ANS' portfolio covers all main components of vehicle information technology and modern server zone architectures, from body control modules to zone control units, and includes solutions for high-performance computers. In addition, the business area offers basic software, e.g. operating systems and middleware, cybersecurity solutions, as well as in-house developed networking devices, e.g. telematic control units.

The **Solutions** Cluster offers a comprehensive portfolio of functions for a connected user experience. This comprises solutions with actuator controls, sensors, antennas, edge ECUs and software applications, e.g. seat comfort systems, technologies for vehicle access covering a wide range from classic access systems to digital access systems, control units for vehicle lights,

and software solutions increasing the overall user experience, from cabin sensing applications, sensor visualization to connected experience applications allowing an user-specific interaction with the vehicle.

The **Services** Cluster comprises a broad spectrum of engineering and manufacturing services along the value chain of SDVs from architecture design and integration to manufacturing. In addition to relevant engineering services, ANS also offers cloud-based solutions for development and collaboration environments. In the build-to-print area, ANS assembles and tests automotive electronics on behalf of customers, from simple to complex electronic control units covering the complete modern vehicle portfolio.

The portfolio of the **SAM** business area covers all brake system variants, from hydraulic conventional wheel brake systems and so-called One Box systems to electro-mechanical systems. The SAM business area offers all required components for these **brake systems**, from vacuum boosters, hydraulic and electro-mechanic brake calipers, drum brakes, electronic parking brakes, to electronic brake systems. With its product portfolio of airbag control units (ACU), which ranges from entry-level variants with ignition circuits for front airbags to airbag control units with additional sensor satellites that measure pressure and acceleration, SAM provides crucial components of an **integrated safety system**. The business area also develops and manufactures components for electronic **air suspension systems** and offers all parts of these systems, including air struts and air springs, air compressors, and an integrated solution for the air supply and control of the air suspension systems. SAM´s portfolio further comprises a variety of sensor systems for passenger vehicles, including speed sensors, E-Mobility sensors and tire pressure monitoring systems.

Automotive´s **aftermarket business** is also part of SAM. It offers spare parts for vehicle components from Automotive (including products from other business areas of Automotive) and other manufacturers for the original equipment services business and the independent aftermarket.

The business of the **UX** business area is divided into the three main product groups "Display Solutions", "Head-up Displays" and "Digital Clusters".

The UX business area offers **display solutions**, i.e., driver information displays, center displays and multi-display solutions. The business area is able to address a wide range of complex requirements of its customers and can design its displays according to the respective specifications of them. The display sizes UX provides range from 7" for single displays to more than 50" for large pillar-to-pillar (i.e. covering the entire width of the dashboard) display solutions. The UX business area further offers a broad range of display-related technologies, *inter alia*, touch functionality, camera integration (camera modules and cameras behind the display), kinematics, and haptic feedback, and has the capabilities to integrate them into its display solutions according to the respective customer requirements.

UX's display portfolio is complemented by its **Head-up Displays (HUD)** presenting the required information directly in the driver's line of sight and including classical windshield, augmented reality and scenic view HUDs. In addition, the UX business area develops projection solutions for extended applications in vehicles. These projections can display a welcome screen on the side windows of the vehicle, for example, or show the charge level of electric vehicles or advertisements. The projection solutions can also be personalized.

The business area also provides **digital clusters** informing the driver about driving relevant information. Digital clusters combine a driver information display, an electronic control unit and the related content software in one product.

The **CM business area** comprises the continuing operations of Continental's former Powertrain Technologies group sector and combines contract manufacturing of powertrain related products for the Schaeffler Group and (until the merger on October 1, 2024) Vitesco Technologies, such as motor and transmission control units, sensors or electric generators. The CM business area is not part of Automotive's core operational business and is not intended to be a permanent business area.

b) Production

As at December 31, 2024, Automotive manufactures its products at 56 manufacturing sites<sup>5</sup> located in 21 countries globally and close to its customers following a "*local-for-local*" approach. 39 locations combine manufacturing and R&D activities on site or close by, while 17 of these locations were exclusively for manufacturing purposes. The manufacturing sites are distributed at a proportion of 3:7 between high-cost and best-cost countries.<sup>6</sup>

In America, Automotive has 13 manufacturing sites, from which seven sites are pure manufacturing sites and six sites combine manufacturing and R&D activities on site or close by. 19 of 25 European sites combine manufacturing and R&D activities on site or close by, while six European sites are pure manufacturing sites. In Asia and the Pacific region, Automotive has 18 manufacturing sites, from which four sites are pure manufacturing sites and 14 sites combine manufacturing and R&D activities on site or close by. The international presence of Automotive enables proximity to its global client base and to regional markets with differing regulatory and technological requirements and is intended to create a more flexible development and production structure in light of the current unstable geopolitical and volatile macroeconomic environment. In addition, Automotive's global site strategy

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5 Locations with fewer than 50 manufacturing employees are not considered to be manufacturing sites.

6 With regard to production, Portugal, Greece, Cyprus and Turkey, as well as countries in Africa, Eastern Europe, Latin America, South America, Oceania (excluding Australia) and Asia (excluding Japan, South Korea and Singapore) are considered "best-cost" countries. The other countries and regions are regarded as "high-cost" countries.

aims to provide flexibility for cost efficiency in its manufacturing and R&D activities.

Automotive follows a “simultaneous engineering” approach which is characterized by a close cooperation between R&D and manufacturing. In relation to the manufacturing equipment used by Automotive, the business areas develop and buy, jointly with the respective manufacturing sites, customized production equipment specially based on Automotive’s production requirements. Automotive implements this production equipment gradually. For the increasing demand of global projects, Automotive aims to utilize the same production equipment throughout the world in order to ensure standardization and to leverage synergies.

c) Purchasing, supply chain management

The separation of Automotive from the Continental Group will have effects for Automotive in the purchasing function (see Chapter IX.2.f)bb)).

Automotive’s purchasing organization comprises “Purchasing” and “Supplier Quality Management” (**SQM**). Both are cooperating in a coordinated manner. Purchasing is responsible for the supplier strategy and all commercial topics in connection with suppliers, e.g. supplier selection or guaranteed capacities, as well as the general negotiation of prices and contracts. SQM is responsible to define and ensure the component quality requirements during the product life cycle, in the design and development phase with advanced quality planning and during the phase of serial production by quality control. This structure aims to leverage the purchasing power for commercial, quality and technical related issues, while respecting human rights and complying with sustainability standards in the supply chain. For example, seamless communication between SQM and Purchasing allows information on the fulfilment of quality requirements to be used for new contracts with suppliers and their award.

In future, Automotive will purchase components, raw materials, product-related services and equipment. The majority of the components will be procured by the central purchasing department. In case of a specific requirement from a business area, the procurement will be executed by the respective business area. Examples for centrally procured material groups are electronics, mechanics and electromechanics, and plastic components. Specific procurements from the business areas include, *inter alia*, displays, electric motors, valve blocks, pressure sensor and Network Access Device (NAD) modules. In addition, Automotive will procure non-production material.

Purchasing and SQM are both organized in three dimensions. Material groups/clusters (Category Management) manage the commercial aspects related to production material. Advanced Purchasing (AP) and Project Supplier Quality Management (SQM Pro) organizations exist within each business unit to provide project specific support. Plant Purchasing (PP) and

Plant SQM handle all operational and Plant specific Purchasing and SQM topics.

The supply chain management (**SCM**) of Automotive is headquartered in Frankfurt am Main, Germany, and is based on the combination of a centralized and decentralized setup. There are three main SCM areas, the "Central Automotive SCM", which monitors the group-wide SCM, the "Business Area SCM", which monitors the business area-specific SCM, and the "Plant SCM", which monitors the local SCM at individual manufacturing sites. The SCM areas are strongly linked in order to achieve a clear structure of the supply chain, the required transparency and agility and in order to support Automotive's SCM activities to fulfil customer demands.

Automotive's SCM organization focuses on strategic areas which are established in alignment with other functions like sales and purchasing to support the overall targets of Automotive. These strategic areas are under regular review to ensure that they are aligned with the requirements of the overall targets and are implemented in the most efficient way.

Some of the defined strategic areas of the SCM organization include central electronic material disposition, innovation in material flow and warehousing as well as supply chain capacity management.

d) Research and development

Automotive is a technology focused group and therefore its R&D activities are a fundamental business element. Automotive's R&D activities aim to invent, develop and launch products which implement new technologies in line with the changing market environment, regulatory frameworks and customer needs with optimized time-to-market. In line with its strategic focus, the main emphasis of Automotive's R&D team is to provide access to the latest trends in global research (e.g. university collaborations) and to enable advanced engineering across Automotive's business areas. In addition, the Central Engineering department ensures effective engineering processes, methods and tools for all business areas, including overarching topics such as Artificial Intelligence, functional safety and cyber security. Automotive's R&D team collaborates closely with the business areas to support their product development activities with regard to the respective business portfolio.

The Group's R&D development process includes innovation as well as platform development and volume production, customer acquisition and customer application and series support. Automotive's capabilities in the field of software, hardware and system solutions for vehicles are based on decades of experience of its predecessor companies in developing and supplying products and innovations to the market.

The premise "local-for-local" is also the basis for the geographic allocation of Automotive's R&D activities. While its engineering teams are located in the headquarter locations in Europe, Automotive has also set up interdisciplinary development teams in the major oversea markets such as



China, Korea, Japan and the U.S.A. The Group has main parts of its engineering capacity located in best-cost countries supporting the main markets. Here, Automotive pursues the strategy to further increase the percentage of R&D employees in best-cost countries which was around 60.9% as at December 31, 2024.

The key areas of Automotive's R&D activities are driven by the market trend towards (i) autonomous driving, (ii) new vehicle architecture, in particular SDVs, as well as (iii) connectivity and active safety systems. Automotive's R&D activities have a strong focus on the utilization of AI solutions and innovative software solutions for electric, smart, connected, sustainable, safe and autonomous mobility. The technologies and products of the AM business area address the trend towards the integration of automated and autonomous vehicle functions (e.g., by system solutions for automated parking), while the ANS business area pursues the centralization of vehicle information technology by server-based system architectures, primarily by the development of high-performance computers (HPCs), zone control units (ZCUs), telematic solutions, the digitalization of vehicle access systems and the development of actuators for SDVs. The internal R&D activities of the ANS business area are supported by a broad portfolio in the area of operating systems and cybersecurity. The focus of the R&D activities of the UX business area includes, in particular, display technologies such as microLED, a flat screen technology based on light emitting diodes (LEDs) for higher display brightness, and modern display functions such as auto-stereoscopic 3D, In2Visible (i.e. making control panels invisible behind decorative surfaces instead of appearing black or empty), haptic feedback, new kinematics solutions and interior sensors, which are able, among other things, to measure passengers' vital parameters for various safety and comfort functions and offers comprehensive driver monitoring functionalities. The SAM business area is developing the first generation of an electro-mechanical brake for volume production and has already won a first contract in a tender for its use on a rear axle. At the same time, the SAM business area is also working on a new generation of its integrated solution for the air supply and control of air suspension systems. The SAM business area has won a first order for the "Holistic Motion Control" software under development, which is decoupling driving functions from hardware during manual, assisted and autonomous driving. The software package is to be launched as a pilot series in 2025 and underlines Automotive's industrialization expertise for SDV solutions.

As at December 31, 2024, Automotive had around 31,000 R&D employees at 48 R&D sites<sup>7</sup> in 21 countries. Around 18,400 R&D employees are employed in Europe, around 10,100 in Asia and around 2,300 in America. Employees may be involved in R&D projects without regard to the business area to which they are allocated in the organizational structure. This structure enables specialized engineers to work together with other technicians with interdisciplinary collaboration at and between the locations.

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<sup>7</sup> R&D sites are locations with more than 50 R&D employees that are not planned to be closed.

The joint use of personnel and testing facilities improves the knowledge transfer.

In the fiscal year 2024, Automotive incurred costs for research and development of €2,357 million net.

e) Intellectual property rights

The intellectual property strategy of Automotive aims to protect and enhance the competitive position in the various geographic locations in which it operates. This aim is pursued by the effective management of the intellectual property rights, including patents, utility models, design rights, trademarks, domains and know-how.

Automotive's trademark portfolio includes more than 4,100 trademark applications and registrations globally and covers trademarks like "ATE", "VDO", "PlaxidityX", and "Elektrobit".

In October 2024, Automotive has started a process for creating an independent corporate identity. This process also includes the protection of the corporate identity under trademark law by filing for trademark applications and registrations.

As at the date of this Spin-Off Report, there are no pending infringement proceedings against Automotive (i.e., which allege that Automotive has infringed third-party trademark rights), and no cancellation actions directed against Automotive's trademarks that might have a material negative impact on Automotive's business.

The automotive industry has been the target of product piracy in the past. For example, counterfeit products copying Automotive's brake sensors and other products appeared in Germany, China, and other markets. Automotive expects that third parties will continue to produce and distribute counterfeit products using Automotive's trademarks in the future. Such products are usually sold at significantly reduced prices. Automotive may lose market share to producers of counterfeit products. Furthermore, the lower quality standards of counterfeit products may damage Automotive's trademarks' and products' reputation and image if customers unwittingly purchase counterfeit products and experience product failures or poor performance. Automotive determines how to enforce its trademark rights against counterfeiters on a case-by-case basis.

Automotive owns a portfolio of approximately 21,000 granted patents, registered utility models as well as pending patent applications worldwide (as at February 12, 2025), especially in the respective own and competitors' key markets and in the countries of own and competitors' key manufacturing and R&D sites.

For details on the mutually granted licenses between the future Automotive Group and the Continental Group and other provisions regarding intellectual

property rights that apply after the Spin-off has taken effect, see Chapters V.10 and XI.2.a).

f) Market, customers, sales

Automotive operates in the automotive industry. The automotive industry is divided into different end markets, including light-duty vehicles, medium-duty vehicles and heavy-duty vehicles. Through its business areas, Automotive serves primarily the global light-duty vehicle segment of the automotive industry, which mainly includes passenger cars and light trucks. In addition, Automotive serves the heavy-duty vehicle segment, including Off Highway. Automotive industry participants comprise OEMs, including, *inter alia*, Volkswagen Group, Toyota, Renault-Nissan-Mitsubishi Alliance, Ford, Hyundai Motor Group and others, as well as suppliers of automotive components and systems, e.g., Bosch, Denso, ZF Friedrichshafen, and Magna International. OEMs usually manufacture various vehicle models with different equipment types tailored to market requirements. Technically, different vehicle models are usually based on joint vehicle platforms with shared components. OEMs outsource a substantial part of the development and production of components and solutions to their suppliers.

Macroeconomic factors affecting the demand for vehicles include the general economic environment, geopolitical tensions, supply chain disruptions, vehicle prices, which are mainly driven by the relevant vehicle's equipment and drive system as well as raw material costs, employment levels, interest rates, tariffs, inflation, wages, disposable income, population growth, demographic shifts, energy prices, access to and costs of financing options, and the degree of industrialization in emerging markets. In general, the demand for automotive components and systems from OEMs is therefore in line with the global vehicle production volume and is thus subject to general market risks. In addition, the automotive supply industry is characterized by a competitive environment and continuing market consolidation.

The automotive market in which Automotive operates is fundamentally transforming driven by electric mobility, SDVs, and autonomous mobility as key factors. Vehicles are increasingly connected to the internet and other devices, enabling features like real-time navigation, predictive maintenance, over-the-air updates, new user experiences and integration with smart city infrastructure. SDVs redefine the value of cars and value creation opportunities in the broader automotive context by the separation of hardware and software. This enables a swift and continuous development of new features through software updates and new business models, meeting changing consumer demands for up-to-date onboard functions, exciting experiences, and a secure and sustainable environment. Certain tools for automation in vehicles, e.g. lane-keeping assist, adaptive cruise control, and emergency braking, are becoming standard in modern vehicles, and demand for highly efficient sensors and modern AI systems. These trends apply for the light-vehicle market as well as for commercial vehicles, in particular with regard to the autonomous mobility for heavy-duty trucks. These developments influence the direction of the industry and will influence

the business activity of Automotive. Electric mobility is considered a central future concept for making individual transportation more sustainable. The growing emphasis on sustainability is driving trends like the use of recyclable materials, energy-efficient manufacturing, and a focus on the lifecycle of vehicles encouraging automakers as well as suppliers to focus on reducing emissions in production and logistics.

Automotive sells its products and solutions to customers around the world and is a partner of almost all major OEMs globally. In addition to OEMs, Automotive sells its products and solutions to other suppliers in the value chain as intermediary who integrate the provided products as components in further developed assemblies and supply them to OEMs. The top five customers of the former Automotive group sector (BMW Group, Mercedes-Benz Group, Renault-Nissan-Mitsubishi Alliance, Stellantis, and Volkswagen Group) contributed each year 50% to the annual consolidated sales revenues of the group sector between 2021 and 2024. Automotive serves the major global markets and delivers its products and solutions to customers in more than 40 countries. Automotive has been able to achieve a strong market penetration with regard to the major OEMs globally. In addition, Automotive has a broad customer base in key emerging countries, including Mexico, Thailand, India and Brazil. Almost half of the sales revenues are earned with customers in Europe (including Germany). In the fiscal year 2024, 26% of the sales revenues of the Automotive group sector were generated in Germany. The top three German customers were BMW Group, Mercedes-Benz Group and Volkswagen Group. 24% of the sales revenues were generated in Europe (excluding Germany). The top three customers in this region were Renault-Nissan-Mitsubishi Alliance, Stellantis and Volkswagen Group. 22% of the sales revenues in the fiscal year 2024 were generated in North America, with Ford, General Motors and Stellantis being the top three customers. 12% of the sales revenues in the fiscal year 2024 were generated in Asia (excluding China), with Hyundai Motor Group, Mazda and Toyota being the top three customers. 14% of the sales revenues in the fiscal year 2024 were generated in China, with Geely, Mercedes-Benz Group and Volkswagen Group being the top three customers. Less than 3% of the sales revenues were generated in other countries. Customers are listed in alphabetical order and were determined according to the location where Automotive's products were sold (*sold-to-region*). After the Spin-off has taken effect, the activities of Automotive's sales force will be completely independent from those of the Continental Group.

Automotive's sales force is characterized by central and decentralized elements. Cross-business-area, centralized sales teams organized by respective customers work collaboratively with sales teams focused on products for each business area. The sales teams jointly offer solutions for specific customer requirements and aim to ensure product and system expertise.

The cross-business-area central Customer Sales Team functions as a point of contact between the customers and Automotive's business areas and aims to optimize sales opportunities in the business areas. For the business

areas, the sales representatives of the Customer Sales Team are customer specialists and responsible for understanding the customer processes and all other customer specifics, e.g. volume, organization, roadmaps, as well as terms and conditions. This expertise and the resulting information and analyses are used across the business areas as well as central functions. The sales representatives have knowledge about the market environment and the competition, the customers' needs and the opportunities in the customer's portfolio. They are also responsible for sales processes across the business areas, activities and negotiations, such as contract management, bundled acquisitions, overdues and resilience measures in the supply chain. The business areas are represented on each Customer Sales Team by customer sales managers being responsible for identifying and managing the acquisition of business opportunities and operational sales activities in the ordinary course of business in their respective area.

The Product Sales Teams are responsible for all product-related sales activities in the business areas, e.g. product calculation and quoting. Each Product Sales Team closely collaborates with R&D and project management teams to create high-quality, customized and advanced products and solutions for Automotive's customers. The Product Sales Team consists of sales representatives who support specific customers or groups of customers and work closely with the customer sales manager in the Customer Sales Team. In addition, the Product Sales Team consists of sales representatives fulfilling cross-customer, -product, and -business-area activities, e.g. sales planning. The sales representatives work closely with the strategy and portfolio unit of the respective business area, which is responsible for developing the communications and brand strategy.

g) Sustainability and ESG

Sustainability forms an integral part of Automotive's business model and corporate strategy. It is a key driver of innovation and progress for Automotive during the current transformation of mobility and industry. Automotive aims to reduce the environmental impacts of the automotive industry and to promote zero-emission mobility worldwide. Automotive is strongly committed to make its business sustainable along the entire value chain in relation to environmental social, and governance aspects of its business.

Automotive's ESG framework is based on eight sustainability principles being the fundament of Automotive's sustainability agenda, including good working conditions, green and safe factories, innovations and digitalization, benchmark in quality, safe mobility, long-term value creation, sustainable management practice, and corporate citizenship. Automotive has further developed sustainability ambitions based on its ESG framework with the aim to make Automotive's business more sustainable and to accelerate the transformation process in the automotive industry in the area of sustainability. Automotive is committed to its ambitions, which are categorized in four focus areas: Carbon neutrality, emission free mobility and industry, circular economy, and responsible value chain. Automotive

intends to achieve these ambitions by 2050 at the latest together with its partners along the value chain.

Automotive's sustainability governance aims to offer flexibility and agility to the Automotive Group while ensuring that mandatory requirements, and self-set ambitions and targets are pursued. To ensure progress in all fields of sustainability, Automotive's executive board has established the Sustainability Steering Committee acting as the primary steering and decision body for sustainability on group level. The Sustainability Steering Committee is responsible for, *inter alia*, reviewing and amending the sustainability ambition, reviewing and approving the evaluation of material impacts, risks, and opportunities, setting group-wide sustainability targets and related action plans, and setting group-wide key performance indicators for measuring sustainability performance beyond regulatory requirements. To manage the complexity of sustainability, Automotive has implemented a dualistic organizational approach under the central Group Sustainability Steering Committee level. The "Sustainability Strategy and Operations" team is responsible for the sustainability strategy development and program implementation into the business areas. The "Governance and Reporting" team is assessing, controlling and monitoring Automotive's sustainability ambitions with a comprehensive reporting and controlling system and has clear assigned sustainability-related tasks and responsibilities on different organizational levels. The "Governance and Reporting" team ensures legal compliance with all sustainability related regulations, relevant for the organization. Its responsibilities also include the implementation and execution of a comprehensive assurance and reporting process, including Impact, Risk and Opportunity (IRO) management and an internal control system.

CA Holding SE's first consolidated non-financial statement as part of the group annual report as well as a separate sustainability report for the fiscal year 2025 are planned to be published in 2026.

h) Communications and brand

The communications and brand strategy at the level of the Group is developed under the global responsibility of the "Corporate Communications" unit. Further tasks of "Corporate Communications" include developing and implementing effective communication activities and channels, and providing support to business areas, regions and employees worldwide by communicating details on the product portfolio and the integral system solutions to the different target groups (such as customers, business partners, suppliers, science and research, interest groups in the public, media, end consumers and employees). In addition, the unit develops and presents a consistent image to all target groups mentioned above, and ensures compliance with the corporate design guidelines of Automotive.

Operational communications at the level of the business units mainly reflect the tasks of the "Corporate Communications" unit and ensure the definition

and preparation of the relevant communications strategy for the product portfolio at the global and regional level. In addition, this area is involved both conceptually and operationally in the selection of distribution channels. Here, the overall global strategy is aligned with the business perspective of the business areas and the relevant markets.

At the regional level and at the level of the individual locations, the defined strategies are adapted to the specific needs and implemented. Here, both overarching topics and local topics are taken into account.

The organization of communications and of the brand architecture at these three levels enables Automotive to present itself on a globally coordinated basis as a strong brand, while being close to the customers and their needs. The products and solutions offered by Automotive will be distributed under a brand still to be determined. In addition, the portfolio includes, *inter alia*, the established brands "Elektrobit", "VDO", "ATE" and "Automotive Engineering Services".

## **2. Financial condition and results of operations of CA Holding SE and the Automotive Group after the Spin-off**

The following is a description of the financial condition and results of operations of CA Holding SE and Automotive.

A consolidated statement of financial position of CA Holding SE as at December 31, 2024 does not exist because CA Holding SE does not hold any participations prior to the Spin-off taking effect and in particular does not constitute a group with the companies of Automotive for the purposes of IFRS 10 *Consolidated Financial Statements*. The following discussion is therefore based on the Consolidated Financial Statements. The companies included in these Consolidated Financial Statements are the companies of Automotive, i.e., CAT GmbH together with its direct and indirect subsidiaries. Not included are CA Holding SE and co-pace GmbH, which was transferred within the Continental Group by way of a share transfer from the Tires group sector to the Automotive group sector only with effect as at January 1, 2025 and thus after the end of the reporting period (December 31, 2024). After the Spin-off, the Automotive Group will consist of CA Holding SE as parent company and Automotive (i.e., CAT GmbH and its direct and indirect subsidiaries), including co-pace GmbH. The financial condition and results of operations of the future Automotive Group are generally comparable with those of Automotive in the Consolidated Financial Statements for the fiscal years 2022, 2023 and 2024 (as described in more detail in Chapter IX.2.b)).

In the following discussion, lit. a) deals with the financial condition and results of operations of CA Holding SE. Lit. b) contains an overview of financial data of Automotive for the fiscal years ending on December 31, 2022 (fiscal year 2022), 2023 (fiscal year 2023) and 2024 (fiscal year 2024). The development of the results of operations of the Automotive Group in the fiscal year 2024 is explained in lit. c), and lit. d) discusses the

financial condition of Automotive as at December 31, 2024. Finally, lit. e) shows the expected effects of the Spin-off on the financial condition and results of operations of Automotive.

The following presentation of the financial condition and results of operations of the Automotive Group is based on the Consolidated Financial Statements. The Consolidated Financial Statements were prepared in accordance with the IFRS as they have been adopted by the EU and were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, which issued an independent auditor's report thereon.

In accordance with the accounting standards relating to business combinations under common control, Automotive applied the same accounting principles and valuations when preparing the Consolidated Financial Statements that were applied for the preparation of the financial information for Continental's consolidated financial statements; the values for assets including goodwill and for liabilities were extracted from the financial information for Continental's relevant consolidated financial statements.

The amounts reported in the Consolidated Financial Statements are not necessarily representative of the amounts that would have been reported in the financial statements if Automotive had operated independently of Continental AG. Consequently, the future results in the event of a separation of Automotive from Continental AG may include costs and expenses that may differ materially from Automotive's historical results of operations, financial condition and cash flows. This is, for example, due to the fact that Continental AG currently provides services for Automotive, e.g. administrative services such as tax, legal, controlling, accounting, IT or insurance services. Therefore, the Consolidated Financial Statements for these periods are no indication of the future results of operations and financial condition of the Automotive Group.

In general, the companies included in the scope of consolidation of Automotive apply the same accounting policies that were used to prepare the IFRS consolidated financial statements of Continental AG. However, adjustments have been made where necessary to present Automotive as a separate, independent reporting unit, in particular without intercompany eliminations between Automotive and the rest of the Continental Group. The periods for the recognition of adjustments in the Consolidated Financial Statements are identical to the respective periods of the consolidated financial statements of Continental AG prepared in accordance with IFRS.

Leases with the Continental Group were reflected in accordance with the accounting standards applying to Automotive as an independent group of companies. The same applies to transactions with Continental AG and direct and indirect subsidiaries of Continental AG which have not yet been shown in the consolidated financial statements of Continental AG due to the consolidation; these have not been eliminated in the Consolidated Financial Statements. This includes, in particular, transactions under the joint



financing structure with the Continental Group and in connection with agreements on the provision of specific services.

Therefore, receivables and liabilities relating to affiliated companies of the Continental Group are recorded in the statement of financial position in the Consolidated Financial Statements of Automotive under trade accounts receivable and trade accounts payable. In addition, there are receivables and liabilities resulting from the participation in the joint financing structure with the Continental Group (which are included in the items “short-term derivate instruments and interest-bearing investments” and “short-term indebtedness”).

Due to rounding, it is possible that individual numbers in the following tables do not add up to the totals shown.

a) Financial condition and results of operations of CA Holding SE

CA Holding SE was established by notarial deed dated August 6, 2024 and registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 295655 on August 22, 2024. It does not engage in any business activities until the Spin-off takes effect. Therefore, it has not generated any income in the fiscal year 2024. For the fiscal year 2024, a net loss in the amount of €5,450 resulting from other operating expenses was recorded.

When the Spin-off takes effect, CA Holding SE will hold 100% of the shares in CAT GmbH. The results of operations of CA Holding SE are largely determined by profit transfers under the Domination and Profit and Loss Transfer Agreement.

The participation in CAT GmbH is initially measured at fair value and subsequently at amortized cost. In this regard, the participation will be subject to constant review in future and must be recognized at the lower fair value in the event of permanent impairment.

After the Spin-off, only a limited amount of expenses will be incurred at CA Holding SE, for example expenses for the remuneration of the executive board and the supervisory board of CA Holding SE, for company accounting, the audit costs, or expenses for the organization and conduct of the shareholders’ meeting.

For details on the costs of the Spin-off, see sec. 19.1 of the Spin-off and Transfer Agreement.

b) Financial data of Automotive for the fiscal years 2022, 2023, 2024

**Statement of income**

(€ millions)	Fiscal year 2024	Fiscal year 2023	Fiscal year 2022
Sales revenue .....	19,648	20,814	18,979

(€ millions)	Fiscal year 2024	Fiscal year 2023	Fiscal year 2022
Cost of sales .....	-16,166	-17,288	-16,139
<b>Gross margin on sales</b> .....	<b>3,482</b>	<b>3,526</b>	<b>2,840</b>
Research and development expenses .....	-3,548	-3,589	-3,548
Selling and logistics expenses .....	-655	-700	-644
General administrative expenses .....	-328	-478	-364
Other income .....	1,752	1,516	1,609
Other expenses .....	-439	-336	-853
Income from equity-accounted investees .....	26	35	26
<b>EBIT</b> .....	<b>290</b>	<b>-27</b>	<b>-934</b>
Interest income .....	216	244	160
Interest expense .....	-432	-568	-243
Effects from currency translation .....	-38	-14	-1
Effects from changes in the fair value of derivative instruments, and other valuation effects .....	-30	9	-21
<b>Financial result</b> .....	<b>-284</b>	<b>-329</b>	<b>-105</b>
<b>Earnings before tax</b> .....	<b>6</b>	<b>-357</b>	<b>-1,038</b>
Income tax expense .....	-279	39	45
<b>Net income</b> .....	<b>-272</b>	<b>-317</b>	<b>-994</b>
Non-controlling interests .....	-17	-16	-19
<b>Net income attributable to the shareholders of the parent</b> .....	<b>-289</b>	<b>-333</b>	<b>-1,013</b>
Basic earnings per share in € .....	-549.28	-632.61	-1,923.73
Diluted earnings per share in € .....	-549.28	-632.61	-1,923.73

### Selected items of the statement of financial position

(€ millions)	December 31, 2024	December 31, 2023	December 31, 2022
<b>Assets</b>			
Non-current assets .....	9,938	10,213	10,142
Current assets .....	9,979	14,035	14,529
<b>Total assets</b> .....	<b>19,917</b>	<b>24,249</b>	<b>24,671</b>
<b>Equity and liabilities</b>			
Subscribed capital and reserves .....	9,522	4,659	4,527
Other comprehensive income .....	-770	-735	-404
<b>Equity attributable to the shareholders of the parent</b> .....	<b>8,753</b>	<b>3,924</b>	<b>4,123</b>
Non-controlling interests .....	204	209	229
<b>Total equity</b> .....	<b>8,956</b>	<b>4,133</b>	<b>4,351</b>
<b>Liabilities</b>			
Non-current liabilities .....	2,420	3,008	2,879
Current liabilities .....	8,541	17,108	17,441
<b>Total liabilities</b> .....	<b>10,961</b>	<b>20,116</b>	<b>20,320</b>
<b>Total equity and liabilities</b> .....	<b>19,917</b>	<b>24,249</b>	<b>24,671</b>

**Selected items of the statement of cash flows**

(€ millions)	Fiscal year 2024	Fiscal year 2023	Fiscal year 2022
Cash flow arising from operating activities .....	1,103	250	796
Cash flow arising from investing activities <sup>(1)</sup> .....	1,249	-600	-380
Cash flow before financing activities (free cash flow)	2,352	-350	416
Cash flow arising from financing activities .....	-2,568	304	-16
Change in cash and cash equivalents .....	-215	-47	400
Cash and cash equivalents at the beginning of the period .....	1,601	1,717	1,325
Outflow of cash and cash equivalents due to changes in the scope of consolidation	-3	—	—
Effect of exchange-rate changes on cash and cash equivalents .....	11	-69	-8
<b>Cash and cash equivalents at the end of the period .....</b>	<b>1,394</b>	<b>1,601</b>	<b>1,717</b>

<sup>(1)</sup> Cashflow arising from investing activities includes cash inflows from interest-bearing investments, essentially changes in payments on cash pooling receivables and on loans with non-Automotive companies of the Continental Group.

c) Key factors affecting the results of operations

Automotive believes that the factors discussed below have significantly affected its financial condition and results of operations in the past periods for which financial information is presented in this Chapter, and that these factors will continue to have a material influence on its results of operations, financial position and cash flows in the future.

aa) General economic and cyclical developments

The global production of vehicles and vehicle components and thus the business activities with Automotive’s customers, in particular OEMs, intermediaries for OEMs and fleet operators as well as workshops and wholesalers as customers in the aftermarket business (jointly referred to as the **Customers**), are subject to significant fluctuations and are dependent on the macroeconomic environment. Actual or anticipated improvements in economic and cyclical framework conditions may drive increasing demand for vehicles and, as a result, lead to higher production numbers from OEMs, which in turn may translate into higher business volume for Automotive. Conversely, a weak or uncertain economic environment as well as high or rising inflation, a recession, a volatile interest rate environment, rising unemployment rates, direct or indirect taxes, stagnating or falling wages or rising costs of living can reduce the available resources and the willingness of private households and companies to invest and thus lead to a significant reduction in demand for vehicles and to shifts in market share regarding Customers and products, thereby also negatively impacting demand for vehicle components and the business activities as well as Automotive’s financial condition and results of operations. Although Automotive does not have any significant business activities in

regions where armed conflicts (e.g. the Russia-Ukraine war or the Middle East conflict, including the armed Houthi rebellion in Yemen) are taking place, Automotive is indirectly affected by the impact of these conflicts, for example through increased supply chain instability including increased costs of special freight that is important for products of Automotive, increased raw material prices for vehicle components, and a poor general consumer and business climate.

The commercial vehicle industry in particular is subject to strong cyclical fluctuations between investment phases and phases in which demand falls. The ongoing uncertain global economic situation and the macroeconomic environment have led to a worsening imbalance between the supply of and demand for commercial vehicles and an inhibited willingness among commercial vehicle manufacturers to modernize or expand commercial vehicle fleets. This has reduced demand for vehicle components and system solutions for commercial vehicles, which in turn has had a negative impact on the business activities of Automotive and its financial condition and results of operations.

The markets for Automotive include, in terms of sales revenues in accordance with IFRS 15, Germany (26%), Europe excluding Germany (24%), North America (22%), China (14%), Asia excluding China (12%), and other countries (3%) where Automotive derived its sales revenues in the fiscal year ending on December 31, 2024.

Given the large number of macroeconomic factors that influence global demand for vehicles, the volume of automotive production has been and continues to be characterized by volatility in the past, making it difficult to accurately forecast demand for Automotive's products for the automotive sector. Furthermore, Customers generally do not commit to purchasing guaranteed quantities from their suppliers.

In the fiscal year 2024, the global production figures for passenger cars and light commercial vehicles and thus the demand for vehicle components remained largely unchanged compared to the previous year. The stagnation in production growth is mainly due to the continued weak demand for (new) vehicles as a result of the generally uncertain economic environment and the delayed launch of new production operations, particularly due to the reluctance of OEM Customers to invest, who tend to invest more in more cost-effective updates to existing vehicle series than in new platforms for new vehicle series. In Europe in particular (Western, Central and Eastern Europe, including Russia and Turkey), demand for passenger cars and light commercial vehicles is subdued, with a year-on-year decline in vehicle production of 5% in the fiscal year 2024 (source: S&P Global). In contrast, the production of passenger cars and light commercial vehicles in China developed positively with an increase of 4% compared to the previous year (source: S&P Global).

Automotive's business activities are also dependent on the stability of its supply chains. Now that the effects of the bottlenecks in the supply of semiconductors have no longer had such a significant impact on Automotive's profitability and cash flow since 2022, trade policy factors have remained a factor in business development. The tensions between the U.S. and the European Union with the People's Republic of China, their expected intensification over the course of the fiscal year 2025, the Russia-Ukraine war, and the reciprocal sanctions, tariffs, trade barriers and export control measures, as well as the Middle East conflict, are contributing to global supply chain instability. In view of the new presidential term in the U.S., which began in January 2025, and the more protectionist trade policy already implemented or announced, a further increase in trade tariffs and trade policy conflicts as well as political deglobalization trends in markets that are important for Automotive (e.g. the U.S., Mexico, and China) can be expected, which will also affect Automotive's global supply chains. Disruptions in supply chains can lead to increased logistics costs and considerable additional costs for the production of vehicles and vehicle components and thus have a negative impact on Automotive's business activities, its financial condition and results of operations.

bb) Market developments and market share

The automotive industry is undergoing a profound transformation, which is characterized by increasing technological change towards more digitalization and connectivity of vehicles. The financial condition and results of operations of Automotive will be significantly impacted by this shift towards electric, intelligent, connected, sustainable, safe and autonomous mobility. Customers are demanding increased availability of products and services that enable them to offer vehicles in line with individual developments. Automotive's sales performance and its competitiveness depend on its ability to adapt to these market developments and the changing requirements of its Customers and to help shape the mobility transformation by adapting its product portfolio accordingly (see Chapter IX.2.c)cc)).

cc) Product mix

Automotive's results of operations are influenced by the different business opportunities and the resulting profits of Automotive's five business areas. The portfolio composition of Automotive combines substantial core business and innovative mobility solutions.

The AM business area has a stable component business in the field of automated driving, including for radars and cameras. The systems business based on component development will be increasingly expanded in the future and extended to include further solutions for intelligent parking functions and L2+ systems in the field of automated driving. AM is also aiming to open up new business fields

with fleet operators through new system technologies and autonomous mobility services, e.g. through a partnership with Aurora. The AM business area also offers specialized solutions for trucks and special vehicles, such as tachographs and modified control units, which meet the specific requirements of this market. AM continues to expect stable business opportunities in this field.

In the ANS business area, the digital transformation of traditional vehicle architectures is being driven by the transition from traditional body control modules (BCMs) to zone control units (ZCUs), among other things. High-performance computers (HPC) are seen as the technology of the future in server-based system architectures of Automotive. Therefore, the ANS business area has expanded its portfolio to include HPC solutions and expects to see growth in this field in the future. Automotive continues to expect stable business opportunities in the market for telematics units, as this technology is an elementary component of vehicle connectivity. In vehicle access systems, traditional access solutions are on the decline, while the market for digital solutions is growing. The ANS business area is addressing this trend with the CoSmA digital access system, among other things. Automotive sees an additional future growth area in the software sector in solutions for SDVs, in which vehicle functions are defined more via software (in particular via operating systems and middleware) and are increasingly linked with external technologies (e.g. via cloud functions). Automotive is actively shaping this change in many areas and sees growth potential in the evolution of hardware and software components.

The core business of the SAM business area consists of brake, sensor and airbag systems. In addition to classic brake components, such as wheel brakes and brake boosters, the SAM business area also offers modern electronic brake systems, including what is known as one-box brake systems. Automotive assumes that the market share of more powerful electro-mechanical brakes will grow significantly in the future. At the same time, it is expected that there will continue to be a great demand for hydraulic brake systems. With its solutions for hydraulic and electromechanical braking systems, the SAM business area can serve both market segments. Automotive expects demand for its sensor and airbag systems to remain constant and business opportunities to remain stable. The aftermarket business, which is part of the SAM business area, is also considered to be a stable business segment.

In the UX business area, demand for display solutions and head-up displays has increased. The technologies developed and made available in these fields are increasingly replacing traditional display instruments in vehicles and are seen as a promising growth area for the future. Display solutions are currently representing the largest share of sales within the business area, and Automotive expects them to continue to do so in the future. Due to increased equipment

rates, Automotive also expects high growth opportunities for head-up displays in this field.

The Contract Manufacturing business area covers the business relationship between Schaeffler and Automotive, under which Schaeffler and Automotive companies perform manufacturing activities for customer orders placed by Schaeffler's or Automotive's contractual partners (see also Chapter IX.2.c)II)).

dd) Competition in the automotive and automotive supply industries

Competition in the markets in which Automotive operates has a significant impact on operating results and is characterized by constant change in market penetration, intensified price competition, high capital expenditure and the development and introduction of new products and technologies by existing and new competitors, particularly international suppliers and, to a lesser extent, regional companies. The main competitive criteria are price, quality, technological progress, delivery time, design, and the ability to offer products and solutions globally. Furthermore, the cost efficiency of products has become increasingly important against the backdrop of the volatile macroeconomic environment. In the event that Automotive is unable to meet its Customers' product and solution requirements, they may decide to purchase products and solutions from competitors. Increasing price pressure in a more competitive market environment, combined with higher demands on product performance and extended functionalities, can make it more difficult to balance the effects from a price and cost perspective.

As a key component of its global growth strategy, Automotive continues its strong global presence in the market for vehicle components and solutions. Automotive is also aiming to further strengthen its presence in the Asian market and to increase its market shares as supplier particularly with Asian OEMs. A further increase in market size in Asia (particularly in China and India) could exacerbate the already extremely competitive situation in Asia, which is characterized by a high level of competition and many competitors. Asian competitors could also become more present in other markets, such as the European market, and thus increase competition there. These competitive situations can lead to lower prices and profit margins and entail the risk of not being able to increase or maintain market shares.

ee) Sales volume

Sales volume is an important driver of revenue for Automotive and is driven by a number of factors, including general market conditions in its key markets, product prices, new product launches, regulatory developments, and competition with other suppliers.

Automotive's product portfolio serves all vehicle classes regardless of drive technology and addresses the transformative market

developments in the automotive industry with innovative, modern and sustainable products and system solutions (see Chapter IX.2.c)bb)). Even if general vehicle production is only growing slightly, Automotive sees future growth potential through additional added value per vehicle. New or higher-value functions, combined with alternative business models, allow the value per vehicle to be increased, for example through more modern displays or software functions in the vehicle that are updated via cloud services.

Automotive aims to acquire business from all major Customers, particularly OEM Customers, in the relevant regions of Asia, Europe, and America. This can compensate for special effects caused by negative developments at individual Customers or in specific regions. In addition, Automotive uses its extensive knowledge of the market, vehicle and sales platforms and close contacts to its Customers to secure orders for key projects and successful vehicle platforms, increasing the chances of success and the profitability per project.

ff) Prices for production and non-production materials

The results of operations of Automotive are affected by fluctuations in the prices for production materials (prices of raw materials and purchase components) and for non-production materials (e.g. energy, software, services), which are both important cost drivers as they represent the largest portion of its total operating expense. Electronic components and semiconductors are essential semi-finished products for Automotive. Market availability, particularly in this procurement segment, improved significantly in the fiscal year 2024 compared to previous fiscal years due to a weak demand in the economy as a whole, a decline in vehicle production, and the utilization of previously built-up inventories in Automotive's supply chain. However, certain semiconductor technologies and components that are used specifically in the automotive sector are still experiencing capacity shortages and the associated price risks. However, capacities, particularly for semiconductors used in the automotive industry, remain scarce, and prices are rising. Material expenses corresponded to 57.1% of Automotive's sales revenues in the fiscal year 2024.

Price fluctuations can lead to considerable earnings risks. Potential increases in the price of production materials (e.g. electronic, mechanical and electro-mechanical as well as plastic materials) have a significant impact on the costs for Automotive and its business areas. Automotive tries to achieve lower prices for the production materials through annual price negotiations, adaption of supplier shares and implementation of material cost reduction programs in order to counteract potential price increases. However, due to strong competition, it is often not possible to pass on rising material costs to Customers or to maintain prices when material costs fall.



The sustainability strategy of Automotive, which aims, for example, to make production carbon-neutral or to ensure sustainability in the supply chain, may, among other things, have an impact on the selection and prices of the raw materials, components and non-production materials used and thus may also have an indirect effect on Automotive's operating expenses.

The prices for components purchased by Automotive, in turn, are influenced by the prices and availability of the raw materials from which these components are produced. The prices of raw materials are influenced by global or regional supply/demand dynamics, transportation costs, government regulations and tariffs, geopolitical events, changes in currency exchange rates, price controls, the general macroeconomic and cyclical environment (see also Chapter IX.2.c)aa)), and other circumstances. The raw materials steel, aluminum, copper and plastics that are relevant to Automotive were exposed to a geopolitical environment in the fiscal year 2024 that led to trade and/or sanction barriers and thus also to higher prices and freight rates. The expected economic recovery in China at the beginning of the fiscal year 2024 was slowed down by the ongoing real estate crisis. This led to higher steel exports to other regions, which put pressure on steel prices worldwide. Due to supply bottlenecks as a result of the Russia-Ukraine war, global energy prices rose significantly in the fiscal year 2022 and, after a slight decline in the fiscal year 2024, are still at a higher level than before the Russia-Ukraine war. Rising or increased energy prices have already led and may continue to lead to higher prices for raw materials and thus affect Automotive's results of operations.

When sourcing components, Automotive manages procurement costs through various measures, including the selection of its suppliers through competitive tenders, continuous optimization of its supplier portfolio with regard to strategy and supplier performance, and long-term supply contracts under which suppliers undertake to deliver the components on the agreed terms. Automotive also uses, to the extent possible, price escalation clauses in supplier contracts. Raised purchasing costs, for example due to inflation-related cost increases, can also be partially offset by price adjustments to Customers. The price adjustments to customers achieved by Automotive in the fiscal years 2023 and 2024 compensated for the increased purchasing costs and contributed to the positive sales trend.

gg) Operational efficiency measures

Automotive operates in an industry where efficiency improvements and cost savings are crucial to maintain competitiveness and profitability. As a result, Automotive's results of operations depend significantly on its ability to improve operational efficiency across its organization. Automotive is therefore striving to continuously increase its competitiveness and the overall efficiency of its business

activities, particularly in the following areas: (i) better price negotiations with suppliers, (ii) increasing productivity in production, (iii) increasing efficiency in the global research and development network, (iv) improving the cost structure of the business and administrative structures, and (v) optimizing the strategic approach for systematic investments in new research areas.

Fixed costs of Automotive include, in addition to research and development expenses (see Chapter IX.2.c) selling, logistics and administrative expenses. A substantial part of these costs are personnel expenses and costs for external services (e.g., in connection with the audit of the annual financial statements). In particular personnel expenses have a significant effect on the profitability of Automotive. The number of employees of Automotive has decreased from 103,266 people as at December 31, 2023 to 92,745 as at December 31, 2024.

Automotive seeks to enhance the efficiency improvement targets on an ongoing basis through various cost reduction programs and restructuring plans. In addition to measures to optimize the fixed cost structure, Automotive is implementing measures to increase efficiency in the administrative area and to streamline the research and development network. This will result in restructuring expenses in the short term. In the medium to long term, however, these measures aim at achieving increased efficiencies and lower costs and, as a consequence, improving Automotive's results of operations and cash flows.

In the fiscal years 2022 to 2024, Automotive incurred restructuring expenses and restructuring-related expenses (including restructuring-related impairment and reversals of impairment losses) in connection with cost reduction programs in a total amount of €371 million.

Automotive communicated further restructuring measures in February 2025. These measures are expected to result in additions to personnel restructuring provisions up to the low three-digit million range. The implementation of the agreed measures is intended to be initiated from 2025 and to take place gradually until the end of 2026.

hh) Regulatory environment

Automotive's competitiveness and sales performance depend on its ability to adapt to changes in the regulatory environment and legal requirements. The regulatory environment influences Automotive's business activities, particularly in the area of commercial vehicles. Systems used in logistics and the transport sector are affected by legal regulations relating to the recording, processing and transmission of relevant data for journeys, in particular driving times, position data via a tachograph for toll calculation, and speed measurements for trucks. Corresponding requirements must be

implemented on a region-specific basis and have a significant impact on the equipment rate of commercial vehicles and require fleet operators to update their equipment.

The regulatory environment is also important in the area of active and passive safety systems and components. For example, the assessment of safety aspects by the European New Car Assessment Program (NCAP) or comparable assessment programs to determine vehicle safety with regard to impact and occupant protection in addition to accident-avoidance technology serves as a guide for consumers in their purchasing decisions. Automotive's components for safety-relevant functional areas in the system network are important for such assessments. OEM Customers in turn expect Automotive to offer components that meet high NCAP standards in order to be able to sell the vehicles accordingly.

ii) Specific warranty expenses, provisions, and warranty claims

Automotive's results of operations are significantly affected by specific warranty expenses and provisions, which can vary significantly throughout the year. These specific warranty expenses or provisions arise in connection with certain components which are alleged to be defective or for which warranty claims arise. Warranty expenses and provisions both affect Automotive's results of operations and have a balance sheet impact.

Similarly, claims and litigation can also cause large fluctuations in results. Non-warranty related claims from Customers and suppliers against Automotive generally have a negative impact on Automotive's results. Such a risk exists, for example, with regard to disputes over industrial property rights. Automotive could be liable to pay compensation for infringements or could be forced to purchase licenses to be able to continue using technologies from third parties. In this respect, there is a risk that Automotive may depend on licenses and the conditions under which they are granted to customers for being able to use patents relating to these standards (so-called standard essential patents), especially in the field of telecommunications standards. Automotive has set up provisions to protect itself from the risk of potential damage and claims in this regard. Automotive is also involved in claims against its Customers and suppliers that could have a negative impact on its results. To the extent Automotive can reduce the number and size of claims against it, it can improve its profitability and financial condition. The significant percentage of events of damage was due to anomalies with the MK C2 integrated brake system. The reason for the anomalies is an electronic component whose functionality may be impaired. In individual cases, this can lead to affected brake systems resorting to the built-in fallback level. In this case, too, the braking performance is above the legally required standards and braking is possible. Based on systems that have already been replaced and the current state of knowledge, Automotive assumes that only a small

proportion of brake systems will actually need to be replaced. Automotive has formed provisions in the mid double-digit million range and currently assumes that this will be sufficient for the warranty case.

jj) Research and development

The results of operations and competitiveness of Automotive are driven to a significant extent by its ability to develop commercially attractive products and technologies. Automotive therefore invests considerable resources in research and development and has implemented and is implementing various measures to increase efficiency in relation to research and development (see also Chapter IX.2.c)gg)).

The table below sets forth the research and development expenses of Automotive for the fiscal years ending on December 31, 2022, 2023, and 2024:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Research and development expenses (in € millions) .	-3,548	-3,589	-3,548
Income from research and development (in € millions) .....	1,191	1,198	1,277
Total research and development expenses (net) <sup>(1)</sup> (in € millions) .....	-2,357	-2,391	-2,271
Research and development expenses (net) as a percentage of sales (absolute).....	12.00	11.49	11.97

<sup>(1)</sup> Research and development expenses (net) are defined as expenses for research and development less reimbursements and subsidies that Automotive receives in this context.

kk) Foreign exchange rate fluctuations

As Automotive operates globally, exchange rate fluctuations affect Automotive’s operating results.

Exchange rate fluctuations can lead to losses if assets denominated in currencies with falling exchange rates lose value, while at the same time liabilities denominated in currencies with rising exchange rates gain value. Translational effects of exchange rate fluctuations arise because the results of subsidiaries of Automotive are measured in the functional currency of the country in which the subsidiary operates. A number of subsidiaries of Automotive report their results in currencies other than the euro. For the preparation of the Consolidated Financial Statements, Automotive must translate all results of its non-euro subsidiaries from local currency into euro at the average exchange rate for the relevant period. Balance sheet items expressed in a currency other than euro have to be translated into euro at the relevant closing rate. As a consequence, fluctuations in the foreign currency exchange rates may increase or decrease the euro value of the non-euro assets, liabilities, revenue and expenses

of Automotive even if their value has not changed in their functional currency.

Transactional effects of exchange rate fluctuations arise when Automotive companies enter into sale or purchase transactions in a currency other than their local currency. External and internal transactions involving the supply of products and services to third parties or Automotive companies result in cash inflows and outflows denominated in currencies other than the functional currency of the relevant Automotive company. If the cash outflows of the relevant Automotive company in a foreign currency are not offset or otherwise hedged by cash inflows from operating activities in this currency, the remaining net foreign currency risk can have an impact on the results of operations and the financial condition. Exchange rate fluctuations can increase or decrease fluctuations in the prices of goods and other raw materials, as Automotive purchases some of its goods and raw materials in currencies other than the euro. Automotive is exposed to significant transaction risks with regard to the Mexican peso (MXN) and the Romanian leu (RON), as the cash outflows exceed the cash inflows in these currencies. In addition, there is an increased dependency and thus an increased foreign currency risk in connection with the Chinese yuan (CNY), with Automotive having significantly more cash inflows than outflows in this currency.

II) Significance of the Contract Manufacturing group sector

The Contract Manufacturing group sector is currently organizationally integrated into the Automotive group sector and is intended to be continued as a business area of Automotive after the Spin-off has taken effect. In the fiscal year 2023, the Contract Manufacturing group sector generated sales revenues of €512 million with the business area of the same name and employed 1,478 people. Both sales revenues and the number of employees are falling continuously. In the fiscal year 2024, the Contract Manufacturing group sector generated sales revenues of €239 million and employed 772 people. The group sector and future business area is intended to be phased out in the medium term.

mm) Economic impact of the COVID-19 pandemic

Since the beginning of 2020, the COVID-19 pandemic has had a significant impact on the global economy and in particular on the automotive and automotive supply industry. With the gradual lifting of pandemic-related restrictions in 2021, global markets began to recover. Despite these positive developments, Automotive's sales were negatively impacted by supply bottlenecks in connection with the COVID-19 pandemic, in particular due to a shortage of semiconductors and increased raw material prices in production, until the fiscal year 2022. However, the global automotive and automotive supply industry has not been able to fully recover economically from the effects of the COVID-19 pandemic in terms of production figures,

which in turn is also reflected in Automotive’s production figures, which for the fiscal year 2024 were still below the level before the outbreak of the COVID-19 pandemic. Production figures are expected to return to a level comparable to that before the COVID-19 pandemic by the end of the 2020s.

d) Development of Automotive’s results of operations

aa) Development of sales revenues

Sales revenues decreased by €1,166 million, or 5.60%, to €19,648 million in the fiscal year ending on December 31, 2024, from €20,814 million in the fiscal year ending on December 31, 2023. This development is linked to challenging market conditions, with the decline in vehicle production in Europe in particular having a negative impact on demand.

bb) Revenues by business areas

(€ millions)	<u>Fiscal year 2024</u>	<u>Fiscal year 2023</u>	<u>Fiscal year 2022</u>
Autonomous Mobility	3,322	3,429	3,026
Architecture and Network Solutions	5,559	5,537	4,774
Safety and Motion	7,532	7,913	7,380
User Experience	3,070	3,546	3,277
Contract Manufacturing	239	512	666
Other/holding/consolidation	-73	-124	-144
<b>Automotive<sup>(1)</sup></b>	<b>19,648</b>	<b>20,814</b>	<b>18,979</b>

<sup>(1)</sup> The line item “Automotive” shows the revenues generated by CAT GmbH together with its direct and indirect subsidiaries and companies in which it holds shares.

Sales revenues of the Architecture and Network Solutions business area increased by €22 million, or 0.40%, to €5,559 million in the fiscal year ending on December 31, 2024, from €5,537 million in the fiscal year ending on December 31, 2023. This development is related to the increased demand for technologies relating to the transformation towards SDVs, such as high-performance computers (HPCs), connectivity technologies or digital access systems.

Sales revenues of the Autonomous Mobility business area decreased by €107 million, or 3.12%, to €3,322 million in the fiscal year ending on December 31, 2024, from €3,429 million in the fiscal year ending on December 31, 2023. The decline in sales is related to reduced production volumes in the areas of radar and camera solutions due to delayed or reduced customer demand, postponements in the launch of new production operations and general challenging market conditions.

Sales revenues of the Safety and Motion business area decreased by €381 million, or 4.81%, to €7,532 million in the fiscal year ending on December 31, 2024, from €7,913 million in the fiscal year ending

on December 31, 2023. This development is related to the decline in sales figures regarding brake systems and airbag control units.

Sales revenues of the User Experience business area decreased by €476 million, or 13.42%, to €3,070 million in the fiscal year ending on December 31, 2024, from €3,546 million in the fiscal year ending on December 31, 2023. This development is related to significantly reduced sales figures in the area of display solutions, which are primarily due to the delay in new product launches and lower equipment rates.

Sales revenues of the Contract Manufacturing business area decreased by €273 million, or 53.32%, to €239 million in the fiscal year ending on December 31, 2024, from €512 million in the fiscal year ending on December 31, 2023. This decline in sales is related to the planned reduction and medium-term discontinuation of contract manufacturing for Schaeffler and Vitesco Technologies (until the merger on October 1, 2024).

cc) Cost of sales

The cost of sales decreased by €1,122 million, or 6.49%, to €16,166 million in the fiscal year ending on December 31, 2024, from €17,288 million in the fiscal year ending on December 31, 2023. With 82.28%, the ratio of cost of sales to revenues decreased in the fiscal year 2024 compared to the fiscal year 2023 (83.06%). The reduction in the cost of sales was driven by an overall favorable change in material prices, a significant decrease in special journeys for freight transport and start-up costs in production as well as the reversal of restructuring provisions.

dd) Gross margin on sales

Gross margin on sales decreased by €44 million, or 1.25%, to €3,482 million in the fiscal year ending on December 31, 2024, from €3,526 million in the fiscal year ending on December 31, 2023. The gross margin on sales percentage in the fiscal year ending on December 31, 2024 (17.72%) increased compared to the gross margin on sales percentage in the fiscal year ending on December 31, 2023 (16.94%). The slight decrease in the gross margin on sales was primarily due to the decline in sales revenues.

ee) Research and development expenses

Research and development expenses decreased by €41 million, or 1.14%, to €3,548 million in the fiscal year ending on December 31, 2024 from €3,589 million in the fiscal year ending on December 31, 2023. This development is related to the initial effects of optimization programs in relation to research and development activities, such as the reduction of external development services and in-house development resources.

ff) Selling and logistics expenses

Selling and logistics expenses decreased by €45 million, or 6.43%, to €655 million in the fiscal year ending on December 31, 2024 from €700 million in the fiscal year ending on December 31, 2023. This cost reduction is related to the effects of optimization programs in relation to selling and logistics costs as well as the reversal of restructuring provisions.

gg) General administrative expenses

General administrative expenses decreased by €150 million, or 31.38%, to €328 million in the fiscal year ending on December 31, 2024, from €478 million in the fiscal year ending on December 31, 2023. This significant cost reduction is related to the effects of optimization programs in relation to the administrative organization as well as the reversal of restructuring provisions.

hh) Other income

Other income increased by €236 million, or 15.57%, to €1,752 million in the fiscal year ending on December 31, 2024, from €1,516 million in the fiscal year ending on December 31, 2023. The increase in other income in the fiscal year 2024 resulted from positive foreign currency effects arising from the foreign currency valuation of non-financial receivables or liabilities, positive effects in the area of patents, product liability, and the non-recurring charge in connection with the extensive termination of business activities in Russia in the fiscal year 2023, which no longer had an impact in the fiscal year 2024.

ii) Other expenses

Other expenses increased by €103 million, or 30.65%, to €439 million in the fiscal year ending on December 31, 2024 from €336 million in the fiscal year ending on December 31, 2023. The increase in other expenses is mainly due to the higher non-operating taxes and duties compared to the fiscal year 2023 as well as positive effects in the area of patents, product liability, and litigation.

jj) Income from equity-accounted investees

Income from investments in subsidiaries and affiliated companies decreased by €9 million to €26 million in the fiscal year ending on December 31, 2024, from €35 million in the fiscal year ending on December 31, 2023.

kk) Other income from investments

No other income from investments was generated in the fiscal year 2024.



ll) EBIT

The operating result (EBIT) increased by €317 million to €290 million in the fiscal year ending on December 31, 2024, from €-27 million in the fiscal year ending on December 31, 2023. This development is related to an optimized fixed cost structure and lower restructuring costs compared to the previous fiscal year.

mm) Interest income

Interest income decreased by €28 million, or 11.48%, to €216 million in the fiscal year ending on December 31, 2024 from €244 million in the fiscal year ending on December 31, 2023. This decrease in interest income was primarily due to a lower volume of deposits made under the intra-group financing of the Continental Group.

nn) Interest expense

Interest expense decreased by €136 million, or 23.94%, to €432 million in the fiscal year ending on December 31, 2024 from €568 million in the fiscal year ending on December 31, 2023. This decrease in interest expense resulted primarily from a lower financing volume from cash pooling and the central financing by means of loans taken out under the intra-group financing of the Continental Group.

oo) Effects from currency translation

Expenses attributable to effects from currency translation increased by €24 million to €38 million in the fiscal year ending on December 31, 2024 from €14 million in the fiscal year ending on December 31, 2023.

pp) Effects from changes in the fair value of derivative instruments and other valuation effects

Effects from changes in the fair value of derivative instruments and other valuation effects resulted in expenses of €30 million in the fiscal year ending on December 31, 2024 and were therefore €39 million lower than the effect in the fiscal year ending on December 31, 2023, in which income of €9 million was generated.

qq) Financial result

The financial result was reduced by €45 million, or 13.68%, to €-284 million in the fiscal year ending on December 31, 2024 from €-329 million in the fiscal year ending on December 31, 2023. This decrease resulted in particular from lower volumes from cash pooling and the central financing by means of loans taken out under the intra-group financing of the Continental Group.

rr) Earnings before tax

Earnings before tax increased by €363 million to €6 million in the fiscal year ending on December 31, 2024, from €-357 million in the

fiscal year ending on December 31, 2023. Earnings before tax are calculated as the sum of EBIT and financial result.

ss) Income tax expense

Income taxes changed from an income tax income of €39 million in the fiscal year 2023 by €-318 million to an expense of €-279 million in the fiscal year 2024.

tt) Net income

Net income improved by €45 million, or 14.20%, to €-272 million in the fiscal year ending on December 31, 2024, from €-317 million in the fiscal year ending on December 31, 2023.

uu) Net income attributable to non-controlling interests

Net income attributable to non-controlling interests changed by €-1 million to €-17 million in the fiscal year ending on December 31, 2024, from €-16 million in the fiscal year ending on December 31, 2023.

vv) Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent improved by €44 million, or 13.21%, to €-289 million in the fiscal year ending on December 31, 2024, from €-333 million in the fiscal year ending on December 31, 2023.

e) Analysis of the financial condition of Automotive as at December 31, 2024

aa) Net indebtedness

(€ millions)	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Short-term indebtedness	2,377	10,386	10,344
Long-term indebtedness	282	679	1,002
<b>Gross indebtedness</b>	<b>2,659</b>	<b>11,065</b>	<b>11,346</b>
Cash and cash equivalents	-1,394	-1,601	-1,717
Short-term derivative instruments and interest-bearing investments	-1,594	-4,454	-4,975
Long-term derivative instruments and interest-bearing investments	-3	-68	-76
<b>Net indebtedness</b>	<b>-332</b>	<b>4,942</b>	<b>4,578</b>

The net indebtedness of Automotive as at December 31, 2024 amounted to €-332 million, i.e. the sum of cash and cash equivalents and interest-bearing investments exceeded indebtedness. Since Automotive meets its funding needs until the Spin-off mainly from operating cash flow and the intergroup financing within the Continental Group, the receivables from and liabilities to the

Continental Group from financing activities are included in the calculation of net indebtedness.

The development of net indebtedness was significantly influenced by the implementation of capital measures in preparation for the Spin-off. Automotive's equity was increased by a total of €5,244 million in 2024 by means of the contribution of two receivables from intercompany loan agreements by way of a capital increase against contribution in kind (*Sachkapitalerhöhung*). A further increase in Automotive's capital will also take place prior to the Spin-off. See also Chapter V.4 for information on capital measures.

The capital and financial resources of Automotive were strengthened in preparation for the Spin-off. These capital measures are taken into account in the Consolidated Financial Statements and increased the net financial resources of Automotive. The net financial resources (the sum of cash and cash equivalents and interest-bearing investments exceeds indebtedness) of Automotive as at December 31, 2024 in the amount of €332 million as well as planned cash inflows from operating and investing activities are available for the financing of planned cash outflows for operating, investing and financial transactions, in particular in the fiscal year 2025.

bb) Pension commitments

In order to finance the obligations under pension commitments, the main pension plans of Automotive are partly covered by plan assets within the meaning of IAS 19. The defined benefit obligation within the meaning of IAS 19 of the principal defined benefit plans (including defined contribution commitments in Germany) amounted to €2,993 million as at December 31, 2024. The fair value of the plan assets within the meaning of IAS 19 of these principal pension plans amounted to €1,639 million as at December 31, 2024. The resulting underfunding of these principal pension plans amounted to €1,354 million constituting the major part of the item "long-term employee benefits" in the statement of financial position in the amount of €1,676 million. The decrease in the underfunding as at December 31, 2024 compared to the underfunding as at December 31, 2023 by €1,408 million was primarily due to exchange-rate effects, in addition to actuarial gains. In connection with the carve-out of the German pension plans as part of the Spin-off, the obligations to active employees were assumed by Automotive, while the obligations to employees who left the company or retired were retained by Continental.

cc) Capital structure and debt

As at December 31, 2024, the total current liabilities of Automotive amounted to €8,541 million, or 42.88%, of total equity and liabilities, and thus remained almost unchanged compared to the amount of €17,108 million as at December 31, 2023. Within current liabilities

and provisions, in particular “short-term indebtedness” decreased due to the increase in equity and the step-by-step separation of Automotive from the financial structures of the Continental Group (see also Chapter V.3 and Chapter V.4), and “trade account payables” decreased due to the more efficient management of working capital. Total non-current liabilities amounted to €2,420 million, or 12.15%, of total equity and liabilities as at December 31, 2024. Of this amount, in addition to “long-term employee benefits”, €358 million were attributable to long-term provisions for other risks and obligations, in particular for litigation and environmental risks. This decrease in non-current liabilities by €588 million from €3,008 million as at December 31, 2023 was attributable, in addition to the increase in “long-term employee benefits”, to the increase in long-term provisions, in particular for restructurings. As a result, total liabilities as at December 31, 2024 amounted to €10,961 million. The equity ratio of Automotive as at December 31, 2024 was 44.97% and equity amounted to €8,956 million.

dd) Asset structure and equity

As at December 31, 2024, the total assets of Automotive amounted to €19,917 million. Current assets amounted to €9,979 million, or 50.10%, of total assets. “Trade accounts receivable” with an amount of €3,642 million and “inventories” with €2,583 million represented the largest part of current assets. Current assets decreased by €4,056 million from €14,035 million as at December 31, 2023. In particular, “short-term derivative instruments and interest-bearing investments” decreased due to the step-by-step separation of Automotive from the financial structures of the Continental Group (see also Chapter V.3), and “trade accounts receivable decreased due to the more efficient management of working capital. Non-current assets amounted to €9,938 million, or 49.90%, of total assets. Of this amount, €5,282 million (December 31, 2023: €5,441 million) were attributable to property, plant and equipment. Goodwill amounted to €2,129 million (December 31, 2023: €2,160 million), or 10.69%, of total assets or 23.77% of equity.

ee) Capital expenditure

The capital expenditure of Automotive decreased in the fiscal year 2024 compared to the fiscal year 2023 by €278 million to €953 million from €1,231 million. This development is related to the challenging market developments and the generally weak automotive and industrial environment. Automotive production is declining in Europe and North America in particular, with the result that only weak market growth is expected in these regions and only limited investments are therefore considered necessary.

In the Architecture and Network Solutions business area, investments in the fiscal year 2024 were mainly made in high-performance computers (HPCs), zone control units (ZCUs), and

established technologies in the business area, e.g. telematics control units and access systems. Capital expenditure decreased in the fiscal year 2024 compared to the previous year. This decrease is mainly due to sufficient production capacities and thus a lack of need for expansion investments at the manufacturing sites, a larger proportion of volume prolongations and an adjustment of already planned capital expenditure projects due to changes in Customer requirements.

In the Autonomous Mobility business area, investments in the fiscal year 2024 focused on the expansion of the plant in Kaunas (Lithuania) and on the technological development and production of radar and surround cameras. Another focus was on R&D investments in the context of the strategic partnership with Aurora. Total investments slightly decreased compared to the previous year. The decline in capital expenditure in the fiscal year 2024 compared to the previous year is due to non-recurring special investments that became necessary for the Autonomous Mobility business area in connection with the carve-out of Vitesco Technologies in the fiscal year 2023.

In the Safety and Motion business area, investments were mainly made in the field of brake systems. In the fiscal year 2023, the transfer of production facilities from Vitesco Technologies, the transformation projects with new production equipment in North America, and the expansion of production facilities in China and North America in particular led to increased investment requirements. This capital expenditure was no longer incurred in the fiscal year 2024 or was significantly reduced.

In the User Experience business area, investments were made in the fiscal year 2024 in the expansion of production space at the manufacturing sites, particularly in Novi Sad (Serbia). Capital expenditure decreased compared to the previous year. In the fiscal year 2023, investments were already made in new production lines for large-format displays in order to address market developments appropriately. This capital expenditure was no longer incurred to the same extent for the fiscal year 2024.

In the Contract Manufacturing business area, investments for the fiscal year 2024 remained at a very low level, like in the previous year. Contract Manufacturing only executes existing production orders for drive-related products for Schaeffler and (until the merger on October 1, 2024) Vitesco Technologies. Furthermore, the business area does not have any operating business and is to be dissolved in the medium term.

f) Effects of the Spin-off on the financial condition and results of operations of Automotive

aa) Effects of the Spin-off on the results of operations

The Spin-off will, except for the effects described below, have insignificant effects on the results of operations of Automotive because it is expected to have no significant effects on the business activities of Automotive. The current business relationships to the Continental Group will be maintained to a limited extent, at least for the near future. For a detailed explanation of these relationships, see Chapter XI.

In the area of information technology, it is expected that Automotive will incur additional expenses after the Spin-off (for details on the separation of the IT as part of the Spin-off, see Chapter V.11). As a result of the necessary separation of the services previously existing within the Continental Group, Automotive will be affected by dissynergies and the economic loss of economies of scale (e.g. as a result of the extension of the scope, acquisition and/or renegotiation of software licenses / license agreements). When implementing the relevant measures and making the adjustments, importance is attached to achieving an implementation that is as cost-neutral as possible, and it is also intended to reduce operational expenses incurred in the future by taking appropriate countermeasures.

The separation of the purchasing function of Automotive after the Spin-off from the Continental Group will reduce the purchasing volume under the responsibility of Automotive in the area of non-production materials. Especially in the case of identical needs for goods and services, which are required in both the Continental Group and Automotive, or suppliers shared between the Continental Group and Automotive, this may adversely affect the market position.

As a result of the Spin-off, the companies of Automotive will no longer participate in the intra-group cash management and financing system of the Continental Group. This also applies to the participation by the companies of Automotive in the foreign currency and raw materials price risk management system of Continental AG (see also Chapter V.3).

Thus, the future financing opportunities and costs of CA Holding SE and Automotive will depend exclusively on their own creditworthiness, and the costs of foreign currency and raw material price hedging transactions will depend on their own activities. This is expected to result in higher costs than was the case in the past as part of the Continental Group.

For details on the costs of the Spin-off, see sec. 19.1 of the Spin-off and Transfer Agreement.

bb) Effects of the Spin-off on the financial condition

The effects of the Spin-off on the financial condition of Automotive are described in Chapter VIII.1.

After the Spin-off, the future financing opportunities and costs of CA Holding SE and Automotive will depend exclusively on their own creditworthiness. The Spin-off generally has no effects on the financial condition of Automotive because it does not directly concern its assets but only results in a change in the shareholder structure. However, there are certain specific legal or contractual consequences of the Spin-off, and individual measures in connection with the Spin-off are planned or have already been implemented which will have effects on the financial condition, see also Chapter VIII.1.e). One of these measures is, in particular, the termination of the participation in the intra-group cash management and financing system of the Continental Group prior to the Spin-off.

cc) Effects of the Spin-off on the capital structure and financing of Automotive

The executive board members of Continental AG and CA Holding SE aim to achieve a solid capital structure which will enable Automotive to operate successfully in the market from the start. Automotive's capital was increased by a total of €5,244 million in 2024. A further increase in Automotive's capital will also take place prior to the Spin-off, see also Chapter V.4.

It is planned that liabilities resulting from the participation of Automotive in the joint financing structure with the Continental Group prior to the Spin-off will be cancelled.

dd) Debt financing of Automotive after the Spin-off

After the closing of the Spin-off, Automotive is intended to be financed primarily by the utilization of available liquidity and a syndicated credit facility from an international banking consortium. For this purpose, a credit facility agreement in a total volume of €2.5 billion has been entered into with this banking consortium. It is intended that the banking consortium will arrange for a participation of further banks in a timely manner after publication of this Spin-off Report (syndication). The revolving credit facility made available under the credit facility agreement can also be drawn in U.S. dollar.

The revolving credit facility has a term of three years with two optional extensions by an additional period of one year in each case (subject to approval by the lenders) and is used for general corporate purposes, i.e. in particular the financing of the operational business. The revolving credit facility is based on market standard commercial terms, including market standard obligations as regards compliance with financial ratios and a limit on the dividend of CA Holding SE. The determination of the size, structure and term of the credit facility is

intended to ensure that Automotive will have sufficient funds and flexibility in its business planning over the medium term.

After the closing of the Spin-off, the revolving credit facility will be the main instrument for Automotive's debt financing. Automotive intends to further diversify its financing instruments after the closing of the Spin-off. Where required, for example in countries with highly regulated capital markets, Automotive will additionally obtain funds through bilateral bank loans.

### **3. Legal structure of CA Holding SE and of the Automotive Group after the Spin-off**

#### a) Shareholder structure

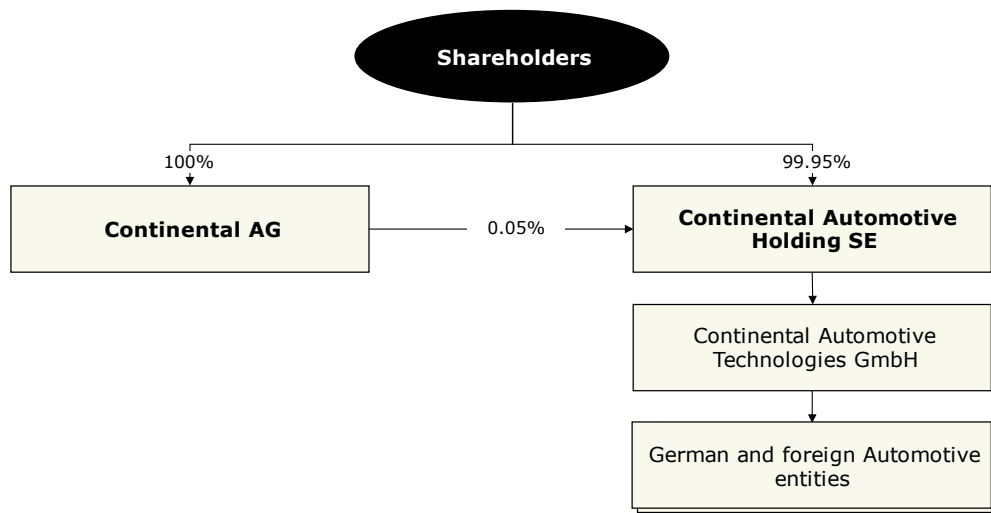
When the Spin-off takes effect, the shares in CA Holding SE (except for the 48,000 shares in CA Holding SE which will continue to be held for a short period of time by Continental AG immediately after the Spin-off) will be held by the shareholders of Continental AG in proportion to their participations in Continental AG (see Chapter VI.12). This means that, subject to the adjustment of the fractional entitlements, CA Holding SE will, at the time of the initial stock exchange listing, have the same shareholder structure as Continental AG. After the IPO, however, the shareholder structures may develop independently of each other. Due to the fact that all Continental shareholders receive shares in CA Holding SE in connection with the Spin-off, it can be expected that a significant number of shareholders will sell the shares allocated to them. In particular, it is possible that shareholders for whom it is relevant that Continental AG is represented in the DAX equity index (e.g. index funds) can no longer hold the shares in CA Holding SE, which are allocated to them as a result of the Spin-off, due to their investment rules and objectives, and will sell these shares, which may result in a change in the shareholder structure. Such sell-offs may influence the stock exchange price of the shares in CA Holding SE.

#### b) Group structure

When the Spin-off takes effect, a holding structure will come into existence at the Automotive Group under which CA Holding SE will be the parent company.

The following chart shows the expected future structure and major participations of the Automotive Group after the Spin-off has taken effect (participations as at December 31, 2024).





c) Articles of association of CA Holding SE

It is intended that the current version of the articles of association of CA Holding SE remain in force for some time. However, CA Holding SE will adopt new articles of association prior to the Spin-off taking effect, which will contain the standard provisions for articles of association of a listed company. The new version of the articles of association of CA Holding SE is expected to be implemented in two steps:

In a first step, the usual provisions of the articles of association of a listed company will largely come into force as part of a complete revision of the articles of association. Only the previous provision on the supervisory board will remain unchanged for a transition period because the future provision on the supervisory board will probably still have to be adjusted depending on the agreement in this respect in the future employee involvement agreement (for details, see Chapter IX.3.e) and Chapter XII.3.

In a second step – also prior to the Spin-off taking effect – the provision on the supervisory board will also be revised, depending on the employee involvement agreement. Moreover, it is intended to change the name of CA Holding SE prior to the Spin-off taking effect. The draft of the complete articles of association of CA Holding SE, which will become applicable after the Spin-off has taken effect – subject to the terms of any employee involvement agreement to be concluded (if any) and after completion of potential status proceedings (*Statusverfahren*) – is attached as Annex 14 to the Spin-off and Transfer Agreement attached hereto as **Annex 1**. The new articles of association contain the following material provisions:

aa) General provisions

Articles 1 to 3 of the draft articles of association contain general provisions on the name of the company (Continental Automotive Holding SE), the registered office (Frankfurt am Main), the object of the company and standard provisions regarding announcements and the transmission of information.

The current registered office of CA Holding SE is in Munich. It is intended to relocate the registered office to Frankfurt am Main still before the Spin-off takes effect.

The object of the company and the related provisions currently read as follows:

1. The object of the company is the management, holding and administration of a group of companies (including joint ventures) that are active in the following areas:
  - a. the development, manufacture and distribution of parts, system components and complete systems for all kinds of vehicles,
  - b. the manufacture or purchase of raw materials which are required for the production of these goods.
2. The Company itself may also become active in the areas specified in paragraph 1 or use subsidiaries and affiliates to achieve the object of the company. The Company may also confine its activity to a part of the activities specified in paragraph 1.
3. The Company shall be entitled to transact all business and take all steps which appear suitable to directly or indirectly promote the object of the Company, in particular to acquire and dispose of real estate, to establish branches in any domestic or foreign location, to hold participations in other enterprises and to enter into contracts on the pooling of interests and intercompany agreements. The Company may combine enterprises under single management and confine itself to the management of the enterprises or the administration of its participation. In particular, the Company is entitled to establish, take over, acquire or hold participations in other enterprises of the same or a similar type. The Company may establish affiliated companies, acquire participations, change their structure, combine them under single management or confine itself to the administration of the participation, and sell participations. Furthermore, the Company may enter into intercompany agreements and cooperation agreements of all kind.

bb) Share capital and shares

Article 4 of the draft articles of association contains provisions on the share capital, the shares and the share certificates. The share capital after the Spin-off Capital Increase for the implementation of the Spin-off amounts to €250,127,477.50, divided into 100,050,991 registered no-par value shares (*auf den Namen lautende Stückaktien*).

Furthermore, article 5 of the draft articles of association contains further standard provisions under which CA Holding SE is entitled to issue collective and global certificates. The entitlement of the shareholders to demand the issue of share certificates is excluded.

cc) Corporate bodies

Articles 6 to 21 of the draft articles of association deal with the executive board, the supervisory board and the shareholders' meeting of the company. They contain provisions which are standard for a European stock corporation (*Societas Europaea*) (for a description of the provisions of the articles of association regarding the executive board and the supervisory board, see also Chapter IX.3.d) and Chapter IX.3.e)).

dd) Fiscal year, accounting, appropriation of profits and expenses of formation or change of legal structure

Articles 22 to 24 of the draft articles of association contain provisions on the fiscal year (the calendar year), accounting, appropriation of profits and expenses of formation and change of legal structure that are standard provisions for a European stock corporation (*Societas Europaea*).

d) Executive board of CA Holding SE

In accordance with article 7(1) of the draft articles of association, the executive board shall consist of at least two members, with the supervisory board determining the number of members of the executive board. The appointment of deputy members of the executive board shall be permitted. The supervisory board may appoint a member of the executive board as chairperson of the executive board.

It is planned that the executive board of CA Holding SE will have three members comprising group functions and further functions of the operating business. The group functions consist of the Chairman/Chief Executive Officer (Philipp von Hirschheydt), the Chief Financial Officer (Karin Dohm) and a Chief Human Relations Officer. The Chairman was appointed with immediate effect and the Chief Financial Officer with effect as at April 1, 2025 by resolution of the supervisory board on March 12, 2025. The Chief Human Relations Officer and the functions from the operating business are intended to be appointed by resolution of the supervisory board after April 25, 2025.

Pursuant to article 8(2) of its draft articles of association, CA Holding SE is legally represented by two members of the executive board or by one member of the executive board jointly with an authorized signatory (*Prokurist*).

Based on the resolution adopted by the supervisory board of CA Holding SE on March 12, 2025, the remuneration system will be designed as follows from the time the Spin-off takes effect:

The remuneration of the executive board members consists of fixed non-performance-related and variable performance-related components.

The fixed non-performance-related remuneration components comprise the fixed annual salary which is paid in twelve equal monthly installments, additional benefits, such as the provision of a company car and the payment of insurance premiums, as well as a pension allowance.

The variable performance-related remuneration components comprise a short-term remuneration component (**Short Term Incentive** or **STI**) as well as a long-term remuneration component (**Long Term Incentive** or **LTI**):

The short-term variable remuneration in the form of the Short Term Incentive (STI) rewards the contribution to value creation with regard to the achievement of the short-term economic and other targets during a fiscal year. In the employment contract, an STI target amount is agreed, which is granted in the case of 100% target achievement. The maximum amount is limited to 200% of the target amount. The amount of the STI to be paid out depends on the extent to which an executive board member achieves the targets set by the supervisory board for the following key performance indicators that are linked by way of addition with each other: adjusted EBIT as a percentage of adjusted sales (**adjusted EBIT margin**), cash flow before financing activities adjusted for cash inflows and outflows from the acquisition or disposal of companies and business operations (**adjusted free cash flow**), and environmental, social and governance indicators (**ESG performance indicators**).

In addition, the supervisory board may take into account the individual or collective performance of the executive board in the form of a Personal Contribution Factor (**PCF**) using a set of performance criteria that are decisive for the operational implementation of the corporate strategy, e.g., from the areas of market development and customer focus, implementation of transformation projects, organizational and cultural development as well as environmental protection, social and governance (ESG). The PCF can be included in the target achievement as a multiplier with a value between 0.8 and 1.2. If the supervisory board has not set any performance criteria for an executive board member within the scope of the PCF, the PCF value is 1.0.

To calculate the target achievement, at the start of each fiscal year, the supervisory board defines both the target values and the (lower and upper) thresholds. The range for target achievement for each performance criterion is 0% to 200%. After the end of each fiscal year, the target achievement for each performance criterion is determined. In this determination, the degree of target achievement is calculated between 0% and 200%. To calculate the target achievement for the adjusted EBIT margin, the actual value is compared with the corresponding value from the previous year and weighted at 45%. For the members of the executive board responsible for the group, the target achievement for the adjusted EBIT margin is solely

measured on the basis of the adjusted EBIT margin for the group; for the members of the executive board responsible for a group sector, 50% of the target achievement is measured on the basis of the adjusted EBIT margin determined for the group and 50% on the basis of the adjusted EBIT margin determined for the relevant group sector. To calculate the target achievement for the adjusted free cash flow, the actual value is compared with the corresponding target value and weighted at 45%. To calculate target achievement for the ESG performance indicator(s), the defined target value is compared with the target achievement and weighted at 10%. Target achievement for the adjusted free cash flow and the ESG performance indicator(s) is measured for all members of the executive board on the basis of the relevant performance criteria for the group as a whole. The amount so determined is multiplied by the STI target amount. The gross value of the amount of the STI to be paid out is determined and paid out by multiplying this result with the PCF.

If the Spin-off takes effect in the fiscal year 2025, the following special provision is made for the STI for the short fiscal year 2025: Instead of the three performance criteria of adjusted EBIT margin, adjusted free cash flow and ESG performance indicators, the focus is to be placed exclusively on the performance criterion of the adjusted EBIT margin. In this case, the adjusted EBIT margin is weighted at 100%. The possible determination of a PCF remains unaffected.

The long-term incentive is intended to promote long-term commitment among the executive board members to CA Holding SE and its sustainable growth. The LTI is structured as a virtual performance share plan with a four-year term. The LTI is based on three performance criteria, which are measured over a period of three years (performance period) and are linked by way of addition with each other.

The first performance criterion with a weighting of 50% is the long-term relative total shareholder return (**TSR**), which is measured using the performance of the CA Holding Share compared to an index. This index may, for example, consist of European companies that are active in the automotive industry and comparable with CA Holding SE. The second performance criterion with a weighting of 30% is return on capital employed (**ROCE**), which is the ratio of EBIT (adjusted for goodwill impairment as well as gains and/or losses from the disposal of parts of the company) to average operating assets (**adjusted ROCE**). The third performance criterion with a weighting of 20% is a sustainability criterion that may comprise up to four sustainability performance indicators. In addition, the development of the CA Holding SE share price over the term of the LTI is crucial in determining the amount of the LTI to be paid out. Each LTI is valid for a term of four fiscal years. An allotment value in euros for the LTI is agreed in the employment contract. At the start of the first fiscal year of the LTI plan's term, this allotment value is converted into a basic holding of virtual shares. For this purpose, the allotment value is divided by the arithmetic mean of the closing prices of the CA Holding SE share in XETRA trading on the

Frankfurt Stock Exchange (or a successor system) in the last 30 trading days preceding the start of the term of the relevant LTI plan (issue price).

The long-term (relative) TSR is determined by comparing the development of the CA Holding Share after a period of three years of the term of the LTI plan with the development of the comparison index during the relevant period as follows: if the TSR of the CA Holding SE share falls short of or exceeds the TSR of the comparison index by less than 20 percentage points, the degree of target achievement is calculated linearly between 0% and 200%.

For the ROCE performance criterion, the supervisory board defines, at the start of a tranche, a target value as well as a lower and upper threshold, on which basis a target achievement between 0% and 200% can be reached. Target achievement is reviewed after three years of the term of the LTI on the basis of the audited consolidated financial statements for the third fiscal year of the ongoing LTI. Target achievement is measured by comparing the actual value for ROCE on December 31 of the third year of the term with the target values defined by the supervisory board for the respective tranche.

Furthermore, the supervisory board sets between one and up to four ESG performance indicators for the sustainability criterion of the relevant LTI plan. The individual performance indicators are derived from CA Holding SE's corporate and/or sustainability strategy and are relevant for supporting and implementing the strategy. If multiple ESG performance indicators are selected, the supervisory board also specifies their weightings in relation to one another before the term of a tranche begins. For each ESG performance indicator, the supervisory board specifies a target value that corresponds to 100% target achievement, as well as a lower threshold representing 0% target achievement and an upper threshold representing 200% target achievement.

In a first step, the virtual shares allocated on a preliminary basis at the start of the plan are converted after a period of three years into the final number of virtual shares, depending on the overall target achievement of the performance criteria. For this purpose, the performance index is determined by adding the weighted target achievement for the financial performance criteria (relative TSR and adjusted ROCE) and the weighted target achievement for the non-financial sustainability criterion. Multiplying the basic holding of virtual shares by the performance index gives the final number of virtual shares (final holding). This final holding is multiplied by the payout ratio in order to determine the gross value of the LTI to be paid out in euros. The payout ratio corresponds to the sum of the average closing price of the CA Holding Share in Xetra trading on the Frankfurt Stock Exchange in the last 30 trading days prior to the end of the four-year term and the dividends paid per share during the four-year term. The payout amount capped at 200% of the agreed allotment value.

If the Spin-off takes effect in the fiscal year 2025, the following deviating provision is made for the LTI tranche starting in the fiscal year 2025: To

calculate the basic holding of virtual shares, the arithmetic mean of the closing prices of the CA Holding Share in XETRA trading on the Frankfurt Stock Exchange in the first three months from (and including) the date of commencement of trading is used as a basis. In addition, no separate ESG performance indicators are set for the sustainability criterion; instead, a target achievement of 100% is used as the basis for this performance criterion.

In addition to the remuneration components described above, it is planned to grant a one-time spin-off bonus to each member of the executive board holding office when the Spin-off takes effect. The terms of this spin-off bonus shall create an incentive to contribute to the success of the Future Automotive Group over the medium and long term – like the incentive bonus for selected employees at the management levels below the executive board (see Chapter IX.3.f below)). The spin-off bonus consists of a gross amount to be paid out in two tranches. After the gross amount of the bonus has been paid out, the executive board members must invest the resulting net amount in CA Holding Shares within a specified period of time. The target total value of the gross amount is for both tranches half of the fixed annual salary of the relevant executive board member. Depending on the development of the stock exchange price of the CA Holding Share, the total volume of the spin-off bonus will be in a range between approximately €1.4 million and €5.7 million. 50% of the target total value of the gross amount (corresponding to 1/4 of the fixed annual salary) will be paid out when the CA Holding Shares will be listed on the stock exchange (**Payment 1**), provided that the shares to be acquired under Payment 1 are subject to a three-year holding period from the date of acquisition of the shares. A further amount will be paid out 18 months after the stock exchange listing of the CA Holding Shares (**Payment 2**), provided that the gross amount to be paid out for Payment 2 will depend on the development of the stock exchange price of the CA Holding SE share. If the final price (average of the last 30 trading days before the end of the 18-month period) corresponds to the initial price (four-month average after admission to trading) of the CA Holding Share, another 50% of the target total value (corresponding to 1/4 of the fixed annual salary) is paid out. If the final price has doubled compared to the initial price, twice the target total value (corresponding to one fixed annual salary) is paid out. If the final price has halved compared to the starting price, 1/16 of the fixed annual salary is paid out. Payment of less than 1/16 of the fixed annual salary or more than one fixed annual salary is excluded. The shares to be acquired under Payment 2 are subject to a three-year holding period from the date of acquisition of the shares.

In addition to the previously outlined remuneration components, each executive board member is obliged to invest a minimum amount into CA Holding Shares and to hold such shares for a period of up to two years after the end of such member's appointment and termination of such member's employment contract.

If a member of the executive board demonstrably and knowingly commits a gross violation of the obligations under such member's employment

contract, the supervisory board is entitled, in its reasonable discretion, to reduce the variable remuneration partially or completely to zero or to demand its repayment (compliance penalty provision and clawback provision). Similarly, in the event of an incorrect data basis for calculating the variable remuneration, the supervisory board may, in its reasonable discretion, correct the determination of the relevant elements of the variable remuneration or demand the repayment of amounts already paid out (performance correction and clawback provision).

The share of the long-term variable remuneration significantly exceeds the share of the short-term variable remuneration in order to ensure a long-term and sustainable remuneration. At 100% target achievement, the annual fixed salary (excluding pension allowance and additional benefits) is approximately 25% to 35%, the Short Term Incentive approximately 20% to 30%, the Long Term Incentive approximately 30% to 45% of the target total remuneration. The pension allowance may amount to 5% to 10% and the additional benefits on average to approximately 1% to 5% of the target total remuneration (without taking into account the spin-off bonus). The total of all payments that result from the remuneration regulations for one fiscal year ("maximum remuneration" – without taking into account the spin-off bonus) is €8.0 million for the chairperson of the executive board and €4.0 million for each other member of the executive board.

e) Supervisory board of CA Holding SE

It is intended that still before the Spin-off takes effect, CA Holding SE will have a co-determined supervisory board composed of an equal number of shareholder representatives and employee representatives in accordance with the provisions of the articles of association, which are still to be amended. According to current plans, the details of such provisions, such as the size of the supervisory board, shall be determined before the Spin-off takes effect subject to the conclusion of an employee involvement agreement (for details, see Chapter XII.3).

It is intended that the shareholder representatives on the supervisory board will be elected by Continental AG as the sole shareholder in the shareholder's meeting of CA Holding SE prior to the Spin-off taking effect. The persons who will act as shareholder representatives on the future supervisory board of CA Holding SE have not yet been determined. It is expected that the employee representatives on the supervisory board will be appointed after conclusion of the employee involvement agreement and completion of the status proceedings (for details, see Chapter XII.3 below). The details of the appointment of the employee representatives on the supervisory board will depend on the provisions of the employee involvement agreement still to be concluded.

In addition to reimbursement of reasonable out-of-pocket expenses and VAT incurred by them for their activities on the supervisory board, the members of the supervisory board of CA Holding SE will each receive a fixed base remuneration of €100,000 per year payable in the last month of each fiscal



year, except that the chairperson of the supervisory board will receive a fixed base remuneration of €300,000 and the deputy chairperson of the supervisory board a fixed base remuneration of €150,000. The chairperson and the members of certain committees will receive an increased remuneration. The chairperson of the executive committee will receive €50,000, the chairperson of the audit committee will receive €100,000 and the chairperson of the technology committee will receive 40,000 for their activities in addition to the fixed base remuneration. The other members of the executive committee will each receive an additional remuneration of €50,000, the other members of the audit committee will each receive an additional remuneration of €50,000 and the other members of the technology committee will each receive an additional remuneration of €20,000 for their activities. The chairpersons and the other members of any other committees shall not receive any increased remuneration. An increased remuneration only accrues if the relevant committee met at least once in the fiscal year. If a member of the Supervisory Board performs more than one function for which an increased remuneration is envisaged, their remuneration shall be determined based on all the functions they exercise. If a member of the Supervisory Board is chairperson of multiple committees for which increased remuneration is provided for, only the highest-paid position shall be remunerated as chairperson of that committee, while the other positions as chairperson of a committee shall be remunerated in accordance with the corresponding remuneration of another member of the respective committee. In addition, each member of the supervisory board will receive an attendance fee of €1,000 per supervisory board meeting that the member attends in person. This applies also to personal attendance at committee meetings not held on the same day as a meeting of the supervisory board. The participation in a meeting held by telephone or video conference or the participation by telephone or video conference will be considered as personal attendance at a meeting.

f) Share-based compensation plans and employee participation plans at Automotive

To the extent that employees participate in the LTI Plans existing in the Continental Group (see Chapter II.2.c)) above, the corresponding rights may be adjusted as a result of the Spin-off, unless the terms and conditions of the relevant LTI Plan provide that they shall remain unchanged or include amended payout conditions for the Spin-off. In the case of employees of the future Automotive Group which will leave the Continental Group as a direct consequence of the Spin-off, the executive board of CA Holding SE will, at its reasonable discretion, decide to adjust the plan criteria. In addition, the LTI Plan 2025 provides that, in the event of a Spin-off, the KPIs shall be linked to targets of the future Automotive Group.

CA Holding SE plans to commit to pay an incentive bonus to a certain limited number of employees at the management levels below the future executive board of CA Holding SE who have special responsibility in connection with the Spin-off and the successful independent operation of the business of the future Automotive Group. In order to create a specific incentive for the

beneficiaries to contribute to the success of the future Automotive Group also over the medium and long term, the incentive bonus consists of the payment of a gross amount in two tranches. After the relevant gross amount has been paid out, each beneficiary must invest the resulting net amount in CA Holding Shares. The target total value of the gross amount for both tranches is based on the initial target price of €30 per share and – depending on the position of the beneficiary employee – half a year's or one year's gross annual base salary of the beneficiary. 50% of the target total value of the gross amount will be paid out when the shares in CA Holding SE will be listed on the stock exchange (**Tranche 1**), provided that the shares to be acquired under Tranche 1 are subject to a three-year holding period from the date of acquisition of the shares. A further amount will be paid out 18 months after the stock exchange listing of the CA Holding Shares (**Tranche 2**), provided that the gross amount to be paid out for Tranche 2 will depend on the development of the stock exchange price of the CA Holding Share. The shares to be acquired under Tranche 2 are subject to a three-year holding period from the date of acquisition of the shares. Depending on the development of the stock exchange price of the CA Holding Share, the total volume of the incentive bonus plan will be in a range of approximately €8.3 million to a maximum of approximately €33.4 million.

g) Auditor

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft will be appointed as auditor of the individual financial statements and of the consolidated financial statements and as auditor for the review of half-year interim financial statements to be prepared after the stock exchange listing of CA Holding SE for the fiscal year 2025.

**X. The Continental Group after the Spin-off**

**1. Business operations of the Continental Group after the Spin-off**

After the Spin-off has taken effect, the Automotive and Contract Manufacturing group sectors previously belonging to the Continental Group will be continued by the then newly created Automotive Group and, thus, no longer be part of the Continental Group.

Since the Automotive group sector (including Contract Manufacturing) was, already prior to the Spin-off, a largely independent unit within the Continental Group in operational terms (see Chapter II.3), the Spin-off will have no material effects on its business operations. The links between the business operations of Automotive and the other companies of the Continental Group, which currently exist within the Continental Group, will continue after the Spin-off in the form described in Chapter XI. The Tires and ContiTech group sectors will be continued unchanged and their business activities will not be affected by the Spin-off.

## **2. Financial condition and results of operations of Continental AG and of the Continental Group after the Spin-off**

When the Spin-off takes effect, Automotive (including Contract Manufacturing) will be separated from the Continental Group and will be continued by the newly created Automotive Group with CA Holding SE as the group parent company.

For a description of the effects of the Spin-off on the financial condition of Continental AG and of the Continental Group, see also Chapter VIII.1. For a description of the tax effects of the Spin-off, see Chapter VIII.2.

### a) Continental AG

With the Spin-off taking effect, Continental AG's participation in CAT GmbH and the Domination and Profit and Loss Transfer Agreement existing between Continental AG as the controlling company and CAT GmbH as the controlled company following the Merger will be transferred to CA Holding SE (as for the effects, see Chapter VIII.1.b)). The domination and profit and loss transfer agreement existing between co-pace GmbH, which was transferred within the Continental Group from the Tires group sector to the Automotive group sector by way of a share transfer with effect as at January 1, 2025 (see Chapter V.1.a)), and a subsidiary of the Tires group sector was terminated with effect as at the end of December 31, 2024. There are no other domination and profit and loss transfer agreements between Continental AG or companies of the Continental Group and CAT GmbH or its direct or indirect subsidiaries. Accordingly, there are no domination and profit and loss transfer agreements that would have to be terminated in connection with the Spin-off taking effect.

### b) The Continental Group

The Spin-off will have essentially the following effects for the Continental Group:

Prior to the Spin-off, the activities attributable to the Automotive and Contract Manufacturing group sectors were part of the business activities of the Continental Group and were consolidated in the consolidated financial statements of Continental AG. With the loss of the control under the rules of IFRS 10, i.e., upon taking effect of the Spin-off by registration with the commercial register of Continental AG, these activities then combined under the roof of CA Holding SE will no longer be included in the consolidated financial statements of Continental AG.

As from the date on which the supervisory board of Continental AG has approved the Spin-off, which will occur in its meeting of March 12, 2025, Continental AG will recognize the business activities of Automotive in its accounting as "discontinued operations". Until the Spin-off takes effect, they will be measured at the lower of the book value of the Automotive Group and the relevant fair value less transaction costs. This may have effects

recognized in profit or loss in the event of a reclassification and the subsequent measurement.

In essence, when the Spin-off takes effect, the assets and liabilities attributable to the Automotive Group will no longer be recognized in the relevant items of the statement of financial position of the Continental Group.

The group sectors Tires and ContiTech will not be affected by the Spin-off and will, accordingly, not be reclassified in the consolidated financial statements of Continental AG. From the time the Spin-off takes effect, service relationships with the new Automotive Group will be recognized in the consolidated financial statements of Continental AG as revenues, income or expenses.

The fact that Automotive will no longer be part of the Continental Group will have effects on the Continental Group especially in the following areas:

aa) Financing

Prior to the Spin-off taking effect, Automotive participates in the financial management of the Continental Group. With the Spin-off, Automotive will become financially independent. Outstanding balances from the intra-group financing between companies of the Continental Group and companies of the future Automotive Group will be settled at the latest when the Spin-off takes effect. In total, the intra-group financing resulted in a negative net balance to the detriment of Automotive as at December 31, 2024.

Apart from that, the Spin-off will, from today's perspective, not have any substantial effects on the financing volume needed by the Continental Group.

Currently, Continental AG has an investment grade rating. The executive board of Continental AG does not expect that, taking into account the aforementioned considerations, this rating will change as a result of the Spin-off.

All in all, from today's perspective, the Spin-off will not result in any material changes to the future financing opportunities and costs of the Continental Group.

bb) IT

In the area of information technology, the Continental Group is expected to incur additional expenses after the Spin-off. As a result of the Spin-off, services previously existing within the Continental Group will have to be separated (for a description of the separation of the IT in relation to the Automotive Group, see also Chapter V.10). This will result in costs, dissynergies and the economic loss of economies of scale also for the Continental Group due to changes regarding the IT, e.g. as a result of the extension of the scope, the

acquisition and/or the renegotiation of software licenses and license agreements. When implementing the relevant measures and adjusting the relevant agreements, it is carefully pursued to achieve an implementation that is as cost-neutral as possible, and it is also intended to reduce operational expenses incurred in the future by taking appropriate countermeasures.

cc) Purchasing

The separation of Automotive and of the related purchasing function will significantly reduce the purchasing volume under the responsibility of the Continental Group in the area of non-production materials. Especially in the case of goods and services shared (e.g. IT licenses, energy or logistics services) or suppliers shared between the Continental Group and Automotive, this may adversely affect the market position of the Continental Group.

**3. Legal structure of Continental AG and of the Continental Group after the Spin-off**

Except for the fact that the Spin-off Assets will be spun-off and except for the preparatory measures described in Chapter V, the Spin-off has no effects on the legal structure of Continental AG and of the Continental Group. The Spin-off will have no direct impact on the corporate structure of the Continental Group. Continental AG will continue to be the parent company of the Continental Group. The portfolio of Continental AG is intended to continue to include the operational group sectors Tires and ContiTech. The Spin-off will not result in any changes with regard to the investments of Continental AG in German and foreign companies, except for the Automotive companies which will no longer be part of the Continental Group after the Spin-off and except for any companies that may be newly founded in the context of the Spin-off. On the occasion of the Spin-off, it is intended to integrate the central functions of the Continental Group in a streamlined holding structure.

Upon registration of the Spin-off with the commercial register of Continental AG, Philipp von Hirschheydt will leave the executive board of Continental AG. Independently from the planned Spin-off, Olaf Schick resigned from his position on the executive board of Continental AG with effect as at September 30, 2025 before the end of his term of office.

Apart from that, the composition of the executive board of Continental AG, the responsibilities of its members as well as their terms of office will not change as a result of the Spin-off.

After the Spin-off takes effect, Continental AG will continue to be a company with a co-determined supervisory board composed of an equal number of shareholder representatives and employee representatives in accordance with the provisions of the MitBestG. The size of the supervisory board of Continental AG is expected to be reduced from twenty to sixteen members (eight shareholder representatives and eight employee representatives) in

the future due to the reduction in the number of employees and the fact that the threshold pursuant to Section 7(1) sentence 1 no. 3 MitbestG will not be reached as a result of the Spin-off. It is expected that the reduction in the size of the supervisory board will only be effected at the end of the term of office of the current employee representatives on the supervisory board, unless the relevant bodies adopt a resolution on an earlier reduction in the number of its members. Since CA Holding SE and the further companies of the future Automotive Group will no longer be consolidated companies of Continental AG after the Spin-off has taken effect, the term of office of those employee representatives on the supervisory board of Continental AG whose employer companies are part of the future Automotive Group will expire pursuant to Section 24(1) MitbestG (as described in more detail in Chapter XII.3). This currently concerns three members, Carmen Löffler, Michael Iglhaut and Anne Nothing (see also Chapter II.2.f)).

The shareholder structure of Continental AG will also not change as a consequence of the Spin-off of the activities of Automotive. The Spin-off has no effect on the rights of the shareholders of Continental AG. They will only be allocated shares in CA Holding SE in addition to their shares in Continental AG in accordance with the share allocation ratio.

The share capital of Continental AG will remain unchanged. A reduction of the share capital in order to implement the Spin-off pursuant to Section 145 UmwG in conjunction with Sections 229 et seq. AktG is not required (for details on the accounting effects of the Spin-off, see Chapter VIII.1).

## **XI. Relationship between the Continental Group and the Automotive Group after the Spin-off**

The Continental Group and the Automotive Group will continue to maintain contractual relationships at various levels after the closing of the Spin-off. The main relationships are described below.

### **1. Supply and service relationships**

#### **a) Supply relationships**

At various manufacturing sites, in particular in Vahrenwald, Northeim, Korbach and Toulouse, products of the Automotive group sector and products of the (remaining) Continental Group are manufactured that are required for the continued operation of the business of the respective other party during a certain period after the Spin-off. The manufacturing sites themselves will legally remain with the companies of the future Automotive Group or the Continental Group, as the case may be, which they were part of prior to the Spin-off and, in this respect, will not be affected by the Spin-off. As a result, it will be necessary that companies of the Continental Group will manufacture products for and supply them to the future Automotive Group and vice versa. For this reason, the Continental Group and the future Automotive Group intend to enter into various supply agreements, which are to come into force with the Spin-off taking effect at the latest.

In particular, the intended new supply agreements will reflect the fact that, after the Spin-off, Automotive will no longer be part of the Continental Group so that processes currently in place within the Continental Group, such as the annual budgeting process, can no longer be applied.

- aa) Supply agreement for the manufacture of air bellows at the Vahrenwald site

With regard to the Vahrenwald site, it is intended that ContiTech Luftfedersysteme GmbH will enter into a supply agreement with the relevant company of the future Automotive Group for the manufacture and supply of air bellows with effect as at the date the Spin-off takes effect.

The agreement is currently likely to have a term of one to two years. At the end of the term, production in Vahrenwald will be discontinued and resumed by the Automotive Group at the automotive site in Jicin at a later date. It is currently still being discussed whether the components required for this should be supplied by the Continental Group.

The supply agreement is to contain a comprehensive and binding plan with fixed end dates by which designated areas of the Vahrenwald manufacturing site are to be released by way of the transfer or possibly the disposal of certain production equipment. According to the current planning, the relevant company of the Automotive Group shall pay ContiTech Luftfedersysteme GmbH compensation for the transfer of production equipment based on the then current market value. A separate purchase agreement is intended to be concluded for this purpose.

According to the current planning, the prices under the supply agreement for the Vahrenwald site are intended to be fixed for the term in the form of a price volume matrix in order to be able to even out volume fluctuations.

- bb) Supply agreement for the manufacture of rubber brake hoses at the Korbach site

The supply agreement for the Korbach site is currently intended to provide for the manufacture and supply of rubber brake hoses by ContiTech Luftfedersysteme GmbH to the relevant companies of the Automotive Group under statements of work to be prepared in each case. According to the current planning, the agreement is intended to be concluded with effect as at the date the Spin-off takes effect and for a term until the end of 2027. Thereafter, the production of rubber brake hoses in the EU is intended to be discontinued. Under a license agreement originally concluded with ContiTech Schlauch GmbH, Nanjing Orientleader Technology Co., Ltd. has in-licensed rights to the product. It is currently being clarified whether and for how long ContiTech Luftfedersysteme GmbH will continue to supply

Nanjing Orientleader Technology Co., Ltd. with the raw materials EPDM and yarn.

- cc) Framework supply agreement(s) for the production of various products (including precision sealing solutions and plastic injection molded parts) at various locations

According to the current planning, the relevant companies of the future Automotive Group and the relevant company(ies) of the Continental Group (OESL) are intended to enter into one or more framework supply agreements for the production of various products (including precision sealing solutions and plastic injection molded parts) at various locations (including Northeim and Villingen) with effect as at the date the Spin-off takes effect. The terms of the framework agreement(s) are intended to cover both supplies made by the Automotive Group to the Continental Group (OESL) and vice versa.

- dd) Supply agreement for the manufacture of TTM 3 tire sensors at the Toulouse site

With regard to the Toulouse site, it is planned that the Automotive Group will produce tire sensors (currently "TTM 2"; expected from Q2 2025 "TTM 3") in the "electronic Tire Information System" (eTIS) technology area for the Tires group sector.

According to current planning, the supply agreement for the supply of the tire sensors is to be concluded with effect as at the date when the Spin-off takes effect and will run for five years. During this term of the agreement, the Automotive Group is currently supposed to be obliged to produce the tire sensors exclusively for the Continental Group. According to the current planning, the supply agreement will provide for a fixed price that is subject to a price adjustment in the event of specified fluctuations in volumes, raw material prices and/or indices.

As the Automotive and the Tires group sectors each hold intellectual property rights for the individual components of the tire sensors (TTM 2 and TTM 3) and their manufacture, the two group sectors will also enter into agreements with regard to the further use of those rights by the future Automotive Group or the Tires group sector.

Finally, it is currently being examined whether and to what extent the Automotive Group and the Continental Group will also cooperate in the field of development in selected areas during the term of the supply agreement, for example for the further development of the TTM 3 sensor and/or the development of a successor model to the TTM 3 sensor.

- ee) Further supply relationships

In addition to the supply relationships already listed, the relevant companies of the Continental Group and the Automotive Group



intend to enter into further supply agreements, which cover a comparatively smaller volume in terms of the products to be supplied and/or the relevant end products. According to the current planning, this includes, for example, the supply of flat diaphragms for a vacuum system (pump) for brake actuation/boosting by the Continental Group to the Automotive Group at the Northeim site. There are also ongoing negotiations.

b) Research and development services

With the exception of development services under the supply agreement for the production of tire sensors at the Toulouse site (see Chapter XI.1.a)dd)), there are no plans for the Automotive Group to continue to receive development services from the Continental Group and vice versa.

c) General services

After the Spin-off, the Automotive Group continues to receive various general services from the global corporate and cross-sector functions of the Continental Group, as well as local services, e.g. in the areas of HR, IT, purchasing, and logistics. The relevant companies of the Continental Group receive some of these services, in turn, from third parties (e.g. external IT services) and pass them on to the Automotive Group.

On the other hand, the Continental Group will also require various services from the Automotive Group for a limited period after the Spin-off, in particular in the IT area.

In order to reduce the scope of the services still to be provided after the Spin-off as far as possible, it is currently planned to separate the aforementioned service functions between Automotive and the rest of the Continental Group as far as possible until the Spin-off takes effect.

In the event that the Continental Group requires nevertheless services from the Automotive Group after the Spin-off and vice versa, it is planned that Continental AG and/or other companies of the Continental Group and CA Holding SE and/or other companies of the Automotive Group will enter into "Transitional Services Agreements" with effect as at the date the Spin-off takes effect at the latest in order to stipulate the general terms for the provision of the services (e.g. standard of services, warranties, liability, pricing, durations, termination rights) as part of the Spin-off. According to these Agreements, the scope of and remuneration for the services will be mainly determined by the annual budgeting process within the Continental Group and the resulting cost allocation in accordance with specific allocation keys within the Continental Group.

The individual service relationships are described in more detail in the respective statements of work, e.g. scope, prices and terms of the individual services to be provided. According to the current planning, however, the general services are likely to be provided for a maximum period of 18

months from the date on which the Spin-off takes effect in order to achieve a complete independence of both groups as soon as possible.

## **2. Other relationships**

### **a) Intellectual property rights**

It is currently intended that the future Automotive Group and the Continental Group enter into various (cross-)license agreements, which are to apply from the time when the Spin-off takes effect. This concerns in particular patents.

Joint patents (if any) held by the ContiTech and Tires group sectors together with an Automotive company and the joint inventions such patents are based on are intended to be allocated either to the Continental Group or to the future Automotive Group by the time the Spin-off takes effect.

With regard to the “electronic-Tire Information System” (eTIS) technology area, the Continental Group and CA Holding SE will, according to the current planning, also enter into agreements with regard to intellectual property rights held solely by the Automotive group sector and solely by the Tires group sector. Such agreements are intended to ensure, among other things, that the rights of use required by the companies for the continuation of their respective businesses are reciprocally granted for the period after the Spin-off takes effect. With regard to development services (if any) provided by the Automotive Group or the Continental Group for the respective other Group and joint developments (if any) (such as in the area of the TTM 3 tire sensor), the Automotive Group and the Continental Group will, according to the current planning, also enter into agreements with regard to the allocation and cross-licensing of the resulting intellectual property rights.

For details on the license for the use of the name “Continental” and related logos, which will remain valid to a limited extent for a transition period after the Spin-off has taken effect, see Chapter V.13 above.

### **b) Lease agreements**

CAT GmbH and its subsidiaries already hold rights of ownership or similar rights in the majority of the properties and real estate that CAT GmbH and its subsidiaries require to carry out their business activities.

Furthermore, the subsidiaries of CAT GmbH rent space from third parties to carry out their business activities.

A few areas owned by the Continental Group are rented to each other within the group and across group sectors. It is intended to replace these lease agreements with new long-term lease agreements on arm’s length terms with effect as at September 1, 2025.

### **c) Group Separation Agreement**

When the Spin-off takes effect, the Continental Group will no longer hold a participation in the Automotive Group, apart from the participation held in CA Holding SE of 48,000 shares still existing at the time when the Spin-off takes effect, which will be sold on the market shortly after the Spin-off takes effect and following the stock exchange listing (see Chapter VI.13). However, due to their shared history, there are some areas in which the parties need to cooperate and reach agreements after the spin-off. These have been agreed in the Group Separation Agreement. The terms of the Group Separation Agreement are described in Chapter XIII.2.

## **XII. Consequences of the Spin-off for the employees and their representative bodies**

### **1. Consequences of the Spin-off for the employees and their representative bodies**

Since the subject of the Spin-off is the participation in CAT GmbH and the Domination and Profit and Loss Transfer Agreement (see Chapter IV above), the employment relationships of the employees of Continental AG and of the other companies of the Continental Group will not be affected by the Spin-off. They will remain employed by their respective employing companies (no transfer of business (*Betriebsübergang*) pursuant to Section 613a BGB). The Spin-off will, in particular, have no consequences for the validity or content of pension commitments which may have been made by the respective employer companies (see Chapter V.7 above). The Spin-off will also have no consequences under collective bargaining laws for the employees of the Continental Group. To the extent that the relevant employer company is bound by collective provisions as party to a collective agreement or by virtue of its membership in an association, this will remain unaffected by the Spin-off. The Spin-off will also not affect the validity of the LTI Plans (see Chapter II.2.c) above). To the extent that tranches of the LTI Plans not yet completed or settled as planned are based on the stock exchange price of the Continental AG share, an adjustment may be made in order to appropriately reflect any direct effects that the Spin-off may have on the stock exchange price of the Continental AG share (see Chapter VIII.3.e) above). The same applies to the extent that other employee remuneration schemes are based on KPIs of the Continental Group; here, too, an adjustment may be made in order to appropriately reflect the effects of the Spin-off. However, it has not yet been decided whether and to what extent an adjustment will be made.

CA Holding SE has not commenced business operations and does not have any employees yet. Therefore, the Spin-off has no consequences for the employees of CA Holding SE.

The Spin-off will also have no direct consequences for individual rights of the employees of the other companies of the future Automotive Group which will come into existence with CA Holding SE as the new parent company when the Spin-off takes effect. They will remain employed by their respective employer companies; their employment relationships will not be

affected by the Spin-off. In particular, the Spin-off will not affect the validity of the LTI Plans (see Chapter II.2.c) above). Remuneration awards under the current LTI Plans of the Continental Group have been granted to employees of companies of the Automotive Group. The remuneration awards under Continental's LTI Plans which have been granted but are still outstanding will either be settled without any changes or will be adjusted to reflect comparable performance indicators of the Automotive Group (see Chapter IX.3.f) above).

The details of the transition to performance indicators of the Automotive Group have not yet been agreed. The LTI Plan set up in 2025 provides that, in the event of the Spin-off, the KPIs shall be linked to targets of the future Automotive Group. The Automotive Group also reserves its right to review the group of eligible employees and the terms of the LTI Plans at a later date with effect for future tranches and to better align them with the focus of the Automotive Group. However, no decisions have yet been taken in this respect. Moreover, CA Holding SE reserves its right to consider the introduction of new share-based remuneration plans.

The same applies to the extent that other employee remuneration schemes are based on KPIs of the Continental Group; here, too, an adjustment to the situation at the future Automotive Group may be made. However, it has not yet been decided what adjustments will be made. Furthermore, the Spin-off will have no consequences for the validity or content of pension commitments which may have been made by the respective employer companies (for details, see Chapter V.7 above). The Spin-off will also have no consequences under collective bargaining laws for the employees of Automotive. To the extent that the relevant employer company is bound by collective provisions as party to a collective agreement or by virtue of its membership in an association, this will remain unaffected by the Spin-off. In particular, CAT GmbH's membership in the employers' association of the Metal and Electronics Industry of Bavaria (bayme vbm – Verband der Bayerischen Metall- und Elektro-Industrie e.V.), Hesse (Hessenmetall – Verband der Metall- und Elektro-Unternehmen Hessen e.V.), Rhineland-Palatinate (Pfalz Metall – Verband der Pfälzischen Metall- und Elektroindustrie e.V.) and Baden-Württemberg (Südwestmetall – Verband der Metall- und Elektroindustrie Baden-Württemberg e.V.) and of the Chemical Industry (Arbeitgeberverband für die chemische Industrie in Norddeutschland e. V.) will not be affected by the Spin-off. The same applies to the membership of other companies of the future Automotive Group in employers' associations.

On December 17, 2024, Continental AG concluded a framework reconciliation of interests and a partial reconciliation of interests with the group works council of Continental AG for the implementation of transfers of employees from Continental AG (as holding company) to the Automotive, ContiTech and Tires group sectors. In addition, a partial reconciliation of interests was concluded for the Automotive group sector on February 12, 2025, which, among other things, contains provisions regarding the organizational changes in connection with the establishment of the central

corporate functions. The concluded group works agreements will continue to apply collectively after the Spin-off of the Automotive group sector, which will leave them unchanged to the extent that they can continue to be performed in accordance with their purpose.

Within the scope of the general strategic direction, headcount reductions at the establishments of CAT GmbH have been planned, communicated and in some case already completed as follows:

Planned reduction targets for the "FRED" project were communicated on February 13, 2024. They concern, among others, several sites in Germany and are planned to be implemented by the end of 2025. As part of the "Transformation 2019-2029" measure, the plant at the Babenhausen site is planned to be closed by December 31, 2026 and the remaining employees are to be laid off. As part of the "Rhine-Main site consolidation" project, it is planned to relocate the employees of the Schwalbach site by December 31, 2025 and those of the Babenhausen site by December 31, 2026 to the Frankfurt/Main site. The closure of CAT GmbH's Wetzlar site is planned and was communicated on March 26, 2024. According to the current business planning, it is expected to be completed by the end of 2025. According to the reconciliation of interests concluded on June 4, 2024, the closure of the Gifhorn site is expected to be completed in the first quarter of 2028. On February 18, 2025, project "Adapt R&D" was announced, which, according to the current business planning, will lead to a headcount reduction in the development areas at several sites in Germany and is expected to be completed by the end of 2026.

In connection with the Spin-off, the gradual relocation of the production of ESS bellows from the Hanover-Vahrenwald site to Jicin/Czech Republic was announced on January 30, 2025. According to the current business planning, it is expected to be completed by the end of 2026.

## **2. Consequences of the Spin-off for the representative bodies of the employees under works constitution law**

### **a) Works councils, youth and trainee representative bodies and representative bodies for disabled persons**

The existing establishments in Continental AG and the other establishments in the Continental Group are not affected by the Spin-off. Therefore, the existence, composition and term of office of the existing works councils and company works councils, of the existing youth and trainee representative bodies and central youth and trainee representative bodies as well as of the representative bodies and company representative bodies for disabled persons in the companies of the Continental Group will remain unchanged after the Spin-off.

From the time the Spin-off takes effect, the group works council, the group representative body for disabled persons and the group youth and trainee representative body in the Continental Group will continue to exist but will no longer be responsible for the companies of the future Automotive Group

because CA Holding SE together with its affiliated companies will form a separate Automotive Group.

The separation of the establishments of Automotive from the Continental Group in connection with the Spin-off will also result in personnel changes in the composition of the group works council, the group representative body for disabled persons and the group youth and trainee representative body at the level of Continental AG. Accordingly, those members of these bodies who are employees of the future Automotive Group will cease to be members when the Spin-off takes effect. This currently concerns 20 members of the group works council, one member and two deputy members of the group representative body for disabled persons and five members of the group youth and trainee representative body. However, group works agreements existing in the Continental Group at the time when the Spin-off takes effect will, as a general rule, continue to apply in the companies of the Automotive Group after the Spin-off has taken effect, to the extent that they can be performed in accordance with their purpose. In the event that a group works council will be established at the level of CA Holding SE, these agreements will continue to apply as group works agreements of the Automotive Group, and otherwise as central works agreements or works agreements in the companies of the future Automotive Group.

The establishments currently existing in companies of the future Automotive Group are also not affected by the Spin-off. The existence, composition and term of office of the works councils and company works councils, of the youth and trainee representative bodies and company youth and trainee representative bodies as well as of the representative bodies and company representative bodies for disabled persons established for them will remain unchanged.

Since CA Holding SE has not commenced business operations and does not have any employees yet, it does not have a works council or a youth and trainee representative body or a representative body for disabled persons. This situation will not change as a direct consequence of the Spin-off. However, after the Spin-off has taken effect, CA Holding SE will be the parent company of the Automotive Group. Thus, the prerequisites for establishing a group works council pursuant to Section 54 of the German Works Constitution Act (*Betriebsverfassungsgesetz*) will generally be fulfilled at CA Holding SE. If such a group works council is established, the prerequisites for establishing a group representative body for disabled persons pursuant to Section 180(2) of the Ninth Book of the German Social Code (*Sozialgesetzbuch*) will also be fulfilled.

In addition, after the Spin-off has taken effect, the prerequisites for establishing a European works council in the future Automotive Group will generally be fulfilled. However, a Special Negotiating Body (SNB) has been established, and it is intended to enter into an employee involvement agreement with the SNB on a voluntary basis in accordance with Section 21 SEBG. This employee involvement agreement may result in the establishment of an SE works council, in which case the provisions of the

German Act on European Works Councils (*Europäisches Betriebsräte-Gesetz*) are not applicable in accordance with Section 47(1) SEBG.

b) Company committee and group committee of executive representatives

The existence, composition and term of office of the company committee of executive representatives existing at Continental AG will not be affected by the Spin-off.

After the Spin-off has taken effect, the group committee of executive representatives in the Continental Group will continue to exist as well but will no longer be responsible for the companies of the future Automotive Group because CA Holding SE together with its affiliated companies will no longer be part of the Continental Group. Furthermore, the separation of the establishments of the Automotive Group from the Continental Group in connection with the Spin-off will result in personnel changes in the composition of the group committee of executive representatives of Continental AG. Accordingly, those members of the group committee of executive representatives who are employees of CA Holding SE or its affiliated companies will cease to be members when the Spin-off takes effect. This currently concerns two members of the group committee of executive representatives.

Since CA Holding SE has not yet commenced business operations, a committee of executive representatives has not been established at CA Holding SE. After the Spin-off has taken effect, the prerequisites for establishing a group committee of executive representatives pursuant to Section 21 of the German Executive Committees Act (*Sprecherausschussgesetz*) in the Automotive Group will generally be fulfilled.

The existence and composition of the committees of executive representatives currently existing at the Automotive companies will not be affected by the Spin-off.

c) Economic committees

The economic committees existing at Continental AG and the other companies of the Continental Group will remain unchanged after the Spin-off.

Since CA Holding SE has not commenced business operations and does not have any employees yet, an economic committee has not been established at CA Holding SE. This situation will not change as a consequence of the Spin-off.

The economic committees currently established at the Automotive companies will remain unchanged after the Spin-off.

### **3. Consequences of the Spin-off for the co-determination in the supervisory board**

The Spin-off will have no effects on the existence and size of the supervisory board of Continental AG other than those described in this section. The same applies, subject to the exception described in the following paragraph, to the term of office of its members. Continental AG will continue to have a co-determined supervisory board in accordance with the provisions of the MitbestG, which will, however, in future consist of sixteen instead of twenty members (eight shareholder representatives and eight employee representatives). It is expected that the reduction in the size of the supervisory board will only be effected at the end of the term of office of the current employee representatives on the supervisory board, unless the relevant bodies adopt a resolution on an earlier reduction in the number of its members.

The employee representatives on the supervisory board of Continental AG are elected by the employees of all companies/establishments of the Continental Group located in Germany. After the Spin-off has taken effect, CA Holding SE and the other companies of the future Automotive Group will no longer be consolidated companies of Continental AG so that employees of CA Holding SE and the other German companies of the future Automotive Group will no longer be entitled to vote for and be elected to the supervisory board of Continental AG, and instead will be entitled to vote for and be elected to the supervisory board of CA Holding SE. Therefore, the term of office of those employee representatives on the supervisory board of Continental AG whose employer companies are part of the future Automotive Group will, pursuant to Section 24(1) MitbestG, expire when the Spin-off takes effect. This currently concerns three members (Carmen Löffler, Michael Iglhaut and Anne Nothing, in this respect, see Chapter II.2.f)).

CA Holding SE currently has a supervisory board with three members who were elected by the sole shareholder Continental AG. Since CA Holding SE does not have any employees yet, it does not have any employee representatives on the supervisory board. A Special Negotiating Body (SNB) has been established voluntarily, and it is intended to enter into an employee involvement agreement with the SNB on a voluntary basis in accordance with Section 21 SEBG. It is intended that CA Holding SE will in future have a co-determined supervisory board, the size and organization of which will be governed by the employee involvement agreement to be concluded.

The shareholder representatives on the supervisory board will be elected by the shareholders' meeting of CA Holding SE, i.e., by Continental AG as its sole shareholder, prior to the Spin-off taking effect. The procedure for the election and appointment of the employee representatives on the supervisory board will in future be based on the employee involvement agreement to be concluded (see Chapter IX.3.e)). The beginning of the term



of office of each employee representative on the supervisory board will be governed by the articles of association of CA Holding SE.

CAT GmbH currently has a co-determined supervisory board, which consists of 16 members (eight shareholder representatives and eight employee representatives). It is currently not intended that the Spin-off will result in any changes to the number of members of the supervisory board of CAT GmbH.

Finally, the Spin-off has no effect on the existence and size of the supervisory boards of the other Automotive companies.

### **XIII. Description of the Spin-off and Transfer Agreement, including the annexes**

#### **1. Spin-off and Transfer Agreement**

The Spin-off and Transfer Agreement dated March 23, 2025 and attached to this Spin-off Report in its notarized form as **Annex 1** is organized in six parts. After the preamble, general provisions about the type of the Spin-off, the Spin-off Effective Date, the Effective Transfer Date for Tax Purposes, the closing balance sheet and the treatment of the Spin-off Assets for accounting purposes, as well as the postponement of effective dates follow in part I (secs. 1 to 5). The part of the assets which Continental AG is transferring by way of the Spin-off to CA Holding SE is then described in detail in part II (secs. 6 to 10). In addition, individual modalities for the transfer are determined and provisions are made for the period between the time when the Spin-off and Transfer Agreement takes effect and the time of registration of the Spin-off. Part III (secs. 11 to 13) deals with the granting of shares in CA Holding SE as consideration for the transfer of the Spin-off Assets as well as the intended capital increase. Furthermore, it deals with special rights and special benefits granted in connection with the Spin-off. Part IV (secs. 14 and 15) contains provisions of corporate law relating to CA Holding SE with regard to the future articles of association and the Group Separation Agreement. Part V (secs. 16 to 18) describes the consequences of the Spin-off for the employees and their representative bodies. Finally, part VI (secs. 19 to 21) contains provisions on costs and taxes as well as the final provisions.

The description of the Spin-off and Transfer Agreement uses the definitions contained therein. Annexes and sections referred to in the description are those of the Spin-off and Transfer Agreement.

##### a) Sec. 1 Spin-off

Pursuant to sec. 1.1, Continental AG as the transferring entity shall transfer the part of its assets specified in sec. 6 as a whole to CA Holding SE as the acquiring entity by way of a spin-off by absorption (*Abspaltung zur Aufnahme*) pursuant to Section 123(2) no. 1 UmwG. In exchange, shares in CA Holding SE shall be granted to the shareholders of Continental AG (see sec. 11).

Sec. 1.2 clarifies that items which are not attributable to the Spin-off Assets under the Spin-off and Transfer Agreement or which are expressly excluded from the transfer shall not be transferred to CA Holding SE.

b) Sec. 2 Spin-off Effective Date and Effective Transfer Date for Tax Purposes

Sec. 2.1 defines the Spin-off Effective Date as January 1, 2025, 0:00 hrs. From the Spin-off Effective Date, the actions of Continental AG relating to the Spin-off Assets are deemed to have been taken for the account of CA Holding SE (Section 126(1) no. 6 UmwG). This means that the Spin-off will have retroactive economic effect as at January 1, 2025, 0:00 hrs. Continental AG and CA Holding SE will put each other in the positions they would have been in if the Spin-off Assets had been transferred to CA Holding SE already on January 1, 2025, 0:00 hrs.

Sec. 2.2 refers to the Effective Transfer Date for Tax Purposes for the Spin-off. Pursuant to Section 2(1) sentence 1 UmwStG, the Effective Transfer Date for Tax Purposes results from the closing balance sheet which is used as the basis for the Spin-off pursuant to Sections 125(1) sentence 1, 17(2) UmwG and is, therefore, December 31, 2024, 24:00 hrs.

c) Sec. 3 Closing balance sheet

Sections 125(1) sentence 1, 17(2) UmwG provide that a so-called closing balance sheet (*Schlussbilanz*) shall be attached to the application for registration with the commercial register of the transferring entity. The closing balance sheet for the Spin-off shall be the annual balance sheet of Continental AG as at December 31, 2024, 24:00 hrs, which is part of the annual financial statements of Continental AG for the fiscal year 2024 which was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and issued with an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*).

d) Sec. 4 Treatment of the Spin-off Assets for accounting purposes

Sec. 4.1 clarifies that Continental AG will recognize the Spin-off Assets in its commercial balance sheet (in connection with the Merger and prior to the Spin-off taking effect) at fair values (*zu Zeitwerten*) and that it will decide within the statutory time limits at which values the Spin-off Assets will be recognized in its closing balance sheet for tax purposes. According to sec. 4.2, CA Holding SE will recognize the Spin-off Assets in its commercial balance sheet at fair values (*zu Zeitwerten*) and will recognize these assets in its balance sheet for tax purposes at the value contained in the closing balance sheet for tax purposes of Continental AG.

e) Sec. 5 Postponement of effective dates

Sec. 5 provides that, if the Spin-off has not been registered with the commercial register of Continental AG by January 23, 2026, the Spin-off Effective Date, the Effective Transfer Date for Tax Purposes and the balance sheet date for the closing balance sheet of Continental AG shall be

postponed in each case by one year, i.e. the Spin-off Effective Date shall be January 1, 2026, 0:00 hrs, and the Effective Transfer Date for Tax Purposes and the balance sheet date for the closing balance sheet of Continental AG shall each be December 31, 2025, 24:00 hrs. If the registration is delayed further beyond January 23 of a following year, the aforementioned effective dates shall be postponed in each case by another year (so-called rolling effective date). This provision ensures flexibility if the Spin-off no longer takes effect in the fiscal year 2025 due to unforeseen events. The rolling effective date is supplemented by the corresponding postponement of the dividend entitlement of the shares to be issued for the implementation of the Spin-off (sec. 11.2) as well as by the provision on withdrawal in sec. 20 if the Spin-off has not become effective by January 16, 2026 (see also Chapter XIII.1.q)).

f) Sec. 6 Spin-off Assets and modalities for the transfer

The Spin-off Assets consist of the assets of Continental AG specified in sec. 6.1 and comprise:

1. its entire direct participation in CAT GmbH existing upon the Merger taking effect, consisting of all shares with serial numbers 4 to 526,568 with a nominal amount of €526,565.00 (see also Chapter IV.1); and
2. the Domination and Profit and Loss Transfer Agreement to which it becomes party as the controlling company upon the Merger taking effect (see also Chapter IV.3).

After the Spin-off, the shareholders of Continental AG will hold a direct participation in CA Holding SE.

Sec. 6.2 clarifies that the transfer of the participation and of the Domination and Profit and Loss Transfer Agreement shall include in each case all related rights and obligations, especially the entitlement to a distribution of profits from the participation as well as the rights and obligations under the Domination and Profit and Loss Transfer Agreement for the period from the Spin-off Effective Date. The claims and liabilities under the Domination and Profit and Loss Transfer Agreement relating to the period up to the Effective Transfer Date for Tax Purposes and arising up to that date (including, in particular, a right to profit transfer or an obligation to compensate for losses for the fiscal year of CAT GmbH ending on December 31, 2024) shall remain with Continental AG after the transfer resulting from the Merger.

Sec. 6.3 provides, as a catch-all clause, for the obligation of Continental AG and of CA Holding SE to take all actions that might additionally be necessary or appropriate in connection with the transfer of the Spin-off Assets.

g) Sec. 7 Taking effect, Closing Date

Pursuant to sec. 7.1, the transfer of legal title to the Spin-off Assets, including the related rights and obligations, takes place as a whole by operation of law pursuant to Section 131(1) no. 1 UmwG upon the

registration of the Spin-off with the commercial register of Continental AG of the local court (*Amtsgericht*) of Hanover. The date of the registration giving effect to the transfer is defined as the Closing Date. The Closing Date is, therefore, different from the Spin-off Effective Date (January 1, 2025, 0:00 hrs).

Sec. 7.2 provides for the duties of Continental AG in the transition period between the time when the Spin-off and Transfer Agreement takes effect and the Closing Date with regard to the Spin-off Assets. The provision states that Continental AG shall only manage the Spin-off Assets in the ordinary course of business and with the diligence of a prudent businessman in compliance with the requirements of the Spin-off and Transfer Agreement, shall not dispose of or encumber the Spin-off Assets, and shall take certain measures only with the prior consent of CA Holding SE.

h) Sec. 8 Catch-all provisions

Sec. 8.1 ensures that Continental AG shall transfer the Spin-off Assets to CA Holding SE by separate transfer of title by way of singular succession (*Einzelrechtsnachfolge*) to the extent that, as an exception, they do not already pass by operation of law to CA Holding SE by way of universal succession (*Gesamtrechtsnachfolge*). In turn, CA Holding SE is required to consent to the transfer. In their internal relationship, the two companies shall treat each other as if the transfer had occurred in their relationship to third parties as at the Spin-off Effective Date. Therefore, the provision is merely a precautionary catch-all provision.

Sec. 8.2 provides in addition to sec. 8.1 that, in connection with a transfer pursuant to sec. 8.1, Continental AG and CA Holding SE shall initiate and cooperate in all measures and legal acts that may be necessary or appropriate in order to transfer the Spin-off Assets.

Sec. 8.3 provides that claims under sec. 8 shall become time barred upon expiry of December 31, 2034, i.e. ten years after the Spin-off Effective Date.

i) Sec. 9 Creditor protection and internal settlement

Sec. 9 contains provisions on the internal settlement of the legally prescribed liability pursuant to Section 133 UmwG between Continental AG and CA Holding SE. Sec. 9.1 provides that, unless the Spin-off and Transfer Agreement or the Group Separation Agreement (see sec. 15 of the Spin-off and Transfer Agreement and Chapter XIII.2 below) provides for a different allocation of burdens and liability arising from or in connection with the Spin-off Assets, the following shall apply in addition to the legal provisions:

Pursuant to Section 133(1) and (3) UmwG, Continental AG is jointly and severally liable for the satisfaction of the liabilities transferred to CA Holding SE if these liabilities become due within five years (for benefit obligations on the basis of the German Company Pension Act (*Betriebsrentengesetz*) ten years) after the announcement of the registration of the Spin-off with the commercial register of Continental AG and if resulting claims against

Continental AG are determined judicially or in another way as described in Section 133 UmwG.

Sec. 9.2 provides in this regard that CA Holding SE shall indemnify Continental AG on first demand if and to the extent that creditors assert claims against Continental AG with respect to transferred liabilities, obligations or contingent liabilities. The same applies in the event that creditors assert claims against Continental AG to provide security for such liabilities, obligations or contingent liabilities. However, it must be taken into account that no liabilities, obligations or contingent liabilities are being directly spun off from Continental AG.

Pursuant to Section 133(1) and (3) UmwG, CA Holding SE is, in turn, jointly and severally liable for the satisfaction of the liabilities remaining with Continental AG which were already established prior to the Spin-off taking effect if these liabilities become due within five years (for benefit obligations on the basis of the German Company Pension Act (*Betriebsrentengesetz*) ten years) after the announcement of the registration of the Spin-off with the commercial register of Continental AG and resulting claims against CA Holding SE are determined judicially or in another way as described in Section 133 UmwG. To the extent that claims are asserted with respect to these liabilities against CA Holding SE, Continental AG shall indemnify CA Holding SE on first demand from and against the respective liability, obligation or contingent liability pursuant to sec. 9.3. The same applies in the event that creditors assert claims against CA Holding SE to provide security for such liabilities, obligations or contingent liabilities.

This is a standard provision between the companies involved on the internal settlement of the statutory liability under Section 133 UmwG. With this statutory provision, the legislator intends to prevent in the external relationship to creditors that they are deprived of liable assets to cover their claims as a result of the Spin-off.

j) Sec. 10 Warranties

Sec. 10 contains conclusive provisions regarding the warranty claims of CA Holding SE and excludes the statutory provisions to the extent permitted by law. Except for the cases described in sec. 10, the liability of Continental AG will be limited to the mandatory level provided under the law.

In sec. 10.1, Continental AG warrants to CA Holding SE that, as at the Closing Date, (i) it is the holder of the participation and that it is entitled to freely dispose of the participation and that the participation is not encumbered with rights of third parties, and (ii) it is entitled to freely dispose of the Domination and Profit and Loss Transfer Agreement and that its claims under that agreement are not encumbered with rights of third parties. By way of precaution, it is also clarified that no specific qualities or value of the Spin-off Assets are agreed.

Sec. 10.2 excludes, to the extent permitted by law, claims, rights and warranties that might exist pursuant to statutory law or otherwise in addition to those in sec. 10.1.

k) Sec. 11 Granting of shares, trustee and capital increase

Sec. 11.1 of the Spin-off and Transfer Agreement contains provisions regarding the consideration for the transfer of the Spin-off Assets in accordance with Section 126(1) nos. 3 and 4 UmwG. Pursuant to sec. 11.1, the shareholders of Continental AG shall be granted one registered no-par value share (*auf den Namen lautende Stückaktie*) in CA Holding SE for every two no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) in Continental AG pro rata in proportion to their respective participations (*verhältnismäßig*). In total, 100,002,991 registered no-par value shares in CA Holding SE will be granted to the shareholders of Continental AG.

Pursuant to sec. 11.2, the shares in CA Holding SE to be granted to the shareholders of Continental AG shall be entitled to dividends for the fiscal years beginning on January 1, 2025 (Section 126(1) no. 5 UmwG). If the Spin-off Effective Date is postponed pursuant to sec. 5, the beginning of the dividend entitlement for the shares to be granted shall be postponed accordingly (see Chapter XIII.1.d)).

Sec. 11.3 provides how the shares to be granted to the shareholders of Continental AG will be created. To implement the Spin-off, CA Holding SE will increase its share capital from €120,000 by €250,007,477.50 to €250,127,477.50 against a contribution in kind (*Sacheinlage*) by issuing 100,002,991 registered no-par value shares (Sections 142, 69 UmwG in conjunction with Sections 183, 183a AktG). It is intended that following the implementation of the capital increase (against contribution in kind) (*Sach-)Kapitalerhöhung*), each share will represent a notional pro rata amount of €2.50 of the share capital of CA Holding SE. Pursuant to the provisions of the German Transformation Act (UmwG), the Spin-off can be registered only after the implementation of this capital increase has been registered with the commercial register of CA Holding SE (Sections 125(1) sentence 1, 66, 130(1) sentence 1 UmwG).

Sec. 11.4 clarifies that the contribution in kind (*Sacheinlage*) will be made by transferring the Spin-off Assets. Sec. 11.4 further provides for the accounting treatment of the value of the contribution in kind (*Sacheinlage*) which exceeds the amount of the share capital represented by the issued shares: To the extent that the value at which the contribution in kind (*Sacheinlage*) made by Continental AG is taken over by CA Holding SE, i.e., the fair value of the Spin-off Assets as at the Spin-off Effective Date under commercial law, exceeds the amount of the increase in the share capital of CA Holding SE set forth in sec. 11.3, a portion of the excess amount equal to the legally required reserve shall be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 1 HGB and the amount remaining after such allocation shall be allocated to the capital reserves of CA Holding SE pursuant to Section 272(2) no. 4 HGB.

Pursuant to Sections 125(1) sentence 1, 71(1) sentence 1 UmwG, the transferring entity shall appoint a trustee to receive the shares to be granted. Sec. 11.5 provides that Deutsche Bank Aktiengesellschaft shall be appointed as trustee to receive the shares in CA Holding SE to be granted and to distribute them to the shareholders of Continental AG. Possession of the shares to be granted shall be granted to the trustee prior to the registration of the Spin-off, and the trustee shall be instructed to deliver the shares to the shareholders of Continental AG after registration of the Spin-off with the commercial register of Continental AG.

Immediately after the Spin-off takes effect, the fungibility of the shares in CA Holding SE is intended to be ensured by having them admitted to stock exchange trading. This is intended to ensure that equivalent rights are granted to the Continental AG shareholders. Sec. 11.6 obliges the parties to the Spin-off and Transfer Agreement to take all actions that may be necessary in order to have the shares in CA Holding SE admitted to trading in the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, and in particular to cooperate with regard to the preparation of the securities prospectus.

l) Sec. 12 No granting of special rights

Sec. 12 provides that no rights are granted to individual shareholders or holders of special rights within the meaning of Section 126(1) no. 7 UmwG, and no measures within the meaning of Section 126(1) no. 7 UmwG are intended for such persons.

m) Sec. 13 Granting of special benefits

Sec. 13 provides that the future members of the executive board of CA Holding SE will enter into new employment contracts with CA Holding SE when the Spin-off takes effect. For a description of the remuneration system for the executive board, reference is made to the statements in Chapter IX.3.d). Apart from that, no special benefits within the meaning of Section 126(1) no. 8 UmwG are granted to members of the executive board or supervisory board of the entities involved in the Spin-off or to an auditor or spin-off auditor.

n) Sec. 14 Articles of association of CA Holding SE

Sec. 14.1 provides for the obligation of Continental AG as the current sole shareholder of CA Holding SE to amend the articles of association of CA Holding SE prior to the Spin-off taking effect so that the articles of association – with amendments to reflect the terms of the employee involvement agreement to be concluded (if any) and after completion of potential status proceedings (*Statusverfahren*) – are given the version attached as Annex 14 to the Spin-off and Transfer Agreement prior to the Spin-off taking effect. Since the composition of the future supervisory board of CA Holding SE (see sec. 18.3) will also depend on the employee

involvement agreement to be concluded (if any), sec. 14.2 clarifies that the articles of association will have to be amended accordingly. The articles of association of CA Holding SE contain standard provisions of articles of association for a listed company. Reference is made to the statements in Chapter IX.3.c).

o) Sec. 15 Group Separation Agreement

Sec. 15 provides that the Group Separation Agreement entered into between Continental AG and CA Holding SE dated March 23, 2025, which is attached to the Spin-off and Transfer Agreement in its notarized form as Annex 15, forms part of the Spin-off and Transfer Agreement.

p) Secs. 16 to 18 Consequences of the Spin-off for the employees and their representative bodies

According to the mandatory provision in Section 126(1) no. 11 UmwG, the Spin-off and Transfer Agreement itself must contain statements about the consequences of the Spin-off for the employees and their representative bodies as well as the measures which are contemplated in this regard. These statements are contained specifically in secs. 16 to 18 of the Spin-off and Transfer Agreement. These provisions contain no contractual agreements between the parties to the Spin-off and Transfer Agreement but instead contain only a description of the consequences of the Spin-off which result in part directly from the law and in part also from relevant agreements between the employer and the employees, and of the claims under share-based remuneration plans or employee participation plans.

Reference is made to the description in secs. 16 to 18 of the Spin-off and Transfer Agreement and to Chapter XII above.

q) Sec. 19 Costs and taxes

Sec. 19.1 contains provisions regarding the costs incurred in connection with the notarization of the Spin-off and Transfer Agreement and its implementation until the Closing Date (and the related costs for advisers, banks and other service providers). Unless otherwise provided in the Spin-off and Transfer Agreement, including the annexes, Continental AG and CA Holding SE shall each bear their own costs for their respective shareholders' meetings and the costs for the respective applications for registration and registrations with the relevant commercial register. The costs for the joint Spin-off Report, the spin-off audit and the audits in connection with the capital increase against contributions in kind (*Sachkapitalerhöhung*) and the post-formation acquisition (*Nachgründung*) of CA Holding SE shall be solely borne by CA Holding SE. In addition, the costs of the planned stock exchange listing and the related evidenced costs for advisers (in particular, lawyers and auditors), banks and other service providers shall be solely borne by CA Holding SE. The latter shall not include the costs for the organization and conduct of Continental AG's Capital Market Day, which shall be borne by Continental AG. Continental AG shall consult with CA Holding SE before engaging additional advisers not already involved in



connection with the capital increase against contributions in kind (*Sachkapitalerhöhung*), the post-formation acquisition (*Nachgründung*) or the planned stock exchange listing. The portion of the costs allocated to CA Holding SE will be initially advanced by Continental AG. CA Holding SE will reimburse the costs allocated to it to Continental AG after the Closing Date and upon issuance of an invoice by Continental AG. Further provisions on the allocation of costs in connection with the Spin-off are agreed between Continental AG and CA Holding SE in parts II, III, IV, VIII and X of the Group Separation Agreement.

Sec. 19.2 refers with regard to the rules for the allocation of tax liabilities to part VIII of the Group Separation Agreement ).

r) Sec. 20 Right of withdrawal

Sec. 20 provides for a right of withdrawal under which each party may withdraw from the Spin-off and Transfer Agreement by giving written notice to the other party if the registration with the commercial register of Continental AG has not occurred by January 16, 2026. Therefore, there is a legal possibility to break off the implementation of the Spin-off if, for example, unforeseen events occur which substantially delay the implementation of the planned measures. In this event, sec. 5 of the Spin-off and Transfer Agreement additionally provides for a rolling spin-off effective date (see Chapter XIII.1.d)).

s) Sec. 21 Final provisions

Sec. 21 contains various final provisions.

Pursuant to sec. 21.1, the Spin-off and Transfer Agreement shall take effect once it has been signed, the shareholders' meetings of both parties have approved the conclusion of the agreement and the Merger preceding the Spin-off (see Chapter V.1.a)) has been registered with the commercial register of Continental AG (as the acquiring entity) of the local court (*Amtsgericht*) of Hanover.

Sec. 21.2 further provides that generally all disputes in connection with the Spin-off and Transfer Agreement or about its validity shall be finally settled by arbitration proceedings in accordance with the Arbitration Rules of the German Arbitration Institute (*Deutsche Institution für Schiedsgerichtsbarkeit e.V. – DIS*) without recourse to the ordinary courts of law. In addition to aspects of procedural law, it is also agreed that the law applicable to the merits shall be the law of the Federal Republic of Germany.

Sec. 21.3 clarifies that the annexes constitute an integral part of the Agreement.

Sec. 21.4 contains a standard written form clause.

Sec. 21.5 contains standard provisions on replacing any invalid or unenforceable provisions of the Agreement by valid and enforceable provisions reflecting the purpose and intent of the Agreement (so-called severability clause).

## 2. Group Separation Agreement

The Group Separation Agreement has been entered into between Continental AG and CA Holding SE (in this context the **Parties**) and CAT GmbH. It is divided into ten parts. The preamble is followed by part I (secs. 1 to 4) with provisions for ensuring the continuation of the Automotive group sector, and part II (secs. 5 to 6) with provisions regarding collateral, insurance payments and third-party losses. Part III (secs. 7 to 8) then deals with liability, specifically with the allocation of legal risks, and with mutual indemnifications, and part IV (secs. 9 to 13) provides for future obligations to cooperate and to provide information, also with regard to documents, data and IT resources, as well as rights to inspection, access to data and retention periods. Part V then contains provisions on pension plans and partial retirement (sec. 14 to 15). Part VI (sec. 16) deals with operating contracts that are used by both the Automotive Group and the rest of the Continental Group. Part VII (secs. 17 to 19) is about material agreements between the two groups in the areas of supply relationships, services and intellectual property rights. Part VIII contains provisions regarding taxes (secs. 20 to 29), before part IX provides for the obligation to review agreements internally. Finally, part X (secs. 30 to 36) contains further provisions regarding confidentiality, the assertion of claims, subsidies, the establishment of a coordination committee, dispute resolution modalities and miscellaneous provisions. The description of the Group Separation Agreement uses terms which are defined therein. Annexes referred to in the description are those to the Group Separation Agreement.

### a) Sec. 1 Allocation of assets, rights and obligations

Pursuant to sec. 1, the Parties assume that assets, rights and obligations have been allocated between the Parties and their respective Groups in such a way that the Parties and their respective Groups will be able to continue their respective activities to the same extent as before the Closing Date and that the functioning of each Group as a whole is secured. Therefore, the Parties transferred already in preparation for the Spin-off (i) the business as operated by the Automotive group sector of the Continental Group and all other activities attributable to the Automotive group sector, and (ii) all assets and employees as well as certain contracts to companies of the Automotive Group.

### b) Sec. 2 Adjustment of the allocation

Sec. 2 contains provisions that will apply in the event that, after the Agreement has taken effect, a Party determines that, contrary to the assumptions made in sec. 1, an asset or a right is required for the continuation of the activities of the respective Group to the same extent as before the Closing Date or for the functioning of the respective Group as a

whole. In this event, the Parties shall, with due regard to their mutual interests, procure that the allocation of the assets will be adjusted and the necessary measures and legal acts will be performed on arm's length terms so as to enable the continuation of the activities of the respective Group to the same extent as before the Closing Date or that the functioning of the respective Group as a whole is ensured.

c) Sec. 3 Entering into the agreements provided for in this Agreement

Pursuant to sec. 3, the Parties shall, with due regard to their respective interests, enter into the agreements provided for in secs. 17 to 19 on arm's length terms. The terms of these agreements shall be such that each Group will be able to continue its activities to the same extent as before the Closing Date and that the functioning of each Group as a whole is ensured. If it will appear subsequently that the agreements entered into fail to meet these requirements, the Parties shall work towards an amendment of the agreements by mutual consent.

d) Sec. 4 Capital resources of Automotive, intercompany liabilities

According to sec. 4.1, the Parties confirm the repayment of a significant portion of the intercompany net indebtedness of the Automotive group sector by a payment made by CA GmbH into the capital reserve (Section 272(2) no. 4 HGB) of CAT GmbH in December 2024. According to sec. 4.2, Continental AG shall ensure that the Automotive Group will have sufficient capital on the basis of the Target Cash and Cash Equivalents as at the Closing Date. Continental AG shall ensure in accordance with sec. 4.3 that a further capital increase of CAT GmbH will be implemented in the amount of the Final Equity Contribution. CA Holding SE will confirm the fulfillment of this obligation to Continental AG. According to sec. 4.4, CAT GmbH shall ensure that Automotive will conduct its business in the ordinary course of business until the Closing Date without negatively influencing the parameters for the calculation of the Final Equity Contribution in such a way that the amount of the Final Equity Contribution increases as a result of such influences. On the other hand, Continental AG shall ensure that the companies of the Continental Group will not influence the parameters for the calculation of the Final Equity Contribution by any measures out of the ordinary course of business in such a way that the amount of the Final Equity Contribution is reduced by such measures. In the event of such an increase or reduction in the Final Equity Contribution, Continental AG will ensure that the effect on the Final Equity Contribution is offset by a corresponding adjustment of the Target Cash and Cash Equivalents. Sec. 4.5 applies to other financial liabilities existing between the Automotive Group and the Continental Group on the Closing Date and stipulates that such liabilities shall be settled within five banking days from the Closing Date. Sec. 4.6 provides that the currently due trade accounts receivable owed by the Continental Group to the Current Automotive Group, and vice versa, shall remain due and, to the extent that they have not been settled by the 20<sup>th</sup> day of the month following the Closing Date, shall be payable by the relevant Group parent company of the relevant debtor (i.e., Continental AG or CA

Holding SE) to the relevant creditor, including interest at customary market rates accruing from the 20<sup>th</sup> day of the month following the Closing Date. The relevant receivables shall then be transferred to the Group parent company which made the payment.

e) Sec. 5 Cross-Collateral

Sec. 5.1 provides that, if any collateral has been provided by a company of one Group (**Collateral Provider**) for liabilities of a company of the other Group (**Principal Debtor**) and such collateral exists on the Closing Date (**Cross-Collateral**), the Parties shall (i) endeavor to ensure a discharge of the Cross-Collateral, and/or (ii) agree on an indemnification as between the Parties. Sec. 5.2 provides for the obligation of the Group parent company (Continental AG or CA Holding SE) of the relevant Principal Debtor to endeavor to ensure a discharge of the Cross-Collateral and, to the extent that a secured party does not release the collateral, to indemnify the Collateral Provider and to pay an annual guarantee fee in accordance with a separate agreement. The parent company of the respective other Group shall, within the scope of the indemnification, ensure that the Collateral Provider will not assert any recourse claims of its own against the Principal Debtor, so that, in particular, no double burden will arise within the Principal Debtor's Group. The obligations arising from sec. 5.2 shall not lapse as a result of the sale of an interest in the Principal Debtor. Sec. 5.3 applies to new Cross-Collateral provided by the Continental Group in connection with the transformation of the Automotive group sector into an independent group, according to which CA Holding SE is obliged to pay an annual guarantee fee in accordance with a separate agreement. Sec. 5.4 describes in detail a step-by-step procedure to be applied in the event that a third party asserts a claim against the Collateral Provider.

f) Sec. 6 Insurance payments and compensation for third-party losses and insurance coverage

Sec. 6.1 provides for the individual consequences of the potential scenario that any event or circumstance occurs or becomes known at a company of one Group (**Injured Party**) after the Closing Date, as a result of which a company of the other Group (**Insurance Creditor**) is entitled (or would be entitled but for the Spin-off) to claim compensation under an insurance policy. In this event, to the extent that periods prior to the Closing Date are concerned, the Parties shall ensure that the Insurance Claim inures to the economic benefit of the Injured Party. Sec. 6.2 describes, unless otherwise provided for in sec. 6.1, the procedure to be applied in the event that a company of one Group suffers a loss, and a company of the other Group is entitled to a claim for compensation in this respect against a third party without companies of the other Group having suffered a corresponding loss. In this event, the relevant parent company of the other Group shall ensure that such a claim for compensation is, upon the request of the other Party, assigned to the company which suffered the loss. Sec. 6.3 provides that the companies of the Automotive Group shall be generally covered by the group insurance policies of Continental AG until the Closing Date. At the latest with

effect from the Closing Date and subject to the following sec. 6.4, CA Holding SE or its Group Companies shall take out separate insurance with coverage for all companies of the Automotive Group. Sec. 6.4 relates to the property damage & business interruption insurance. According to this provision, events of loss which occur prior to July 1, 2025 and relate to supplies and services provided prior to July 1, 2025 shall be covered by Continental AG's property damage & business interruption insurance. For periods after that date, CA Holding SE and/or CAT GmbH shall take out a separate property damage & business interruption insurance for itself and the companies of the Automotive Group.

g) Sec. 7 Allocation of legal risks

Sec. 7 provides for an allocation of various legal risks. According to sec. 7.1, legal risks caused by the sector-specific business activities of one of the two Groups shall be allocated to the Group to which the relevant group sector belongs, irrespective of potential causal contributions made by the respective other Group. Legal risks related to the investigations initiated by Italian authorities in 2024 shall be allocated for the tax periods from 2016 until (and including) 2024 to the Continental Group. Sec. 7.2 provides for an allocation of legal risks which are not caused by such sector-specific activities. If causal contribution was made by employees of a group sector, the relevant legal risk shall be allocated to the Group to which the relevant group sector belongs; otherwise, the legal risk shall be allocated equally between the two Groups.

h) Sec. 8 Internal settlement and mutual indemnification

To the extent that contractual agreements are in place between the relevant companies of the two Groups, a settlement shall be effected exclusively in accordance with the agreements made (sec. 8.1). Sec. 8.2 provides for an indemnification in the event that claims are asserted against a company of one Group based on liability arising on a contractual, quasi-contractual, statutory, common law or other legal basis for circumstances existing before the Closing Date which are to be allocated to the respective other Group pursuant to sec. 7. In this event, the respective parent company of the other Group shall ensure that the company against which the claims are asserted will be indemnified from and against the costs incurred as a result of the relevant obligation and any related and necessary costs and expenses and losses suffered. Sec. 8.3 and sec. 8.4 contain information, cooperation and defense requirements. To the extent that a Party is entitled to a claim for internal settlement as between the Parties and a company of the other Group is entitled to a claim for compensation in this respect against a third party, the latter Party shall, upon the request of the other Party, assign or ensure the assignment of this claim for compensation to the other Party (sec. 8.5). Sec. 8.6 clarifies that the indemnification obligation assumed by CAT GmbH with regard to any subsequent liability claims pursuant to Section 133 UmwG will continue to apply vis-à-vis Continental AG. Finally, sec. 8.7 provides that sec. 7 and sec. 8 shall generally not apply to the tax matters governed by part VIII.

## i) Sec. 9 Obligations to cooperate

Sec. 9.1 contains the obligation of the Parties to take all actions that are necessary or appropriate to enable the implementation and completion of the Spin-off, including the transfer of intercompany agreements and the subsequent stock exchange listing of CA Holding SE. It is further clarified that this does not give rise to any further obligation to provide funds or to effect transfers. Sec. 9.2 provides that operating contracts which are solely used by companies of one Group shall be transferred to the companies of that Group. The Parties shall, to the extent that this is necessary and has not yet been done, jointly endeavor to ensure that the approval of third parties to the transfer will be obtained or that an agreement with such third parties will be reached. Sec. 9.3 provides for an obligation to cooperate in cases in which a company of one Group intends to sell part of its business to third parties after the Closing Date, and the cooperation of companies of the other Group is at least appropriate for the sale due to the fact that both companies were part of the Continental Group or due to continuing contractual obligations between companies of the two Groups. However, this shall not give rise to an obligation to consent to the transfer of contracts to third parties. In regulatory and judicial proceedings which concern a company of the respective other Group and (at least also) relate to the period prior to the Closing Date, the Parties shall, pursuant to sec. 9.4, to the extent permitted by law, support each other. Sec. 9.4.1 (a), (b) and (d) describe the details of the type and handling of this support, in particular with regard to (i) information and documents, (ii) access to employees, (iii) proceedings and legal disputes, and (iv) compliance with legal and regulatory obligations of Group Companies. Furthermore, sec. 9.4.2 provides that each Party shall consult the respective other Party on the handling of, further steps to be taken with regard to, and options to terminate such regulatory or judicial proceedings, as available, and to consider the interests of the other Group and, as appropriate, the extent of any existing claim for internal settlement pursuant to sec. 8 when taking their decisions. In doing so, the Parties shall, to the extent permitted by law, attempt to reach agreement as to whether and, if so, how the relevant regulatory or judicial proceedings may be terminated while paying as much regard as possible to the interests of both Parties. If the Parties should fail to reach agreement, sec. 9.4.2 stipulates the details as to the provisions which shall apply to specific cases. Except for the case that in the event of a full internal settlement obligation pursuant to sec. 8, the Party directly involved in the proceedings wishes to avail of an existing option to terminate the proceedings, while the respective other Party wishes to continue the relevant proceedings, the right of the Party directly involved in the proceedings to take all procedural steps shall remain unaffected, and the respective other Party shall not be entitled to any procedural steps being taken or not taken. Pursuant to sec. 9.5, the Parties shall, in regulatory or judicial proceedings which exclusively or mainly concern companies of one Group, but which continue to be conducted with or against a company of the other Group after the Spin-off Effective Date, jointly endeavor to ensure that the relevant party is replaced and the proceedings are taken over by a

company of the Group concerned. Sec. 9.6 provides that the Parties shall support each other with regard to (compliance) investigations and internal audits that (at least also) relate to the period prior to the Closing Date. Sec. 9.7 contains special rules for the handling of legal risks related to the investigations of Italian authorities that are allocated to the Continental Group in accordance with sec. 7.1. Sec. 9.8 contains the obligations to cooperate in matters the appropriate handling of which requires the cooperation of a company of the other Group due to special requirements resulting from the fact that both companies were part of the Continental Group prior to the Closing Date. According to the Parties' common understanding, such special requirements shall be claimed within a period of 18 months from the Spin-off Effective Date. Sec. 9.9 contains provisions regarding expenses after the Closing Date which are needed for the separation of shared systems (in particular in the areas of IT, Finance and HR). Such Separation Expenses incurred until the Closing Date shall be allocated between the Parties in accordance with a separate agreement, taking into account the practice pursued until then in the Continental Group. Separation Expenses incurred after the Closing Date shall be borne by the Party or its Group Companies incurring the same.

j) Sec. 10 Surrender of documents and migration of data

Pursuant to sec. 10.1, each Party shall surrender to the other Party, to the extent permitted by law, any and all records that were generated before the Spin-off took effect (**Historical Documents**) or which relate to a period prior to the Closing Date, to the extent that such Documents are attributable exclusively to the respective other Party or the respective other Group. The same applies to data which were generated before the Spin-off took effect (**Historical Data**) or which relate to a period prior to the Closing Date, provided that, to the extent permitted by law, the obligation to surrender shall be replaced with an obligation to migrate the data. With regard to Historical Documents and Historical Data (as well as Documents and data which relate to a period prior to the Closing Date) that are attributable to both the Continental Group and the Automotive Group, sec. 10.2 stipulates that they shall be duplicated and the duplicate shall be handed over or sent to the respective other Party. Sec. 10.3 deals with documents or data received in error, to which sec. 10.1 shall apply accordingly. Pursuant to sec. 10.4, further reaching obligations under contractual agreements shall remain unaffected. Sec. 10.5 provides that the obligations under sec. 10 shall only apply for a period of 24 months beginning on the Closing Date or, with regard to Tax Documents, beyond that period.

k) Sec. 11 Rights to inspection, access to data and retention periods

Pursuant to sec. 11.1, each Party shall, to the extent permitted by law, grant the other Party the right to inspect Historical Documents retained by it and access to Historical Data retained by it and the right to make copies thereof, to the extent that the relevant Party has and proves to have a legitimate interest in this. In the event of any legal obstacles, the Parties shall endeavor to overcome such obstacles. Sec. 11.2 contains more detailed

provisions regarding the question when a legitimate interest exists. Pursuant to sec. 11.3, one Party may request the other Party that documents and data be retained by companies of the Group of the other Party even after expiry of the statutory retention periods, if it has a legitimate interest in this and provided that it shall generally bear the related costs, unless the destruction of such documents and data is mandatorily required by law. Further reaching obligations under contractual agreements shall remain unaffected (sec. 11.4). Sec. 11.5 provides that the obligations under sec. 11 shall only apply for a period of 24 months beginning on the Closing Date or, with regard to Tax Documents, beyond that period.

l) Sec. 12 Special right of access to information

Pursuant to sec. 12.1, Continental AG may request CA Holding SE to provide information that relates to a period prior to the Closing Date and is necessary to comply with reporting and information requirements imposed by law or by an authority or court, or to review filing or notification requirements and to conduct corresponding filing or notification procedures. CA Holding SE shall provide Continental AG with such information in the required form without undue delay. Sec. 12.2 grants CA Holding SE the same right of access to information vis-à-vis Continental AG in terms of content.

m) Sec. 13 Financial reporting and other group reporting

Sec. 13 ensures that Continental AG and CA Holding SE can meet their obligations for group accounting, financial reporting and group reporting for the period up to the Closing Date and in particular for the quarterly reporting in September 2025. Pursuant to sec. 13.1, CA Holding SE undertakes to ensure that the companies of the Automotive Group will make available to Continental AG upon its request the financial data and all necessary documents and information that is needed for group accounting and financial reporting purposes. This shall apply accordingly to the extent that CA Holding SE needs Documents and information from companies of the Continental Group to meet its accounting and financial reporting obligations for the period up to the Closing Date. Sec. 13.2 contains the same mutual obligations for group reporting (in particular the group management report, sustainability report).

n) Sec. 14 Transfer of pension plans

According to sec. 14, Continental AG shall endeavor to ensure that the trust agreement of June 21, 2006, as most recently amended, existing between Continental Pension Trust e.V. and CAT GmbH regarding the external funding and securing of pension claims and, in a security event, the (potential pro rata) satisfaction of pension claims existing at that time, will be transferred to Continental Automotive Pension Trust e.V. prior to the Closing Date, including the security assets relating to this trust agreement.

o) Sec. 15 Insolvency protection for sabbatical and partial retirement models



Under sec. 15, CA Holding SE undertakes to enter into an agreement on insolvency protection for the claims of employees of the Automotive Group in connection with sabbaticals and partial retirement models, which is similar to the existing agreement of Continental AG in this regard.

p) Sec. 16 Obligations to cooperate with regard to shared contracts

Sec. 16 deals with the treatment of contracts concerning operating activities that are utilized by both Group Companies of the Automotive Group and Group Companies of the Continental Group (including framework agreements, for example with suppliers under which both Group Companies of the Automotive Group and Group Companies of the Continental Group receive or provide supplies or services) (the **Shared Operating Contracts**). In accordance with sec. 16.1, the Parties shall endeavor to reach an agreement with the relevant third parties that will enable all Group Companies concerned to continue the current contract terms without any changes. To the extent that, as part of such an agreement, overarching matters need to be allocated between the Group Companies of the Automotive Group and Group Companies of the Continental Group, the Parties shall, to the extent permitted by law, agree in good faith on the allocation criteria, taking into account the proportions of utilization during the twelve months preceding the Closing Date. In the event that no such agreement is reached with the relevant third parties by the Closing Date, sec. 16.2 stipulates that the Parties, in their relationship between each other, shall treat each other as if the agreement had been reached as at the Closing Date, with more detailed provisions being made in this respect.

q) Sec. 17 Supply relationships

According to sec. 17, the Parties have agreed that the Groups will enter into agreements by the Closing Date for the purchase of certain products of one Group that are required for the continued operation of the business of the respective other Group during a certain period after the Spin-off, in particular (i) a supply agreement for the production of air bellows at the Vahrenwald site, (ii) a supply agreement for the production of rubber brake hoses at the Korbach site, (iii) one or several framework supply agreement(s) for several products at several sites, and (iv) a supply agreement for the production of TTM 3 tire sensors at the Toulouse site.

r) Sec. 18 Services

According to sec. 18, Continental AG and/or other companies of the Continental Group and CA Holding SE and/or other companies of the Automotive Group shall enter into "Transitional Services Agreements" which may relate, for example, to services in the areas of HR, IT, purchasing and logistics. Under these Transitional Services Agreements, bilateral agreements ("Statements of Work") on individual transition services (or categories of transition services) will be concluded.

s) Sec. 19 Intellectual property rights

Sec. 19.1 provides that Continental AG, Continental Reifen Deutschland GmbH and CA Holding SE or another company of the Automotive Group shall enter into a license agreement with effect as at the Spin-off Effective Date, under which certain transition and grace periods for using the name “Continental” and the logos of the Continental Group (e.g., on specifications, products, product packaging and tools) as well as further rights of use for certain products in the Independent Aftermarket are granted to the Automotive Group.

According to sec. 19.2, the Continental Group and the Automotive Group intend to enter into (cross-)license agreements and/or other agreements with effect as at the Closing Date, which shall enable the Continental Group and the future Automotive Group to continue and develop their businesses as independently as possible after the Spin-off. This concerns in particular patents. With regard to development services (if any) provided by the Automotive Group or the Continental Group for the respective other Group and joint developments (if any) (such as in the area of the TTM 3 tire sensor), the Automotive Group and the Continental Group also intend enter into agreements for the allocation and cross-licensing of the resulting intellectual property rights. According to sec. 19.3, it is intended to allocate joint patents (if any) held by companies of the two Groups jointly to one of the two Groups by the Closing Date.

- t) Sec. 20 Exclusion of the application of other provisions under the Group Separation Agreement to taxes

Sec. 20 provides that, with regard to taxes, the provisions of part VIII (sec. 20 to sec. 29) shall take precedence over the other provisions in other sections of the Agreement. However, certain provisions of the other parts fully apply (by reference) in any event also to taxes.

- u) Sec. 21 Definitions for part VIII (sec. 20 to sec. 29)

Sec. 21 contains the definitions that are relevant for part VIII (sec. 20 to sec. 29).

- v) Sec. 22 Tax Indemnification Claim

According to sec. 22, a party to the Group Separation Agreement is entitled to a Tax Indemnification Claim in the event that the tax paid or owed by that party in accordance with applicable tax laws exceeds the tax to be borne by that party under the Agreement.

- w) Sec. 23 Taxes in connection with the Spin-off

Sec. 23 specifies who bears the taxes in connection with the Spin-off. It contains provisions regarding transfer taxes including real estate transfer tax (sec. 23.1), the contribution gain I and the relevant step-up amount (sec. 23.2), VAT (sec. 23.3), Pillar 2 Taxes (sec. 23.4) and other taxes in connection with the Spin-off (sec. 23.5). According to sec. 23.1.1, transfer taxes, including real estate transfer taxes and German VAT governed by sec. 23.3 in connection with the Spin-off, shall be borne by the relevant

persons legally liable for the payment of the tax. The parties expect that these will be exclusively companies of the Automotive group sector. Continental AG shall pay to CA Holding SE an amount equivalent to 50% of the real estate transfer taxes incurred by companies of the Automotive group sector; however, this compensation claim does not include real estate transfer taxes resulting from the violation of subsequent holding periods within the meaning of Section 6a GrEStG. If several companies are jointly and severally liable for tax, the contractual agreements between the parties shall apply. If no such contractual agreements are in place, the relevant tax shall be borne equally by the companies.

The Spin-off may trigger a so-called contribution gain I (Section 22(1) UmwStG); sec. 23.2.1 provides that the tax on this gain shall be borne by Continental AG. According to sec. 23.2.2, Continental AG shall be solely responsible for determining the contribution gain I and any related Tax Proceedings, provided that the companies of the future Automotive Group shall support Continental AG and follow instructions given by Continental AG. Pursuant to Section 23(2) UmwStG, CAT GmbH is then generally entitled to a so-called step-up amount; according to sec. 23.2.3, no compensation shall be owed by CAT GmbH or CA Holding SE for this amount. Continental AG shall support CA Holding SE in claiming the step-up amount. However, this does not include any obligation of Continental AG to accelerate the taxation on the contribution gain I.

With regard to VAT, the parties expect according to sec. 23.3.1 that CA Holding SE is an entrepreneur (*Unternehmer*) for VAT purposes and will establish a Consolidated Tax Group for VAT purposes with CAT GmbH and its subsidiaries from the Closing Date and do everything necessary to achieve the establishment of this Consolidated Tax Group. In addition, according to sec. 23.3.2, the parties expect that the Spin-off will not be subject to VAT because it is carried out within the framework of the currently existing Consolidated Tax Group for VAT purposes or, in any case, constitutes a transfer of an entire business as a going concern (*Geschäftsveräußerung im Ganzen*) within the meaning of Sections 1(1a), 15a(10) of the German VAT Act (*Umsatzsteuergesetz – UStG*). If, contrary to these expectations, the Spin-off is subject to VAT, the parties shall take all necessary steps to achieve VAT exemption; in particular, an option for VAT liability is excluded. If, contrary to the expectations, VAT is nevertheless incurred, CA Holding SE shall economically bear the VAT; any net interest charge shall be paid equally by the parties. To the extent that a net VAT burden is not caused by CA Holding SE, Continental AG shall bear half of the net VAT burden.

According to sec. 23.4.1, the parties expect that no Pillar 2 Tax will arise in Germany or abroad as a result of the Merger and the Spin-off. If such Pillar 2 Tax will nevertheless arise, it shall be allocated between the companies in the relevant minimum tax group in accordance with Section 3(6) MinStG or, as applicable, in accordance with the local rules in the relevant foreign jurisdiction. If Pillar 2 Tax is incurred for other reasons than the Merger or the Spin-off for periods up to the end of the year in which the Closing Date

falls, sec. 23.4.2 provides that the relevant tax shall be borne in accordance with the applicable law (in Germany in accordance with Section 3(6) MinStG). Sec. 23.4.3 provides that, if Pillar 2 Tax is borne, the future Automotive Group shall be treated as independent for the entire year.

If restructurings or disposals within the Automotive Group after the Closing Date result in an add-back amount (*Hinzurechnungsbetrag*) pursuant to Section 10 of the German External Tax Relations Act (*Außensteuergesetz – AStG*) at Continental AG or a company of the Continental Group at which a company of the future Automotive Group is an intermediate company (*Zwischengesellschaft*) pursuant to Sections 7 and 8 AStG, CA Holding SE shall pay to Continental AG an amount to be calculated in accordance with the provisions in sec. 24.4 in conjunction with sec. 24.3 (sec. 23.5.1). For all other taxes arising in connection with the Spin-off, sec. 23.5.2 provides that such taxes shall be borne by the party which is the person legally liable for the payment of such taxes, unless special provisions take precedence.

x) Sec. 24 Provisions on other taxes, in particular Pre-Effective Date Taxes

Sec. 24 contains provisions on other taxes, in particular Pre-Effective Date Taxes. Sec. 24.1 provides that, unless any provisions in sec. 23 or special provisions in part VIII (sec. 20 to sec. 29) are applicable, Pre-Effective Date Taxes shall be borne by the relevant company of the Automotive Group or the Continental Group that is the person legally liable for the payment of such taxes. According to sec. 24.2, Post-Effective Date Taxes incurred by a company of the future Automotive Group shall be borne exclusively by companies of the future Automotive Group, irrespective of who is the person legally liable for the payment of such taxes. To the extent that Continental AG has economically borne Post-Effective Date Taxes, CA Holding SE shall make a corresponding compensation payment. Sec. 24.2 shall also apply if a company of the Automotive Group is the person liable for the payment of Post-Effective Date Taxes incurred by the Continental Group or has economically borne such Post-Effective Date Taxes.

Sec. 24.3 provides with regard to the so-called AM Carve-Out as a result of which a branch of activity (*Teilbetrieb*) for tax purposes was transferred from Continental Temic microelectronic GmbH to Continental Autonomous Mobility GmbH that CA Holding SE shall ensure that the conditions for a carve-out at book values for tax purposes are met or continue to be met. If it fails to do so, CA Holding SE shall compensate Continental AG for any resulting damage; utilized tax losses shall be valued on a lump-sum basis at 25% of the relevant loss. According to sec. 24.4, the provision in sec. 24.3 shall apply accordingly if other lock-up periods for tax purposes in the Automotive Group are violated in Germany or abroad.

Sec. 24.5 provides that, in the case of German Consolidated Tax Groups for income tax purposes, sec. 24.1 shall apply, subject to special rules, accordingly to German corporate income tax and trade tax as long as and to the extent that companies of the current Automotive Group were wholly or partially part of Continental AG's previous Consolidated Tax Group for income tax purposes. Such taxes shall therefore generally be borne by

Continental AG as the controlling company. Continental AG shall not owe any compensation for tax losses of the Controlled Automotive Tax Group Companies for this period. For offsetting effects in Post-Effective Date Periods, CA Holding SE shall owe Continental AG compensation in accordance with sec. 26.

Sec. 24.6 provides that, to the extent that taxes or other costs borne by the Continental Group as a result of the subject matter relating to the investigations of Italian authorities provided for in sec. 7.1 sentence 3 will be refunded to the Automotive Group after June 30, 2025, CA Holding SE shall promptly reimburse an amount equal to such refunds to Continental AG.

Sec. 24.7 contains provisions regarding the refund of foreign withholding taxes after submission of a corresponding certificate if the foreign withholding tax certificate for periods until the Effective Transfer Date for Tax Purposes has been submitted by December 31, 2026.

Sec. 24.8 covers the treatment of foreign tax groups with companies of both Groups in Pre-Effective Date Periods in France, Spain, Italy, Romania, the UK, Hungary, Australia and the Netherlands. According to sec. 24.8.1, Pre-Effective Date Taxes shall be borne – irrespective of the question of who is the person legally liable for the payment of such taxes – by the relevant company that has caused the incurrence of such taxes economically. According to sec. 24.8.2, generally no compensation is owed for losses that remain with the controlling company of the tax group. If the applicable tax law provides that losses shall be partially allocated back to the departing company, the parties shall observe the principle of economic causation (*Prinzip der wirtschaftlichen Verursachung*). According to sec. 24.8.3, the provision in the French tax group agreement under which the French controlling company of the tax group shall pay compensation to a departing group company for losses incurred during the period of its membership in the tax group, shall continue to take precedence. Sec. 24.8.4 provides that, if a previous foreign tax group does not end on December 31, 2024/January 1, 2025, the Pre-Effective Date Period shall be deemed to be the period until the end of the tax group, in deviation from the other provisions of the Agreement.

According to sec. 24.9, the parties shall maintain the existing German and foreign Consolidated Tax Group Relationships. Sec. 24.10 contains a provision to maintain the Consolidated Tax Group in cases where it is not recognized by the tax authorities for tax purposes (for example, Section 14(1) sentence 1 no. 3, sentence 4 KStG). These measures to maintain the Consolidated Tax Group shall be implemented in an economically neutral manner and the parties shall be placed in the same position as they would be in without the measures taken to maintain the Consolidated Tax Group.

Sec. 24.11 contains provisions for the case that an existing German or foreign Consolidated Tax Group is not recognized by the tax authorities. If the non-recognition results from the breach of an obligation relating to

conduct, sec. 24.11.1 provides that the party that has committed the breach shall compensate the other party for the damage suffered by it; if the damage consists in the utilization or forfeiture of losses, the utilized or forfeited losses shall be compensated on a lump-sum basis with 25% of their amount. Sec. 24.11.2 provides that, except in a case pursuant to sec. 24.11.1, each party shall pay any tax benefits obtained as a result of the non-recognition of a Consolidated Tax Group to the respective other party.

y) Sec. 25 VAT

Sec. 25 contains provisions regarding VAT not covered by sec. 23.3. According to sec. 25.1, the principle applies that VAT (including input taxes) shall be borne by the person legally liable for the payment of such tax. According to sec. 25.2, the German Consolidated Tax Group for VAT purposes shall be continued until the Spin-off takes effect and then the existing allocation system shall be applied for the last time. Sec. 25.3 contains provisions regarding the consequences in the event that a Consolidated Tax Group is not recognized by the tax authorities. According to sec. 25.3.1, a positive difference between the payable VAT and the input tax refunded as a result of the non-recognition of the Consolidated Tax Group shall be paid by Continental AG or the future Automotive Group, as applicable. If supplies or services for VAT purposes occur before the Closing Date, sec. 25.3.2 provides that a proper invoice shall be issued if required by law.

Sec. 25.4 provides that secs. 24.9 and 24.10 sentence 1 apply accordingly in cases of a Consolidated Tax Group for VAT purposes.

According to sec. 25.5, the parties expect that future supplies and services will generally be subject to VAT and not tax-exempt. Agreed prices shall be net of VAT. Where necessary for VAT purposes, evidence and information shall be provided.

z) Sec. 26 Payment of offsetting effects

Sec. 26 of the Group Separation Agreement contains provisions regarding the payment of so-called offsetting effects. According to sec. 26.1, CA Holding SE shall owe Continental AG compensation for offsetting effects for tax purposes arising from Additional Taxable Income if it results in potentially tax-reducing offsetting effects for a Controlled Automotive Tax Group Company or another company of the future Automotive Group in Post-Effective Date Periods. According to sec. 26.2, the amount of this compensation shall be the value of these offsetting effects, taking into account a Lump-Sum Settlement Approach, as described in more detail in sec. 26.3. According to sec. 26.4, an Offsetting Effect Claim may only be asserted if the offsetting effects result, in the aggregate over all Pre-Effective Date Periods, in a reduction in the assessment basis of the relevant tax by € 3 million (exemption threshold). According to sec. 26.5, CA Holding SE and Continental AG also undertake to inform each other of any

circumstances which may give rise to an Offsetting Effect Claim. Sec. 26.6 describes how Offsetting Effect Claims shall be asserted.

aa) Sec. 27 Maturity of claims; limitation period for claims

Sec. 27 of the Group Separation Agreement contains provisions regarding the due date and limitation period of taxes. According to sec. 27.1, claims for reimbursement or indemnification of taxes shall become due for payment ten banking days after the claim has been asserted but at the earliest three banking days before the relevant tax is due for payment to the tax authority. According to sec. 27.2, Offsetting Effect Claims shall be due on the date falling twenty banking days after the relevant claim has been asserted by the obligee. According to sec. 27.3, claims under part VIII (sec. 20 to sec. 29) shall become time-barred six months after the underlying tax has become final, binding and non-appealable and can no longer be changed, but not before the expiry of six months after the relevant company of the Continental Group or the relevant company of the Automotive Group has informed the company of the respective other Group of the existence of such claims.

bb) Sec. 28 Cooperation in tax matters

Sec. 28 of the Group Separation Agreement contains provisions regarding the cooperation in tax matters. The parties agree in sec. 28.1 that they shall cooperate in all relevant tax matters. According to sec. 28.2, Continental AG shall generally be responsible for all tax proceedings, including those of CAT GmbH and its subsidiaries, until the Closing Date. To the extent that companies of the future Automotive Group have so far conducted tax proceedings under their own responsibility, this shall continue to apply until the Closing Date under the tax risk monitoring of Continental AG. After the Closing Date, CA Holding SE and its subsidiaries shall be solely responsible for all tax proceedings relating to them, subject to secs. 28.3 to 28.8 of the Agreement. Sec. 28.3 contains more detailed provisions on the obligations for relevant tax proceedings. Sec. 28.3.1 provides that, with regard to the German Consolidated Tax Group for income tax purposes (and in any other cases in which companies of the Continental Group bear taxes alone), Continental AG shall be fully involved in the proceedings and shall have the right to determine the content of the proceedings and direct them under its responsibility. Sec. 28.3.2 provides with regard to foreign Consolidated Tax Group Relationships and other cases in which the parties each bear part of the taxes that the parties shall closely coordinate their activities and cooperate.

Sec. 28.4 contains provisions regarding the preparation and filing of tax returns. CA Holding SE shall submit all tax returns that are relevant for companies of the Continental Group in advance to Continental AG for review and approval. If the parties are unable to reach agreement on the content of the tax return, sec. 28.3.2 shall apply accordingly.

Sec. 28.5 specifies certain obligations with regard to tax proceedings in more detail. The section states, among other things, that documents from

relevant tax proceedings shall be provided to Continental AG (sec. 28.5.1). Sec. 28.5.2 specifies the obligations of CA Holding SE in the event that Continental AG bears the taxes in connection with the relevant tax proceedings alone. Sec. 28.5.3 contains provisions regarding the joint cooperation with regard to foreign Consolidated Tax Group Relationships and cases in which taxes are borne by both parties (sec. 28.3.2). Internal costs and the costs of advisers in connection with relevant tax matters shall generally be borne by the parties themselves (sec. 28.6). The parties will continue to agree on the details of the cooperation in Relevant Tax Proceedings in the future (sec. 28.7).

Sec. 28.8 provides that, in the event of breaches of obligations under part VIII (sec. 20 to sec. 29), the company that has committed the breach shall be liable to pay compensation, unless more specific provisions apply, provided that Section 254 BGB shall be taken into account. In addition, sec. 28.8 contains further requirements for the application of secs. 23.5.1 and 24.4.

According to sec. 28.9, payments or indemnifications by the parties under the Group Separation Agreement shall be deemed to be an adjustment in the value of the spun-off assets.

According to sec. 28.10, the so-called no double-dip principles applies to claims under part VIII.

Sec. 28.11 provides that the obligations under part VIII continue to apply in the event of a transfer of shares in the Continental Group or the Automotive Group.

- cc) Sec. 29 Real estate transfer tax notifications by mutual agreement; prior submission of a draft

According to sec. 29, Continental AG shall prepare a draft of the real estate transfer tax notifications and send it to CA Holding SE, which shall then discussed and agreed between the companies.

- dd) Part IX: Obligation to review agreements internally

Part IX contains an obligation to review agreements internally and provides that any conclusion of agreements between a company of one Group and a company of the respective other Group is subject to a prior internal review of potential tax and legal risks.

- ee) Sec. 30 Confidentiality

After a definition of the term Confidential Information in sec. 30.1 (positive definition) and sec. 30.2 (negative definition), sec. 30.3 contains, in particular, provisions for mutual obligations to maintain secrecy and non-disclosure obligations between the Group parent companies; sec. 30.4 provides that the protection of a company's own confidential information shall be considered the standard of due care and sec. 30.5 states that Group Companies, affiliates, employees, advisers, auditors and financing sources



(including their advisers) of a Group shall not be deemed to be third parties and therefore shall not be considered to be persons to which Confidential Information must not be disclosed. Sec. 30.6 clarifies that each Party shall ensure that its Group Companies will also comply with the obligations under sec. 30.3. Sec. 30.7 provides for a general entitlement to disclose Confidential Information to the extent that such a disclosure is mandatorily required by statutory or administrative regulations.

ff) Sec. 31 Assertion of claims

Sec. 31.1 provides that claims under the Group Separation Agreement shall inure to the sole benefit of the Parties and that the Agreement does not give rise to rights for the benefit of third parties and of the companies affiliated with a Party. Also, an assignment of claims to third parties is excluded. Sec. 31.2 provides that the claims under the Group Separation Agreement shall be asserted in writing and specifies details. Sec. 31.3 provides how asserted claims shall be satisfied and specifies details. Finally, sec. 31.4 provides that the right of each Party to carry out a cause-based allocation of the expenses necessary for the satisfaction to its Group Companies shall remain unaffected.

gg) Sec. 32 Subsidies

Sec. 32.1 contains provisions that apply in the event that a claim for the recovery of public subsidies which were granted to a company of a Group prior to the Closing Date, together with interest, is made by an authority or court after the Closing Date, and the claim results from an action or omission by a company of the respective other Group. In such a case, the affected company shall be supported in the defense against the claim for recovery. According to sec. 32.2, the Parties shall inform each other in order to align their behavior in such a way that a claim for recovery is avoided.

hh) Sec. 33 Rebranding of the Automotive Group

Sec. 33 provides that the Automotive Group will begin to change its branding with the assistance of the Continental Group during the first half of the year 2025 (rebranding). CA Holding SE undertakes to implement the rebranding at its own expense and in relation to the entire Automotive Group.

ii) Sec. 34 Coordination Committee

Sec. 34.1 provides that a Coordination Committee for monitoring compliance with the Group Separation Agreement shall be established. Sec. 34.2 provides that this Committee shall consist of two members representing one Group and two members representing the other Group. Sec. 34.3 specifies formal provisions for convening and holding meetings. Pursuant to sec. 34.4, the Coordination Committee shall pursue the aim to achieve an appropriate balance of interests between the two Parties. Sec. 34.5 contains provisions for the internal organization of the Committee, including the possibility to agree rules of procedure.

jj) Sec. 35 Dispute resolution

Sec. 35.1 refers to the Parties' intention to settle all disputes in connection with the Group Separation Agreement amicably by application of secs. 35.2 and 35.4. According to sec. 35.2, the Coordination Committee shall be notified before arbitral proceedings are initiated and discuss the dispute within a period of four weeks with the aim of finding an appropriate joint solution for the settlement of the dispute. Sec. 35.3 clarifies that the notification of the dispute to the Coordination Committee shall have the effect of suspending the limitation period for claims that are the subject of the dispute. If the Coordination Committee was unable to find a solution for the settlement of the dispute, the chairpersons of the executive boards of Continental AG and CA Holding SE shall seek to find a solution in accordance with sec. 35.4; if this fails as well, the dispute shall be finally settled by an arbitral tribunal in accordance with the Arbitration Rules of the German Arbitration Institute (*Deutsche Institution für Schiedsgerichtsbarkeit e.V. – DIS*) (sec. 35.5).

kk) Sec. 36 Miscellaneous

Sec. 36 contains miscellaneous provisions. According to sec. 36.1, the Group Separation Agreement shall become effective as at the later of the following dates: (i) the adoption of the resolution approving the Spin-off and Transfer Agreement by the shareholders' meeting of Continental AG, and (ii) the adoption of the resolution approving the Spin-off Agreement by the shareholder's meeting of CA Holding SE. However, the obligations of CAT GmbH and Continental AG pursuant to sec. 4 shall in any case become effective upon the approval of the Spin-off and Transfer Agreement by the shareholders' meeting of Continental AG. Sec. 36.2 contains a standard written form clause. Sec. 36.3 provides that the relevant Group parent company is obliged to ensure that the companies of its Group comply with the provisions of the Group Separation Agreement, to the extent that the relevant companies do not become a Party to the Agreement. Sec. 36.4 specifies the limitation period of claims. Sec. 36.5 clarifies that the Group Separation Agreement is governed by German law. Sec. 36.6 contains standard provisions on replacing any invalid or unenforceable provisions of the Agreement by valid and enforceable provisions reflecting the purpose and intent of the Agreement (so-called severability clause).

***Signature page of “Joint Spin-off Report of the executive boards of Continental Aktiengesellschaft and Continental Automotive Holding SE regarding the spin-off of the participation held in Continental Automotive Technologies GmbH and of a domination and profit and loss transfer agreement with Continental Automotive Technologies GmbH”***

On behalf of **Continental Aktiengesellschaft**:

Hanover, March 13, 2025

[sgd. N. Setzer]  
Nikolai Setzer, Chairperson of the Executive Board

[sgd. O. Schick]  
Olaf Schick, Member of the Executive Board

[sgd. A. Reinhart]  
Dr. Ariane Reinhart, Member of the Executive Board

[sgd. P. v. Hirschheydt]  
Philipp von Hirschheydt, Member of the Executive Board

[sgd. C. Kötz]  
Christian Kötz, Member of the Executive Board

[sgd. P. Nelles]  
Philip Nelles, Member of the Executive Board

On behalf of **Continental Automotive Holding SE**:

Hanover, March 13, 2025

[sgd. P. v. Hirschheydt]  
Philipp von Hirschheydt, Chairperson of the  
Executive Board

[sgd. A. Czarnecki]  
Andrea Czarnecki, Member of the Executive  
Board

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**Annex 1 – Spin-off and Transfer Agreement**

**CONVENIENCE TRANSLATION<sup>1</sup>**

of

**Annex A – Spin-off and Transfer Agreement**

of

the notarial deed (Roll of deeds no. 165/2025)

of

the Notary Public

Dr. Florian Hartl, Hanover

done on March 13, 2025

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<sup>1</sup> This convenience translation of Annex A – Spin off and Transfer Agreement of the Roll of deeds no. 165/2025 of the Notary Public Dr. Florian Hartl, Hanover, done on March 13, 2025, is legally not binding and provided for information purposes only. This document is only a convenience translation of a part of the deed and does not contain the whole deed (in particular excluding the powers of attorneys). The German version of Annex A – Spin-off and Transfer Agreement prevails.

CONVENIENCE TRANSLATION – legally not binding

**Continental Aktiengesellschaft**  
as transferring entity

and

**Continental Automotive Holding SE**  
as acquiring entity

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**SPIN-OFF AND TRANSFER AGREEMENT**

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March 13, 2025

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## SPIN-OFF AND TRANSFER AGREEMENT

(the *Spin-off and Transfer Agreement*)

by and between

- (1) **Continental Aktiengesellschaft**, registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3527, having its registered office in Hanover, Germany;

- **Continental AG** -

and

- (2) **Continental Automotive Holding SE**, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 295655, having its registered office in Munich, Germany;

- **CA Holding SE**, together with Continental AG the **Parties** and each a **Party** -

### Preamble

- (A) At the date of this Spin-off and Transfer Agreement, the share capital of Continental AG amounts to €512,015,316.48 and is divided into 200,005,983 no-par value bearer shares (*auf den Inhaber lautende Stückaktien*). In order to allow for an even division by the share allocation ratio set out in sec. 11 without remainder, Continental AG will ensure that the number of its shares that are entitled to an allocation (*zuteilungsberechtigt*) pursuant to § 131(1) no. 3 sentence 1 of the German Transformation Act (*Umwandlungsgesetz* - **UmwG**) will amount to 200,005,982 shares at the Closing Date (as defined in sec. 7.1 below).
- (B) At the date of this Spin-off and Transfer Agreement, the share capital of CA Holding SE amounts to €120,000.00 and is divided into 48,000 registered no-par value shares (*auf den Namen lautende Stückaktien*). The sole shareholder of CA Holding SE is Continental AG.
- (C) Continental AG intends to transfer Continental Automotive Technologies GmbH with registered office in Hanover (registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3669) (**CAT GmbH**), together with its direct and indirect subsidiaries and participations, as well as a certain domination and profit and loss transfer agreement (as described in more detail in (E) below) by way of a spin-off by absorption (*Abspaltung zur Aufnahme*) as transferring entity to CA Holding SE as acquiring entity (the **Spin-off**) and subsequently have CA Holding SE, as a separate company, admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (CA Holding SE, together with its direct and indirect subsidiaries and participations as of

the Spin-off, the **Future Automotive Group**; the Continental Group without the companies of the Future Automotive Group the **Future Continental Group**).

- (D) The current sole shareholder of CAT GmbH is Continental Automotive GmbH (registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 59424) (**CA GmbH**), whose sole shareholder is Continental AG. However, it is intended to merge CA GmbH into Continental AG prior to the Spin-off in accordance with the provisions of the UmwG (the **Merger**). The Merger shall take effect as a result of its registration with the commercial register of Continental AG (in its capacity as acquiring entity under the Merger) of the local court (*Amtsgericht*) of Hanover before the Spin-off will be registered with the commercial register of Continental AG (in its capacity as transferring entity under the Spin-off) of the local court (*Amtsgericht*) of Hanover. This chronological order of the registrations with the commercial register will be ensured by the condition precedent set out in sec. 21.1.2. Due to this chronological order, Continental AG will be the direct sole shareholder of CAT GmbH at the time of the registration of the Spin-off with the commercial register of Continental AG as transferring entity and will therefore be able to spin off its direct participation in CAT GmbH to CA Holding SE.
- (E) A domination and profit and loss transfer agreement dated February 15, 2021, as amended on November 28, 2022, is in place between CA GmbH as the controlling company and CAT GmbH as the controlled company, which is attached hereto as **Annex (E)** (this agreement, including all rights and obligations as well as ancillary rights and obligations, the **Domination and Profit and Loss Transfer Agreement**), which will first be transferred from CA GmbH to Continental AG as part of the Merger. It is intended that the Domination and Profit and Loss Transfer Agreement will subsequently be transferred from Continental AG to CA Holding SE as part of the Spin-off so that CA Holding SE will replace Continental AG as controlling company when the Spin-off takes effect.
- (F) As consideration for the Spin-off, the shareholders of Continental AG will be granted by CA Holding SE a total of 100,002,991 registered no-par value shares (*auf den Namen lautende Stückaktien*) in CA Holding SE in accordance with this Spin-off and Transfer Agreement in proportion to their respective participations in Continental AG (so-called pro rata spin-off (*verhältnismäßige Abspaltung*)).
- (G) Immediately after the Spin-off takes effect, all shares in CA Holding SE (including the 48,000 registered no-par value shares (*auf den Namen lautende Stückaktien*) already in existence at the time of the conclusion of this Spin-off and Transfer Agreement) are intended to be admitted to trading in the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.

Now, therefore, the Parties agree as follows:

## **I. Spin-off, Spin-off Effective Date and Closing Balance Sheet**

### **1. Spin-off**

- 1.1 Continental AG as the transferring entity shall transfer the Spin-off Assets defined in sec. 6 together with all rights and obligations as a whole to CA Holding SE as the acquiring entity by way of a spin-off by absorption (*Abspaltung zur Aufnahme*) pursuant to Section 123(2) no. 1 UmwG in exchange for shares in CA Holding SE to be granted to the shareholders of Continental AG in accordance with sec. 11 (so-called pro rata spin-off by absorption (*verhältnismäßige Abspaltung zur Aufnahme*)).
- 1.2 Items of assets and liabilities and other rights and obligations or legal positions of Continental AG which are not attributable to the Spin-off Assets in accordance with this Spin-off and Transfer Agreement or which are expressly excluded from the transfer in this Spin-off and Transfer Agreement shall not be transferred to CA Holding SE.

### **2. Spin-off Effective Date and Effective Transfer Date for Tax Purposes**

- 2.1 As between Continental AG and CA Holding SE, the Spin-off Assets shall be transferred with effect as at January 1, 2025, 0:00 hrs (the **Spin-off Effective Date**). From that date, the actions relating to the Spin-off Assets shall, as between Continental AG and CA Holding SE, be deemed to have been taken for the account of CA Holding SE.
- 2.2 The effective transfer date for tax purposes for the Spin-off is December 31, 2024, 24:00 hrs (the **Effective Transfer Date for Tax Purposes**).

### **3. Closing Balance Sheet**

The closing balance sheet of the transferring entity pursuant to Sections 125(1) sentence 1, 17(2) UmwG shall be the annual balance sheet of Continental AG as at December 31, 2024, 24:00 hrs, which is part of the annual financial statements of Continental AG for the fiscal year 2024 which was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and was issued with an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) (the **Closing Balance Sheet**).

### **4. Treatment of the Spin-off Assets for accounting purposes**

- 4.1 Continental AG will recognize the Spin-off Assets in its commercial balance sheet (in connection with the Merger and prior to the Spin-off taking effect) at fair values (*zu Zeitwerten*). Continental AG will decide within the statutory time limits whether it will, to the extent permitted by law, recognize the Spin-off Assets at book values (*zu Buchwerten*) or at different values for income tax purposes.
- 4.2 CA Holding SE will recognize the Spin-off Assets in its commercial balance sheet at fair values (*zu Zeitwerten*). CA Holding SE will recognize the Spin-



off Assets in its balance sheet for tax purposes at the value contained in the closing balance sheet for tax purposes of Continental AG.

## 5. Postponement of effective dates

If the Spin-off has not been registered with the commercial register of Continental AG of the local court (*Amtsgericht*) of Hanover by the end of January 23, 2026, the following shall apply: in deviation from sec. 2 above, the Spin-off Effective Date shall be January 1, 2026, 0:00 hrs and the Effective Transfer Date for Tax Purposes shall be December 31, 2025, 24:00 hrs, and, in deviation from sec. 3 above, the balance sheet date for the Closing Balance Sheet of Continental AG shall be December 31, 2025, 24:00 hrs. If the registration is delayed further beyond January 23 of a following year, the effective dates shall be postponed in each case by another year in accordance with the above provision.

## II. Spin-off Assets

### 6. Spin-off Assets and modalities for the transfer

6.1 Continental AG shall transfer to CA Holding SE

6.1.1 its entire direct participation in CAT GmbH existing upon the Merger taking effect, consisting of all shares with serial numbers 4 to 526,568 with a nominal amount of €526,565.00 (the **Participation**); and

6.1.2 the Domination and Profit and Loss Transfer Agreement to which it becomes party as the controlling company upon the Merger taking effect,

collectively referred to as the **Spin-off Assets**.

6.2 The transfer shall include all rights and obligations related to the Spin-off Assets, including the entitlement to a distribution of profits from the Participation as well as the rights and obligations under the spun-off Domination and Profit and Loss Transfer Agreement for the period from the Spin-off Effective Date (including, in particular, a right to profit transfer or an obligation to compensate for losses for the fiscal year of CAT GmbH beginning on January 1, 2025). The claims and liabilities under the Domination and Profit and Loss Transfer Agreement relating to the period up to the Effective Transfer Date for Tax Purposes (including, in particular, a right to profit transfer or an obligation to compensate for losses for the fiscal year of CAT GmbH ending on December 31, 2024) shall remain with Continental AG (also as legal successor of CA GmbH as the previous controlling company).

6.3 The Parties shall make all declarations, issue all deeds and take all other actions that might additionally be necessary or appropriate in connection with the transfer of the Spin-off Assets.

## **7. Taking effect, Closing Date**

- 7.1 The transfer of title to the Spin-off Assets shall take place with effect in rem (*dingliche Wirkung*) upon the registration of the Spin-off with the commercial register of Continental AG of the local court (*Amtsgericht*) of Hanover and thus at the time when the Spin-off takes effect (the **Closing Date**).
- 7.2 In the period between the date of this Spin-off and Transfer Agreement and the Closing Date, Continental AG shall (i) only manage the Spin-off Assets in the ordinary course of business and with the diligence of a prudent businessman in compliance with the provisions of this Spin-off and Transfer Agreement, (ii) not dispose of or encumber the Spin-off Assets without the prior consent of CA Holding SE, (iii) not make any withdrawals from the participations comprised in the Spin-off Assets without the prior consent of CA Holding SE, and (iv) not resolve any capital measures or enter into any intercompany agreements with regard to the participations comprised in the Spin-off Assets without the prior consent of CA Holding SE, provided that the consent to capital measures shall not be unreasonably withheld.

## **8. Catch-all provisions**

- 8.1 If and to the extent that the Spin-off Assets do not already pass to CA Holding SE by operation of law upon registration of the Spin-off by way of universal succession (*Gesamtrechtsnachfolge*), Continental AG shall transfer the Spin-off Assets to CA Holding SE by way of singular succession (*Einzelrechtsnachfolge*). In turn, CA Holding SE is required to consent to the transfer. In their internal relationship (*im Innenverhältnis*), the Parties shall treat each other as if the transfer had occurred in their relationship to third parties (*im Außenverhältnis*) as at the Spin-off Effective Date (taking into account a postponement, if any, pursuant to sec. 5 above).
- 8.2 In connection with a transfer pursuant to sec. 8.1, the Parties shall initiate and cooperate in all measures and legal acts that may be necessary or appropriate in order to transfer the Spin-off Assets.
- 8.3 Claims under this sec. 8 shall become time-barred upon expiry of December 31, 2034.

## **9. Creditor protection and internal settlement**

- 9.1 Unless this Spin-off and Transfer Agreement or the Group Separation Agreement attached hereto as Annex 15 provide for a different allocation of burdens and liability arising from or in connection with the Spin-off Assets, the provisions in secs. 9.2 and 9.3 shall apply.
- 9.2 If and to the extent that creditors assert claims against Continental AG on the basis of Section 133 UmwG or other provisions with respect to liabilities, obligations or contingent liabilities that are transferred to CA Holding SE in accordance with the provisions hereof, CA Holding SE shall indemnify Continental AG on first demand from and against the relevant liability, obligation or contingent liability. The same applies in the event that such creditors assert claims to provide security against Continental AG.

- 9.3 If and to the extent that creditors assert claims against CA Holding SE on the basis of Section 133 UmwG or other provisions with respect to liabilities, obligations or contingent liabilities of Continental AG that are not transferred to CA Holding SE in accordance with this Spin-off and Transfer Agreement, Continental AG shall indemnify CA Holding SE on first demand from and against the relevant liability, obligation or contingent liability. The same applies in the event that such creditors assert claims to provide security against CA Holding SE.

## **10. Warranties**

- 10.1 Continental AG warrants (*gewährleistet*) as at the Closing Date that (i) it is the holder of the Participation and that it is entitled to freely dispose of the Participation and that the Participation is not encumbered with rights of third parties, and (ii) it is entitled to freely dispose of the Domination and Profit and Loss Transfer Agreement and that its claims under that agreement are not encumbered with rights of third parties. Apart from that, no specific condition of the Spin-off Assets and, in particular, no specific qualities or specific value of the Spin-off Assets are agreed.
- 10.2 To the extent permitted by law, any rights and warranties that might exist pursuant to statutory law or otherwise in addition to those in sec. 10.1 shall be excluded. The provision in this sec. 10.2 shall apply to all rights and warranties of whatever legal nature (contractual, pre-contractual, in tort or otherwise) and, in particular, also to those rights that might result in the reversal or rescission of this Spin-off and Transfer Agreement or might have a similar legal effect.

## **III. Consideration and capital increase, special rights and benefits**

### **11. Granting of shares, Trustee and capital increase**

- 11.1 As consideration for the transfer of the Spin-off Assets, the shareholders of Continental AG shall be granted, free of charge, one registered no-par value share (*auf den Namen lautende Stückaktie*) in CA Holding SE for every two no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) in Continental AG pro rata in proportion (*verhältnismäßig*) to their respective participations in Continental AG. In total, 100,002,991 registered no-par value shares (*auf den Namen lautende Stückaktien*) in CA Holding SE will be issued to the shareholders of Continental AG.

The shares to be granted pursuant to this sec. 11.1 are the 100,002,991 new shares created by way of the capital increase pursuant to sec. 11.3.

- 11.2 The shares to be granted by CA Holding SE shall be entitled to dividends as from January 1, 2025. If the Spin-off Effective Date is postponed pursuant to sec. 5, the beginning of the dividend entitlement for the shares to be granted shall be postponed to the new Spin-off Effective Date.
- 11.3 In order to implement the Spin-off, CA Holding SE will increase its share capital from €120,000 by €250,007,477.50 to €250,127,477.50 against a contribution in kind (*Sacheinlage*) (Sections 142, 69 UmwG in conjunction

with Sections 183, 183a of the German Stock Corporation Act (*Aktiengesetz* – **AktG**). Accordingly, following the implementation of the capital increase (against contribution in kind) (*Sach-)Kapitalerhöhung*), each share will represent a pro rata amount of €2.50 of the share capital of CA Holding SE.

- 11.4 The contribution in kind will be made by transferring the Spin-off Assets. The total value at which the contribution in kind made by Continental AG is taken over by CA Holding SE shall be equal to the fair value (*Zeitwert*) of the transferred net assets under commercial law. To the extent that this value exceeds the amount of the increase in the share capital set forth in sec. 11.3, a portion of the excess amount equal to the legally required reserve shall be allocated to the capital reserves pursuant to Section 272(2) no. 1 of the German Commercial Code (*Handelsgesetzbuch* – **HGB**) and the amount remaining after such allocation shall be allocated to the capital reserves pursuant to Section 272(2) no. 4 HGB.
- 11.5 Continental AG shall appoint Deutsche Bank Aktiengesellschaft as trustee (the **Trustee**) to receive the shares in CA Holding SE to be granted and to distribute them to the shareholders of Continental AG. Possession of the shares to be granted shall be granted to the Trustee prior to the registration of the Spin-off, and the Trustee shall be instructed to deliver the shares to the shareholders of Continental AG after the registration of the Spin-off with the commercial register of Continental AG.
- 11.6 The Parties undertake to procure that all declarations will be made, all deeds will be issued and all other actions will be taken that may be necessary or appropriate in order to have all shares in CA Holding SE admitted to trading in the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange without undue delay (*unverzüglich*) after the Spin-off has taken effect. In particular, the Parties shall cooperate with regard to the preparation of the securities prospectus.

## **12. No granting of special rights**

No rights are granted to individual shareholders or holders of special rights within the meaning of Section 126(1) no. 7 UmwG, and no measures within the meaning of Section 126(1) no. 7 UmwG are intended for such persons.

## **13. Granting of special benefits**

At the date of this Spin-off and Transfer Agreement, the executive board of CA Holding SE consists of two members. Philipp von Hirschheydt is also a member of the executive board of Continental AG and has an employment contract with Continental AG under which his current remuneration is paid. From the date of the planned stock exchange listing of the shares in CA Holding SE, the future employment contracts to be concluded with CA Holding SE are required to comply with the statutory rules of Art. 9(1)(c)(ii) SE Regulation in conjunction with Sections 87, 87a AktG for listed stock

corporations and shall follow the recommendations of the German Corporate Governance Code in the version dated April 28, 2022.

The remuneration system is designed as follows: The remuneration of the executive board members consists of fixed non-performance-related and variable performance-related components, with the level of remuneration being guided by the remuneration in comparable companies in the DAX/MDAX.

The fixed non-performance-related remuneration components comprise the fixed annual salary which is paid in twelve equal monthly installments, additional benefits, such as the provision of a company car and the payment of insurance premiums, as well as a pension allowance.

The variable performance-related remuneration components comprise a short-term remuneration component (Short Term Incentive or STI) as well as a long-term remuneration component (Long Term Incentive or LTI).

In addition to these remuneration components, it is planned to grant a one-time spin-off bonus to each member of the executive board holding office when the Spin-off takes effect. The terms of this spin-off bonus shall create an incentive to contribute to the success of the Future Automotive Group over the medium and long term. The spin-off bonus consists of the payment of a gross amount in two tranches. After the gross amount of the bonus has been paid out, the executive board members must invest the resulting net amount in shares of CA Holding SE. The target total value of the gross amount for both tranches is half of the fixed annual salary of the relevant executive board member. Depending on the development of the stock exchange price of the CA Holding SE share, the total volume of the spin-off bonus will be in a range of approximately €1.4 million to approximately €5.7 million.

Apart from that, no special benefits within the meaning of Section 126(1) no. 8 UmwG are granted to members of the executive board or supervisory board of the entities involved in the Spin-off or to an auditor or spin-off auditor.

#### **IV. Provisions under corporate law relating to CA Holding SE and Group Separation Agreement**

##### **14. Articles of association of CA Holding SE**

- 14.1 Continental AG undertakes as the sole shareholder of CA Holding SE to adopt an amendment of the articles of association of CA Holding SE prior to the Spin-off taking effect so that these articles of association – with amendments to reflect the terms of the employee involvement agreement to be concluded (see sec. 18.3) and after completion of potential status proceedings (*Statusverfahren*) and subject to minor amendments of the wording – are given the version attached hereto as **Annex 14** prior to the Spin-off taking effect.

- 14.2 As stated in sec. 18.3, CA Holding SE will in future have a supervisory board whose members will be appointed in accordance with the terms of the employee involvement agreement to be concluded. Depending on the future terms of the employee involvement agreement, the articles of association of CA Holding SE will have to be amended accordingly.

## **15. Group Separation Agreement**

Continental AG and CA Holding SE have entered into the Group Separation Agreement (*Konzerntrennungsvertrag*) attached hereto in notarized form as **Annex 15**, which forms part of this Spin-off and Transfer Agreement.

## **V. Consequences of the Spin-off for the employees and their representative bodies**

### **16. Consequences of the Spin-off for the employees**

- 16.1 Since the Spin-off Assets consist of the Participation held by Continental AG in CAT GmbH and the Domination and Profit and Loss Transfer Agreement, the employment relationships of the employees of Continental AG and of the other companies of the Future Continental Group will not be affected by the Spin-off and these employees will remain employed by their respective employer companies. The Spin-off will, in particular, have no consequences for the validity or content of pension commitments that may have been made by the respective employer companies. The Spin-off will also have no consequences under collective bargaining laws for the employees of the Future Continental Group. To the extent that the relevant employer company is bound by collective provisions as party to a collective agreement or by virtue of its membership in an association, this will remain unaffected by the Spin-off. The Spin-off will also not affect the validity of the various share-based remuneration plans (***LTI Plans***) in place in the Continental Group. Remuneration awards under the current LTI Plans of the Continental Group have been granted to employees of companies of the Future Automotive Group. The remuneration awards under the LTI Plans of the Continental Group that have been granted but are still outstanding will either be settled without any changes or will be adjusted to reflect comparable performance indicators of the Future Automotive Group. The details of the transition to performance indicators of the Future Automotive Group have not yet been agreed. The LTI Plan for the period beginning in 2025 provides that, in the event of the Spin-off, the Key Performance Indicators (***KPIs***) shall be linked to targets of the Future Automotive Group. The Future Automotive Group also reserves its right to review the group of eligible employees and the terms of the LTI Plans at a later date with effect for future tranches and to better align them with the focus of the Future Automotive Group. However, no decisions have yet been taken in this respect. Moreover, CA Holding SE reserves its right to consider the introduction of new share-based remuneration plans.
- 16.2 CA Holding SE has not yet commenced business operations and does not have any employees. Therefore, the Spin-off has no consequences for the employees of CA Holding SE.

- 16.3 The Spin-off will also have no direct consequences for individual rights of the employees of the other companies of the Future Automotive Group. They will remain employed by their respective employer companies; their employment relationships will not be affected by the Spin-off. In particular, the Spin-off will not affect the validity of the LTI Plans. To the extent that tranches of the LTI Plans that have not yet been terminated or settled as planned are based on the stock exchange price of the Continental AG share, an adjustment may be made as a result of the Spin-off at reasonable discretion. The same applies to the extent that the LPI Plans or other employee remuneration schemes are based on KPIs of the Continental Group; here, too, an adjustment to reflect the situation at the Future Automotive Group may be made. It is intended that the LTI Plan for the period beginning in 2025 will be based (for the time being) on the share price of Continental AG and that a later adjustment may be made at reasonable discretion. With regard to the sustainability criteria, it is intended that, when and to the extent the Spin-off occurs, two different lists of criteria shall apply for the employees of the Future Continental Group and for the employees of the Future Automotive Group. Moreover, the Spin-off will not affect the validity or content of pension commitments that may have been made by the respective employer companies. For the majority of the employees of the Future Automotive Group, these commitments are partly covered by special funds that are currently held in trust by a trustee appointed by the Continental Group under so-called contractual trust arrangements (CTAs). When the Spin-off takes effect, these special funds shall be transferred to a new trustee in order to continue an equivalent security coverage. According to the current planning, Continental Treuhänder e.V. is to be replaced by an external trustee.
- 16.4 The Spin-off will also have no consequences under collective bargaining laws for the employees of the Future Automotive Group. To the extent that the relevant employer company is bound by collective provisions as party to a collective agreement or by virtue of its membership in an association, this will remain unaffected by the Spin-off.
- 16.5 On December 17, 2024, Continental AG concluded a framework reconciliation of interests and a partial reconciliation of interests with the group works council of Continental AG for the implementation of transfers of employees from Continental AG (as holding company) to the Automotive, ContiTech and Tires group sectors. In addition, a partial reconciliation of interests was concluded for the Automotive group sector on February 12, 2025, which, among other things, contains provisions regarding the organizational changes in connection with the establishment of the central corporate functions. The concluded group works agreements will continue to apply collectively after the Spin-off of the Automotive group sector, which will leave them unchanged to the extent that they can continue to be performed in accordance with their purpose.
- 16.6 Within the scope of the general strategic direction, headcount reductions at the establishments of CAT GmbH have been planned, announced and in some case already completed as follows:

- 16.6.1 Planned reduction targets for the “FRED” project were announced on February 13, 2024. They concern, among others, several sites in Germany and are planned to be implemented by the end of 2025.
- 16.6.2 As part of the “Transformation 2019-2029” measure, the plant at the Babenhausen site is planned to be closed by December 31, 2026 and the remaining employees are to be laid off.
- 16.6.3 As part of the “Rhine-Main site consolidation” project, it is planned to relocate the employees of the Schwalbach site by December 31, 2025 and those of the Babenhausen site by December 31, 2026 to the Frankfurt/Main site.
- 16.6.4 The closure of CAT GmbH’s Wetzlar site is planned and was announced on March 26, 2024. According to the current business planning, the closure is expected to be completed by the end of 2025.
- 16.6.5 According to the reconciliation of interests concluded on June 4, 2024, the closure of the Gifhorn site is expected to be completed in the first quarter of 2028.
- 16.6.6 On February 18, 2025, project “Adapt R&D” was announced which, according to the current business planning, will lead to a headcount reduction in the development business areas of several sites in Germany and is expected to be completed by the end of 2026.
- 16.7 In connection with the Spin-off, the gradual relocation of the production of ESS bellows from the Hanover-Vahrenwald site to Jicin/Czech Republic was announced on January 30, 2025. According to the current business planning, the relocation is expected to be completed by the end of 2026.
- 16.8 CA Holding SE intends to grant an incentive bonus to a certain limited number of employees at the management levels below the future executive board of CA Holding SE who have special responsibility in connection with the Spin-off and the successful independent operation of the business of the Future Automotive Group. In order to create a specific incentive for the beneficiaries to contribute to the success of the Future Automotive Group also over the medium and long term, the incentive bonus consists of the payment of a gross amount in two tranches. After the payment of the gross amount has occurred, each beneficiary must invest the respective resulting net amount in shares of CA Holding SE. The total target value of the gross amount for both tranches is based on the initial target price of €30 per share and – depending on the position of the beneficiary employee – half a year’s or one year’s gross annual base salary of the beneficiary. 50% of the total target value of the gross amount will be paid out when the shares of CA Holding SE are listed on the stock exchange (**Tranche 1**), with the shares to be acquired under Tranche 1 being subject to a three-year holding period from the date of acquisition of the shares. A further amount will be paid out 18 months after the stock exchange listing of the shares of CA Holding SE (**Tranche 2**), whereby the gross amount to be paid out for Tranche 2 will depend on the development of the stock exchange price of the CA Holding SE share. The shares to be acquired under Tranche 2 are subject to a three-



year holding period from the date of acquisition of the shares. Depending on the development of the stock exchange price of the CA Holding SE share, the total volume of the incentive bonus plan will be in a range of approximately €8.3 million to a maximum of approximately €33.4 million.

## **17. Consequences of the Spin-off for the representative bodies of the employees under works constitution law**

### **17.1 Works councils, youth and trainee representative bodies and representative bodies for disabled persons**

17.1.1 The existing establishments in Continental AG and the other establishments in the Continental Group are not affected by the Spin-off. The existence, composition and term of office of the existing works councils and central works councils, of the existing youth and trainee representative bodies and central youth and trainee representative bodies as well as of the representative bodies and central representative bodies for disabled persons will remain unchanged. Works agreements and central works agreements existing at the time when the Spin-off takes effect will continue to apply in the respective establishments or companies after the Spin-off has taken effect.

17.1.2 From the time the Spin-off takes effect, the group works council, the group representative body for disabled persons and the group youth and trainee representative body in the Continental Group will continue to exist but will no longer be responsible for the companies of the Future Automotive Group because CA Holding SE together with its affiliated companies will form a separate group of companies. The separation of the establishments of the Future Automotive Group from the Continental Group in connection with the Spin-off will also result in personnel changes in the composition of the group works council, the group representative body for disabled persons and the group youth and trainee representative body at the level of Continental AG. Accordingly, those members of these bodies who are employees of the Future Automotive Group will cease to be members when the Spin-off takes effect. This currently concerns 20 members of the group works council, one member and two deputy members of the group representative body for disabled persons, and five members of the group youth and trainee representative body. However, group works agreements existing in the Continental Group at the time when the Spin-off takes effect will, as a general rule, continue to apply in the companies of the Future Automotive Group after the Spin-off has taken effect, to the extent that they can be performed in accordance with their purpose. In the event that a group works council will be established at the level of CA Holding SE, these agreements will continue to apply as group works agreements of the Future Automotive Group, and otherwise as central works agreements or works agreements in the companies of the Future Automotive Group.

- 17.1.3 The establishments currently existing in companies of the Future Automotive Group are also not affected by the Spin-off. The existence, composition and term of office of the works councils and central works councils, of the youth and trainee representative bodies and central youth and trainee representative bodies as well as of the representative bodies and central representative bodies for disabled persons established for them will remain unchanged.
- 17.1.4 Since CA Holding SE has not yet commenced business operations and does not have any employees, it does not have a works council or a youth and trainee representative body or a representative body for disabled persons. This situation will not change as a direct consequence of the Spin-off. However, after the Spin-off has taken effect, CA Holding SE will be the parent company of the Future Automotive Group. Thus, the prerequisites for establishing a group works council pursuant to Section 54 of the German Works Constitution Act (*Betriebsverfassungsgesetz – BetrVG*) will generally be fulfilled at CA Holding SE. If such a group works council is established, the prerequisites for establishing a group representative body for disabled persons pursuant to Section 180(2) of the Ninth Book of the German Social Code (*Sozialgesetzbuch*) will also be fulfilled.
- 17.1.5 In addition, after the Spin-off has taken effect, the prerequisites for establishing a European works council in the Future Automotive Group will generally be fulfilled. However, it is intended to establish a Special Negotiating Body (SNB) and to enter into an employee involvement agreement with it in accordance with Section 21 of the German Act on Employee Involvement (*SE-Beteiligungsgesetz – SEBG*). This employee involvement agreement may result in the establishment of an SE works council, in which case the provisions of the German Act on European Works Councils (*Europäisches Betriebsräte-Gesetz*) are not applicable in accordance with Section 47(1) SEBG.
- 17.2 Company committee and group committee of executive representatives
- 17.2.1 The existence, composition and term of office of the company committee of executive representatives existing at Continental AG will not be affected by the Spin-off.
- 17.2.2 After the Spin-off has taken effect, the group committee of executive representatives in the Continental Group will continue to exist as well but will no longer be responsible for the companies of the Future Automotive Group because CA Holding SE together with its affiliated companies will no longer be part of the Continental Group. Furthermore, the separation of the establishments of the Future Automotive Group from the Continental Group in connection with the Spin-off will result in personnel changes in the composition of the group committee of executive representatives of Continental AG. Accordingly, those members of the group committee of executive

representatives who are employees of the Future Automotive Group will cease to be members when the Spin-off takes effect. This currently concerns two members of the group committee of executive representatives.

17.2.3 Since CA Holding SE has not yet commenced business operations, a committee of executive representatives has not been established at CA Holding SE. After the Spin-off has taken effect, the prerequisites for establishing a group committee of executive representatives pursuant to Section 21 of the German Executive Committees Act (*Sprecherausschussgesetz*) in the Future Automotive Group will generally be fulfilled.

17.2.4 The existence and composition of the committees of executive representatives currently existing at the companies of the Future Automotive Group will not be affected by the Spin-off.

### 17.3 Economic committees

17.3.1 The economic committees existing at Continental AG and the other companies of the Continental Group will remain unchanged after the Spin-off.

17.3.2 Since CA Holding SE has not yet commenced business operations and does not have any employees, an economic committee has not been established at CA Holding SE. This situation will not change as a consequence of the Spin-off.

17.3.3 The economic committees currently established at the companies of the Future Automotive Group will remain unchanged after the Spin-off.

## 18. Consequences of the Spin-off for the co-determination in the supervisory board

18.1 The Spin-off will have no effects on the existence and size of the supervisory board of Continental AG. The same applies, subject to the exception described in the following paragraph, to the term of office of its members. Continental AG will continue to have a co-determined supervisory board in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz – MitbestG*), which will, however, in future consist of sixteen instead of twenty members (eight shareholder representatives and eight employee representatives). It is expected that the reduction in the size of the supervisory board will only be effected at the end of the term of office of the current employee representatives on the supervisory board, unless the relevant bodies adopt a resolution on an earlier reduction in the number of its members.

18.2 The employee representatives on the supervisory board of Continental AG are elected by the employees of all companies/establishments of the Continental Group located in Germany. After the Spin-off has taken effect, CA Holding SE and the other companies of the Future Automotive Group will no longer be consolidated companies of Continental AG so that employees

of CA Holding SE and the other German companies of the Future Automotive Group will no longer be entitled to vote for and be elected to the supervisory board of Continental AG, and instead will be entitled to vote for and be elected to the supervisory board of CA Holding SE. Therefore, the term of office of those employee representatives on the supervisory board of Continental AG whose employer companies are part of the Future Automotive Group will, pursuant to Section 24(1) MitbestG, expire when the Spin-off takes effect. This currently concerns three members.

- 18.3 CA Holding SE currently has a supervisory board with three members who were elected by the sole shareholder Continental AG. Since CA Holding SE does not have any employees yet, it does not have any employee representatives on the supervisory board. It is intended to establish a Special Negotiating Body (SNB) and to conclude an employee involvement agreement with it on a voluntary basis in accordance with Section 21 SEBG. It is intended that CA Holding SE will, in future, have a co-determined supervisory board, the size and organization of which will be governed by the employee involvement agreement to be concluded.
- 18.4 The shareholder representatives on the supervisory board will be elected by the shareholders' meeting of CA Holding SE, i.e., by Continental AG as its sole shareholder, prior to the Spin-off taking effect.
- 18.5 CAT GmbH has a co-determined supervisory board which currently consists of 16 members (eight shareholder representatives and eight employee representatives). It is currently not intended that the Spin-off will result in any changes to the number of members of the supervisory board of CAT GmbH. Finally, the Spin-off has no effect on the existence and size of the supervisory boards of the other companies of the Future Automotive Group.

## **VI. Miscellaneous**

### **19. Costs and taxes**

- 19.1 Unless otherwise provided for in this Spin-off and Transfer Agreement together with its Annexes, the following shall apply with regard to the costs incurred in connection with the notarization of this Spin-off and Transfer Agreement and its implementation until the Closing Date (and the related costs for advisers, banks and other service providers): Continental AG and CA Holding SE shall each bear their own costs for their respective shareholders' meetings and the costs for the respective applications and registrations with the relevant commercial register. The costs for the joint spin-off report (*Spaltungsbericht*), the spin-off audit (*Spaltungsprüfung*), and the audits in connection with the capital increase against contributions in kind (*Sachkapitalerhöhung*) and the post-formation acquisition (*Nachgründung*) of CA Holding SE shall be solely borne by CA Holding SE. The costs for the planned stock exchange listing and the related evidenced costs for advisers (in particular, lawyers and auditors), banks and other service providers shall also be solely borne by CA Holding SE. The latter shall not include the costs for the organization and conduct of Continental AG's Capital Market Day (*Kapitalmarkttag*) which shall be borne solely by

Continental AG. The Parties agree that Continental AG shall consult with CA Holding SE before engaging additional advisors not already involved in connection with the capital increase against contributions in kind (*Sachkapitalerhöhung*), the post-formation acquisition (*Nachgründung*) or the planned stock exchange listing. The obligation of CA Holding SE to bear the costs shall only arise as at the Closing Date. The portion of the costs allocated to CA Holding SE as at the Closing Date will initially be advanced by Continental AG. CA Holding SE will then reimburse the costs allocated to it to Continental AG after the Closing Date and upon issuance of an invoice by Continental AG. Further provisions on the allocation of costs in connection with the Spin-off are agreed by the Parties in parts II, III, IV, VI, VIII and X of the Group Separation Agreement (*Konzerntrennungsvertrag*) (see sec. 15) attached hereto as Annex 15.

- 19.2 Rules for the allocation of tax liabilities are agreed between the Parties in part VIII of the Group Separation Agreement (*Konzerntrennungsvertrag*) attached hereto as Annex 15.

## **20. Right of withdrawal**

In the event that the Spin-off has not taken effect by January 16, 2026 in accordance with sec. 7.1, each Party may withdraw (*zurücktreten*) from this Spin-off and Transfer Agreement by giving written notice to the other Party.

## **21. Final provisions**

- 21.1 This Spin-off and Transfer Agreement shall take effect when

21.1.1 this Spin-off and Transfer Agreement has been approved by the respective shareholders' meetings of both Parties, and

21.1.2 the Merger has been registered with the commercial register of Continental AG as the acquiring entity of the local court (*Amtsgericht*) of Hanover.

- 21.2 All disputes arising out of or in connection with this Spin-off and Transfer Agreement or about its validity shall be finally settled in accordance with the Arbitration Rules of the German Arbitration Institute (*Deutsche Institution für Schiedsgerichtsbarkeit e.V. – DIS*) without recourse to the ordinary courts of law. The arbitral tribunal shall be comprised of three arbitrators. The president of the arbitral tribunal shall be qualified to hold judicial office in the Federal Republic of Germany. The seat of the arbitration shall be Frankfurt/Main. The language of the arbitration shall be German. None of the Parties shall be obligated to provide translations of English documents. The law applicable to the merits shall be the law of the Federal Republic of Germany.
- 21.3 The Annexes hereto constitute an integral part of this Spin-off and Transfer Agreement.
- 21.4 Any amendments and additions to this Spin-off and Transfer Agreement, including an amendment or contracting out of this provision, shall be made in writing, unless stricter requirements as to form are prescribed by law.

- 21.5 Should one or more provisions of this Spin-off and Transfer Agreement be or become void, invalid or unenforceable in whole or in part, this does not affect the validity of this Spin-off and Transfer Agreement and of its remaining provisions. The void, invalid or unenforceable provision shall be deemed replaced by a provision that comes closest in terms of form, substance, time, extent and scope to the economic purpose and intent of the void, invalid or unenforceable provision. The same applies if this Spin-off and Transfer Agreement contains any gaps.

## **Annex (E) – Domination and Profit and Loss Transfer Agreement**

**Profit and  
Loss Transfer Agreement**

– hereinafter “**Agreement**” –  
**between**

**Continental Automotive GmbH,**  
Vahrenwalder Str. 9, 30165 Hanover

- - hereinafter “**CA GmbH**” -

**and**

**Continental Automotive Technologies GmbH**  
Vahrenwalder Str. 9, 30165 Hanover

- hereinafter “**CAT GmbH**” -

**Preamble**

CA GmbH and CAT GmbH (still operating under the name UMG Beteiligungsgesellschaft mbh at the time of conclusion of the Agreement) entered into a profit and loss transfer agreement on February 15, 2021, effective for the fiscal year 2021 of CAT GmbH. The parties agree that this profit and loss transfer agreement should not form part of the assets spun off as part of the spin-off of the main business operations of CA GmbH to CAT GmbH through the spin-off and transfer agreement dated June 3, 2022, and therefore remains unchanged. With this amendment agreement, the parties intend to make only minor changes to the existing profit and loss transfer agreement, in particular to update the company names and insert a clarifying maturity provision. Should the previous profit and loss transfer agreement have been inadvertently transferred to CAT GmbH as part of the aforementioned spin-off and therefore have been terminated, the consistent contractual intent is hereby seamlessly continued without temporal interruption.

**Section 1**

**Management**

(1) **CAT GmbH** subordinates the management of its company to **CA GmbH**.

**CA GmbH** is therefore entitled to issue instructions to **CAT GmbH's** management with regard to the management of the company.



- (2) **CA GmbH** will exercise the right to issue instructions only through management. Instructions must be provided in writing.

## **Section 2 Profit transfer**

- (1) **CAT GmbH** undertakes to transfer its entire profit to **CA GmbH**. The provisions of Section 301 of the German Stock Corporation Act (*Aktiengesetz – AktG*) in its current version apply accordingly, and the maximum amount defined therein must be transferred.
- (2) **CAT GmbH** can, with the consent of **CA GmbH**, allocate amounts from the net income to other revenue reserves (Section 272 (3) of the German Commercial Code (*Handelsgesetzbuch – HGB*), provided this is permitted under commercial law and is economically justified based on a reasonable commercial assessment. Other revenue reserves established during the term of this agreement in accordance with Section 272 (3) HGB are to be reversed at the request of **CA GmbH**.
- (3) It is not permitted to transfer amounts from the reversal of other revenue reserves pursuant to Section 272 (3) HGB that were established before the start of this agreement, or from capital reserves.

## **Section 3 Loss transfer**

The provisions of § 302 AktG as amended apply accordingly.

## **§ 4 Maturity**

The claims to the transfer of the profit according to Section 2 of this agreement and to the assumption of a net loss according to Section 3 of this agreement become due with effect from the end of the last day of each of **CAT GmbH's** fiscal years.

## **Section 5 Entry into force and duration**

- (1) **CA GmbH's** Annual Shareholders' Meeting and **CAT GmbH's** Annual Shareholders' Meeting must approve this agreement.
- (2) The agreement enters into force upon its entry in the commercial register of **CAT GmbH's** registered office and applies – with the exception of the right to issue instructions – retrospectively for the period from the beginning of **CAT GmbH's** fiscal year in which the entry is made. The right to issue instructions can be exercised after this agreement has been entered in the commercial register of **CAT GmbH's** registered office.

- (3) The agreement may be terminated as of the end of **CAT GmbH**'s fiscal year subject to six months' notice, but no earlier than the end of the day on December 31, 2026. If not terminated, this agreement will be extended by a further fiscal year subject to the same notice period.
- (4) The right to terminate this agreement for good cause without observing a notice period remains unaffected. In particular, **CA GmbH** is entitled to terminate the agreement for good cause if it no longer holds a majority interest in **CAT GmbH** or in one of the cases regulated in R 14.5 (6) sentence 2 of the German Corporate Income Tax Rules of 2022 (*Körperschaftsteuer-Richtlinien* – KStR) or an administrative instruction replacing it.

### **Section 6 Other provisions**

The invalidity or unenforceability of one or more provisions of this agreement does not affect the validity of the other provisions.

*\*\*\*Signature page follows\*\*\**

Hanover, November 28, 2022

**Continental Automotive GmbH**

[Signature block Continental Automotive GmbH]

**Continental Automotive Technologies GmbH**

[Signature block Continental Automotive Technologies GmbH]

**Annex 14 – Articles of association of CA Holding SE**

# **Continental Automotive Holding SE**

## **Articles of Association**

As at: March 11, 2025

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Part IV Annual Financial Statements and Allocation of Profits

## **Section I**

### **General Provisions**

#### **Article 1**

##### **Company Name and Registered Office**

- (1) The Company is a European stock corporation (Societas Europaea). The name of the Company is Continental Automotive Holding SE.
- (2) The Company has its registered office in Frankfurt am Main. It is incorporated for an indefinite time period.

#### **Article 2**

##### **Purpose of the Company**

- (1) The purpose of the Company is the management, holding and administration of a group of companies (including joint ventures) that are active in the following areas:
  - a) the development, manufacture and distribution of parts, system components and complete systems for all kinds of vehicles,
  - b) the manufacture or procurement of raw materials which are required for the production of these goods.
- (2) The Company may itself operate in the areas specified in paragraph 1 or fulfil the Company purpose through subsidiaries and affiliates. The Company may also confine its activity to part of the activities specified in paragraph 1.
- (3) The Company shall be entitled to transact all business and to take all measures which appear suitable to directly or indirectly promote the purpose of the Company, in particular to acquire and dispose of real estate, to establish branches in any domestic or foreign location, to hold participations in other enterprises and to enter into contracts on the pooling of interests and intercompany agreements. The Company may combine enterprises under uniform management and confine itself to the management of the enterprises or the administration of its participation. In particular, the Company is entitled to establish, take over, acquire or hold participations in other enterprises of the same or a similar type. The Company may establish affiliated companies, acquire participations, change their structure, combine them under uniform management or confine itself to the administration of the participation, and sell participations. Furthermore, the Company may enter into intercompany agreements and cooperation agreements of all kind.

## **Article 3**

### **Announcements and Transmission of Information**

- (1) Company announcements are made in the Federal Gazette (*Bundesanzeiger*). Where another form of announcement is required by mandatory law, the Federal Gazette shall be replaced by that other form of announcement.
- (2) Information to the holders of listed securities of the Company may also be transmitted by means of remote data transmission under the conditions provided for by law.

## **Section II**

### **Share Capital and Shares**

#### **Article 4**

##### **Share Capital**

The share capital of the Company amounts to €250,127,477.50. It is divided into 100,050,991 registered no-par value shares (*auf den Namen lautende Stückaktien*).

#### **Article 5**

##### **Share Certificates**

- (1) The Executive Board shall determine the form and content of the share certificates and any profit participation certificates and renewal coupons. The same applies to bonds and interest coupons.
- (2) The shares may be certificated in individual, collective and global certificates. The entitlement of the shareholder to demand the issue of share certificates and profit participation certificates is excluded, unless a certificate is required by rules that apply at a stock exchange at which the share is admitted to trading.

## **Section III**

### **Constitution**

#### **Article 6**

##### **Corporate Bodies**

- (1) The Company has a two-tier management and supervisory structure consisting of a management body (Executive Board) and a supervisory body (Supervisory Board).
- (2) The corporate bodies of the Company are
  - a) the Executive Board,



- b) the Supervisory Board as well as
- c) the Shareholders' Meeting.

## **1. The Executive Board**

### **Article 7**

#### **Composition and Rules of Procedure**

- (1) The Executive Board of the Company shall consist of at least two members; otherwise, the Supervisory Board shall determine the number of members of the Executive Board. The appointment of deputy members of the Executive Board shall be permitted. The Supervisory Board may appoint a member of the Executive Board as Chairperson of the Executive Board.
- (2) The Supervisory Board is responsible for appointing members of the Executive Board, concluding and revoking their appointments and amending and terminating their employment contracts.
- (3) The Executive Board may adopt rules of procedure for itself by unanimous resolution, unless the Supervisory Board issues rules of procedure for the Executive Board.
- (4) The members of the Executive Board shall be appointed by the Supervisory Board for a maximum period of five years. Reappointments are permitted.

### **Article 8**

#### **Management and Representation of the Company**

- (1) The Executive Board is responsible for managing the Company. It shall conduct the Company's business in accordance with the law, the Articles of Association and the rules of procedure for the Executive Board. Without prejudice to the Executive Board's overall responsibility, each member of the Executive Board manages the business area assigned to them by the rules of procedure independently.
- (2) The Company is legally represented by two members of the Executive Board or by one member of the Executive Board jointly with an authorized signatory (*Prokurist*).
- (3) The Supervisory Board may exempt individual or all members of the Executive Board, either generally or in individual cases, from the prohibition of multiple representation under Section 181 alt. 2 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*); Section 112 of the German Stock Corporation Act (*Aktiengesetz – AktG*) remains unaffected. In addition, the Company shall be represented by authorized signatories (*Prokuristen*) or other persons with signing authority as determined by the Executive Board.

## **Article 9**

### **Resolutions of the Executive Board**

- (1) The Executive Board generally adopts resolutions in meetings. Upon the request of a member of the Executive Board or the instruction of the Chairperson, meetings may also be held in the form of a telephone conference or by other means of electronic communication (in particular video conference), and individual members of the Executive Board may participate by telephone or by other means of electronic communication (in particular video conference); in such cases, resolutions may be adopted by means of telephone conference or by other means of other electronic communication (in particular video conference).
- (2) Upon the request of a member of the Executive Board or the instruction of the Chairperson, resolutions may also be adopted outside of meetings in writing, orally, by telephone, fax, email or other common means of communication, in combination of the aforementioned forms, as well as in combination of a meeting and the adoption of resolutions outside of a meeting. If a member of the Executive Board has not participated in such a resolution, they shall be informed of the resolutions passed without undue delay.
- (3) An Executive Board consisting of only two persons shall only have a quorum if both members are present. An Executive Board with three or more members shall have a quorum if all members have been properly invited and at least half of them participate in the resolution in one of the forms mentioned in paragraphs 1 or 2. A member of the Executive Board shall also be deemed to have participated in the resolution where such member abstains from voting.
- (4) The Executive Board shall endeavor to adopt all its resolutions unanimously. If unanimity cannot be achieved, the resolution shall be adopted by a simple majority of the votes cast, unless other majorities are prescribed by law or these Articles of Association or the rules of procedure. In the event of a tie, the Chairperson of the Executive Board shall have a casting vote (Art. 50(2) sentence 1 SE Regulation). If the Executive Board has only two members, any resolutions must be adopted unanimously.

## **2. The Supervisory Board**

### **Article 10**

#### **Composition of the Supervisory Board**

- (1) The Supervisory Board shall consist of [●] members. Of these [●] members shall be elected by the Shareholders' Meeting without being bound by nominations. Further [●] members shall be appointed by the Shareholders' Meeting after having been nominated by the employees, provided that the Shareholders' Meeting shall be bound by the nominations for the election of the employee representatives. If a concluded agreement regarding the involvement of employees in the SE (Sections 13(1), 21 SE-Participation Act

(*SE-Beteiligungsgesetz* - SEBG) provides for a different appointment procedure for the employee representatives on the Supervisory Board, the employee representatives shall be appointed in accordance with the agreed procedure, in deviation from sentence 3.

- (2) The appointment is made for a period not extending beyond the conclusion of the Shareholders' Meeting which resolves on the ratification of the actions of the members of the Supervisory Board for the fourth fiscal year following the start of the term of office, but not exceeding five years. The fiscal year in which the term of office begins is not included in the calculation. Reappointments are permitted. When electing the shareholder representatives, the Shareholders' Meeting may determine that the term of office of the Supervisory Board members to be elected (or of individual members) shall commence or terminate at different dates, taking into account the maximum limit provided by law.
- (3) The appointment of a successor to a member who has left before the end of his term of office shall be for the remainder of the term of office of the member who has left, unless the Shareholders' Meeting decides otherwise.
- (4) When a member of the Supervisory Board is appointed, a substitute member may be appointed at the same time who will join the Supervisory Board if the Supervisory Board member leaves the Supervisory Board before the end of his term of office without a successor having been appointed beforehand; paragraph 1 shall apply accordingly. If a substitute member takes the place of the member who has left, that substitute member's term of office shall end at the close of the Shareholders' Meeting at which a new member is elected to replace the member who has left, but at the latest upon expiry of the term of office of the Supervisory Board member who has left.
- (5) Any member of the Supervisory Board and any substitute member may resign from office for good cause without notice. Each member of the Supervisory Board and each substitute member may resign from office, even without good cause, by giving four weeks' notice in writing to the Chairperson of the Supervisory Board or the Executive Board. The Chairperson of the Supervisory Board may shorten the notice period or waive the notice requirement.

## **Article 11**

### **Chairperson and Deputy Chairpersons**

- (1) The Supervisory Board shall elect the Chairperson and at least one Deputy Chairperson from among its members, each for the duration of their term of office. Where several Deputy Chairpersons are elected, the Supervisory Board shall determine the order in which the Deputy Chairperson shall assume the office of the Chairperson in the event of the latter being prevented from attending to their duties or resigning.
- (2) If the Chairperson of the Supervisory Board or their Deputy leaves such office in the course of a term of office, a new election shall be held without undue delay. If the term of office of the Chairperson ends at the conclusion

of a Shareholders' Meeting, the election of the Chairperson of the Supervisory Board shall be held following this Shareholders' Meeting in a meeting of the Supervisory Board without the meeting being specially convened for this purpose. Deputies may also be elected at this meeting.

- (3) The Deputy Chairperson of the Supervisory Board shall only have the rights and duties of the Chairperson under the law and these Articles of Association if the Chairperson is unable to perform their duties. However, the second vote granted to the Chairperson by Article 13(6) is only granted to the Deputy Chairperson if the Deputy Chairperson is a shareholder representative.

## **Article 12**

### **Convening of Meetings**

The Supervisory Board meetings are convened by the Chairperson or by its Deputy, stating the items on the agenda, as often as required by law or business. Meetings may be convened by invitations in writing, by telephone, in text form or in any other legally permissible form. It shall be issued with a notice period of two weeks. In urgent cases, the notice period may be shortened.

## **Article 13**

### **Meetings of the Supervisory Board and Resolutions**

- (1) The Chairperson of the Supervisory Board – and if the Chairperson of the Supervisory Board is prevented from acting, the Deputy Chairperson of the Supervisory Board – chairs the meeting. They shall determine the order in which the items on the agenda are addressed and the manner and order of voting. They may allow individual members of the Supervisory Board to participate in a meeting by means of a telephone or video conference or to cast their vote in writing subsequently within a reasonable period of time determined by them. The Chairperson of the Supervisory Board may furthermore determine that meetings of the Supervisory Board are conducted by telephone or video conference and that in these cases, resolutions are adopted or votes are cast also in such a manner. The members of the Supervisory Board may not object to the determination of such form of adopting a resolution. Members of the Supervisory Board attending a meeting by means of telephone or video conference shall be deemed to be present.
- (2) A meeting which has been called may be cancelled or postponed by the Chairperson of the Supervisory Board at their reasonable discretion. They shall appoint the minute keeper and decide on the consultation of experts and persons providing information for discussion of individual items on the agenda.
- (3) The Supervisory Board shall constitute a quorum if all members have been properly invited and if at least half of its total number of members of which it is to be composed participate in the adoption of the resolution. A member shall also be deemed to have participated in the resolution where such

member abstains from voting. Absent members of the Supervisory Board may participate in the vote on passing of a resolution by having written votes submitted by other members of the Supervisory Board. A written vote may also be cast by fax or other means of telecommunication.

- (4) If not all members of the Supervisory Board are present when a resolution is up for a vote and if the absent members of the Supervisory Board do not submit written votes, the vote on adoption of the resolution shall be postponed at the request of at least two members of the Supervisory Board present. In the event of an adjournment, the new vote on the resolution shall be undertaken at the next regular meeting of the Supervisory Board unless a special meeting of the Supervisory Board is called. A further minority request for adjournment is not permitted in the case of a new vote on the resolution.
- (5) If the Chairperson of the Supervisory Board attends the meeting or if an attending member of the Supervisory Board is in possession of the written vote of the Chairperson of the Supervisory Board within the meaning of Section 108(3) sentences 1 and 2 AktG, paragraph 4 shall not apply if the same number of shareholder and employee representatives are present in person or participate in the resolution by submitting their votes in writing or if any inequality is eliminated by the fact that individual Supervisory Board members do not participate in the resolution.
- (6) Resolutions of the Supervisory Board require a majority of the votes cast, unless other majorities are prescribed by law. This also applies to elections. In the event of a tie, a new vote shall be taken at the request of the Chairperson of the Supervisory Board or another member of the Supervisory Board, as far as legally permissible. If this new vote again results in a tie, the Chairperson of the Supervisory Board shall have two votes, provided that the Chairperson is a shareholder representative.
- (7) Resolutions may be passed outside of meetings by means of votes cast in writing, orally, by telephone, in text form or by other means of telecommunication, if the Chairperson of the Supervisory Board so determines in the individual case. The members of the Supervisory Board may not object to the determination of such form of adopting a resolution.
- (8) Minutes are to be taken of the Supervisory Board meetings and signed by the Chairperson of the Supervisory Board.

## **Article 14**

### **Reserved Matters**

- (1) The Supervisory Board has all the rights and duties assigned to it by law and the Articles of Association.
- (2) The following transactions and measures require the prior approval of the Supervisory Board:

- a) annual planning and annual investment plans for fixed asset investments and financial investments;
  - b) closure of business operations or separable parts of business operations if more than 500 employees are to be affected by the measure;
  - c) acquisition or disposal of or other disposition over subsidiaries and affiliates and interests in other companies, as well as acquisition or disposal of or other disposition over business units, operations or parts thereof, if the value exceeds €50 million in individual cases. This does not include transactions only involving the Company and subsidiaries;
  - d) acquisition, disposal and encumbrance of real estate, rights equivalent to real estate and rights to real estate, provided that these transactions are not expressly included in the approved investment plan and exceed the amount of €50 million. This does not include transactions only involving the Company and subsidiaries;
  - e) conclusion, significant amendment and termination of intercompany agreements (Sections 291 et seq. AktG).
- (3) The Supervisory Board may, in the rules of procedure for the Executive Board or the Supervisory Board or by resolution, make further types of transactions and measures subject to its approval in addition to the transactions and measures specified in paragraph 2.
- (4) The Supervisory Board may grant revocable approval in advance for a certain category of transactions in general or for the case that an individual transaction meets certain requirements.
- (5) The Executive Board shall ensure that the measures specified in paragraph 2 at subsidiaries and affiliates also require approval to an appropriate extent from the body supervising the management.

## **Article 15**

### **Committees**

- (1) The Supervisory Board may form committees from among its members in accordance with legal requirements. The Supervisory Board determines the tasks, composition, powers and procedures of the committees. To the extent permitted by law, decisive powers of the Supervisory Board may also be granted to committees. The committee may elect a chairperson from among its members, unless the Supervisory Board appoints a chairperson. Article 13(6) and (7) shall apply mutatis mutandis to resolutions passed by the committees, unless mandatory law provides otherwise.
- (2) The Chairperson is authorized, on behalf of the Supervisory Board and its committees, to make the declarations of intent required to implement its resolutions.

## Article 16

### Remuneration

- (1) In addition to reimbursement of their out-of-pocket expenses and VAT incurred by them for their activities on the Supervisory Board, the members of the Supervisory Board will each receive a fixed base remuneration of €100,000 per year, payable in the last month of each fiscal year. In derogation of sentence 1, the fixed base remuneration for the Chairperson of the Supervisory Board shall be €300,000 and for the Deputy Chairperson of the Supervisory Board €150,000.
- (2) The Chairpersons and the other members of the Executive Committee, the Audit Committee and the Technology Committee will receive an increased remuneration. The chairpersons and the other members of committees other than those mentioned in sentence 1 shall not receive any increased remuneration. The Chairperson of the Executive Committee will receive €50,000, the Chairperson of the Audit Committee will receive €100,000 and the Chairperson of the Technology Committee will receive €40,000 in addition to the fixed base remuneration pursuant to paragraph 1. Each other member of the Executive Committee will receive €50,000, each other member of the Audit Committee will receive €50,000 and each other member of the Technology Committee will receive €20,000 for their respective activities in addition to the fixed base remuneration pursuant to paragraph 1. Increased remuneration as per this paragraph shall only be paid if the respective committee has convened during the financial year. If a member of the Supervisory Board performs more than one function for which an increased remuneration is envisaged under this paragraph, their remuneration shall be determined based on all the functions they exercise. If a member of the Supervisory Board is Chairperson of multiple Committees for which increased remuneration is provided for in accordance with sentence 3, sentence 6 shall apply with the proviso that only the highest-paid position as Chairperson of a Committee shall be remunerated in accordance with sentence 3, while the other positions as Chairperson of a Committee shall be remunerated in accordance with the corresponding remuneration of another member of the respective Committee in accordance with sentence 4.
- (3) Each member will receive an attendance fee of €1,000 for each Supervisory Board meeting that the member attends in person. This applies accordingly to personal attendance at committee meetings, unless a Supervisory Board meeting or further committee meeting, for which the member has already received an attendance fee, takes place on the same day. The participation in a meeting held by telephone or video conference or the participation by telephone or video conference will be considered as personal attendance at a meeting.
- (4) If the office or the function with an increased remuneration begins or ends during the course of a fiscal year, the Supervisory Board member will receive the remuneration or increased remuneration pro rata temporis.

- (5) The Company may take out a pecuniary damage liability insurance policy for the members of the Supervisory Board at its own expense. This includes an appropriate deductible.

### **3. The Shareholders' Meeting**

#### **Article 17**

##### **Place of the Shareholders' Meeting**

The Shareholders' Meeting shall take place at the registered office of the Company, in a German city with a stock exchange or in a German city with more than 150,000 residents. In the case of a virtual Shareholders' Meeting, sentence 1 does not apply.

#### **Article 18**

##### **Convening of the Shareholders' Meeting**

- (1) Unless a shorter period is permitted by law, the Shareholders' Meeting shall be convened at least 30 days before the date of the meeting. The day of the Shareholders' Meeting and the day of the convening notice shall not be counted. The notice period shall be extended by the days of the registration period (Article 19(1) sentence 2).
- (2) The Executive Board is authorized to provide that the Shareholder's Meeting be held without the physical presence of the shareholders or their proxies at the location of the Shareholders' Meeting (virtual Shareholders' Meeting). The authorization shall apply to Shareholders' Meetings which are held within a period of five years after the entry of this provision of the Articles of Association in the commercial register of the Company.

#### **Article 19**

##### **Conditions for Participation and Exercise of Voting Rights**

- (1) Those shareholders who are entered in the Company's share register and who have registered in time are entitled to attend the Shareholders' Meeting and to exercise their voting rights. The registration must be received by the Company at the address specified for this purpose in the invitation at least six days before the Shareholders' Meeting. The Executive Board may provide for a shorter registration period, to be measured in days, in the convening notice to the Shareholders' Meeting. The Executive Board is authorized to determine the details of registration for participation in the shareholders' meeting and the exercise of voting rights. These individual issues will be announced in the convening notice to the Shareholders' Meeting.
- (2) The voting right can be exercised by a proxy. The granting of the power of attorney, its revocation and the evidence of authorization to the Company shall be in text form, unless a simplified form is set out in the invitation to the Shareholders' Meeting. The details for granting powers of attorney, their revocation and the evidence of authorization to the Company will be communicated in the convening notice to the Shareholders' Meeting. Section 135 AktG remains unaffected.



- (3) The Executive Board may provide that shareholders may participate in the Shareholders' Meeting even without being present or represented in person and may exercise all or some of their rights in whole or in part by means of electronic communication (online participation). It is also authorized to regulate the individual aspects of the procedure. The details will be communicated in the convening notice to the Shareholders' Meeting. Members of the Supervisory Board may participate in the Shareholders' Meeting by means of an audio and video transmission in agreement with the Chairperson of the Supervisory Board if the Supervisory Board member concerned is unable to attend the Shareholders' Meeting physically at the location of the Shareholders' Meeting, if the Supervisory Board member is resident abroad, if attendance at the location of the Shareholders' Meeting would involve an unreasonably long travel time, or if the Shareholders' Meeting is held as a virtual Shareholders' Meeting without the physical presence of shareholders or their proxies at the location of the Shareholders' Meeting.
- (4) In addition, the Executive Board may provide that shareholders may cast their votes in writing or by means of electronic communication (postal vote) even without attending the meeting. It may regulate the details of the procedure, in particular limiting voting to a designated transmission channel and setting a deadline for a postal vote. The details will be communicated in the convening notice to the Shareholders' Meeting.

## **Article 20**

### **Conduct of the Shareholders' Meeting**

- (1) The Shareholders' Meeting is chaired by the Chairperson of the Shareholders' Meeting. This is either the Chairperson of the Supervisory Board or, if the Chairperson of the Supervisory Board is unable to attend, another shareholder representative on the Supervisory Board or a third party each to be designated by the Chairperson of the Supervisory Board. In the event that neither the Chairperson nor a member of the Supervisory Board nor a third party designated by the Chairperson takes the chair, the Chairperson of the Shareholders' Meeting shall be elected by a simple majority of votes of the shareholder representatives on the Supervisory Board present at the Shareholders' Meeting.
- (2) The Chairperson of the Shareholders' Meeting chairs the meeting. The Chairperson of the Shareholders' Meeting shall determine the order in which the items on the agenda are addressed and the manner and order of voting. The Chairperson of the Shareholders' Meeting shall be authorized to limit the shareholder's right to ask questions and speak to a reasonable amount of time, in particular at the beginning of or during the Shareholders' Meeting to set a reasonable time limit for the duration of the Shareholders' Meeting, for an individual agenda item, or for individual questions and statements and to determine a time for the beginning of voting on one or more agenda items.

- (3) Insofar as this has been communicated in the convening notice, the Chairperson of the Shareholders' Meeting may permit the partial or full video and audio transmission and recording of the Shareholders' Meeting via electronic media in a manner to be determined by the Chairperson. The transmission can also be effected in a manner granting the public unrestricted access.

## **Article 21**

### **Resolutions**

- (1) Each no-par value share confers one vote at the Shareholders' Meeting.
- (2) The resolutions of the Shareholders' Meeting shall be adopted by a simple majority of the votes cast, unless a higher majority is required by mandatory law or these Articles of Association. Where the law prescribes a majority of the share capital in addition to the majority of votes for resolutions of the Shareholders' Meeting, a simple majority of the share capital represented at the time of the resolution shall suffice, to the extent permitted by law. Unless mandatory law provides otherwise, amendments to the Articles of Association require a majority of two thirds of the valid votes cast or, if at least half of the share capital is represented, a simple majority of the valid votes cast. The majority requirement for the dismissal of Supervisory Board members as provided for in Section 103(1) sentence 2 AktG remains unaffected.
- (3) The Supervisory Board may amend the Articles of Association insofar as such amendments only relate to the wording.

## **Section IV**

### **Annual Financial Statements and Distribution of Profits**

#### **Article 22**

##### **Annual Financial Statements**

- (1) The fiscal year is the calendar year.
- (2) The Executive Board shall prepare the annual financial statements and the management report for the past fiscal year within the statutory period each year and, if legally required, the consolidated financial statements and the group management report for the past fiscal year and shall submit these documents to the auditor and the Supervisory Board without undue delay. At the same time, the Executive Board shall submit a proposal to the Supervisory Board regarding the appropriation of distributable profit that it intends to make to the Shareholders' Meeting. Sections 298(2) and 315(5) of the German Commercial Code (*Handelsgesetzbuch – HGB*) shall remain unaffected.
- (3) The Supervisory Board shall submit its report to the Executive Board within one month of receipt of these documents. If this is not done within this period, the Executive Board shall immediately set the Supervisory Board a

further period of at most one month. In the event that the Supervisory Board report is not passed on to the Executive Board by this deadline, the annual financial statements shall be deemed not approved by the Supervisory Board. The preceding sentence also applies to the consolidated financial statements.

- (4) The annual financial statements and the management reports for the Company and the Group, the report of the Supervisory Board and the Executive Board's proposal for the appropriation of distributable profit shall be made available for inspection by shareholders at the Company's premises from the date on which the Shareholders' Meeting is convened. The requirement to make these documents available for inspection may be waived if the documents are available for the same period of time on the Company's website.
- (5) When adopting the annual financial statements, the Executive Board and the Supervisory Board are authorized to transfer the net income for the year, which remains after deduction of the amounts to be transferred to the legal reserve and any loss carryforward, in part or in full to other revenue reserves. The transfer of a larger portion than half of the net income for the year is not permitted if the other revenue reserves would exceed half of the share capital after the transfer.

## **Article 23**

### **Annual Shareholders' Meeting and Appropriation of Distributable Profit**

The Annual Shareholders' Meeting which resolves on the discharge of the members of the Executive Board and the Supervisory Board, the appropriation of profits and the election of the auditors shall take place within the first six months of each fiscal year. The Shareholders' Meeting may resolve in favor of a distribution in kind instead of or in addition to a cash distribution.

## **Article 24**

### **Appropriation of Profit**

- (1) The net profit shall be distributed evenly among the shareholders, unless the profit is carried forward or the Shareholders' Meeting resolves on a different use.
- (2) Subject to the approval of the Supervisory Board, the Executive Board is authorized to make an advance payment to the shareholders out of the estimated distributable profit in accordance with Section 59 AktG once the fiscal year has expired.
- (3) In the event of a capital increase, the profit participation of new shares may be determined in deviation from Section 60 AktG.

## **Annex 15 – Group Separation Agreement**

**Continental Aktiengesellschaft**

**Continental Automotive Holding SE**

**Continental Automotive Technologies GmbH**

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**GROUP SEPARATION AGREEMENT**

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Date: March 13, 2025

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This Group Separation Agreement (the *Agreement*) is entered into by and between the following parties:

1. Continental Aktiengesellschaft with registered office in Hanover, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3527 (*CAG*, and together with all direct and indirect shareholdings of CAG at the time of registration of the Spin-off with the commercial register the *Continental Group*); and
2. Continental Automotive Holding SE with registered office in Munich, registered with the commercial register of the local court (*Amtsgericht*) of Munich under HRB 295655 (*CA Holding SE*, and together with all direct and indirect shareholdings of CA Holding SE immediately after registration of the Spin-off the *Automotive Group*, and together with the Continental Group the *Groups* and each a *Group*)

(CAG and CA Holding SE together the *Parties* and each a *Party*),

with the accession to this Agreement, exclusively for the purposes of secs. 4.4 and 8.6, of

3. Continental Automotive Technologies GmbH with registered office in Hanover, registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 3669 (*CAT GmbH*).

## **Preamble**

- (A) CAG is the sole shareholder of CA Holding SE.
- (B) The governing bodies of CAG have resolved to separate the Automotive group sector (including the Contract Manufacturing group sector) of CAG from CAG's other group sectors Tires and ContiTech (the aforementioned group sectors each referred to as *Group Sector*) and transform it into an independent group by way of a complete spin-off and transfer of all shares (see Preamble (F)) to CA Holding SE and have it listed on the stock exchange (the *Spin-off*).
- (C) The Automotive Group Sector is legally and organizationally combined under the roof of CAT GmbH (CAT GmbH and its subsidiaries together the *Current Automotive Group*). The current sole shareholder of CAT GmbH is Continental Automotive GmbH (*CA GmbH*) with registered office in Hanover (registered with the commercial register of the local court (*Amtsgericht*) of Hanover under HRB 59424). The sole shareholder of CA GmbH is CAG.
- (D) A domination and profit and loss transfer agreement dated February 15, 2021, as amended on November 28, 2022, is in place between CA GmbH as the controlling company and CAT GmbH as the controlled company (the *Domination Agreement*).
- (E) It is intended to merge CA GmbH into CAG before the Spin-off so that CAG will be the direct sole shareholder of CAT GmbH prior to the registration of the Spin-off with the commercial register and the Domination Agreement will be transferred to CAG.



- (F) Pursuant to the notarized Spin-off and Transfer Agreement between CAG and CA Holding SE, which was entered into on March 13, 2025 before the notary Dr. Florian Hartl officiating at Hanover (the **Spin-off Agreement**), CAG will transfer its shares held in CAT GmbH and the Domination Agreement to CA Holding SE in exchange for the granting of shares in CA Holding SE to the shareholders of CAG. As a result, CA Holding SE will become a separate company, independent of CAG, which will make its own business decisions weighing up the associated risks and rewards for the Automotive Group.
- (G) By this Agreement, which is attached as Annex to, and forms part of, the notarized Spin-off Agreement, the Parties wish to make provisions for various legal relationships existing between them and their respective Group Companies for the period after the Spin-off has taken effect. Unless otherwise defined, terms used in this Agreement shall have the meaning ascribed to them in the Spin-off Agreement. The following further defined terms are used in this Agreement:

**Banking Day** means each day on which the banks in Hanover and Frankfurt/Main are open for general business and on which cashless payment transactions are settled.

**Final Equity Contribution** means the increase of the equity of CAT GmbH by contribution to the free capital reserves in accordance with Section 272(2) no. 4 HGB in an amount determined as follows: Target Cash and Cash Equivalents (i) minus available cash and cash equivalents of the Current Automotive Group, and (ii) plus net indebtedness owed by the Current Automotive Group to CAG and its other subsidiaries, in each case as at June 30, 2025.

**Group Company** means companies which are group companies of a Party within the meaning of Section 18(1) of the German Stock Corporation Act (*Aktiengesetz – AktG*) immediately after the registration of the Spin-off or which become group companies thereafter, provided that Group Companies with regard to CAG shall not include the Group Companies of CA Holding SE.

**Target Cash and Cash Equivalents** means the target amount for the cash and cash equivalents of the Current Automotive Group as at June 30, 2025, which, subject to an adjustment in accordance with sec. 4.4, is €1.5 billion.

Now, therefore, the Parties agree as follows:

## **I. Ensuring the continuation of the Automotive Group Sector**

### **1. Allocation of assets, rights and obligations**

The Parties expect that the allocation of assets, rights and obligations between the Parties and their respective Groups was already determined prior to the Closing Date or in preparation for the Spin-off in such a way that the Parties and their respective Groups will be able to continue their respective activities to the same extent as before the Closing Date and that the functioning of each Group as a whole is secured. As far as necessary and apparent, the Parties already transferred (i) the business (including but not limited to assets, contracts and employees) as it was operated by the Automotive Group Sector of the Continental Group and all other activities attributable to the Automotive Group Sector, and (ii) all assets and employees as well as certain contracts, to companies of the Automotive Group.

### **2. Adjustment of the allocation**

If, after the Closing Date, an asset or a right that has been allocated to a company of one of the two Groups is needed by CAG or CA Holding SE or a company of the respective other Group in order to be able to continue its activities to the same extent as before the Closing Date or for the functioning of the respective Group as a whole, the Parties shall, with due regard to their mutual interests, procure that the allocation of the assets and rights will be adjusted and the necessary measures and legal acts will be performed so as to enable the continuation of the activities of CAG or CA Holding SE or a company of any of the two Groups to the same extent as before the Closing Date or that the functioning of the respective Group as a whole is ensured. This can be achieved, for example, by a transfer of an asset or right on arm's length terms (against payment, if applicable) or by granting a (joint, if applicable) right of use (against payment, if applicable).

### **3. Conclusion of the agreements provided for in this Agreement**

By the Closing Date, the Parties shall, with due regard to their respective interests, to the extent permitted by law and to the extent reasonable and practicable, enter into the agreements provided for in secs. 17 to 19 of this Agreement on arm's length terms. The terms of these agreements shall be such that (i) CAG, CA Holding SE and the companies of the two Groups will be able to continue their respective activities to the same extent as before the Closing Date and (ii) the functioning of each Group as a whole is ensured. If it will appear subsequently that the agreements entered into fail to meet these requirements, the Parties shall, to the extent permitted by law and practicable, work towards an amendment of the agreements by mutual consent with due regard to their respective interests.

### **4. Capital resources of Automotive, intercompany liabilities**

- 4.1 The Parties confirm that a significant portion of the intercompany net indebtedness of the companies of the Current Automotive Group arising from intercompany loans from CAG and its other subsidiaries were repaid by a

payment made by CA GmbH into the capital reserve (Section 272(2) no. 4 HGB) of CAT GmbH in December 2024.

- 4.2 CAG shall ensure that the Automotive Group will have sufficient capital on the basis of the Target Cash and Cash Equivalents as at the Closing Date.
- 4.3 In order to ensure that the Target Cash and Cash Equivalents will be achieved, CAG shall ensure that the Final Equity Contribution will be made at CAT GmbH before the Closing Date. CA Holding SE shall confirm the fulfillment of this obligation by CAG in writing after the implementation of the Final Equity Contribution.
- 4.4 CAT GmbH shall ensure that the companies of the Current Automotive Group will conduct their business in the ordinary course of business until the Closing Date without negatively influencing the parameters for the calculation of the Final Equity Contribution by any measures in such a way that the amount of the Final Equity Contribution increases as a result of such influences (the ***Increasing Measures***). In particular, CAT GmbH shall ensure that the companies of the Current Automotive Group will not take or initiate any measures (such as early payments to suppliers or approaching customers with the aim of inducing them to pay later) as a result of which the cash and cash equivalents of the Current Automotive Group or the net balance of the liabilities of the Current Automotive Group to CAG and its other subsidiaries from intercompany financing as at June 30, 2025 will not correspond to the amounts that would have been expected in the ordinary course of business. Similarly, CAG shall ensure that the companies of the Continental Group will not influence the parameters for the calculation of the Final Equity Contribution by any measures out of the ordinary course of business in such a way that the amount of the Final Equity Contribution is reduced by such measures (the ***Reducing Measures***). To the extent that the amount of the Final Equity Contribution is increased as a result of Increasing Measures or reduced as a result of Reducing Measures, CAG shall ensure that the effect on the Final Equity Contribution is offset by a corresponding adjustment of the Target Cash and Cash Equivalents.
- 4.5 Subject to secs. 4.1 to 4.3, financial liabilities existing between companies of the two Groups on the Closing Date shall be settled within five Banking Days of the Closing Date.
- 4.6 Due trade accounts receivable currently owed by companies of the Continental Group to companies of the Current Automotive Group amount to approximately €62 million. Due trade accounts receivable currently owed by companies of the Current Automotive Group to companies of the Continental Group amount to approximately €141 million. The Parties shall jointly determine the amount of the respective trade accounts receivable due between the Groups as at June 30, 2025. These receivables shall remain due without any changes. If the liabilities corresponding to these accounts receivable and other liabilities arising until the Closing Date (on the part of companies of the Automotive Group or the Continental Group) have not been settled by the 20<sup>th</sup> calendar day of the month following the Closing Date, they shall be payable by the relevant debtor's Group parent company (i.e., CAG or CA Holding SE) to the relevant creditor together

with interest at customary market rates accruing from the 20<sup>th</sup> calendar day of the month following the Closing Date. In this case, the relevant receivables shall be transferred to the Group parent company which made the payment.

## II. Collateral, insurance benefits, third-party damage

### 5. Cross-Collateral

- 5.1 If any collateral has been provided by a company of one Group (*Collateral Provider*) for liabilities of a company of the other Group (*Principal Debtor*) and such collateral exists on the Closing Date (*Cross-Collateral*), the Parties shall (i) endeavor to ensure a discharge of the Cross-Collateral or – if a discharge of the Cross-Collateral has not occurred by the Closing Date – (ii) agree on an indemnification as between the Parties.
- 5.2 For the discharge of Cross-Collateral, the relevant Group parent company (i.e., CAG or CA Holding SE) shall endeavor to ensure that the secured party will release the collateral. If this is not practicable (in particular in the case of guarantees or in connection with state aid), the relevant Group parent company (i.e., CAG or CA Holding SE) of the relevant Principal Debtor shall ensure that the Principal Debtor fully indemnifies the relevant Collateral Provider from and against any claims arising from the Cross-Collateral and any related costs (including costs for the defense against claims and for legal advice) and pays an annual guarantee fee at customary market rates in accordance with a separate agreement. The parent company of the respective other Group shall, within the scope of the indemnification, ensure that the relevant Collateral Provider will not assert any recourse claims of its own against the Principal Debtor, so that, in particular, no double burden will arise within the Principal Debtor's Group. The obligations arising from this sec. 5.2 shall not lapse as a result of the sale of an interest in the Principal Debtor.
- 5.3 If new Cross-Collateral is provided by companies of the Continental Group in connection with the transformation of the Automotive Group into an independent group, CA Holding SE shall pay an annual guarantee fee at customary market rates for this collateral to CAG in accordance with a separate agreement. The fee shall be due annually in advance on the third working day of each calendar year.
- 5.4 If a third party asserts a claim against the Collateral Provider, the following procedure shall apply:
  - 5.4.1 The Collateral Provider shall continuously inform the Principal Debtor in a comprehensive manner about the claim and shall, to the extent permitted by law, provide any information that it receives to the Principal Debtor without undue delay.
  - 5.4.2 The Collateral Provider and the Principal Debtor shall cooperate in the best possible way, with due regard to their mutual interests, in the defense against the claim. In particular, the Collateral Provider shall conduct the defense against the claim with due care.

5.4.3 In-court and out-of-court settlements shall be made only upon mutual agreement between the Collateral Provider and the Principal Debtor.

**6. Insurance payments and compensation for third-party losses, insurance coverage**

6.1 Should any event or circumstance occur or become known at a company of one Group (*Injured Party*) after the Spin-off Effective Date, as a result of which a company of the other Group (*Insurance Creditor*) is entitled (or would be entitled but for the Spin-off) to claim compensation under an insurance policy covering periods prior to the Spin-off Effective Date (*Insurance Claim*), the Parties shall ensure that the Insurance Claim inures to the economic benefit of the Injured Party as follows:

6.1.1 The Injured Party shall be entitled to a claim against the Insurance Creditor for payment of an amount corresponding to the Insurance Claim, and the Injured Party undertakes to assert this claim only if and to the extent that the Insurance Creditor has received a corresponding payment from the insurance company.

6.1.2 The Parties shall ensure that the Insurance Claim is asserted vis-à-vis the insurance company, if necessary, with the cooperation of the Injured Party and the Insurance Creditor. The Group parent company of the Injured Party shall ensure that the Injured Party will bear the costs and expenses of asserting the claim against the insurance company and shall indemnify the Insurance Creditor in this respect.

6.1.3 The Group parent company of the Insurance Creditor shall ensure that payments made by the insurance company in respect of the Insurance Claim are paid to the Injured Party. The Group parent company of the Injured Party shall ensure that claims for compensation to which the Injured Party is entitled against third parties with respect to the loss for which the Insurance Claim exists are assigned by the Injured Party to the Insurance Creditor in the amount of any payment made to the Injured Party.

6.2 Subject to sec. 6.1, the following shall apply: To the extent that a company of one Group suffers a loss, and a company of the other Group is entitled to a claim for compensation on the merits for such a loss against a third party without companies of the other Group having suffered a corresponding loss, the relevant parent company of the other Group shall ensure that such a claim for compensation is, upon the request of the other Party, assigned to the company which suffered the loss.

6.3 The companies of the Automotive Group shall be covered by the group insurance policies of CAG until the Closing Date, unless CA Holding SE has already entered into its own group insurance policies for the companies of the Automotive Group; this insurance coverage shall terminate at the latest on the Closing Date. At the latest with effect from the Closing Date and subject to sec. 6.4 below, CA Holding SE or its Group Companies shall take out separate insurance with coverage for all companies of the Automotive Group.

- 6.4 Events of loss which occur prior to July 1, 2025 and relate to supplies and services provided prior to July 1, 2025 shall be covered through CAG's property damage & business interruption insurance. For events of loss which occur after July 1, 2025 and relate to supplies and services provided prior to the Closing Date, CA Holding SE and/or CAT GmbH shall take out a separate property damage & business interruption insurance for itself and the companies of the Automotive Group.

### **III. Liability and internal settlement obligations**

#### **7. Allocation of Legal Risks**

- 7.1 Subject to the provision in sentence 3 of this sec. 7.1, Legal Risks within the meaning of sec. 8.2, which have their origin in the period prior to the Closing Date and are related to the Group Sector-specific business activities of one of the two Groups prior to the Closing Date (***Sector-Specific Legal Risks***), including all claims and consequences relating to liability (including those arising from new circumstances or new claimants) fundamentally caused by such Sector-Specific Risks, shall be allocated to the Group to which the relevant Group Sector belongs, irrespective of any causal contributions made by the respective other Group. **Annex 7.1** contains a non-exhaustive list of examples of Sector-Specific Legal Risks. Legal Risks related to the investigations initiated by Italian authorities in 2024 shall be allocated, together with all claims and consequences relating to liability, to the Continental Group for tax periods from 2016 until and including 2024. For tax years outside of that time period, the allocation pursuant to sentence 3 does not apply, instead the provision of sentence 1 of this sec. 7.1 remains applicable.
- 7.2 Legal Risks which have their origin in the period prior to the Closing Date and are not Sector-Specific Legal Risks (for example, because they originate from actions of the holding functions; **Annex 7.2** contains a non-exhaustive list of examples), including all claims and consequences relating to liability, shall be allocated between the Groups as follows:
- 7.2.1 If employees of a Group Sector contributed to the causation of the relevant Legal Risk by committing a mistake (e.g., by incorrect or delayed transmission of information to holding functions), this Legal Risk shall be allocated to the Group to which such Group Sector belongs after the Closing Date, provided that the Group Sector to which the relevant employee is assigned shall be determined with reference to the date on which the causal contribution was made.
- 7.2.2 If no causal contribution was made by a Group Sector in accordance with sec. 7.2.1, the relevant Legal Risk shall be allocated equally between the two Groups (i.e., at a ratio of 50%:50%).

#### **8. Internal settlement and mutual indemnification**

- 8.1 To the extent that contractual agreements are in place between the relevant companies of the two Groups, any claims asserted with regard to a Legal Risk

that is allocated to the respective other Group in accordance with sec. 7 shall be settled between the two Groups exclusively in accordance with the agreements made. The relevant Party shall ensure that the settlement obligations are fulfilled by the companies of its Group.

- 8.2 To the extent that claims are asserted against a company of one Group based on liability arising on a contractual, quasi-contractual, statutory, common law or other legal basis or due to the imposition of monetary charges (such as, in particular, fines) by an authority or court (**Legal Risks**) for circumstances existing before the Closing Date which are to be allocated in accordance with sec. 7 to the business operations of the respective other Group, the parent company (i.e., CAG or CA Holding SE) of the respective other Group shall (subject to the existence of a specific contractual agreement between the companies of the two Groups) ensure that the relevant companies of its Group will indemnify the company against which the claims are asserted from and against the costs incurred as a result of the relevant obligation and any related and necessary costs and expenses and losses suffered. To the extent that Legal Risks pursuant to sec. 7 remain with companies of a Group which are liable for them in accordance with the applicable legal provisions, these companies are not entitled to indemnification claims under this Agreement.
- 8.3 If the company against whom a claim is asserted may be entitled to an indemnification claim pursuant to sec. 8.2, it shall continuously inform the other Party in a comprehensive manner about the claim and, to the extent permitted by law, provide any information received by it to the other Party without undue delay.
- 8.4 If the company against whom a claim is asserted may be entitled to an indemnification claim pursuant to sec. 8.2, it and the other Party shall cooperate in the best possible way, with due regard to their mutual interests, in the defense against the claim. In particular, the company against whom the claim is asserted shall conduct the defense against the claim with due care.
- 8.5 If the company against whom a claim is asserted may be entitled to an indemnification claim pursuant to sec. 8.2 and a company of the Group against whom the claim is asserted is entitled to a claim for compensation in this respect against a third party (including an insurance company), its Group parent company (i.e., CAG or CA Holding SE) shall, upon the request of the Party that is subject to the indemnification obligation, assign or ensure the assignment of this claim for compensation to such Party. The Party entitled to indemnification shall reasonably support the Party subject to the indemnification obligation in the enforcement of the claims assigned under this provision against third parties.
- 8.6 Without prejudice to the allocation of Legal Risks pursuant to sec. 7, the Parties clarify and CAT GmbH confirms that the indemnification obligation assumed by CAT GmbH vis-à-vis CA GmbH under the carve-out agreement dated June 3, 2022 in the context of the carve-out of the operating business of CA GmbH to CAT GmbH will continue to apply vis-à-vis CAG in the future with regard to any subsequent liability claims pursuant to Section 133 of the German Transformation Act (*Umwandlungsgesetz – UmwG*).

- 8.7 The provisions in secs. 7 and 8 of this Agreement shall not apply to the tax matters governed by part VIII of this Agreement. For the avoidance of doubt, however, the Parties agree with regard to Legal Risks allocated in accordance with sec. 7.1 sentence 3 that this allocation and any resulting obligations pursuant to sec. 8 and sec. 9.7 shall take precedence over sec. VIII. Sec. 24.6 should be noted.

#### **IV. Cooperation**

##### **9. Obligations to cooperate**

- 9.1 The Parties shall take all actions that are necessary or appropriate to enable the implementation and completion of the Spin-off, including the transfer of intercompany agreements and the subsequent stock exchange listing of CA Holding SE. Unless otherwise agreed, this shall not give rise to any obligations of the Parties to provide funds or capital, to transfer assets or to provide collateral.
- 9.2 The Parties agree that Operating Contracts which are solely or predominantly used by companies of one Group shall be transferred to the companies of that Group. The Parties shall, to the extent that this is necessary and has not yet been done, jointly endeavor to ensure that the approval of third parties to the transfer will be obtained or that an agreement with such third parties will be reached.
- 9.3 If CAG, CA Holding SE or any its respective Group Companies intends to sell a business or part of a business to third parties after the Closing Date (for example by selling an interest in one or more Group Companies or by selling the assets attributable to that part of the business and transferring the contractual obligations attributable to that part of the business), and the cooperation of companies of the other Group is necessary or appropriate for the sale due to the fact that both companies were part of the Continental Group or due to the contractual obligations between companies of the two Groups continuing after the Closing Date, the parent company of the other Group (i.e., CAG or CA Holding SE) shall, with due regard to its own interests, seek to ensure that its Group Companies will perform those cooperation actions which are mandatorily required from a legal perspective, to the extent that the relevant Group Companies can be reasonably expected to perform those actions and those actions are permitted by law. This shall not give rise to an obligation to consent to the transfer of contracts to third parties. A cooperation cannot be unreasonably refused. The company intending to sell shall reimburse the parent company and/or the respective Group Company or Companies of the other Group for any costs associated with the cooperation and compensate them for any disadvantages.
- 9.4 Subject to more specific provisions in part VIII, the following shall apply with regard to regulatory and judicial proceedings which (i) are conducted with or against a company of one Group and (ii) (also) concern a company or the business of the respective other Group, and (iii) (at least also) relate to the period prior to the Closing Date:



9.4.1 The Parties shall, to the extent necessary and permitted by law and taking into account the measures so far taken, including shared legal views, support each other and, where necessary and appropriate,

- (a) provide each other, within a reasonable period of time, with any information and documents which are necessary or appropriate (i) to comply with orders issued by an authority or court, (ii) to obtain permits, (iii) to produce evidence, (iv) to defend themselves against or terminate proceedings before any authority or court, and (v) to fully clarify the facts under investigation,
- (b) grant each other access to the employees (including to minutes of any interviews conducted with employees concerning the relevant matter) of the respective other Group, to the extent it is ensured that any such interviews are restricted to activities as employees of a company of the respective other Group,
- (c) inform the Party not directly involved in such regulatory or judicial proceedings and its lawyers of the status of such proceedings upon a specific request submitted by that Party and, to the extent reasonably necessary, allow such Party to inspect documents from, or relating to, such proceedings, and
- (d) ensure that their Group Companies comply with their legal and regulatory obligations in connection with regulatory and judicial proceedings.

9.4.2 Each Party shall consult the respective other Party on the handling of, further steps to be taken with regard to, and options to terminate such regulatory or judicial proceedings, as available, and consider the interests of the other Group and, as appropriate, the extent of any existing claim for internal settlement pursuant to sec. 8 when taking their decisions. In doing so, the Parties shall, to the extent permitted by law, attempt to reach agreement as to whether and, if so, how the relevant regulatory or judicial proceedings may be terminated while having as much regard as possible to the interests of both Parties. If the Parties fail to reach agreement and if a full internal settlement obligation exists under sec. 8, the following shall apply:

- (a) If the Party directly involved in the proceedings wishes to continue such proceedings and if the respective other Party has informed the Party directly involved in the proceedings in writing of its intention to avail of an existing option to terminate such proceedings, the Party directly involved in the proceedings may nevertheless continue such proceedings. The amount of the settlement obligation corresponds (and is limited) to the amount that would be payable in the event of a premature termination of such regulatory/judicial proceedings as desired by the Party not directly involved in such proceedings.
- (b) If the Party directly involved in the proceedings wishes to avail of an existing option to terminate such proceedings whereas the

respective other Party wants to continue such proceedings, the Party directly involved in the proceedings must continue such proceedings if the respective other Party provides a reasoned statement from a reputable law firm according to which continuing such proceedings will most likely result in lower monetary charges than availing of the existing option to terminate such proceedings.

In the event that either Party is not subject to a full internal settlement obligation under sec. 8, the Parties shall endeavor to ensure that agreement is reached on the availing of a possibly existing option to terminate the relevant regulatory/judicial proceedings. The foregoing shall be without prejudice to right of the Party directly involved in the proceedings to take all procedural steps; the respective other Party shall not be entitled to any procedural steps being taken or not taken.

- 9.5 With regard to regulatory or judicial proceedings which exclusively or mainly concern companies of one Group, but which continue to be conducted with or against a company of the other Group after the Closing Date, the Parties shall jointly endeavor to ensure that the relevant party is replaced and the proceedings are taken over by a company of the Group concerned.
- 9.6 In case of (compliance) investigations and internal audits which concern a company or the business of the respective other Group and (at least also) relate to the period prior to the Closing Date, the Parties shall, to the extent necessary and permitted by law, support each other and, where necessary and appropriate,
- (a) provide each other, within a reasonable period of time, with any information and documents which are necessary or appropriate (i) to comply with orders issued by an authority or court, (ii) to obtain permits, (iii) to produce evidence, (iv) to defend themselves against or terminate proceedings before any authority or court, and (v) to fully clarify the facts under investigation, and
  - (b) grant each other access to the employees (including to minutes of any interviews conducted with employees concerning the relevant matter) of the respective other Group, to the extent it is ensured that any such interviews are restricted to their activities as employees of a company of the respective other Group.
- 9.7 With regard to Legal Risks allocated to the Continental Group in accordance with sec. 7.1 sentence 3 of this Agreement, CA Holding SE shall ensure that its Group Companies comply with their legal and regulatory obligations in connection with these Legal Risks, cooperate in making proposals for any amicable settlement or compromise proposed by CAG and, if necessary for the termination of the proceedings, enter into such settlement or compromise (without prejudice to any indemnification pursuant to sec. 8.2). Secs. 9.4.2 and 9.5 shall not apply in connection with such Legal Risks.
- 9.8 To the extent that a company of one Group – especially in the light of the joint use of the infrastructure of the Continental Group – faces any matters after the Closing Date the appropriate handling of which requires the cooperation of a

company of the other Group due to special requirements resulting from the fact that both companies were part of the Continental Group prior to the Spin-off Effective Date, such a cooperation, to the extent permitted by law, may not be refused. Each Party shall bear its own costs incurred as a result of such a cooperation. The Parties expect that special requirements within the meaning of this sec. 9.7 will be identified and claimed within a period of 18 months from the Spin-off Effective Date.

- 9.9 The Parties agree that, until and beyond the Closing Date, external expenses will still be incurred, among other things for the separation of shared systems, in particular in the areas of IT, Finance and HR, at CAG and its Group Companies and at CA Holding SE and its Group Companies (together the ***Separation Expenses***). Separation Expenses incurred until the Closing Date shall be allocated between the Parties in accordance with a separate agreement, taking into account the practice pursued until then in the Continental Group. Separation Expenses incurred after the Closing Date shall be borne by the Party or its respective Group Companies incurring the same.

## **10. Surrender of documents and migration of data**

- 10.1 Each Party shall surrender to the other Party, to the extent permitted by law and notwithstanding the right to make and retain copies to the extent permitted by law, any and all records such as deeds or documents in physical or electronic form and any other information in physical or electronic form (***Documents***) that were generated before the Spin-off took effect (***Historical Documents***), as well as Documents which relate to a period prior to the Closing Date, to the extent that such Documents are attributable exclusively to the respective other Party or the respective other Group. Sentence 1 of this sec. 10.1 shall apply accordingly to data, provided that, to the extent permitted by law, the obligation to surrender shall be replaced with an obligation to migrate data which were generated before the Spin-off took effect (***Historical Data***) or which relate to a period prior to the Closing Date. Each Party shall ensure that its respective Group Companies will act accordingly.
- 10.2 The Parties shall duplicate all Historical Documents and Historical Data (as well as Documents and data which relate to a period prior to the Closing Date) that are attributable to both the Continental Group and the Automotive Group and hand over or send the duplicate to the respective other Party. Each Party shall ensure that its respective Group Companies will act accordingly. This provision applies, in particular, to the extent that documents may be relevant for the taxation of the respective other Party (***Tax Documents***); this applies, in particular, to the extent that companies of the Automotive Group were part of a consolidated tax group or any other form of combined taxation with CAG or other companies of the Continental Group until the Closing Date.
- 10.3 If a company of one Group erroneously receives documents or data that are exclusively attributable to the respective other Group, sec. 10.1 shall apply accordingly.

10.4 The cooperation obligations set out in this sec. 10 represent a minimum standard; any further reaching provisions under the contractual agreements between the relevant companies of the two Groups shall remain unaffected.

10.5 The obligations under this sec. 10 shall apply (i) with respect of Tax Documents as long as they may still be relevant for the taxation of the respective other Party under applicable law, and (ii) in any other respects only for a period of 24 months beginning on the Closing Date.

## **11. Rights to inspection, access to data and retention periods**

11.1 Each Party shall, to the extent permitted by law, grant the other Party, upon its request and against reimbursement of the costs incurred, the right to inspect Historical Documents and documents relating to a period prior to the Closing Date retained by it, and access to Historical Data retained by it and to data relating to a period prior to the Closing Date, and the right to make copies thereof, in each case during usual office hours and after adequate advance notice, to the extent that the relevant Party has and proves to have a legitimate interest in this. Each Party shall ensure that its respective Group Companies will act accordingly. The Parties shall endeavor to overcome any legal obstacles to inspection in accordance with sentence 1 of this sec. 11.1 so that the relevant documents or data can be inspected by the requesting Party.

11.2 A legitimate interest of the respective other Party exists in any case in which the Documents to be inspected are retained by the Party retaining them on behalf (or at least also on behalf) of the respective other Party in accordance with sec. 11.3 below, and otherwise at least in cases in which the relevant Documents are necessary to assert transferred rights and/or fulfill transferred obligations or to comply with reporting and information requirements imposed by law or by authorities or courts, or for notification procedures (such as merger control) or other regulatory, judicial and arbitral proceedings (except for judicial or arbitral proceedings against the Party or any of its Group Companies which is to grant the right to inspect Documents or the access to data).

11.3 One Party may request the other Party in writing that Documents and data be retained by companies of the Group of the other Party even after expiry of the statutory retention periods. In such a case, the requesting Party shall bear the costs for the continued retention, unless it proves that the company retaining the Documents and/or data has a legitimate interest of its own in continuing their retention. This sec. 11.3 shall not apply to Documents and data the destruction of which is mandatorily required by law (in particular, data protection law) upon expiry of the statutory retention periods.

11.4 The cooperation obligations set out in this sec. 11 represent a minimum standard; any further reaching provisions under the contractual agreements between the relevant companies of the two Groups shall remain unaffected.

11.5 The obligations under this sec. 11 shall apply (i) with respect to Tax Documents as long as they may still be relevant for the taxation of the respective other Party under applicable law, and (ii) in any other respects only for a period of 24 months beginning on the Closing Date.

## **12. Special right of access to information**

- 12.1 CAG may request information from CA Holding SE that relates to a period prior to the Closing Date and is necessary to comply with reporting and information obligations imposed by law or an authority or court or for the review of filing or notification requirements and the implementation of corresponding filing or notification procedures (such as merger control). CA Holding SE shall provide CAG with this information in the required form (e.g., turnover by place of delivery for merger control purposes) without undue delay.
- 12.2 CA Holding SE may request information from CAG that relates to a period prior to the Closing Date and is necessary to comply with reporting and information obligations imposed by law or an authority or court or for the review of filing or notification requirements and the implementation of corresponding filing or notification procedures (such as merger control). CAG shall provide CA Holding SE with this information in the required form (e.g., turnover by place of delivery for merger control purposes) without undue delay.

## **13. Financial reporting and other group reporting**

- 13.1 CA Holding SE shall ensure after the Closing Date that the companies of the Automotive Group will make available to CAG upon its request the financial data and all necessary Documents and information, and perform further cooperation actions, that Continental AG needs to meet its group accounting and financial reporting obligations for the period up to the Closing Date. This applies in particular to the quarterly reporting of CAG in September 2025. The foregoing shall apply accordingly if and to the extent that CA Holding SE needs Documents and information from companies of the Continental Group to meet its accounting and financial reporting obligations for the period up to the Closing Date.
- 13.2 CA Holding SE shall ensure after the Closing Date that the companies of the Automotive Group will make available to CAG upon its request all necessary Documents and information, and perform further cooperation actions, that CAG needs to meet its group accounting obligations (in particular, with regard to the group management report and sustainability report) for the period up to the Closing Date. This applies in particular to the quarterly reporting of CAG in September 2025. The foregoing shall apply accordingly if and to the extent that CA Holding SE needs Documents and information from companies of the Continental Group to meet its (financial) reporting obligations for the period up to the Closing Date.

## **V. Pension plans, partial retirement, etc.**

### **14. Transfer of pension plans**

CAG shall endeavor to ensure that the trust agreement of June 21, 2006, as most recently amended, existing between Continental Pension Trust e.V. and CAT GmbH regarding the external funding and securing of pension claims and, in a

security event, the (potential pro rata) satisfaction of pension claims existing at that time, will be transferred to Continental Automotive Pension Trust e.V. prior to the Closing Date, including the security assets relating to this trust agreement. Letters of intent from Continental Pension Trust e.V. and Continental Automotive Pension Trust e.V. in which they declare their intention to cooperate in the aforementioned transfer have been provided to the Parties.

## **15. Insolvency protection for sabbatical and partial retirement models**

CA Holding SE undertakes to enter into an agreement on insolvency protection for the claims of employees of the Automotive Group in connection with sabbaticals and partial retirement models, which is similar to the existing agreement of CAG in this regard.

## **VI. Shared Contracts**

### **16. Obligations to cooperate with regard to shared contracts**

- 16.1 The Parties shall, to the extent permitted by law, jointly endeavor to reach an agreement with the third parties of contracts concerning operating activities (e.g., customer contracts, purchasing contracts) utilized by both Group Companies of the Automotive Group and Group Companies of the Continental Group (including framework agreements, for example with suppliers under which both Group Companies of the Automotive Group and Group Companies of the Continental Group receive or provide supplies or services) (the ***Shared Operating Contracts***), which will enable all Group Companies concerned to leave the current contract terms (including prices, quantities and capacities) for their respective business areas unchanged (whether by partial transfer or duplication of Shared Operating Contracts, entering into new separate contracts or other structures). To the extent that, as part of such an agreement, minimum purchasing volumes, capacity commitments, maximum liability amounts or other overarching matters under the Shared Operating Contracts need to be allocated between Group Companies of the Automotive Group and Group Companies of the Continental Group, the Parties shall, to the extent permitted by law, agree in good faith on the allocation criteria, taking into account the proportions of utilization during the 12 months preceding the Closing Date.
- 16.2 To the extent and as long as no agreement pursuant to sec. 16.1 is reached with the relevant third parties after the Closing Date (but no longer than 12 months from the Closing Date), the Parties, in their relationship between each other, shall treat each other as if the agreement had been reached as at the Closing Date, to the extent permitted by the provisions of the relevant Shared Operating Contracts and otherwise permitted by law. In particular, the Group Company which is party to the relevant Shared Operating Contracts shall, to the extent permitted under the terms of the relevant Shared Operating Contracts, pass on the relevant supplies or services to the companies of the other Group and exercise the relevant rights and fulfill the relevant obligations on a fiduciary basis on behalf of the companies of the other Group. In return, the companies of the other Group shall indemnify the Group Company which is party to the

relevant Shared Operating Contracts from and against any expenses, claims and liability (with the exception of liability for intent) in connection with the relevant rights and obligations.

## **VII. Material agreements between the Groups**

### **17. Supply relationships**

The Parties have agreed that the Groups will enter into agreements by the Closing Date for the purchase of certain products of one Group that are required for the continued operation of the business of the respective other Group during a certain period after the Spin-off, in particular (i) a supply agreement for the production of air bellows at the Vahrenwald site, (ii) a supply agreement for the production of rubber brake hoses at the Korbach site, (iii) one or several framework supply agreement(s) for several products (e.g., precision sealing solutions and plastic injection molded parts) at several sites, and (iv) a supply agreement for the production of TTM 3 tire sensors at the Toulouse site.

### **18. Services**

CAG and/or other companies of the Continental Group and CA Holding SE and/or other companies of the Automotive Group shall enter into “Transitional Services Agreements”, which may relate, for example, to services in the areas of HR, IT, purchasing and logistics, at the latest by the Closing Date. Under these Transitional Services Agreements, CAG and its Group Companies will enter into bilateral agreements (“Statements of Work”) with CA Holding SE and its Group Companies on individual transition services (or categories of transition services).

### **19. Intellectual property rights**

19.1 By the Closing Date, Continental Reifen Deutschland GmbH, CAG and CA Holding SE or another company of the Automotive Group shall enter into a license agreement with effect as at the Spin-off Effective Date, under which certain transition and grace periods for using the name “Continental” and the logos of the Continental Group (e.g., on specifications, products, product packaging and tools) as well as further rights of use for certain products in the Independent Aftermarket are granted to the Automotive Group.

19.2 The Continental Group and the Automotive Group intend to enter into (cross-)license agreements and/or other agreements with effect as at the Closing Date, which shall enable both Groups to continue and develop their businesses as independently as possible after the Spin-off. This concerns in particular patents. With regard to development services (if any) provided by the Automotive Group or the Continental Group for the respective other Group and joint developments (if any) (such as in the area of the TTM 3 tire sensor), agreements are intended to be concluded for the allocation and cross-licensing of the resulting intellectual property rights.

- 19.3 The Parties intend to allocate joint patents (if any) held jointly by companies of the two Groups and the joint inventions such patents are based on to one of the two Groups by the Closing Date.

## VIII. Taxes

### 20. Exclusion of the application of other provisions under this Agreement to Taxes

With regard to Taxes, the provisions in this part VIII shall take precedence over the other provisions of this Agreement. In addition, the provisions in secs. 9.3, 10, 11, 31, 34 and 35 shall also apply to Taxes. All other provisions of this Agreement shall only apply to Taxes if and to the extent that this part VIII and secs. 9.3, 10, 11, 31, 34 and 35 do not contain more specific or conclusive provisions.

### 21. Definitions for part VIII

- 21.1 “**Tax(es)**” within the meaning of this Agreement means (i) all taxes under federal, state, EU or local law, together with incidental tax charges thereon within the meaning of Section 3 of the German Fiscal Code (*Abgabenordnung – AO*) or any similar applicable law of a foreign jurisdiction, (ii) tax withholding amounts, (iii) customs duties, (iv) all amounts owed under tax allocation agreements or systems, (v) legal liabilities for taxes, (v) minimum tax under the German Minimum Tax Act (*Mindeststeuergesetz – MinStG*) and any other Pillar 2 Taxes, and (vii) any fines or penalties imposed in direct connection with such Taxes under (i) to (v); input tax paid pursuant to Section 15 of the German VAT Act (*Umsatzsteuergesetz – UStG*) (or a corresponding rule under the laws of a foreign jurisdiction) shall also be deemed to be Tax if and to the extent that it is not refunded by the tax authority. For the avoidance of doubt: The term “Tax” shall not include deferred taxes, loss carryforwards, interest carryforwards or similar items, unless these items are explicitly specified in part VIII (e.g., in sec. 24.8.2).
- 21.2 “**Taxable Income**” means income for corporate income tax purposes, trade income and corresponding assessment bases for foreign income taxes (including Taxes on capital gains), in each case before deduction of Losses.
- 21.3 “**Effective Transfer Date for Tax Purposes**” means the date on which CAG as transferring entity must prepare the closing balance sheet for commercial law purposes for the Spin-off. Pursuant to sec. 2.2 of the Spin-off Agreement and subject to a postponement pursuant to sec. 4 of the Spin-off Agreement, this date is December 31, 2024.
- 21.4 “**Pre-Effective Date Period**” means the period or parts thereof up to (and including) the Effective Transfer Date for Tax Purposes. “**Pre-Effective Date Taxes**” means all taxes relating to Pre-Effective Date Periods.



- 21.5 “**Post-Effective Date Period**” means the period or parts thereof after the Effective Transfer Date for Tax Purposes. “**Post-Effective Date Taxes**” means all taxes relating to Post-Effective Date Periods. (For the avoidance of doubt: The companies of the Continental Group and the companies of the Automotive Group shall each bear their own Post-Effective Date Taxes (see sec. 24.2)).
- 21.6 “**Tax Loss**” means corporate income tax losses or trade tax deficits as well as similar items under foreign tax law.
- 21.7 “**Tax Loss Carryforward(s)**” means corporate income tax loss carryforwards or trade tax loss carryforwards as well as similar items under foreign tax law.
- 21.8 “**Consolidated Tax Group**”, “**Consolidated Tax Group Relationship**” or “**Tax Group**” means a consolidated tax group for income tax purposes within the meaning of Section 14 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz – KStG*) or Section 2 of the German Trade Tax Act (*Gewerbesteuer-gesetz – GewStG*) or any similar form of consolidated, additive or otherwise wholly or partially combined taxation of the earnings or other material taxation criteria of several companies abroad, including in particular the currently existing tax groups between companies of the Continental Group and the Current Automotive Group in France, Spain, Italy, Romania, the United Kingdom, Hungary, Australia and the Netherlands.
- 21.9 “**Automotive Carve-Out**” means the transfer of certain branches of activity (Teilbetriebe) for tax purposes (“Teves branch of activity” and “Automotive branch of activity”) as part of a carve-out by CA GmbH to CAT GmbH in accordance with the carve-out and transfer agreement dated June 3, 2022, which became effective upon registration with the commercial register of CA GmbH on July 1, 2022 (essential part of the so-called Project Shape).
- 21.10 “**AM Carve-Out**” means the transfer of the Autonomous Mobility branch of activity of Continental Temic microelectronic GmbH (“**Conti Temic**”) to Continental Autonomous Mobility GmbH (“**CAMG**”) as part of a carve-out in accordance with the carve-out agreement dated April 8, 2024, which became effective upon registration with the commercial register of Continental Temic microelectronic GmbH on April 30, 2024.
- 21.11 “**Shape Lock-up Shares**” within the meaning of this Agreement means the shares in CA GmbH and the shares in CAT GmbH as at the Effective Transfer Date for Tax Purposes and prior to the implementation of the Merger and the Spin-off.
- 21.12 “**Relevant Tax Matter**” means any tax matter which may give rise to an obligation of a Party (both a substantive obligation, for example to pay or economically bear Taxes, and an obligation in connection with Tax Proceedings) under part VIII (Taxes) or in connection with the Spin-off.
- 21.13 “**Tax Return**” means any tax return, assessment declaration or similar declaration.

- 21.14 “**Pillar 2 Rules**” means (i) the Global Anti-Base Erosion Model Rules published by the Organization for Economic Co-operation and Development on December 20, 2021, as amended from time to time, and/or (ii) any national or international law (in particular, Council Directive (EU) 2022/2523 of December 14, 2022 (Minimum Taxation Directive)) and the German MinStG introduced or to be introduced to implement them; “**Pillar 2 Taxes**” means taxes of any jurisdiction incurred as a result of the implementation of Pillar 2 Rules (primary, secondary and national top-up taxes).
- 21.15 “**Controlled Automotive Tax Group Company**” shall have the meaning ascribed to such term in sec. 24.5.
- 21.16 “**Tax Proceedings**” shall have the meaning ascribed to such term in sec. 28.2
- 21.17 “**Relevant Tax Proceedings**” shall have the meaning ascribed to such term in sec. 28.3.
- 21.18 “**Tax Indemnification Claim**” shall have the meaning ascribed to such term in sec. 22.
- 21.19 “**Offsetting Effect Claim**” shall have the meaning ascribed to such term in sec. 26.2.
- 21.20 “**Additional Taxable Income**” shall have the meaning ascribed to such term in sec. 26.1.

## 22. Tax Indemnification Claim

In this part VIII, the Parties agree how certain tax burdens shall be economically borne (economic allocation of taxes (*wirtschaftliche Steuertragung*)) between the Parties. If the Tax payable by a Party (together with the companies of its Group) under the applicable tax law (taking into account tax refunds) exceeds the Tax to borne by that Party under this Agreement, the other Party shall reimburse that Party (or – at the option of the Party asserting the claim – the relevant company of its Group) for the relevant difference (“**Tax Indemnification Claim**”). If the Tax payable under the applicable tax law (taking into account tax refunds) increases or decreases (for example, due to a tax audit or appeal proceedings) after a Tax Indemnification Claim has been settled, the calculation of the tax indemnification shall be adjusted accordingly and the difference resulting from the adjustment shall be paid to the respective entitled party.

## 23. Taxes in connection with the Spin-off

### 23.1 Transfer taxes including real estate transfer tax

23.1.1 Transfer taxes (including a German real estate transfer tax but excluding German VAT which is governed by the provisions of sec. 23.3) arising in connection with the Spin-off shall be borne by the companies of the respective Group in each case in the amount in which they are the persons legally liable for the payment of such Tax under applicable tax law (such as, in particular, the German Real Estate Transfer Tax Act

(*Gründerwerbsteuergesetz – GrEStG*). The Parties expect that the entire amount of any real estate transfer tax incurred as a result of the Spin-off will be incurred by companies of the Automotive Group. CAG will pay CA Holding SE an amount equivalent to 50% of the real estate transfer tax incurred by companies of the Automotive Group.

23.1.2 Such real estate transfer tax, which is triggered by the fact that the Spin-off or the preparatory Merger of CA GmbH into CAG fails to comply with and violates subsequent holding periods for real estate transfer tax purposes within the meaning of Section 6a GrEStG from previous transformations in which companies of the Current Automotive Group were involved (for example, from the Automotive Carve-Out), shall be borne in full by the persons legally liable for the payment of such tax under the applicable tax law. If several companies are jointly and severally liable for a relevant transfer tax under the applicable tax law (as is the case, for example, for real estate transfer tax incurred as result of the Automotive Carve-Out from CA GmbH to CAT GmbH), the allocation between the companies shall be determined by a contractual agreement between the companies regarding the allocation of these tax liabilities; if there is no such contractual agreement in place, the relevant transfer tax shall be borne equally by the companies concerned. The Parties expect that, subject to this provision, the entire amount of this real estate transfer tax resulting from the violation of subsequent holding periods within the meaning of Section 6a GrEStG will be incurred by companies of the Automotive Group.

## 23.2 Contribution gain I; step-up amount

23.2.1 The Parties expect that a harmful violation of the lock-up period within the meaning of Section 22(1) UmwStG will (or at least may) arise as a result of the transfer of the shares in CAT GmbH as part of the Spin-off, with the consequence that tax will be incurred by CAG on the contribution gain I in accordance with Section 22(1) UmwStG for the transfers in connection with the Automotive Carve-Out. The tax on a contribution gain I with regard to the Shape Lock-up Shares shall be borne by CAG.

23.2.2 CAG shall be solely responsible for determining the contribution gain I (including the underlying valuation) and any related Tax Proceedings (including, in particular, declarations to the tax authorities, tax audits and appeal proceedings, if any). CA Holding SE and the companies of the Automotive Group shall provide the best possible support to CAG, where necessary or helpful in the reasonable opinion of CAG, and shall also follow corresponding instructions given by CAG.

23.2.3 CAT GmbH shall be entitled to a step-up amount under the conditions of Section 23(2) UmwStG. No compensation shall be owed by CAT GmbH or CA Holding SE for this amount. CAG and the companies of the Continental Group shall support CA Holding SE and CAT GmbH, to the extent necessary or helpful in their reasonable opinion, in claiming the step-up amount. However, this does not include any obligation of CAG with regard to the amount of the contribution gain I including the

underlying valuation (see sec. 23.2.2) or to accelerate the payment of tax on the contribution gain I beyond the statutory or regulatory framework; these aspects and the relevant Tax Proceedings shall be determined solely by CAG.

### 23.3 VAT

23.3.1 The Parties expect that CA Holding SE is an entrepreneur (*Unternehmer*) within the meaning of the UStG for VAT purposes (subject to any Consolidated Tax Group for VAT purposes with CAG until the Closing Date) due to its future business and service planning because it intends to provide entrepreneurial services to CAT GmbH and its subsidiaries for consideration. The Parties also expect that CA Holding SE will establish its own Consolidated Tax Group for VAT purposes as controlling company with CAT GmbH and its subsidiaries as controlled companies as at the Closing Date to the same extent as it previously existed with CAG as controlling company in the consolidated tax group for VAT purposes of the Continental Group; the financial integration will be established with the acquisition of all shares in CAT GmbH from the Closing Date, the economic integration through the planned service relationships and other commercial interrelationships, and the organizational integration in particular through the transfer of the Domination and Profit and Loss Transfer Agreement with CAT GmbH as a result of the Spin-off. CA Holding SE shall do everything necessary at all times (even before the Closing Date) to achieve and maintain these qualifying criteria for VAT purposes; CAG shall provide the best possible support to CA Holding SE in this regard, where necessary or helpful.

23.3.2 The Parties expect that no VAT will be incurred with regard to the agreement and implementation of the Spin-off due to the fact that these transactions are not subject to VAT because they are carried out within the framework of an existing Consolidated Tax Group for VAT purposes in the previous Continental Group or, in any case, they constitute a transfer of an entire business as a going concern (*Geschäftsveräußerung im Ganzen*) within the meaning of Sections 1(1a), 15a(10) UStG. If, contrary to the expectations of the Parties, the tax authorities take the view that these transactions are fully or partially subject to VAT, the Parties shall take all necessary and reasonable steps to avoid a legally binding VAT assessment and, in particular, to achieve VAT exemption. An option for VAT liability within the meaning of Section 9 UStG shall be excluded. If, contrary to the expectations of the Parties, VAT is nevertheless assessed, CA Holding SE shall economically bear the statutory VAT and – if it is not itself the person liable for the payment of the VAT pursuant to Section 13b UStG, but the VAT is incurred by CAG – reimburse CAG for the VAT concurrently with and in exchange for the issue of an invoice within the meaning of Sections 14, 14a UStG by CAG. If the net VAT burden (i.e., the final burden taking into account an input tax refund) of CA Holding SE is not caused by the actual actions or omissions of CA Holding SE (in particular a breach of its obligations pursuant to sec. 23.3.1), CAG shall bear half of this net VAT burden.

Any remaining interest within the meaning of the AO on the VAT (if CA Holding SE is the person liable for the payment of the VAT: less any interest on refunds from an input tax deduction by CA Holding SE) shall be borne equally by the Parties, and each Party shall indemnify the respective other Party accordingly on a pro rata basis.

#### 23.4 **Pillar 2 Taxes**

- 23.4.1 The Parties expect that no Pillar 2 Tax will arise as a result of the Merger and the Spin-off. Irrespective of this, the Parties undertake to exercise any accounting or other options in such a way that no taxable profit arises under the applicable law and/or accounting standards for such Pillar 2 Tax or that such a profit is as low as possible. If, contrary to expectations, such Pillar 2 Tax will arise as a result of the Merger or the Spin-off, it shall be allocated between the companies in the relevant minimum tax group in accordance with Section 3(6) MinStG and, in the case of foreign Pillar 2 Tax, in accordance with the local Pillar 2 Rules applicable in the relevant foreign jurisdiction.
- 23.4.2 If Pillar 2 Tax is incurred for other reasons than the Merger or the Spin-off for periods up to the end of the year in which the Closing Date falls, the relevant tax shall be borne in the manner resulting from the applicable law (i.e., in Germany in accordance with Section 3(6) MinStG, in foreign jurisdictions that levy Pillar 2 Tax in accordance with the local rules applicable there).
- 23.4.3 If Pillar 2 Tax is borne in accordance with this sec. 23.4, the Automotive Group shall be treated as independent (and not wholly or partially as part of the Continental Group) for the entire year.

#### 23.5 **Other Taxes in connection with the Spin-off**

- 23.5.1 If restructurings or disposals within the Automotive Group after the Closing Date (directly or indirectly) result in the application of an add-back amount (*Hinzurechnungsbetrag*) pursuant to Section 10 of the German External Tax Relations Act (*Außensteuergesetz – AStG*) at CAG or another company of the Continental Group and this add-back amount results from income in respect of which a company of the Automotive Group is an intermediate company (*Zwischengesellschaft*) pursuant to Sections 7 and 8 AStG, CA Holding SE shall pay to CAG an amount to be calculated in accordance with the provisions in sec. 24.4 in conjunction with sec. 24.3.
- 23.5.2 All other Taxes arising in connection with the Spin-off of the Spin-off Assets (including preparatory measures such as the Merger, the establishment of the financing structure of CA Holding SE (including the Target Cash and Cash Equivalents), etc.) shall be borne by the Party (itself or the companies belonging to its Group) which is the person liable for the payment of such Taxes under the applicable tax laws or which must bear the Taxes under another contractual agreement, unless special provisions of this agreement take precedence.

- 24. Provisions on other Taxes, in particular Pre-Effective Date Taxes**
- 24.1 **Pre-Effective Date Taxes** which are not covered by the provisions of sec. 23 and are also not covered by special provisions of this Agreement in this part VIII shall be borne by the relevant company of the Continental Group or the Automotive Group that is the person legally liable for the payment of such Taxes.
- 24.2 **Post-Effective Date Taxes** incurred by a company of the Automotive Group shall be borne exclusively by companies of the Automotive Group (and in any event not by a company of the Continental Group). To the extent that – contrary to the expectations of the Parties and the agreed provision on the economic allocation of these Post-Effective Date Taxes – a company of the Continental Group is the person liable for the payment of such Post-Effective Date Taxes or has economically borne such Post-Effective Date Taxes, CA Holding SE shall make a corresponding compensation payment to CAG or, at the request of CAG, to the relevant company of the Continental Group. The provisions in sentences 1 and 2 of this sec. 24.2 shall also apply in the reverse case, i.e., if a company of the Automotive Group is the person liable for the payment of Post-Effective Date Taxes incurred by a company of the Continental Group or has economically borne such Post-Effective Date Taxes.
- 24.3 **AM Carve-Out:** As a result of the AM Carve-Out, a branch of activity (*Teilbetrieb*) for tax purposes was transferred from Conti Temic to CAMG. CA Holding SE shall ensure that CAMG submits a proper request to the competent authority in due time that (i) the book value for tax purposes shall be used for this transfer (contribution for tax purposes within the meaning of Section 20 UmwStG) and (ii) December 31, 2023 shall be the effective transfer date for tax purposes of the AM Carve-Out. CA Holding SE shall also ensure that all necessary measures and no harmful actions are taken so as to ensure that the valuation at book values is maintained and no contribution gain I is triggered. If a taxable contribution gain I is nevertheless incurred in this respect and this results in an increase in the Taxable Income attributed to CAG as controlling company of Conti Temic and CAMG in the consolidated tax group for income tax purposes, CA Holding SE shall compensate CAG for any resulting damage. In particular, payments of Tax (if any) and the utilization of Tax Losses or Tax Loss Carryforwards due to the incurrance of a contribution gain I (provided that the partial forfeiture of Tax Loss Carryforwards pursuant to Section 15(3) UmwStG shall be taken into account) shall be compensated; the amount of the utilized Tax Losses/Loss carryforwards to be compensated shall be compensated on a lump-sum basis with 25% of the relevant forfeited loss amount. The relevant compensation for the damage shall be payable as soon as a contribution gain I has been taken into account in tax assessment notices issued to CAG. A final calculation of the damage and the compensation to be paid by CA Holding SE shall be made as soon as the tax audit at Temic and CAMG has been completed and the corresponding tax assessment notices have become final and binding.
- 24.4 The principle set out in sec. 24.3 with CA Holding SE's compensation obligation shall apply accordingly if other lock-up periods for tax purposes under German or foreign laws in the Automotive Group are violated by

companies of the Automotive Group after the Closing Date and this results in tax damage for CAG or other companies of the Continental Group.

- 24.5 **German Consolidated Tax Groups for income tax purposes:** Sec. 24.1 also applies (subject to the foregoing special provisions, in particular secs. 24.3, 24.4 and 28.8) to German corporate income tax and trade tax incurred for periods in which companies of the Current Automotive Group were wholly or partially part of Continental’s previous Consolidated Tax Group for income tax purposes (“**Controlled Automotive Tax Group Companies**”), and therefore the income taxes are also owed by CAG as the ultimate controlling company of the Consolidated Tax Group on Taxable Income of these companies. To the extent that Tax Losses of the Controlled Automotive Tax Group Companies from these periods have reached the level of CAG, no compensation shall be owed by CAG. If, after the Effective Transfer Date for Tax Purposes, the Taxable Income of a Controlled Automotive Tax Group Company increases for Pre-Effective Date Periods and this results in potentially tax-reducing offsetting effects for the Controlled Automotive Tax Group Company in Post-Effective Date Periods (e.g., due to higher depreciations for tax purposes), CA Holding SE shall owe CAG compensation in accordance with sec. 26.
- 24.6 To the extent that, with regard to the subject matter provided for in sec. 7.1 sentence 3, Taxes or other costs borne by the Continental Group as a result of this subject matter will be refunded to the Automotive Group after June 30, 2025, CA Holding SE shall promptly reimburse an amount equal to such refunds to CAG.
- 24.7 **Foreign withholding taxes:** In the past, the Controlled Automotive Tax Group Companies regularly submitted foreign withholding tax certificates to CAG. CAG reviewed whether these withholding tax certificates would give rise to a tax credit and, if the review was positive, paid an amount equal to the potential tax refund to the relevant Controlled Automotive Tax Group Company. After the Closing Date, CAG will continue to review the foreign withholding tax certificates submitted by Controlled Automotive Tax Group Companies for periods until the Effective Transfer Date for Tax Purposes and pay an amount equal to the potential tax refund to the relevant Controlled Automotive Tax Group Company, unless there are reasonable doubts as to whether the withholding taxes will give rise to a tax refund. The provision in the foregoing sentence of this sec. 25.6 only applies to foreign withholding tax certificates that have been submitted to CAG by Controlled Automotive Tax Group Companies by December 31, 2026 at the latest (CAG will no longer review any withholding tax certificates submitted later or make corresponding payments).
- 24.8 **Foreign Tax Groups:** In Pre-Effective Date Periods, foreign Tax Groups were in place in France, Spain, Italy, Romania, the United Kingdom, Hungary, Australia and the Netherlands. With regard to these Tax Groups, the Parties agree that the following shall apply:
- 24.8.1 Pre-Effective Date Taxes assessed after the Effective Transfer Date for Tax Purposes – irrespective of the question of who is the formal person legally liable for the payment of such Taxes vis-à-vis the tax authorities – shall be borne by the relevant company that has caused the incurrence

of these Taxes by its economic activity (e.g., the profits generated, sales or other taxation criteria) or other tax-relevant conduct.

- 24.8.2 To the extent that Tax Losses, Tax Loss Carryforwards or similar items incurred in the Pre-Effective Date Periods in accordance with the applicable tax law remain with the previous controlling company of the Tax Group when the Automotive companies leave the Tax Group, no compensation shall be owed for this. If the applicable tax law provides that Tax Losses, Tax Loss Carryforwards or similar items shall be partially allocated back to the departing companies when the Automotive companies leave the Tax Group, such a reallocation shall be carried out in accordance with the applicable rules; the Parties shall make mutual efforts (in particular, if options exist) to ensure that the principle of economic causation (*Prinzip der wirtschaftlichen Verursachung*) is taken into account as far as possible.
- 24.8.3 The French Tax Group is based on a French tax group agreement under which the French controlling company of the Tax Group shall pay compensation to a departing group company for Tax Losses incurred during the period of its membership in the Tax Group. The provision in the tax group agreement shall take precedence over the provision in sec. 24.8.2 sentence 1, i.e., if such a compensation payment is owed in accordance with the provisions of the French tax group agreement, this compensation payment shall not be excluded by the provision in sec. 24.8.2 sentence 1.
- 24.8.4 If the previous foreign Tax Group does not end on December 31, 2024/January 1, 2025 but continues beyond this effective date, the Pre-Effective Date Period within the meaning of this Agreement shall be deemed to be (in deviation from the general definition) the period until the end of the relevant Tax Group.
- 24.9 The Parties undertake (i) to take all actions that serve to maintain the existing German and foreign Consolidated Tax Group Relationships until the end of the Effective Transfer Date for Tax Purposes or the relevant date thereafter pursuant to sec. 24.8.4, and (ii) to refrain from all actions that jeopardize the recognition of these Consolidated Tax Group Relationships.
- 24.10 If a German or foreign Consolidated Tax Group Relationship is subsequently not recognized by the tax authorities for Pre-Effective Date Periods, the Parties shall cooperate in the best possible way and take all reasonable steps (including any appeal or legal proceedings) to maintain these Consolidated Tax Group Relationships between CAG or companies of the Continental Group and the companies of the Current Automotive Group for tax purposes and to avert non-recognition. This also includes any necessary (retroactive or ongoing) changes or adjustments to balance sheets. In particular, with regard to German Consolidated Tax Group Relationships for income tax purposes, the Parties shall mutually support each other in the event that a balance sheet under commercial law of a controlled tax group company contains valuations that are considered to be incorrect and indicated by the tax authorities as error within the meaning of Section 14(1) sentence 1 no. 3 sentence 4 KStG and, if



necessary, take appropriate measures to remedy the error in order to ensure that the Consolidated Tax Group is recognized for tax purposes; in addition, the Parties shall take any other measure that appear to be appropriate or necessary in connection with Section 14(1) sentence 1 no. 3 sentences 4 and 5 KStG. To the extent that, in this connection, payments by or to the previous controlling company are necessary to maintain the Consolidated Tax Group, the relevant Party obliged to pay shall make these payments; however, the aforementioned measures are not intended to have any final economic effects between the Parties; the Parties shall therefore carry out a corresponding concurrent mutual settlement in such a way that, after such settlement, the Parties are in the same position as they would be in without the implementation of the measures taken to maintain the Consolidated Tax Group.

24.11 In the event that, contrary to the expectations of the Parties, an existing German or foreign Consolidated Tax Group is subsequently not recognized by the tax authorities, the Parties agree that the following shall apply:

24.11.1 If the non-recognition of a Consolidated Tax Group results from a breach of obligations relating to conduct (in particular, the obligations relating to conduct set forth in sec. 24.9) or this breach of obligations relating to conduct prevented the possible continuation of the Consolidated Tax Group, the Party that has committed the breach shall compensate the other Party for the damage resulting from the non-recognition of the Consolidated Tax Group. If, at the time of assertion of the claim pursuant to this sec. 24.11.1, the damage consists in the utilization or forfeiture of Tax Losses or Tax Loss Carryforwards, the utilized or forfeited Tax Losses or Tax Loss Carryforwards shall be compensated on a lump-sum basis with 25% of their amount.

24.11.2 Except in a case pursuant to sec. 24.11.1, if the non-recognition of a Consolidated Tax Group results in a tax disadvantage (in the form of Tax payments or – also taking into account the closing of the Spin-off – a reduction in Tax Losses or Tax Loss Carryforwards) for a Party on an aggregate basis (i.e., taking into account all companies of that Party's Group) and a tax advantage (in the form of tax refunds or – also taking into account the closing of the Spin-off – an attribution of Tax Losses or Tax Loss Carryforwards) for the other Party on an aggregate basis (i.e., taking into account all companies of that Party's Group), the Party having the tax advantage shall pay an amount equal to such advantage to the other Party. If the tax disadvantage of one Party is less than the tax advantage of the other, the Parties shall equally bear the net tax advantage (i.e., the payment of the Party having the advantages to the Party having the disadvantages is limited to the amount of the disadvantage of one Party plus half of the advantage of the other Party in excess of this amount). Sentence 2 shall apply accordingly (i.e. sharing of a net tax advantage) if both Parties have tax advantages on an aggregate basis (i.e., taking into account all companies of their respective Group); the Party with the higher advantages shall then pay to the other Party half of the amount by which its tax advantages exceed the advantages of the other Party. In this calculation, Tax Losses and

Tax Loss Carryforwards shall be valued on a lump-sum basis at 25% of the relevant amount.

## **25. VAT**

25.1 Subject to the provisions in sec. 23.3, VAT (including input taxes) shall be borne by the relevant company of the Continental Group or the Automotive Group that is or was the person legally liable for the payment of such Tax.

25.2 A German Consolidated Tax Group for VAT purposes and a corresponding VAT allocation system is in place between CAG as the controlling company and some of the companies of the Automotive Group as controlled companies. The Parties agree that the Consolidated Tax Group for VAT purposes and the existing allocation system shall continue for as long as possible and shall end for future periods at the latest when the Spin-off takes effect. For VAT periods up to the termination of the Consolidated Tax Group for VAT purposes, the allocation procedure shall be retained; the Parties shall carry out a final settlement under the existing allocation system within 6 months after the Spin-off has taken effect. If, after this final settlement, in particular due to tax audits or regulatory or judicial proceedings, changes in the input tax refunds received, payable VAT amounts or consideration paid to third parties for supplies and services occur at CAG as the former controlling company of the Consolidated Tax Group or at the former controlled companies, the Parties shall apply the previous allocation procedure analogously and carry out a corresponding settlement. The aforementioned allocations shall also include any interest on subsequent payments or refunds. Claims between CAG and the controlled companies under the allocation system or under the analogous application of the allocation system shall take precedence over the other provisions of this Agreement.

25.3 In the event that, contrary to the expectations of the Parties, the Consolidated Tax Group for VAT purposes between CAG as the controlling company and some of the companies of the Automotive Group as controlled companies, which exists prior to or until the Closing Date, is subsequently not recognized by the tax authorities, the Parties agree that the following shall apply:

25.3.1 A positive difference between input tax refunds received and payable VAT amounts resulting from the non-recognition of this Consolidated Tax Group shall be paid by CAG to the relevant company of the Automotive Group. If the non-recognition of a Consolidated Tax Group results in a positive difference between input tax refunds received and payable VAT amounts at a company of the Automotive Group, the latter shall pay the relevant amount to CAG.

25.3.2 If supplies and services have occurred between members of the Consolidated Tax Group for VAT purposes before the Closing Date that are to be treated as supplies and services subject to VAT in accordance with the UStG due to the non-recognition of the Consolidated Tax Group for VAT purposes, the company providing the supplies and services shall issue a proper invoice within the meaning of the UStG and the company receiving the supplies and services shall pay the VAT shown in this

invoice to the company providing the supplies and services accordingly (except in a case pursuant to Section 13b UStG).

- 25.4 Sec. 24.9 and sec. 24.10 sentence 1 apply accordingly in cases of a Consolidated Tax Group for VAT purposes.
- 25.5 The Parties jointly expect that, in the future, mutual transactions relating to the sale of supplies and services (*Umsatzgeschäfte*) between the companies of the Continental Group and companies of the future CA Holding SE Group will generally be treated as subject to VAT and not tax-exempt in accordance with the statutory provisions, unless exceptional circumstances exist. Agreed prices for such transactions shall generally be net of statutory VAT. Where necessary, mutual information and evidence shall be provided (e.g. for tax exemption for supplies abroad). Apart from that, the Parties and their respective Group companies reserve their right to enter into individual agreements in this regard.

## 26. Payment of offsetting effects

- 26.1 Pursuant to sec. 24.1, CAG shall generally bear any Taxes on the income of the Controlled Automotive Tax Group Companies for Pre-Effective Date Periods. If, in particular due to tax audits, (i) after the Effective Transfer Date for Tax Purposes, an increase in the Taxable Income of a Controlled Automotive Tax Group Company for Pre-Effective Date Periods occurs compared to the most recent Tax Return filed with the tax authorities until then or, if no Tax Return has been filed yet, the tax calculations of CAG for the purposes of its financial reporting (***Additional Taxable Income***), and (ii) this results in potentially tax-reducing offsetting effects (e.g., due to higher depreciations for tax purposes) for a Controlled Automotive Tax Group Company or another company of the Automotive Group in Post-Effective Date Periods, CA Holding SE shall owe CAG compensation in accordance with the following provisions.
- 26.2 The amount of this compensation shall be the value of these offsetting effects, which shall be determined in accordance with sec. 26.3, taking into account a Lump-Sum Settlement Approach (***Offsetting Effect Claim***). An Offsetting Effect Claim shall be excluded to the extent that CAG or another company of the Continental Group receives an indemnification against, or other compensation, for the Tax on the Additional Taxable Income from a third party during the Pre-Effective Date Period.
- 26.3 The value of the offsetting effects shall be calculated on a lump-sum basis as follows:
- 26.3.1 The assessment basis shall be the total net amount of the potentially tax-reducing offsetting effects (i.e., the sum of the increase in the relevant book values for tax purposes of assets and the reduction in tax liabilities) for periods from January 1, 2025, insofar as it is not attributable to non-amortizable goodwill and financial assets, less any offsetting negative potential tax-increasing effects (if any) (i.e., the sum of a reduction in the tax assessment bases); the amount is to be calculated as aggregate amount for all previous Controlled Automotive Tax Group Companies existing as at December 31, 2024/January 1, 2025.

- 26.3.2 This assessment basis shall be multiplied by 30%.
- 26.3.3 A lump-sum deduction of 50% shall be made from the value resulting from sec. 26.3.2. The remaining amount shall be the Offsetting Effect Claim.
- 26.3.4 This lump-sum calculation shall be deemed to fully cover and settle all relevant effects that the offsetting effects may have. In particular, it is also irrelevant whether CAG – during the period in which the Additional Taxable Income is incurred – or the relevant Controlled Automotive Tax Group Company or other companies of the Automotive Group – during the period in which the potentially tax-reducing offsetting effects may have an effect – are in a tax paying position or generate Tax Losses or have Tax Loss Carryforwards that are available for a setoff.
- (the *Lump-Sum Settlement Approach*).
- 26.4 An Offsetting Effect Claim may only be asserted if the offsetting effects may result, in the aggregate over all Pre-Effective Date Periods, in a reduction in the assessment basis (i.e., the amount pursuant to sec. 26.3.1) of the relevant Tax by three (3) million euro or more; in this case, the claim can be asserted in full (exemption threshold). The calculation pursuant to sentence 1 shall be made (i) on an aggregate basis for all companies concerned (meaning that the offsetting effects of all companies concerned shall be consolidated). If, particularly after the conclusion of a tax audit, it is not yet possible to assert an Offsetting Effect Claim because the relevant reduction in the assessment basis is below the exemption threshold, this reduction amount shall not be lost but shall be taken into account in the next assertion of an Offsetting Effect Claim (e.g. after the conclusion of the subsequent tax audit) to determine whether the exemption threshold is exceeded.
- 26.5 As soon as circumstances which may give rise to an Offsetting Effect Claim become known, or should have become known within an appropriate group organization, to CAG or CA Holding SE, CAG or CA Holding SE, as applicable, shall inform the other Party in writing within twenty (20) Banking Days, and CAG and CA Holding SE shall cooperate with each other in accordance with sec. 28.
- 26.6 When asserting an Offsetting Effect Claim, the following principles shall be observed:
- 26.6.1 CAG may assert an Offsetting Effect Claim if the tax audits of the Controlled Automotive Tax Group Companies that resulted on an aggregate basis in an increase in the Taxable Income for an assessment period within the Pre-Effective Date Period in accordance with sec. 26.1 (i) have been completed (i.e., in particular, tax assessment notices pursuant to Section 14(5) KStG have been issued following the tax audit, an audit has been completed without result or a particular case has been excluded from the tax audit or otherwise not audited). When calculating the Offsetting Effect Claim in accordance with sentence 1, generally all assessment periods audited in the relevant tax audit should shall be considered on an aggregate basis and the Offsetting Effect

Claim shall only be made after completion of the tax audit for all relevant assessment periods; if the completion of the tax audit for individual assessment periods is reasonably expected to take significantly longer, an Offsetting Effect Claim for the other assessment periods may already be asserted after their completion. Sentence 1 shall apply accordingly if an increase in the Taxable Income of a Controlled Automotive Tax Group Company has occurred outside of a tax audit and has been implemented in a tax assessment notice.

26.6.2 The Offsetting Effect Claim asserted for an assessment period in accordance with sec. 26.6.1 shall only relate to increases in the Taxable Income during this assessment period. For other assessment periods, the relevant Offsetting Effect Claim shall be calculated separately on the basis of the Additional Taxable Income incurred during these assessment periods. When calculating the potential tax-reducing offsetting effects in accordance with sec. 26.3.1, it shall be taken into account in each case (insofar as this is reasonably possible) whether and to what extent these offsetting effects already materialize in terms of expenses in assessment periods up to (and including) the Effective Transfer Date for Tax Purposes so that no Offsetting Effect Claim can be asserted in this respect.

26.6.3 If Offsetting Effect Claims have been asserted for certain assessment periods on the basis of tax assessment notices and these tax assessment notices are subsequently amended (e.g., in regulatory or fiscal court proceedings), the Parties shall recalculate the relevant Offsetting Effect Claims on the basis of the new tax assessment notices issued and mutually settle any difference to the previously asserted Offsetting Effect Claims by a corresponding compensation payment (in one direction or the other) (so-called true-up mechanism for the relevant assessment period).

## **27. Maturity of claims; limitation period for claims**

27.1 Claims for reimbursement or indemnification of Taxes shall become due for payment ten (10) Banking Days after the obligee has notified the obligor in writing of the claim and the relevant payment amount, enclosing copies of the relevant tax assessment and including such documents that demonstrate the reason for and amount of the relevant tax and the claim in an understandable manner but at the earliest three (3) Banking Days before the relevant tax is due for payment to the tax authority.

27.2 An Offsetting Effect Claim shall be due on the date falling twenty (20) Banking Days after the relevant Party asserted the Offsetting Effect Claim in writing vis-à-vis the other Party.

27.3 Claims under this part VIII shall become time-barred six (6) months after the underlying tax for which a relevant obligation exists has become final, binding and non-appealable and can no longer be changed. However, claims of a company of the Continental Group (in particular, claims under sec. 26 and sec. 28.8) shall not become time-barred before the expiry of six months after

CA Holding SE or the relevant company of the Automotive Group has informed the relevant company of the Continental Group of the underlying facts and has provided the relevant Documents and information in accordance with the provisions in this part VIII. To the extent that claims of a company of the Automotive Group under this part VIII exist and a company of the Continental Group still has to inform the relevant company of the Automotive Group of the existence of such claims in accordance with this part VIII, these claims shall also not become time-barred before the expiry of six months after CAG or the relevant company of the Continental Group has informed the relevant company of the Automotive Group of the underlying facts and has provided the relevant Documents and information in accordance with the provisions in this part VIII.

## 28. Cooperation in tax matters

- 28.1 The Parties shall closely cooperate in Relevant Tax Matters with the aim to reduce the tax burden on each Party and the other companies of the Continental Group and the Automotive Group as far as possible, to the extent permitted by law, or to obtain a tax refund; the Parties shall also ensure, to the extent permitted by law, that the companies affiliated with them within the meaning of Sections 15 et seq. AktG participate in such a cooperation. This cooperation shall include, in particular, mutual support in providing evidence (including evidence in accordance with Section 22(3) UmwStG or evidence of residence in accordance with conventions for the avoidance of double taxation) to the tax authorities. Real estate transfer tax triggered by the Spin-off and the corresponding notifications shall also be governed by the special provisions in sec. 29 of this Agreement. When applying these provisions of part VIII (Taxes), the Parties shall always apply their rights and obligations (such as decision-making and instruction rights) in accordance with the applicable law.
- 28.2 Until the Closing Date of the Spin-off, CAG shall generally be responsible for all tax proceedings (in particular, the preparation and submission of Tax Returns, tax audits and regulatory or judicial proceedings) (**Tax Proceedings**) of CAT GmbH and its subsidiaries. To the extent that companies of the Automotive Group have previously conducted Tax Proceedings under their own responsibility, they shall continue to do so until the Closing Date and be responsible accordingly; in this respect, CAG will only exercise the previous tax risk monitoring in accordance with the previous *past practice*. After the Closing Date – subject to the provisions in sec. 28.3 to sec. 28.8 of this Agreement – CA Holding SE and the relevant companies of the Automotive Group shall be solely responsible for all Tax Proceedings concerning them (for the avoidance of doubt, this shall also include the collection and transmission of the relevant data and information for minimum tax purposes to the parent company (controlling company) of the German minimum tax group for the companies of the Automotive Group from 2025 onwards).
- 28.3 To the extent that Tax Proceedings of companies of the Automotive Group concern or may concern the material interests of CAG or the companies of the Continental Group (also indirectly, for example in cross-border proceedings relating to transfer pricing or Pillar 2 proceedings (**Relevant Tax Proceedings**)), the following principles shall apply, which are specified in more detail below:

- 28.3.1 To the extent that the **German Consolidated Tax Group for income tax purposes** (see sec. 24.5) is concerned or in other cases in which CAG or the companies of the Continental Group bear the Taxes in accordance with this Agreement alone, the following shall apply: For tax periods in which the relevant Consolidated Tax Group exists for tax purposes, the interests of CAG as controlling company are primarily concerned. Therefore, CAG shall (i) be fully involved in the Relevant Tax Proceedings in every respect and (ii) have the right to determine the content of these proceedings and direct them under its responsibility (in particular by issuing corresponding instructions to the relevant companies of the Automotive Group); this applies in particular to the filing of Tax Returns (including, in particular, the assessment declarations within the meaning of Section 14(5) KStG), tax audits and appeals against tax assessment notices issued to Controlled Automotive Tax Group Companies.
- 28.3.2 With regard to **foreign Consolidated Tax Group Relationships** and other cases in which the Parties each bear part of the Taxes in accordance with this Agreement (i.e., if no case in which a Party bears the Taxes alone pursuant to sec. 28.3.1 is present), the Parties shall closely coordinate their activities in order to conduct the Relevant Tax Proceedings jointly. In each such case, special consideration shall be given to the relevant company (so that it is able to significantly direct the conduct of the Relevant Tax Proceedings in accordance with the provisions of this agreement) which bears the relevant part of a Tax in accordance with this Agreement; if companies of both Groups are concerned, the Parties shall coordinate their activities having regard to their respective interests and percentages of Taxes borne by them. The Parties shall specify the specific procedure in detail before or after the Closing Date on the basis of these principles, taking into account the particularities of the relevant foreign Consolidated Tax Group Relationship.
- 28.4 To the extent that the preparation of a Tax Return (including any changes thereof) to be filed by a company of the Automotive Group constitutes Relevant Tax Proceedings, CA Holding SE shall ensure that the draft of such a Tax Return is submitted to CAG for review at least thirty (30) Banking Days prior to the expiry of the filing deadline. CAG shall inform CA Holding SE within (20) Banking Days whether it agrees with the Tax Return or whether it requests changes; otherwise the Tax Return shall be deemed approved by CAG. CA Holding SE guarantees that the Tax Return will be filed only with the prior approval of CAG. If the Parties are unable to reach agreement on the content of the Tax Return, the Party that bears all or the greater part of the relevant Tax in accordance with this Agreement shall decide; in this respect, the principles set out in sec. 28.3.2 shall apply.
- 28.5 The cooperation in other Relevant Tax Proceedings shall include the following obligations in particular:
- 28.5.1 CA Holding SE shall provide CAG in Relevant Tax Proceedings within five (5) Banking Days (i) of receipt with copies of all tax assessment

notices, tax assessments, letters from the tax authorities relating to tax audits (audit orders, auditor enquiries, provisional and final audit findings, provisional and final audit reports) and letters from the authorities and, as the case may be, from the competent court in other tax-related administrative or judicial proceedings, and (ii) inform CAG about any material non-written communication with the tax authorities.

28.5.2 If and to the extent that CAG or the companies of the Continental Group have to bear the Tax in accordance with this Agreement (i.e., a case pursuant to sec. 28.3.1 or sec. 7.1 sentence 3 is present), the Relevant Tax Proceedings shall be conducted under the direction of CAG, i.e., CA Holding SE shall ensure and guarantee that (i) CAG and/or its advisers who are bound to professional secrecy are given the opportunity to participate in the Relevant Tax Proceedings (to the extent that this is accepted by the tax authorities after reasonable consultation with them), (ii) upon the request of CAG, any tax assessment or any other decision by a tax authority or a court is challenged or appeals or other remedies are lodged against it, and (iii) the written instructions given by CAG with regard to the conduct of the Relevant Tax Proceedings are followed, unless these instructions are incompatible with applicable law. If CAG gives written notice that it intends to conduct Relevant Tax Proceedings either itself or through its own advisers, CA Holding SE shall guarantee that CAG and/or advisers appointed by it who are bound to professional secrecy are authorized without undue delay to represent the relevant company of the Automotive Group in these Relevant Tax Proceedings. No company of the Automotive Group shall make or undertake any acknowledgement or settlement with a court or tax authority with regard to Relevant Tax Proceedings without the prior written permission or written consent of CAG. In the event that the Parties reasonably expect that in Relevant Tax Proceedings certain facts may give rise to an Offsetting Effect Claim of CAG pursuant to sec. 26, legitimate interests of CA Holding SE (taking into account the generally different level of financial interests) shall be taken into account by CAG to this extent (i.e., within the limits of those facts) in the conduct of the Relevant Tax Proceedings pursuant to this sec. 28.5.2. In the event that the Parties reasonably expect that (i) in Relevant Tax Proceedings certain facts may result in negative consequential tax effects for a company of the Automotive Group in periods after the Effective Transfer Date for Tax Purposes and (ii) these negative consequential tax effects exceed the (positive or negative) tax effects of the same facts for companies of the Continental Group (in particular taking into account the financial interests of the Parties), CA Holding SE may, upon written request, take over the conduct of the Relevant Tax Proceedings to this extent (i.e. within the limits of those facts), provided that it has paid to CAG or another company of the Continental Group compensation in advance in the amount of the reasonably expected damage that CAG or another company of the Continental Group will suffer as a result of the Relevant Tax Proceedings being conducted by CA Holding SE to that extent (instead of continuing to be conducted by CAG). If CAG has not, in response to a written request from CA Holding SE, given notice in



writing that it intends to conduct the Relevant Tax Proceedings itself or through its own advisers within twenty (20) Banking Days, and has not given any other written instructions (in particular regarding key communication and correspondence with the tax authorities), the relevant company of the Automotive Group may, at its own discretion, pay the relevant Tax or conduct the Relevant Tax Proceedings itself.

- 28.5.3 If and to the extent that foreign Consolidated Tax Group Relationships are concerned and in other cases in which both Parties have to bear the Tax in accordance with this Agreement (i.e., a case pursuant to sec. 28.3.2 is present), the Relevant Tax Proceedings shall be conducted jointly by both Parties. Sec. 28.5.2 of this Agreement shall apply accordingly with the proviso that the Parties shall first propose any action intended to be taken in relation to the tax authorities or courts to the other Party with the aim of achieving a coordinated approach. If no agreement can be reached within a period of fifteen (15) Banking Days after receipt of the written proposal by the other Party, the following procedure shall apply. The right of final decision and right of instruction shall generally rest with the Party that has to bear all or the greater part of the Tax in accordance with this Agreement, provided that such Party shall take the legitimate tax interests of the other Party into account, giving adequate consideration to the proportion in which such Party has to bear the Tax, and shall also require the consent of the other Party, provided that such consent shall only be withheld by the other Party for important reasons that are justified for tax purposes. If and to the extent that both Parties have to equally bear the relevant Tax in accordance with this Agreement and the Parties cannot reach an agreement on specialist level and after involving the Coordination Committee pursuant to sec. 35.1 to sec. 35.4, the decision (i) on the lodging or withdrawal of legal remedies, court actions and appeals as well as on taking any other action, if and to the extent that such action changes the material legal position under tax law, shall be made by an arbitral tribunal pursuant to sec. 35.5 of this Agreement upon the request of one of the Parties, and (ii) in all other cases shall be made by the Party which, pursuant to the rules of tax procedural law, is formally directing the Relevant Tax Proceedings. Even if no agreement is reached, a legal remedy, an action or an appeal shall first be filed and the grounds stated if and to the extent that the time limit for filing a remedy or the statement of grounds would otherwise be missed.
- 28.6 Unless otherwise provided in this Agreement, the Parties and the other companies of the Continental Group and the Automotive Group shall bear their own internal costs and the costs of their advisers in connection with Relevant Tax Matters. If CAG decides that appeals should be lodged against tax assessments or other administrative acts in respect of which CAG has to bear the Taxes in accordance with this Agreement, CAG shall bear the costs of these proceedings. Other costs and fees associated with the Relevant Tax Matters incurred by the companies of the Continental Group or the Automotive Group shall be borne by each Party in proportion to the share of the relevant Taxes, offsetting effects or refunded Taxes that is economically attributable to such Party.

- 28.7 The Parties shall continue to agree on the details of the cooperation in Relevant Tax Proceedings in accordance with this sec. 28 after the closing of the Spin-off and, if necessary, record the result of the agreement reached in writing.
- 28.8 In the event of breaches of obligations under part VIII, the company that has committed the breach shall be liable to compensate the other companies for the resulting damage, unless the Parties have already agreed on a conclusive remedy for breaches of obligations in another section of this part VIII (which shall then take precedence over this sec. 28.8); the remedy pursuant to sec. 23.5.1 shall only apply if CAG has notified CA Holding SE in writing by the Closing Date of potentially harmful restructurings or disposals, and the remedy pursuant to sec. 24.4 shall only apply if CAG has notified CA Holding SE in writing by the Closing Date of potentially existing lock-up periods. The principles of Section 254 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) shall be taken into account.
- 28.9 Payments or indemnifications by the Parties under this Group Separation Agreement shall be deemed to be an adjustment (increase or decrease) in the value of the spun-off assets.
- 28.10 No Party shall receive a compensation for damage, reimbursement or other compensation payments under this part VIII more than once in respect of the same damage, the same obligation or the same event that forms the basis for the claim for damages, reimbursement or other compensation (so-called no double-dip principle).
- 28.11 The rights and obligations of the Parties under this part VIII shall not be extinguished as a result of the sale or other transfer of shares in a company of the Continental Group or the Automotive Group. The selling Party shall ensure that a purchaser is aware of the seller's obligations under this Agreement and fully supports the seller in their continued performance.
- 29. Real estate transfer tax notifications by mutual agreement; prior submission of a draft**

CAG and CA Holding SE shall file any notifications required to be filed as a result of the Spin-off in accordance with Section 19 GrEStG upon mutual agreement. The Parties shall jointly prepare and agree on a draft of the real estate transfer tax notifications prior to the Closing Date so that the notifications can be filed in due time.

### **IX. Obligation to review agreements internally**

The Parties agree that any conclusion of agreements between a company of one Group and a company of the respective other Group is subject to a prior internal review of potential tax and legal risks by the parties to the relevant agreements.

## X. Further provisions

### 30. Confidentiality

- 30.1 Information which is available to a company of one Group about a company of the respective other Group due to the fact that both companies were part of the Continental Group prior to the completion of the Spin-off or which is made available at a later date due to rights to obtain information under this Agreement or the Spin-off Agreement are referred to hereinafter as ***Confidential Information***, irrespective of whether they relate to companies of the Groups or third parties.
- 30.2 Confidential information shall not include information which
  - 30.2.1 is in, or becomes part of, the public domain other than through a breach of an obligation of confidentiality under this Agreement; or
  - 30.2.2 to which a Party or one of its Group Companies has or had legitimate access through a third party without restriction regarding its use or disclosure; or
  - 30.2.3 was independently developed by a Party after conclusion of this Agreement, without reference to any Confidential Information.
- 30.3 Each Party undertakes to the respective other Party,
  - 30.3.1 to keep the Confidential Information secret at all times and not to disclose any Confidential Information to third parties without the prior written consent of the respective other Party;
  - 30.3.2 to prevent unauthorized disclosure of Confidential Information and access to Confidential Information by unauthorized third parties;
  - 30.3.3 to take all necessary steps to avoid a violation of the provisions of the German Data Protection Act (*Bundesdatenschutzgesetz*); and
  - 30.3.4 to notify the other Party without undue delay if it comes to its attention that Confidential Information has been disclosed to a third party without authorization.
- 30.4 The steps taken by a Party to ensure the protection of its own Confidential Information shall be deemed to be the standard of due care for the obligations pursuant to sec. 30.3 of this Agreement.
- 30.5 The Group Companies, affiliates, employees, advisers, auditors as well as funding sources (including their advisers) of a Group shall not be deemed to be third parties to the extent they legitimately need the Confidential Information for their activity.
- 30.6 Each Party shall ensure that its Group Companies will comply with the provisions of sec. 30.3 of this Agreement.
- 30.7 If a Party or one of its Group Companies is required to disclose Confidential Information by law, a statutory provision, stock exchange regulation or any

other administrative provision or any contractual obligation agreed prior to the conclusion of this Agreement, or if authorities require it to disclose Confidential Information in a way that is not evidently unlawful, the Party or the relevant Group Company may disclose Confidential Information to this extent to the authorized recipients.

### **31. Assertion of claims**

- 31.1 Claims under this Agreement shall inure to the sole benefit of the Parties. This Agreement does not give rise to rights for the benefit of third parties and of the companies affiliated with a Party. Each Party may authorize a company affiliated with it to assert claims under this Agreement and to accept performance in satisfaction of the claim. Assignments of claims arising from this Agreement to companies affiliated with the assigning Party require the prior consent of the party against whom the claims are asserted. Claims may not be assigned to third parties.
- 31.2 The assertion of a claim under this Agreement shall be notified to the respective other Party in writing. Each Party undertakes to authorize the company in its Group which is best suited, in terms of proximity to the subject-matter, for the proper handling, negotiation and, if applicable, satisfaction of the asserted claim to conduct the negotiations with regard to the asserted claim.
- 31.3 The performance in satisfaction of the asserted claim shall be made to the Party who asserted the claim, unless the latter Party requests that such performance is made to a company affiliated with it. Each Party may use one of its Group Companies for the satisfaction of its obligations under this Agreement. The Parties may mutually agree on other satisfaction modalities.
- 31.4 The right of each Party to carry out a cause-based allocation of the expenses necessary for the satisfaction to its Group Companies shall remain unaffected.

### **32. Subsidies**

- 32.1 If a claim for the recovery of public subsidies which were granted to a company of one Group prior to the Closing Date, together with interest, is made by an authority, court or other entitled third party after the Closing Date, and the claim results from an action or omission (including the non-fulfillment of the conditions for subsidies) by a company of the respective other Group (***Claim for Recovery***), the relevant Group parent company (i.e., CAG or CA Holding SE) shall ensure that the companies of its Group support the relevant company of the other Group, to the extent permitted by law, in the defense against the Claim for Recovery. This support may be provided, in particular, by making available necessary documents or information.
- 32.2 The Parties shall inform each other appropriately in order to enable each party to align its behavior and the behavior of its respective affiliated companies in such a way that the possibility of a Claim for Recovery in respect of the public subsidies granted prior to the Spin-off Date is avoided.

### **33. Rebranding of the Automotive Group**

The Parties agree that the Automotive Group will begin to change its branding with the assistance of the Continental Group during the first half of the year 2025 (*Rebranding*). CA Holding SE undertakes to implement the Rebranding at its own expense and in relation to the entire Automotive Group.

### **34. Coordination Committee**

34.1 The Parties shall establish a special body for monitoring compliance with this Agreement and, in particular, the cooperation agreed in this Agreement, and for the settlement of disputes (*Coordination Committee*).

34.2 The Coordination Committee shall consist of two members representing one Group and two members representing the other Group. The members representing the Continental Group shall be appointed by CAG, and the members representing the Automotive Group shall be appointed by CA Holding SE; the members so appointed shall be specified in writing to the respective other Party.

34.3 The Coordination Committee shall hold meetings upon the request of one of its members within seven working days of the date of the request; the Parties may at their discretion decide within the same period to be represented in the meeting by one or two persons other than those specified pursuant to sec. 34.2 in order to ensure that the meeting can be held without undue delay.

34.4 In the meetings of the Coordination Committee, claims under this Agreement and other questions in connection with the implementation of this Agreement can be discussed between the Parties. The Coordination Committee shall pursue the aim to achieve a balance of interests between the two Parties, and its members shall, with due regard to their own interests, assert the interests of the respective other Group within their own Group to the best possible extent.

34.5 The Coordination Committee may adopt rules of procedure governing the procedure for convening meetings and the waiver of such a convening as well as the control and reporting duties of its members within the scope of their respective powers.

### **35. Dispute resolution**

35.1 The Parties shall seek to amicably settle any disputes which may arise out of this Agreement or its validity or in connection with this Agreement or the agreements entered into for its implementation by application of secs. 35.2 and 35.4.

35.2 Should any disputes relating to this Agreement arise between one or more companies of one Group and one or more companies of the other Group, the Coordination Committee shall be informed about such disputes before interim relief measures are taken or arbitral proceedings are initiated. The Coordination Committee shall discuss the dispute within a period of four weeks after being

informed with the aim of finding an appropriate joint solution for the settlement of the dispute.

- 35.3 The limitation period for such claims which are the subject matter of the dispute shall be suspended within the meaning of Section 209 BGB upon receipt of the notification about the dispute by the Coordination Committee.
- 35.4 If the Parties dissolved the Coordination Committee upon mutual agreement or if the Coordination Committee is not able to find an appropriate joint solution for the settlement of the dispute within the four-week period specified in sec. 35.2, the Parties shall jointly inform the chairpersons of the executive boards of CAG and CA Holding SE about the dispute without undue delay after the expiry of this period. The chairpersons of the executive boards shall discuss the dispute within a period of four weeks after being informed with the aim of finding an appropriate joint solution for the settlement of the dispute. If an appropriate joint solution for the settlement of the dispute has not been found within four weeks after the chairpersons of the executive boards have been informed, each of the companies directly involved in the dispute shall be entitled to take interim relief measures and/or to initiate arbitral proceedings.
- 35.5 All disputes arising out of or in connection with this Group Separation Agreement or about its validity shall be finally settled in accordance with the Arbitration Rules of the German Arbitration Institute (*Deutsche Institution für Schiedsgerichtsbarkeit e.V. – DIS*) without recourse to the ordinary courts of law. The arbitral tribunal shall be comprised of three arbitrators. The president of the arbitral tribunal shall be qualified to hold judicial office in the Federal Republic of Germany. The seat of the arbitration shall be Frankfurt/Main. The language of the arbitration shall be German. None of the Parties shall be obligated to provide translations of English documents.

## **36. Miscellaneous**

- 36.1 This Group Separation Agreement shall become effective as at the later of the following dates: (i) the adoption of the resolution approving the Spin-off Agreement by the shareholders' meeting of CAG, and (ii) the adoption of the resolution approving the Spin-off Agreement by the shareholders' meeting of CA Holding SE. However, the obligations of CAT GmbH and CAG pursuant to sec. 4 shall in any case become effective upon the approval of the Spin-off Agreement by the shareholders' meeting of Continental AG.
- 36.2 Any amendments and additions to this Agreement, including an amendment and contracting out of this provision, shall be made in writing, unless stricter requirements as to form are prescribed by law.
- 36.3 To the extent that this Agreement contains provisions regarding obligations of companies of the Continental Group or of the Automotive Group and the relevant companies do not become a Party to this Agreement, the relevant provisions shall be construed in such a way that the relevant Group parent company is obliged to ensure that the companies of its Group comply with the provisions of this Agreement.

- 36.4 Unless expressly otherwise provided in this Agreement, claims under this Agreement shall become time-barred at the end of December 31, 2029.
- 36.5 This Agreement shall be governed by the laws of the Federal Republic of Germany.
- 36.6 Should one or more provisions of this Agreement be or become void, invalid or unenforceable in whole or in part, this does not affect the validity of this Agreement and of its remaining provisions. The void, invalid or unenforceable provision shall be deemed replaced by a provision that comes closest in terms of form, substance, time, extent and scope to the economic purpose and intent of the void, invalid or unenforceable provision. The same applies if this Agreement contains any gaps.

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**ANNEX 7.1 TO THE GROUP SEPARATION  
AGREEMENT**

**EXAMPLES OF SECTOR-SPECIFIC LEGAL  
RISKS PURSUANT TO SEC. 7.1**

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Date: March 13, 2025



**Examples of Sector-Specific Legal Risks**

- Risks arising from contracts between a Group Sector and customers, suppliers and employees
- Product liability in connection with the business activities of a Group Sector
- Warranties in connection with the business activities of a Group Sector
- Product compliance in connection with the business activities of a Group Sector
- Breaches of sanctions laws due to product supplies by a Group Sector
- Fraud and corruption in commercial transactions in connection with the business activities of a Group Sector
- Money laundering in connection with payment transactions of a Group Sector
- Anti-competitive agreements with customers, suppliers or competitors of a Group Sector
- Infringements of IP rights by products of a Group Sector
- Breaches of data protection/data security by a Group Sector with regard to data of employees/customers/suppliers
- Breaches of employment law by a Group Sector with regard to employees of that Group Sector

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**ANNEX 7.2 TO THE GROUP SEPARATION  
AGREEMENT**

**EXAMPLES OF LEGAL RISKS PURSUANT TO  
SEC. 7.2**

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Date: March 13, 2025

**Examples of Legal Risks pursuant to sec. 7.2**

- Errors in non-sector-specific capital market communications or non-sector-specific group financial reporting
- Errors in capital market communications or group financial reporting due to incorrect/late information provided by the Group Sector
- Errors in capital market communications or group financial reporting regarding sector-specific topics (e.g., KPIs relating to a Group Sector) due to errors originating from the holding (without incorrect/late information by the Group Sector)
- IT incident of group-wide IT systems (e.g., due to an incorrect request or an incorrect instruction from a Group Sector)
- Legal/compliance violations by holding functions, which are not related to the activities of a Group Sector