Report on Risks and Opportunities

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

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

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

Continental's Internal Control and Risk Management System

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

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

Main characteristics of the internal control system

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

The Governance, Risk and Compliance (GRC) Committee, chaired by the Executive Board member responsible for Finance, Integrity and Law, is responsible for monitoring the ICS and the RMS and – as part of these systems – the CMS.

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

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

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

In the **second line** of our ICS, guidelines for process flows are developed, implemented and updated and compliance with controls and guidelines is monitored. Responsibility for this lies primarily with the group functions, in addition to the business areas and group sectors. The responsibilities include, for example, the RMS and the CMS. In order to perform this supervisory and monitoring function, an integrated reporting system has been established that includes, for example, the financial reporting ICS, the general risk management system, the compliance risk management system and the tax compliance management system. During the course of the progress made on formalizing the governance systems and the continuous improvements made to processes, the ICS and the RMS were further developed and standardized in various projects. The supervisory and monitoring function is performed on the basis of regular reports and supplemented as needed with effectiveness tests as part of self-audits and regular internal and external reviews.

The CMS plays an important role within the second line of defense by helping to prevent, detect and respond to compliance violations. The Group Compliance group function is responsible for the CMS. The chief compliance officer reports directly to the Executive Board member responsible for Finance, Integrity and Law. The work done by Group Compliance focuses mainly on preventing and detecting corruption, fraud and other property offenses, violations of antitrust and competition law and money laundering; implementing data protection; and responding to compliance violations. For other legal areas in which there is a risk of compliance violations – such as taxes, customs, sanctions and export controls, and quality/technical compliance – responsibility for appropriate and effective compliance management lies with the respective functions, which are supported in these tasks by Group Compliance.

An effective culture of compliance is the basis for prevention. It begins with setting an appropriate "tone from the top" by the Executive Board and management and, in addition to risk analysis, includes in particular employee training, compliance consulting and the internal publication of guidelines.

In the course of risk analysis, the business activities of Continental are examined for compliance risks within the scope of top-down as well as bottom-up review processes. The risk of compliance violations arises primarily from organizational structures and workflows, the given market situation, activities in certain geographical regions, inappropriate incentive systems, conflicts of interest, and criminal intent on the part of individual employees. Furthermore, findings from investigations by the Group Internal Audit group function as well as discussions with management and employees at all hierarchical levels are taken into account. This risk analysis is not a one-off procedure, but is performed regularly and continuously updated.

Prevention is also fostered by consultation on specific matters with Group Compliance and by the internal publication of guidelines on topics such as anti-corruption (including giving and receiving gifts as well as donations and sponsoring), antitrust and competition law, anti-money laundering and data protection. In training events and through various other communication formats, Group Compliance addresses topics directly related to everyday compliance issues and challenges.

Continental introduced the Business Partner Code of Conduct to prevent compliance violations by suppliers, service providers, representatives or similar third parties. This must be recognized as a basic requirement for doing business with Continental.

In the context of detection, Continental has set up an Integrity Hotline to give employees and third parties outside the Continental Group the opportunity to report violations of legal regulations, its fundamental values and ethical standards. Information on any kind of potential violations, including accounting manipulation, can be reported anonymously via this hotline. The hotline is available worldwide in many different languages. Group Internal Audit rigorously pursues any and all substantiated leads.

Detection also includes the support of regular and incident-related audits conducted by Group Internal Audit. Compliance-related issues are also the subject of regular audits by Group Internal Audit.

Responses are aimed at implementing measures as a consequence of identified compliance violations. Group Compliance is involved in decision-making on measures that may be required, including thorough analysis to ensure that isolated incidents are not symptoms of failings in the system. In this way, corresponding gaps can be closed preventively and both the CMS and the ICS can be systematically developed.

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

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

The **third line** of our ICS is our Group Internal Audit group function.

Group Internal Audit provides an independent and objective auditing and advisory function, applying a systematic, risk-oriented approach to help review, assess and improve the adequacy and effectiveness of the organization's governance systems. Continental's Executive Board authorizes Group Internal Audit to conduct audits in all regions, companies and functions of Continental AG and its affiliated, fully consolidated subsidiaries worldwide.

Group Internal Audit prepares an annual risk-oriented audit plan that is submitted to Continental's Executive Board for review and approval. In addition to its planned general audits, Group Internal Audit also conducts special investigations. These are based on tips and information about fraudulent acts received from internal or external sources such as the Integrity Hotline.

Group Internal Audit regularly reports its audit and investigation results to the Executive Board and the Audit Committee. Significant risks and potential improvements to internal controls are presented as part of the reporting to the aforementioned bodies. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

Main characteristics of the internal control and risk management system with respect to the accounting process (Sections 289 (4) and 315 (4) of the German Commercial Code *(Handelsgesetzbuch – HGB)*)

Pursuant to Sections 289 (4) and 315 (4) *HGB*, the main characteristics of the internal control and risk management system with respect to the accounting process must be described. All parts of the RMS and the ICS that could have a material effect on the annual and consolidated financial statements must be included in the reporting.

The consolidated financial statements of Continental AG are prepared on the basis of standard reporting by the subsidiaries included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Reporting is performed in compliance with IFRS and with the accounting manual applicable throughout the Continental Group. The consolidation of subsidiaries, debt, and income and expenses as well as the elimination of intercompany profits and losses is performed at corporate level.

The effectiveness of the financial reporting ICS is evaluated in major areas by carrying out effectiveness tests in the reporting units on a quarterly basis. In addition, Group Internal Audit reviews the efficiency and effectiveness of control processes as well as compliance with internal and external requirements. If any weaknesses are identified, the Continental Group's management initiates the necessary measures.

Main characteristics of the risk management system

In the GRC and RMS policies adopted by the Executive Board, Continental has defined the general conditions for integrated GRC and the risk management system that regulates the identification, assessment, management, reporting and documentation of risks. In addition, this also further increases corporate-wide risk awareness and establishes the framework for a uniform risk culture.

The GRC system incorporates all components of risk reporting and the examination of the effectiveness of the financial reporting ICS. Risks are identified, assessed and reported at the organizational level that is also responsible for managing the identified risks. A multi-stage assessment process is used to involve also the higher-level organizational units. The GRC system thus includes all reporting levels, from the company level to the top corporate level.

At the corporate level, the responsibilities of the GRC Committee include identifying material risks for the Continental Group, based on a multi-stage reporting process, as well as complying with and implementing the GRC and RMS policies. The GRC Committee regularly informs the Executive Board and the Audit Committee of the Supervisory Board of the material risks, any weaknesses in the control system and measures taken. Moreover, the auditor is required to report to the Audit Committee of the Supervisory Board regarding any material weaknesses in the financial reporting ICS which they have identified as part of their audit activities.

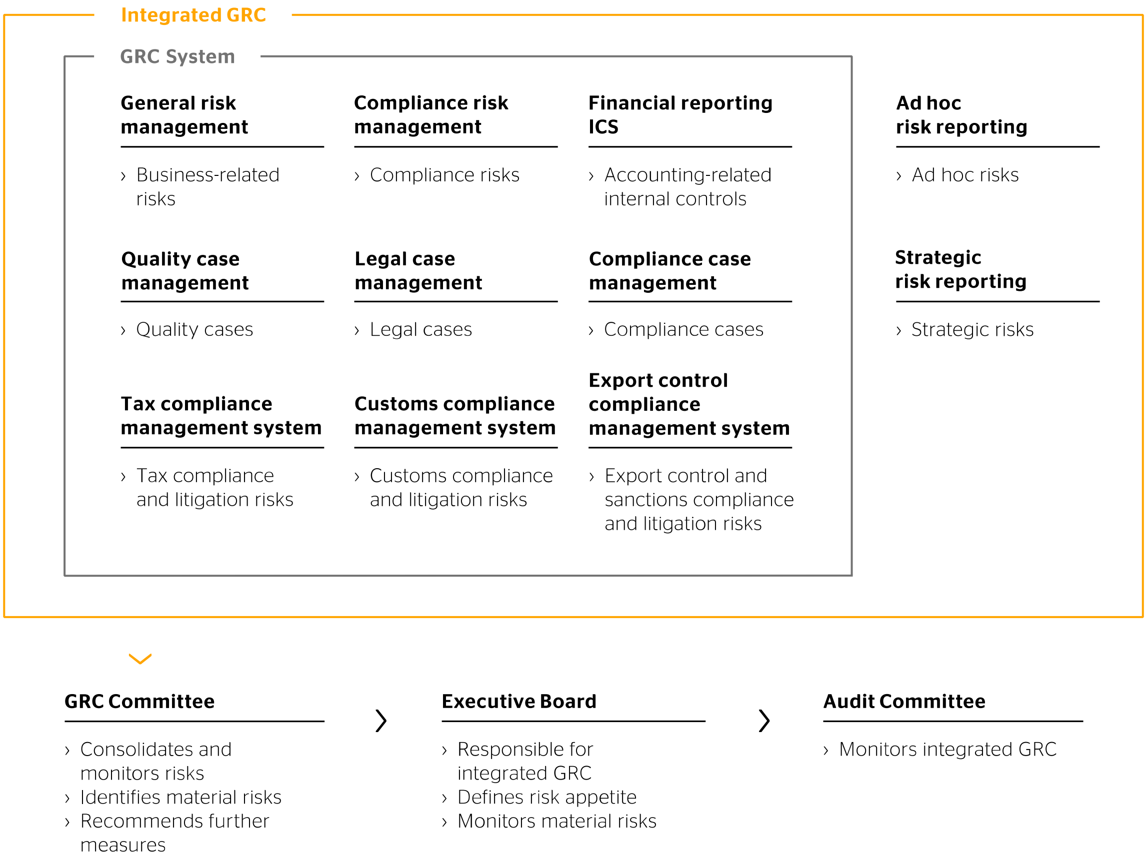
A period under consideration of one year is always applied when evaluating risks and opportunities. Risks and their effects are assessed using an end-to-end gross and net assessment methodology that helps to identify the impact of risk mitigation measures. Risks are assessed primarily according to quantitative criteria in various categories. If a risk cannot be assessed quantitatively, then it is assessed qualitatively based on the potential negative effects its occurrence would have on achieving corporate goals and based on other qualitative criteria such as the impact on Continental's reputation. Risks and opportunities are not offset.

Material individual risks for the Continental Group are identified from all the reported risks based on the probability of occurrence and the potential amount of damage that would be caused in the period under consideration. Quantified risks are based on EBIT effect and free cash flow effect.

The individual risks that Continental has classified as material and the aggregated risks that have been assigned to risk categories are all described in the report on risks and opportunities, provided the potential negative effect of an individual risk or the sum of risks included in a category exceeds €100 million in the period under consideration or there is a significant negative impact on the corporate goals.

The risk inventory, aggregated using a Monte Carlo simulation, is compared with the risk-bearing capacity determined on the reporting date, taking into account possible material interactions and quantitative assumptions on qualitatively assessed risks, and is supplemented by a qualitative assessment by the GRC Committee on overarching non-quantifiable risks in order to derive a statement on the potential risk to the Continental Group.

Risk reporting



Local management can utilize various instruments for risk assessment, such as predefined risk categories (e.g. exchange-rate risks, product-liability risks, legal risks) and assessment criteria, centrally developed function-specific questionnaires as well as the financial reporting ICS's process and control descriptions. The key controls in business processes (purchase to pay, order to cash, asset management, HR, IT authorizations, the financial statement closing process and sustainability reporting) are thus tested with respect to their effectiveness.

All major subsidiaries carry out a semiannual assessment of business-related risks and regular bottom-up identification and evaluation of compliance risks in the GRC system's IT-aided risk management application. Any quality, legal and compliance cases that have actually occurred are also taken into account when assessing these risks. The GRC system likewise encompasses the tax compliance management system, the customs compliance management system and the export control compliance management system in order to ensure standard and regular review and reporting of pertinent risks. The quarterly financial reporting ICS completes regular GRC reporting.

In the reporting year, Continental further developed its process for identifying and reporting strategic risks and opportunities. Any new material risks arising ad hoc between regular reporting dates have to be reported immediately and considered by the GRC Committee. These also include risks identified in the audits performed by group functions.

In addition to the risk analyses carried out by the reporting units as part of integrated GRC, audits are also performed by Group Internal Audit. Furthermore, the various controlling functions analyze the key figures provided as part of this reporting process at corporate and group-sector level in order to assess the effects of potential risks.

For each risk identified, the responsible management team initiates appropriate countermeasures which, for material risks, are also documented in the GRC system. The GRC Committee monitors and consolidates the material risks and suitable countermeasures at the corporate level. It regularly reports to the Executive Board and recommends further measures if needed. The Executive Board discusses and resolves the measures and reports to the Supervisory Board's Audit Committee. The responsible bodies continually monitor the development of all identified risks and the progress of actions initiated. Group Internal Audit regularly audits the risk management process, thereby continually monitoring its effectiveness and further development.

Appropriateness and effectiveness of the internal control and risk management system

The Executive Board based its assessment of the appropriateness and effectiveness of the internal control and risk management system on the findings from routine internal reporting, but in particular also on function-specific statements on the internal control and risk management system as well as an assessment of these by Group Internal Audit, which were consolidated into an overall statement by the GRC Committee. These statements, together with the overall statement by the GRC Committee, are intended to offer an overview of key activities and controls that have been implemented, summarize measures for reviewing appropriateness and effectiveness, and indicate critical weaknesses in the control system as well as any related improvement measures.

The function-specific statements, collected on the basis of a risk-oriented selection process, included various aspects in accordance with the implemented Three Lines Model. In the first line, documented processes and controls were checked with respect to whether these were in place and had been implemented, as was any communication relating to these elements. Responsibility for guidelines and process flows lies in particular with the second line, which – within the scope of the review of the appropriateness and effectiveness of the internal control and risk management system, including the compliance management system – is generally satisfied with respect to the status of implementation of the regulations, which is done on the basis of spot checks as well as through application of external supporting documentation such as certification in line with the International Organization for Standardization (ISO), the Trusted Information Security Assessment Exchange (TISAX) and the International Automotive Task Force (IATF). These not only reinforce compliance with regulatory provisions, but also underscore the appropriate and effective operation of governance systems implemented at Continental in accordance with industry standards. The function-specific statements were also strengthened this year by formalizing and expanding the ICS. In addition to the financial reporting ICS, key controls underwent a formalized, standardized and risk-oriented review to ensure a holistic ICS within the organization. This review was conducted for a selected part of the organization. Monitoring the ICS and the RMS is one of the core tasks of Group Internal Audit, as the third line. As part of its audits, Group Internal Audit assesses the implementation of risk-control measures and internal controls, conducted with the help of recognized standards and methods. Deviations and weaknesses noted are summarized in a report for the relevant persons responsible, and any improvement measures initiated. Significant risks and potential improvements to internal controls are presented as part of the reporting to the Executive Board and the Audit Committee. The implementation by management of the measures recommended in the course of audits is also monitored by Group Internal Audit and reported to the Executive Board and the Audit Committee.

Based on the statements from the respective functional areas, the assessment of these by Group Internal Audit and the consolidated overall statement by the GRC Committee, no matters have come to the Executive Board's attention that would suggest that the internal control and risk management system, including the compliance management system, was inappropriate or ineffective in any material respects in fiscal 2024.

The ICS and RMS, including the CMS, of Continental AG is moreover undergoing a continuous process of improvement in order to expand existing processes and controls and meet new regulatory challenges. In the reporting year, this continuous process of improvement included implementing a technical compliance management system (tCMS), further strengthening data compliance, further developing the ICS in the area of sustainability, as well as various measures within the IT organization. Further progress was therefore made on formalizing an integrated ICS in the reporting year. In the course of reorganizing the company, additional measures are being implemented with the aim of improving governance systems, such as strengthening cybersecurity, introducing various measures in the tax area and in sales organizations, and further developing the tCMS. In addition, work is being continued as part of cross-functional projects on adopting a more integrative approach and on increasing transparency within processes and decision-making.

Nevertheless, there are inherent limitations to any ICS or RMS, including the CMS. Even a system considered appropriate and effective does not offer any guarantee that all actual risks or possible violations – in particular, those that are targeted and intentional – will be uncovered in advance or that any process disruptions can be entirely ruled out.

The Audit Committee is systematically involved in monitoring the ICS and RMS, including the CMS. It deals in particular with overseeing the financial reporting process, the effectiveness of the ICS and RMS, as well as the internal audit system.

Opportunity management

As part of our opportunity management activities, we assess market and economic analyses and changes in legal requirements (e.g. with regard to fuel consumption and emission standards as well as safety regulations). In addition, we deal with the corresponding effects on the sectors and markets relevant to us, our production factors and the composition and further development of our product portfolio.

Material Risks

The order of the risk categories and individual risks presented within the four risk groups reflects the current assessment of the relative risk exposure for Continental and thus provides an indication of the current significance of these risks. If no quantitative information on the amount of damage is provided, the assessment is carried out on the basis of qualitative criteria. Unless the emphasis is placed on a specific group sector, the risks apply to all group sectors.

Financial Risks

Continental is exposed to risks in connection with its financing agreements and the syndicated loan.
Continental is subject to risks in connection with its financing agreements. Risks arise from the bonds that Continental AG and Conti-Gummi-Finance B.V., Maastricht, Netherlands, have issued as part of the Debt Issuance Programme (DIP). These financing agreements contain covenants that could limit Continental's capacity to take action as well as change-of-control provisions.

In order to finance current business activities as well as investments and payment obligations, a syndicated loan agreement is in place, from which risks may arise. Under the terms of the syndicated loan agreement, the lenders have the right to demand repayment of the loan in the event of a change of control at Continental AG.

The requirements for and consequences of a change in control in accordance with the terms of the bonds or the syndicated loan agreement are described in detail in the Additional Disclosures and Notes Pursuant to Sections 289a and 315a *HGB* section on pages 73 and 74. The loans and bonds cited here could also immediately become due and payable if other financing agreements of more than €75 million are not repaid on time or are prematurely called for repayment. Continental continuously monitors compliance with the applicable conditions.

The committed volume of the syndicated loan consists of a revolving tranche of €4.0 billion (due in December 2026). As at the end of fiscal 2024, the revolving tranche had not been utilized.

Continental is exposed to risks associated with changes in currency exchange rates and hedging.
Continental operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. This could result in losses if assets denominated in currencies with a falling exchange rate lose value and/or liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in exchange rates could intensify or reduce fluctuations in the prices of raw materials in euros, as Continental sources a considerable portion of its raw materials in foreign currency. As a result of these factors, fluctuations in exchange rates can influence Continental's earnings situation.

External and internal transactions involving the delivery of products and services to third parties and companies of the Continental Group can result in cash inflows and outflows that are denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group (transaction risk). To the extent that cash outflows of the respective subsidiary of the Continental Group in any one foreign currency are not offset by cash flows resulting from operational business in the same currency, the remaining net exchange-rate risk is hedged on a case-by-case basis using the appropriate derivative instruments, particularly currency forwards, currency swaps and currency options with a term of up to 12 months.

Moreover, Continental is exposed to exchange-rate risks arising from external and internal loan agreements that result in cash inflows and outflows denominated in currencies other than the functional currency of the respective subsidiary of the Continental Group. These exchange-rate risks are in general hedged by using appropriate derivative instruments, particularly currency forwards, currency swaps and cross-currency interest-rate swaps. Any hedging transactions executed in the form of derivative instruments can result in losses.

In order to quantify the possible effects of transaction-related exchange-rate risks from financial instruments on the earnings position of the Continental Group, transaction currencies with a significant exchange-rate risk within the next 12 months are identified based on current net exposure. If the exchange rates of these currencies all develop disadvantageously for Continental at the same time, then the hypothetical negative effect on the Continental Group's earnings position, calculated based on a 10% change in the current closing rate, would amount to between €400 million and €500 million.

Continental is exposed to default risks in connection with cash and cash equivalents, derivative instruments and interest-bearing investments.
In order to minimize the default risk for cash and cash equivalents, derivative instruments and interest-bearing investments, Continental generally uses banks that it has classified as core banks on the basis of defined criteria. As a general rule, these banks should have at least one investment-grade credit rating from one of the global rating agencies. The default risk can therefore be considered very low. The creditworthiness of the core banks – and of other banks with which investments are made, loans are granted or derivative instruments are traded in derogation from the core bank principle for operational or regulatory reasons – is continuously monitored. Not only the credit ratings but also in particular the premiums for insuring against credit default risks (credit default swaps, CDSs) are monitored, provided this information is available. In addition, Continental sets investment limits for each bank and trading limits for derivative instruments. The amount of these limits is based on the creditworthiness of the respective bank. Compliance with these limits is continuously monitored. Within the internally defined risk groups, the cash and cash equivalents, interest-bearing investments and positive (net) fair values of derivative instruments held at banks assigned to a higher risk group amount to around €200 million.

Risks Related to the Markets in which Continental Operates

Continental could be exposed to material risks in connection with a global financial and economic crisis.
With a 62% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. The remainder of its sales are generated in the replacement or industrial markets, mainly in the replacement market for passenger-car and truck tires and to a lesser extent in the non-automotive end markets of the other group sectors.

The year under review was characterized by a weak economic environment and declining automotive production. Should this trend continue or be exacerbated further by a general economic downturn, it would likely adversely affect Continental's sales and earnings.

In the year under review, Continental's five largest OEM customers (BMW, Ford, Mercedes-Benz, Renault-Nissan-Mitsubishi and VW) generated approximately 33% of its sales. If Continental loses one of more of its OEM customers or if supply contracts are terminated prematurely, the original investments made by Continental to supply such products or outstanding receivables from the customers could be wholly or partially lost.

Moreover, Continental generated 49% of its 2024 total sales in Europe and 20% in Germany alone. By comparison, 26% of Continental's total sales in 2024 were generated in North America, 21% in Asia-Pacific and 4% in other countries. Therefore, in the event of a prolonged economic downturn in Europe, particularly in Germany, for example, Continental's business and earnings situation could be affected more extensively than that of its competitors. Furthermore, the automotive and tire markets in Europe and North America are largely saturated. To minimize this dependence, Continental is striving to improve its regional sales balance, particularly by generating more sales in emerging markets and especially in Asia.

Continental is exposed to geopolitical risks.
Current geopolitical developments such as the ongoing war in Ukraine, the conflict in the Middle East and the conflict between China and Taiwan could have a major impact on Continental's sales and procurement markets. These include sanctions and other risks in supply chains as well as unforeseeable effects on the global economy. Continental is constantly monitoring current developments and deriving possible scenarios and necessary measures.

Continental is exposed to risks associated with additional or higher tariffs.
Due to the ongoing trend toward protectionism and escalating trade conflicts around the world, Continental sees itself at risk from additional or higher tariffs on automobiles as well as on the products, components and raw materials it supplies or purchases, both directly and indirectly. These tariffs could cause demand for Continental's products to drop and costs to increase, which would have an adverse effect on Continental's business and earnings situation. With regard to the USA in particular, there is currently uncertainty as to when and to what extent corresponding tariffs and possible countermeasures by other countries can be expected. Continental is continuously examining the possible effects and corresponding measures to minimize risk.

Continental operates in a cyclical industry.
With a 62% share of consolidated sales, the automotive industry – with the exception of the replacement business – is Continental's most important customer group. Global production of vehicles and, as a result, sales to OEMs are subjected to major fluctuations in some cases. They depend, among other things, on general economic conditions, disposable income, and household consumer spending and preferences, which can be affected by a number of factors, including fuel costs as well as the availability and cost of consumer financing. As the volume of automotive production fluctuates, the demand for Continental's products also fluctuates, as OEMs generally do not commit to purchasing minimum quantities from their suppliers or to fixed prices. It is difficult to predict future developments in the markets Continental serves, which also makes it harder to estimate the requirements for production capacity. As Continental's business is characterized by high fixed costs, it is thus exposed to the risk that fixed costs are not fully covered in the event of a prolonged decline in demand and the resulting underutilization of its facilities (particularly in Automotive). Conversely, should the markets in which Continental operates grow faster than anticipated, there could be insufficient capacity to meet customer demand. To reduce the impact of the potential risk resulting from this dependence on the automotive industry, Continental is strengthening its replacement business and industrial business, including by means of acquisitions.

Continental is exposed to fluctuations in the prices of raw materials and electronic components as well as the risk of rising logistics costs.
For the Automotive group sector, higher prices for raw materials and electronic components in particular can result in cost increases. The Tires and ContiTech group sectors mainly use natural and synthetic rubber as well as oil-based raw materials. The prices for these raw materials and components are exposed to sometimes considerable fluctuations worldwide, although the volatility of the prices for metal and crude oil has eased. At present, Continental does not actively hedge the risk of rising prices of electronic components or raw materials by using derivative instruments. Increases in logistics costs can also occur. If the company is not able to compensate for the increased costs or to pass them on to customers, these price increases could reduce Continental's earnings by €100 million to €200 million.

Risks Related to Continental's Business Operations

Continental depends on a limited number of key suppliers for certain products.
Continental is subject to the potential risk of unavailability of certain raw materials and production materials. Although Continental's general policy is to source product components from a number of different suppliers, single sourcing cannot always be avoided and, consequently, Continental is dependent on certain suppliers, in particular with respect to certain products manufactured by Automotive as well as in Tires and ContiTech. Since Continental's procurement logistics are mostly organized on a just-in-time or just-in-sequence basis, supply delays, cancellations, strikes, insufficient quantities or inadequate quality can lead to interruptions in production and therefore have a negative impact on Continental's business operations in these areas. Continental tries to limit these risks by endeavoring to select suppliers carefully and monitor them regularly. However, if one of Continental's suppliers is unable to meet its delivery obligations (e.g. due to insolvency, destruction of production plants as a result of natural disasters or refusal to perform following a change in control), or if corresponding deliveries are affected by sanctions due to geopolitical disputes, Continental may be unable to source input products from other suppliers on short notice at the required volume. Such developments and events can therefore cause delays in the delivery or completion of Continental products or projects and could result in Continental having to purchase products or services from third parties at higher costs or even to financially support its own suppliers. Furthermore, in many cases OEM customers have approval rights with respect to the suppliers used by Continental, which could make it impossible for Continental to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved other suppliers at an earlier point in time and which could lead to order cancellations. Claims for damages on a considerable scale can also not be ruled out. Furthermore, Continental's reputation among OEM customers could suffer, with the possible consequence that they select a different supplier.

Continental is exposed to information-technology risks.
With regard to its business and production processes, its products and its internal and external communication, Continental is highly dependent on centralized and standardized information-technology systems and networks. These systems and networks as well as the products themselves are potentially exposed to the risk of various forms of cybercrime as well as damage and disruption that can have a wide range of other causes. In hacker attacks, third parties could attempt to gain unauthorized access to confidential information and data that is stored, processed or communicated in the systems and networks, or to the systems themselves. In addition, data, products and systems could be blocked, damaged, controlled or destroyed as a result of becoming infected with viruses or malware.

Although Continental has taken appropriate precautions to manage the risks associated with system and network disruptions and corresponding attacks, a prolonged outage in a computer center or telecommunication network or a comparable incident could result in systems or networks becoming unexpectedly unavailable over an extended period. The measures taken to minimize such risks include technical and organizational precautions such as duplicated data storage and contingency plans, as well as suitable training measures that are continuously expanded, particularly to raise awareness of the growing threat from cybercrime. Furthermore, the findings from the investigation into the cyberattack in August 2022 were taken into consideration with respect to strengthening IT systems.

Should the precautions taken prove insufficient to adequately protect the systems, networks, products and information, Continental could suffer considerable damage and disadvantages as a result of outages or the knowledge and use of its information by third parties.

Continental is exposed to risks associated with warranty and product liability claims.
In its quality strategy, Continental has defined the framework conditions for all quality-related activities and ascribes the highest priority to quality. However, Continental is constantly subject to product liability claims and proceedings alleging violations of due care, violation of warranty obligations or material defects, and claims arising from breaches of contract due to recalls or government proceedings. Any such lawsuits, proceedings and other claims could result in increased costs for Continental. Moreover, defective products could result in loss of sales and loss of customer and market acceptance. Such risks are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Additionally, any defect in one of Continental's products (in particular tires and other safety-related products) could also have a considerable adverse effect on the company's reputation and market perception. This could in turn have a negative impact on Continental's sales and income. Moreover, vehicle manufacturers are increasingly requiring a contribution from their suppliers for potential product liability, warranty and recall claims. For example, the MK C2 integrated brake system produced for the BMW Group is currently being partly replaced. Based on the systems that have already been replaced and our current understanding, we continue to assume that only a small proportion of delivered brake systems will actually need to be replaced. In addition, Continental is subject to continuing efforts by its customers to change contract terms and conditions concerning the contribution to warranty and recall cost. Furthermore, Continental manufactures many products pursuant to OEM customer specifications and quality requirements. If the products manufactured and delivered by Continental do not meet the requirements stipulated by its OEM customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Under certain circumstances, this could lead to losses of sales and earnings. Furthermore, Continental's OEM customers could potentially claim damages, even if the cause of the defect is remedied at a later point in time. Moreover, failure to fulfill quality requirements could have an adverse effect on the market acceptance of Continental's other products and its market reputation in various market segments.

As the quantifiable risks are individual matters, no further disclosures will be made in accordance with IAS 37.92 and GAS 20.154 so as not to adversely affect the company's interests.

Continental is exposed to risks in connection with its pension commitments.
Continental provides defined benefit pension plans in Germany, the USA, the UK and certain other countries. As at December 31, 2024, the pension obligations amounted to €5,632 million. These existing obligations are financed predominantly through externally invested pension plan assets. In 2006, Continental established legally independent trust funds under contractual trust arrangements (CTAs) for the funding of pension obligations of certain subsidiaries in Germany. In 2007, Continental assumed additional CTAs in connection with the acquisition of Siemens VDO. As at December 31, 2024, Continental's net pension obligations (defined benefit obligations less the fair value of plan assets) amounted to €2,540 million.

Continental's externally invested plan assets are funded by externally managed funds and insurance companies. While Continental generally prescribes the investment strategies applied by these funds and takes these into account when selecting external fund managers, it does not have any influence over their individual investment decisions. The assets are invested in different asset classes, including equity, fixed-income securities, real estate and other investment vehicles. The values attributable to the externally invested plan assets are subject to fluctuations in the capital markets that are beyond Continental's influence. Unfavorable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in a significant increase in Continental's net pension obligations.

Any such increase in Continental's net pension obligations could adversely affect Continental's financial condition due to an increased additional outflow of funds to finance the pension obligations. Also, Continental is exposed to risks associated with longevity and interest-rate changes in connection with its pension commitments, as an interest-rate decrease could have an adverse effect on Continental's liabilities under these pension plans. Furthermore, certain US-based subsidiaries of Continental have entered into obligations to make contributions to healthcare costs of former employees and retirees. Accordingly, Continental is exposed to the potential risk that these costs may increase in the future.

If the discount rates used to calculate net pension obligations were to decrease by 0.5 percentage points at the end of the year, all other things being equal, this would lead to a rise in net pension obligations of anywhere from €400 million to €500 million, which could not be reduced by taking measures to minimize risk. However, this would not affect EBIT.

Continental is exposed to risks from trade restrictions, sanctions and export controls.
Due to the global alignment of the economic activity of the Continental Group, there are business risks with respect to embargoes, sanctions and export controls. As a global company, Continental also has business relations with customers and partners based in countries that are – or may be in the future – subject to export restrictions, embargoes, economic sanctions or other forms of trade restrictions. In addition to the fundamental influence that such restrictions have on the business activity of the Continental Group, violations of relevant provisions may lead to considerable penalties, administrative sanctions, damage to the company's reputation, as well as claims for damages. Possible risks of such violations are mitigated as part of the export control compliance management system. Furthermore, Continental may also be forced, through new trade restrictions, to limit or put an end to business activity in certain countries or regions.

Continental could be adversely affected by property loss and business interruption.
Fire, natural hazards, terrorism, power failures or other disturbances at Continental's production facilities or within Continental's supply chain – with customers and with suppliers – can result in severe damage and loss. Such far-reaching negative consequences can also arise from political unrest or instability. Due to climate change, the probability of natural hazards, in particular extreme weather events, is expected to continue to rise and the extent of damage to increase. The risks arising from business interruption, loss of production or the financing of facilities are insured up to levels considered economically reasonable by Continental, but its insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or damage individuals, third-party property or the environment, which could, among other things, lead to considerable financial costs for Continental.

Continental is exposed to risks in connection with its interest in MC Projects B.V.
Continental and Compagnie Financière Michelin SAS, Clermont-Ferrand, France (Michelin), each hold a 50% stake in MC Projects B.V., Maastricht, Netherlands, a company to which Michelin contributed the rights to the Uniroyal brand for Europe as well as for certain countries outside Europe. In turn, MC Projects B.V. licensed to Continental certain rights to use the Uniroyal brand on or in connection with tires in Europe and elsewhere. Under the terms of the agreement concluded in this connection, both the agreement and the Uniroyal license can be terminated if a major competitor in the tire business acquires more than 50% of the voting rights of Continental AG or of its tire business. Furthermore, in this case Michelin also has the right to acquire a majority in MC Projects B.V. and to have MC Projects B.V. increase its minority stake in the manufacturing company Continental Barum s.r.o., Otrokovice, Czech Republic – one of Continental's largest tire plants in Europe – to 51%. These events could have an adverse effect on the business and earnings position of Continental's Tires group sector.

Legal, Tax and Environmental Risks

Continental could be threatened with fines and claims for damages for alleged or actual unlawful behavior.
Despite the compliance management system in place at Continental, the global nature of the Continental Group's business activities means there is a possibility that unlawful behavior (e.g. corruption, fraud, violations of antitrust and competition law, money laundering) could occur in individual cases or that Continental could be accused of unlawful behavior. This alleged or actual unlawful behavior could lead to fines or claims for damages. Significant proceedings in this context are outlined below.

In May 2005, the Brazilian competition authorities (Conselho Administrativo de Defesa Econômica, CADE) opened investigations against Continental's Brazilian subsidiary Continental Brasil Industria Automotiva Ltda., Guarulhos, Brazil (CBIA), following a complaint of anticompetitive behavior in the area of commercialization of tachographs. On August 18, 2010, the Brazilian antitrust authorities determined an "invitation to cartel" and imposed a fine of BRL 12 million (around €2 million) on CBIA, which was then reduced to BRL 11 million (around €2 million). CBIA denies the accusation that it has infringed Brazilian antitrust law. Although the court of first instance appealed to by CBIA upheld the decision, on CBIA's further appeal the next higher court annulled this decision and remanded the matter. In February 2023, the court of first instance rendered a verdict against CBIA and lifted the ban on the enforcement of the financial penalty against CBIA (at that time an amount of around BRL 34 million [around €5 million]). CBIA filed a motion for clarification requesting that the preliminary injunction against enforcement remain in full force up until a final and unappealable ruling is made. This motion was denied, and CBIA filed an appeal against this decision. In December 2024, CBIA participated in an initiative by the Brazilian antitrust authorities (Conselho Administrativo de Defesa Econômica, CADE) to settle the long-standing proceedings without admission of guilt by the company in exchange for a considerable reduction in the fine. Accordingly, CBIA concluded a settlement agreement with CADE under which CBIA must pay BRL 14 million (around €2 million) to CADE in 2025. CBIA has withdrawn its final appeal (on the condition that CADE's settlement measures are finalized). Once the payment has been made and the appeal withdrawn, the case will be closed. Third parties may, in addition, claim damages from CBIA.

On October 2, 2006, South African antitrust authorities received a complaint from a third party accusing several South African tire manufacturers of alleged antitrust behavior, including Continental Tyre South Africa (Pty.) Ltd., Port Elizabeth, South Africa (CTSA), a subsidiary of Continental. On August 31, 2010, the South African antitrust authorities came to the conclusion that CTSA had violated South African antitrust law and referred the matter to the responsible antitrust court for decision. CTSA denies the allegation of infringements of South African antitrust law. However, the tribunal could impose a fine of up to 10% of CTSA's sales. In addition, third parties may also claim damages from CTSA in case of an infringement of South African competition law.

As a result of investigations by the US Department of Justice (DOJ) and the Korea Fair Trade Commission (KFTC) in connection with suspected involvement in violations of US and South Korean antitrust law in the instrument cluster business, which came to light in 2012, the KFTC imposed a fine on Continental Automotive Electronics LLC, Bugang-myeon, South Korea (CAE), at the end of 2013, the final amount of which was set in 2018 at KRW 32,101 million (around €21 million). In the USA, CAE and Continental Automotive Korea Ltd., Seongnam-si, South Korea, agreed in 2015 to pay a fine of US $4 million (approximately €4 million). In the proceedings relating to class action lawsuits filed in the USA and Canada for alleged damages resulting from the antitrust violations, settlements totaling US $5 million (around €5 million) were concluded in the USA in 2018 and settlements totaling around CAN $0.6 million (around €0.4 million) concluded in Canada in 2020. The risk of investigations by other antitrust authorities into this matter and claims for damages by further alleged victims remain unaffected by the fines imposed.

As a result of investigations that came to light in 2014, the European Commission imposed a fine of €44 million on Continental AG; Continental Teves AG & Co. oHG, Frankfurt am Main, Germany; and Continental Automotive GmbH, Hanover, Germany; on February 21, 2018, for the unlawful exchange of information. This involved specific brake components. Continental has paid this fine. Customers have since approached Continental to claim for damages, in some cases for specific amounts. Mercedes-Benz Group AG filed for declaratory judgment action with the Hanover District Court against Continental AG and two other companies of the Continental Group in December 2022, which initially related only to claims from remuneration in 2008/09. This declaratory judgment action was converted to an action for performance in April 2024. In April 2023, several companies of the Stellantis Group as well as several companies of the Renault Group filed a civil lawsuit in each case against Continental AG and two other companies of the Continental Group as well as several ZF and Bosch companies before the High Court in London, United Kingdom. Both the Renault Group and the Stellantis Group have since withdrawn their lawsuits. In addition, two class action lawsuits have been filed in Canada against Continental AG and several of its subsidiaries. These proceedings were settled in November 2024. Final closure of these class action lawsuits is expected in the first half of 2025, subject to court approval. Continental believes that these claims and the lawsuit by Mercedes-Benz are without merit. However, should the lawsuits lead to a judgment against Continental, the resulting expenses could be substantial and exceed the provision set aside for this purpose. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures so as not to adversely affect the company's interests.

On March 3, 2021, the Brazilian antitrust authorities (CADE), acting on the basis of the issues addressed by the European Commission and described above, formally initiated proceedings against Continental Teves AG & Co. oHG, Frankfurt am Main, Germany, and certain former employees for alleged unlawful exchange of competition-sensitive information concerning hydraulic brake systems. Continental considers it possible that these proceedings will end with a fine. Continental is therefore unable to predict in any reliable way what the outcome of these proceedings will be. If Continental is found responsible for any violation, CADE could impose a fine on the company of 0.1% to 20% of the revenue generated by the company or by the Continental Group in Brazil in the year prior to when the administrative proceedings were launched (2020). Non-pecuniary penalties may also be possible. Furthermore, customers purportedly affected by the alleged exchange of information could claim for damages if indeed a violation of Brazilian antitrust law is established.

Since 2020, the public prosecutor's office in Hanover has been conducting investigative proceedings against former employees as well as former board members of Continental AG suspected of committing criminal acts and breaches of supervisory duties in connection with the development and use of illegal defeat devices in diesel and gasoline engines of multiple automotive manufacturers. The fine proceedings conducted by the public prosecutor's office in Hanover against Continental AG and other group companies in this regard were legally concluded in the second quarter of 2024 by payment of a fine totaling €100 million. The company had already made appropriate provisions.

Vitesco Technologies and Continental AG, acting on the basis of and in accordance with contractual provisions, particularly those set forth in the corporate separation agreement concluded as part of the spin-off of Vitesco Technologies, reached an agreement regarding the appropriate allocation of costs and liabilities from the investigations conducted by the public prosecutor's offices in Frankfurt am Main (until the end of 2022) and Hanover. Accordingly, Vitesco Technologies paid Continental €125 million in the third quarter.

As part of industry-wide searches, the European Commission began conducting a search of the premises of Continental AG on January 30, 2024, due to alleged antitrust violations. On the same day, Germany's Federal Cartel Office (Bundeskartellamt) searched the premises of TON Tyres Over Night Trading GmbH, Schondra-Schildeck, Germany, a subsidiary of Continental, also due to alleged industry-wide antitrust violations. Both proceedings are at an early stage. In the event that Continental is responsible for any such violation, the European Commission and the Bundeskartellamt could each impose substantial fines. Furthermore, customers allegedly affected by the alleged exchange of information could claim for damages. In this context, class action lawsuits have already been filed in the USA and Canada against Continental and other tire manufacturers. The lawsuits in the USA have been consolidated before the United States District Court, Northern District of Ohio. The defendant tire manufacturers have filed motions to dismiss the lawsuits and are awaiting the court's decision. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made with regard to the proceedings and the related measures so as not to adversely affect the company's interests.

Since the first half of 2024, a number of Continental Group companies have been investigated by Italian authorities for failure to submit tax returns for tax periods from 2016 onwards. In conjunction with this, in October 2024 the Italian authorities began a company audit of Continental AG as the parent company for the fiscal years 2016 to 2023. Continental is fully cooperating with the investigating authorities and is clarifying this matter internally. Continental has formed provisions to cover any risks in this regard. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made so as not to adversely affect the company's interests.

On September 24, 2024, the Turkish Competition Authority (TCA) conducted a search of the business premises of Otomotiv Lastikleri Tevzi AS (OLTAS), Istanbul, Türkiye, due to alleged antitrust violations. On December 3, 2024, the TCA published its notice of investigation and initiated an in-depth investigation into the matter. The proceedings are at an early stage. Continental is unable to predict in any reliable way what the outcome of these proceedings will be. In the event that OLTAS is responsible for any violation, the TCA could impose substantial fines. Furthermore, any customers affected by the alleged infringements could claim damages.

There is a risk that Continental could infringe on the industrial property rights of third parties.
There is a risk that Continental could infringe on the industrial property rights of third parties, since its competitors, suppliers and customers also submit a large number of inventions for industrial property protection. It is not always possible to determine with certainty whether there are effective and enforceable third-party industrial property rights to certain processes, methods or applications. Therefore, third parties could assert claims (including illegitimate ones) of alleged infringements of industrial property rights against Continental. As a result, Continental could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries, or be forced to make changes to manufacturing processes and/or products. In addition, Continental could be liable to pay compensation for infringements or could be forced to purchase licenses to continue using technology from third parties.

Continental, for example, supplies telecommunication modules that transmit vehicle data, enable voice and internet functionality, and are compatible with cellular communication standards. In this respect, there is a risk that Continental may now be dependent on licenses and the conditions under which they are granted to customers in order to use patents relating to these standards (standard essential patents), especially in the field of telecommunications standards such as 3G, 4G or 5G, as Continental was in some cases denied the acquisition of its own licenses in the year under review. Continental has formed provisions to cover the risks of any compensation payments in this regard. In accordance with IAS 37.92 and GAS 20.154, no further disclosures will be made so as not to adversely affect the company's interests.

Continental could become subject to additional burdensome environmental or safety regulations, and new regulations could adversely affect demand for the company's products and services.
As a corporation that operates worldwide, Continental must observe a large number of different regulatory systems in numerous countries that change frequently and are continuously evolving and becoming more stringent, particularly with respect to the environment, chemicals and hazardous materials, as well as health regulations. This also applies to air, water and soil pollution regulations and to waste legislation, all of which have recently become more stringent through new laws, particularly in the European Union and the USA. Continental could be affected in particular by greater restrictions on the use of per- and polyfluoroalkyl substances (PFAS). Moreover, Continental's locations and operations necessitate various permits, and the requirements specified therein must be com-

plied with. In the past, adjusting to new requirements has necessitated investments, and Continental assumes that further investments in this regard will be required in the future.

Continental is exposed to risks from legal disputes.
Companies from the Continental Group are involved in a number of legal and arbitration proceedings and could become involved in other such proceedings in the future. These proceedings could involve substantial claims for damages or payments, particularly in the USA. For more information on legal disputes, see Note 36 of the notes to the consolidated financial statements.

Continental could be exposed to tax risks in connection with previous assessment periods.
Continental AG and its subsidiaries operate worldwide and are continuously audited by local tax authorities. Tax estimates made for the financial statements may differ from how these are interpreted by the tax authorities, for example because of changes to tax legislation and the development of case law. Tax risks arise in particular from the valuation of cross-border, intercompany deliveries and services (transfer prices). Through organizational measures, such as monitoring transfer prices and where necessary carrying out bilateral appeals procedures, Continental AG monitors and controls the development of taxation risks and their impact on the consolidated financial statements. Tax processes are continuously adapted to new tax laws and changes to case law.

Continental could be unsuccessful in adequately protecting its intellectual property and technical expertise.
Continental's products and services are highly dependent upon its technological know-how and the scope and limitations of its proprietary rights therein. Continental has obtained or applied for a large number of patents and other industrial property rights that are of considerable importance to its business. The process of obtaining patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide Continental with meaningful protection or commercial advantage. In addition, although there is a presumption that patents are valid, this does not necessarily mean that the patent concerned is effective or that possible patent claims can be enforced to the degree necessary or desired.

A major part of Continental's know-how and trade secrets is not patented or cannot be protected through industrial property rights. Consequently, there is a risk that certain parts of Continental's know-how and trade secrets could be transferred to collaboration partners, customers and suppliers, including Continental's machinery suppliers or plant vendors. This poses a risk that competitors will copy Continental's know-how without incurring any expenses of their own. Moreover, Continental has concluded a number of license, cross-license, collaboration and development agreements with its customers, competitors and other third parties under which Continental is granted rights to industrial property and/or know-how of such third parties. It is possible that license agreements could be terminated under certain circumstances in the event of the licensing partner's insolvency or bankruptcy and/or in the event of a change of control in either party, leaving Continental with reduced access to intellectual property rights to commercialize its own technologies.

Material Opportunities

Unless the emphasis is placed on a specific group sector, the opportunities apply to all group sectors.

There are opportunities for Continental if the economy performs better than anticipated.
If the economy in our major sales regions develops better than anticipated, we expect that demand for vehicles, replacement tires and industrial products will also develop better than we have anticipated. Due to the increased demand for Continental's products among vehicle manufacturers and industrial clients and in the replacement business that would be expected as a consequence, our sales could rise more significantly than expected and there could be positive effects with regard to fixed cost coverage. Particular importance is attached to the European market due to the high share of sales that Continental generates in this region (50%).

There are opportunities for Continental if prices fall on the raw materials markets relevant to us.
Continental's earnings situation is affected to a significant extent by the cost of raw materials, electronic components, logistics and energy. For Automotive, this particularly relates to the cost of electronic components as well as metals and plastics. The earnings situation of Tires and ContiTech is significantly impacted by the cost of oil and of natural and synthetic rubber. If prices for natural and synthetic rubber in particular decline, this could have a positive impact on Continental's earnings, provided sales prices for rubber products remain stable.

The trend toward automated and autonomous driving presents Continental with opportunities.
The trend from assisted driving to automated and autonomous driving is set to continue. Several vehicle manufacturers plan to offer new models with partially automated "Level 2+" and "Level 3" functions over the next few years. A key requirement for partially automated driving is that vehicles are equipped with sensors. To date, between two and seven sensors for assisted driving have been installed per vehicle, depending on their equipment features. Even for partially automated driving, considerably more and also higher-quality radar, camera and LiDAR sensors are required, depending on the scope of the functionality. Since Continental is one of the leading providers of advanced driver assistance systems, the increasing volume of sensors, electronic control units and new software could result in considerable sales and earnings opportunities for the Automotive group sector. Further opportunities are being created for autonomous driving in the commercial vehicle sector in Level 4. Together with its strategic partner Aurora, Continental is working on a scalable solution that could lead to recurring sales and earnings opportunities throughout a truck's entire service life.

There are opportunities for Continental from strategic partnerships, particularly in the Automotive group sector.
Continental is increasingly focusing on strategic partnerships in order to shape the transformation in the automotive sector as efficiently as possible. Examples of this include the strategic partnerships with the technology companies Ambarella and Aurora. Such partnerships allow the companies involved to contribute their expertise and optimize research and development costs, for example. In addition, the strengths of each company can help ensure a higher level of innovation and agility when launching products. Cost optimization and an improved competitive position – thanks to faster time to market, for example – present Continental with opportunities.

The digitalization of vehicles and the services generated as a result present Continental with opportunities.
The massive amounts of data generated by driver assistance systems and driver information systems as well as the immediate processing of this data in vehicles require switching the vehicle architecture to the most cutting-edge high-performance computers. This – together with the new software solutions required for this purpose – results in substantial growth potential for Continental with positive effects on its future sales and attainable margins (e.g. Continental Holistic Motion Control software and Smart Cockpit high-performance computer (HPC); see the Research and Development section). Furthermore, the increasing digitalization of our products gives us the opportunity to offer our customers software-based services and regular software updates in addition to the product itself, and to open up new markets for mobility services.

There are opportunities for Continental from the increasing use of artificial intelligence (AI).
Continental is working on a large number of AI solutions across all group sectors. Some solutions have already been successfully implemented. First, this relates to the products and services customers acquire from Continental. Additionally, it covers solutions that are used within our business areas and central functions. If greater use is made of AI, this could help to further optimize internal processes and increase efficiency. This, in turn, could have a positive impact on earnings. Parallel to this, factors such as faster time to market for our customers can also create opportunities for growth.

Innovations for vehicle interiors present Continental with opportunities.
More and more new products are being used in car manufacturing to optimize interaction between driver and vehicle. For the user experience of the future, Continental has developed countless innovations such as curved digital 3D displays and temporarily hidden displays. With customer-specific solutions for interior sensor technology and surfaces, Continental is also increasing safety and ease of use within the vehicle (e.g. Invisible Biometrics Sensing Display; see the Research and Development section). Since intelligent concepts for new experiences in the vehicle interior are becoming more and more important for car buyers, and Continental is one of the leading providers of these, increasing demand among car manufacturers could result in considerable sales and earnings opportunities.

The tire business presents Continental with opportunities.
Continental intends to further increase its market share in the growth markets of Asia and North America in particular. In the passenger-car tire segment, the global business with tires for electric mobility and ultra-high-performance tires is to be systematically expanded. The truck and bus tire business is to be further developed in all regions through Conti360° fleet services. Continental's specialty tire business, which includes not only two-wheel and racing tires but also tires for a variety of industrial applications, is expected to see additional growth as well. Smart, digital tire solutions, such as the latest ContiConnect generation of sensors, will also make a contribution to ambitious sustainability goals and differentiation in the market. The market launch of the Conti EfficientPro 5 original-equipment tire for trucks and buses is one example of this (see the

Research and Development section). In the area of service-based digital solutions, the Tires group sector of Continental aims to become the leading supplier worldwide by 2030. If Continental succeeds in increasing its market share in high-growth segments and in digital solutions and services even more than planned, this is likely to have positive effects on its sales and earnings.

Greater focus on the industrial business presents Continental with opportunities.
With a possible sale of the Original Equipment Solutions (OESL) business area, the ContiTech group sector is planning to focus on, and in turn strengthen, its profitable industrial business. Growth potential in the industrial business results primarily from the increasing demand for sustainable as well as digital and intelligent solutions. In this regard, the ContiTech group sector draws on its long-standing and detailed knowledge of the industry and materials to open up new business opportunities. This involves combining a wide range of materials with electronic components and individual services. Continental is also showcasing how sustainable surface solutions can be used in vehicle interiors (e.g. materials such as Xpreshn; see the Research and Development section). If these new products become established more quickly than planned, this would create corresponding sales and earnings opportunities for Continental.

There are opportunities for Continental from changes in the legal framework.
Legal regulations with the aim of further improving traffic safety provide an opportunity for rising demand for Continental's products. Based on our broad product portfolio for active vehicle safety, we have developed a wide range of advanced safety systems in recent years. Further volume growth is expected as a result of more stringent requirements in various regional safety tests, since an increasing number of safety systems have been recognized as having achieved the very highest level of safety. In addition, more and more legal requirements in individual countries are being expanded to include active safety systems.

Statement on Overall Risk and Opportunities Situation

In the opinion of the Executive Board, the overall risk situation of the Continental Group has not changed significantly in the past fiscal year.

It remains to be seen to what extent and for how long current geopolitical events, and in particular the associated ongoing tariff disputes, will continue to affect the automotive industry and the macroeconomic situation.

However, the analysis for the year under review did not reveal any risks, either at the end of the reporting period or at the time the annual financial statements were prepared, that individually or collectively pose a threat to the company or the Continental Group as a going concern. In the opinion of the Executive Board, there are also no discernible risks to the Continental Group as a going concern in the foreseeable future.

Considering the material opportunities, the overall risk assessment for the Continental Group presents a reasonable risk and opportunities situation, to which our risk-containment measures and our corporate strategy have been aligned accordingly.