vitesco TECHNOLOGIES

HALF-YEAR FINANCIAL REPORT JUNE 30, 2024

KEY FIGURES

	January 1 to June 30		Second Quarter	
€ million	**2024**	2023	**2024**	2023
Sales	4,016.4	4,755.8	2,024.5	2,441.6
EBITDA	317.3	305.9	185.0	183.5
As % of sales	7.9	6.4	9.1	7.5
EBIT	58.4	-8.9	43.0	16.4
As % of sales	1.5	-0.2	2.1	0.7
Adjusted sales[1]	4,016.4	4,531.9	2,024.5	2,325.8
Adjusted operating result (adjusted EBIT)[2]	114.7	97.4	81.7	66.6
As % of adjusted sales	2.9	2.1	4.0	2.9
Free cash flow	-478.1	-61.7		
Net debt	188.6	-212.8		
Gearing ratio[3] in %	6.4	-7.2		
Equity	2,931.2	2,952.8		
Equity ratio in %	39.4	38.9		
Number of employees[4] as at June 30	34,604	38,158		

1) Adjusted for changes in the scope of consolidation.
2) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topics.
3) Defined as the ratio of net debt to equity.
4) Excluding apprentices/trainees.

VITESCO TECHNOLOGIES SHARE PRICE

Vitesco Technologies’ share price development

Following a turbulent year for the stock markets in 2023, the shares of Vitesco Technologies Group Aktiengesellschaft (Vitesco Technologies Group AG) and its subsidiaries (the “Company,” “Vitesco Technologies,” or the “Vitesco Technologies Group”) initially traded at around the €80 mark. The announcement of the preliminary figures for the fiscal year 2023 and the exchange ratio for existing Vitesco shareholders in February 2024 who had not tendered their shares as part of the Schaeffler AG public tender offer resulted in a significant decline in the share price.

After the performance of the Vitesco Technologies Group AG share price was primarily influenced by the gradual decline in trading volume and the performance of Schaeffler AG’s shares. This development in turn was driven by the slowing momentum in key sales markets, subsequently the share price fell to €63. Short-term, positive momentum from the first-quarter reporting of both companies led to the share price increasing to a level of €70.

As the second quarter progressed, the share price continued to trend downwards ground and ended trading at just under €60 at the end of the first half of 2024.

The share price for Vitesco Technologies Group AG significantly underperformed the SDAX and STOXX Europe 600 Automobile & Parts in the first half of the year with an underperformance of 25.6% and 22.7% respectively.

From the year-end closing price of €78.20 in 2023, the Vitesco Technologies Group AG stock price declined by 23.1% in the first half of 2024. The market capitalization of Vitesco Technologies amounted to €2,407.3 million as at June 30, 2024. Vitesco Technologies’ free float decreased further from the end of 2023 and stood at 11.2% at the end of the first half of 2024. Market capitalization based on free float averaged €279.8 million over the last 20 trading days of the reporting period. Trading volumes on XETRA totaled €136.6 million in the first half of 2024. An average of just under 16,000 shares were traded on XETRA each trading day in the first six months of 2024. Of the 70 SDAX stocks, the Vitesco Technologies stock came 66th in free-float market capitalization as at June 30, 2024.

As a result of the public tender offer by Schaeffler AG and the associated reduced free float, Vitesco Technologies Group AG moved into the SDAX with effect from March 18, 2024.

Developments of the German stock market

Although the performance of the German benchmark index was clearly positive in the first half of 2024, the German stock market recorded a net outflow of liquidity as the German economic environment did not show any signs of improvement for the majority of investors, for which reason different asset classes and regions were often favored. Small and mid caps in particular are negatively affected by this reallocation. The positive performance of the indexes was therefore largely limited to the large-cap segment. As a result, the DAX also reached a new all-time high of 18,893 points on May 15, 2024.

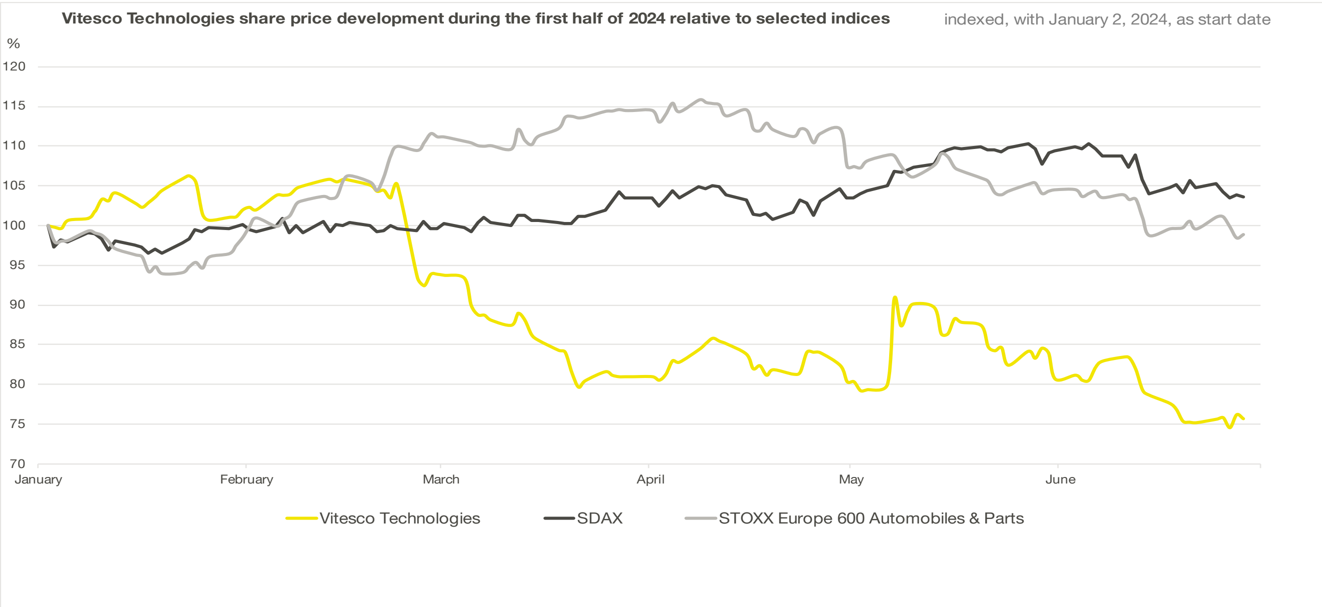
The market also continued to consolidate in the first half of 2024 because of acquisitions and delistings. Simultaneously, there were occasional successful transactions in the primary market.

The SDAX, an important benchmark index for Vitesco Technologies, performed slightly positive. At the end of June, the SDAX stood at 14,318 points, an increase of 2.56% compared to the end of 2023.

Developments of automotive stocks

With regard to automotive stocks, subdued expectations for global vehicle production prevailed.

At 625 points, the STOXX Europe 600 Automobile & Parts was slightly down at the end of the first half of 2024. This corresponds to a slight decline of 0.4% compared with the 2023 year-end value of 628 points.



Vitesco Technologies credit rating

Vitesco Technologies Group AG was not rated by a credit-rating agency during the reporting period.

Vitesco Technologies Investor Relations online

Further information about Vitesco Technologies' shares is available on the Internet at ir.vitesco-technologies.com.

INTERIM GROUP MANAGEMENT REPORT

ECONOMIC REPORT

GENERAL CONDITIONS

Macroeconomic development

A global economic recovery and a reduction in global inflation are forecast for the fiscal year 2024.

In its World Economic Outlook Update (WEO Update) in July 2024, the International Monetary Fund (IMF) forecast slightly improved growth of 3.2% (previously: 3.1%). Growth in the eurozone is expected to remain stable at 0.9% (previously: 0.9%). The persistent weakness of the manufacturing sector points to a somewhat sluggish recovery in countries such as Germany, where growth expectations reduced by 0.3 percentage points to 0.2%. The forecast for China has increased slightly to 5.0%, mainly due to a recovery in Chinese private household consumption and strong exports in the first quarter of 2024.

Expectations of economic growth in 2024 (in %)

	WEO Update July 2024	WEO Update January 2024
Europe		
Germany	0.2	0.5
Eurozone	0.9	0.9
United Kingdom	0.7	0.6
America		
USA	2.6	2.1
Mexico	2.2	2.7
Asia		
China	5.0	4.6
India	7.0	6.5
Japan	0.7	0.9
South Korea	2.5	2.3
World	**3.2**	**3.1**

Source: IMF, World Economic Outlook Update July 2024.

Developments in the production of passenger cars and light commercial vehicles

In the first half of 2024, there was slightly weaker production of vehicles produced worldwide, driven by lower demand in the overall market. Europe showed a year-over-year decline of 4.3%. North America recorded an increase of 1.8% while vehicle production in China increased significantly by 5.7%. Global vehicle production fell by 0.2%.

Year-over-year development of production of passenger cars and light commercial vehicles (as a %)

	January 1 to June 30, 2024	2024
Europe	-4.3	-5 to -3
North America	1.8	0 to 2
China	5.7	0 to 2
World	**-0.2**	**-2 to 0**

Source: S&P Global Mobility, Light Vehicle Production Forecast, July 2024, and internal estimates.

EARNINGS, FINANCES, AND ASSETS

	January 1 to June 30		Second Quarter	
€ million	**2024**	2023	**2024**	2023
Sales	4,016.4	4,755.8	2,024.5	2,441.6
EBITDA	317.3	305.9	185.0	183.5
As % of sales	7.9	6.4	9.1	7.5
EBIT	58.4	-8.9	43.0	16.4
As % of sales	1.5	-0.2	2.1	0.7
Adjusted sales[1]	4,016.4	4,531.9	2,024.5	2,325.8
Adjusted operating result (adjusted EBIT)[2]	114.7	97.4	81.7	66.6
As % of adjusted sales	2.9	2.1	4.0	2.9
Research and development expenses (net)	314.4	392.3	146.5	198.9
As % of sales	7.8	8.2	7.2	8.1
Depreciation, amortization, and impairment[3]	258.9	314.8	142.0	167.1
Of which impairment[4]	3.6	57.1	3.6	40.4
Capital expenditure[5]	237.4	209.8	145.9	104.0
As % of sales	5.9	4.4	7.2	4.3
Number of employees[6] as at June 30	34,604	38,158		

1) Adjusted for changes in the scope of consolidation.
2) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topics.
3) Excluding impairment of investments.
4) Impairment also includes any required reversal of impairment losses.
5) Capital expenditure on property, plant and equipment and software, including IFRS 16 Leases.
6) Excluding apprentices/trainees.

EARNINGS

Sales

Compared with the first six months of the previous year, consolidated sales decreased by 15.5% to €4,016.4 million (previous year: €4,755.8 million). Adjusted for the effects of changes in the scope of consolidation and exchange rates, sales decreased by 9.5%. In particular, the expected decline in contract manufacturing for Continental and the divestment of business units reduced sales when compared with the first half of 2023.

Increase in operating result (EBIT)

Operating result (EBIT) increased by €67.3 million to €58.4 million (previous year: -€8.9 million). The return on sales was therefore 1.5% (previous year: -0.2%). With manufacturing costs remaining high, EBIT improved thanks to savings in fixed costs and charging customers for development expenditure.

Increase in adjusted operating result (adjusted EBIT)

The adjusted operating result (adjusted EBIT) of Vitesco Technologies increased by 17.8% compared with the first six months of the previous year, coming to €114.7 million (previous year: €97.4 million). This corresponds to an adjusted EBIT margin of 2.9% (previous year: 2.1%) based on adjusted sales.

Special topics in the first half of 2024

Vitesco Technologies recorded negative special topics of €56.3 million in the first half of 2024. Of this amount, €12.9 million was attributable to the Powertrain Solutions Division, €24.6 million to the Electrification Solutions Division, and €18.8 million to the Holding.

In connection with the integration into the Schaeffler Group, expenses of €34.2 million were incurred in the first half of the year (Powertrain Solutions €8.0 million, Electrification Solutions €9.7 million, Holding €16.5 million).

Impairment of property, plant, and equipment resulted in expenses of €3.6 million for the Electrification Solutions Division.

There was a negative special topic for severance payments totaling €9.9 million (Powertrain Solutions €5.5 million, Electrification Solutions €3.5 million, Holding €0.9 million).

Adjustments to restructuring provisions resulted in income totaling €5.7 million in the Powertrain Solutions Division.

Restructuring-related charges resulted in expenses of €1.0 million in the Powertrain Solutions Division.

The sale of an Italian company in the previous year produced expenses of €0.4 million due to a purchase price adjustment and associated transaction costs.

The ongoing relocation of production lines from the Continental Group to Vitesco Technologies resulted in negative effects of €11.5 million in the first half of 2024 (Powertrain Solutions €3.6 million, Electrification Solutions €7.9 million).

The Vitesco Technologies Group incurred expenses of €1.4 million in its Holding because of further legal counsel costs in connection with emissions issues.

Special topics in the first half of 2023

Vitesco Technologies posted negative special topics of €122.2 million in the first half of 2023. Of this amount, €100.8 million was attributable to the Powertrain Solutions Division, €1.7 million to the Electrification Solutions Division, and €19.7 million to the Holding.

Due to indications of possible impairment and other key assumptions for determining the value in use of a cash-generating unit, such as free cash flow, the discount rate, that rate's parameters, and sustainable growth rates, goodwill in the Powertrain Solutions Division unit was impaired by €16.7 million.

The net effect of impairment and reversals of impairment of property, plant, and equipment was an expense of €40.6 million (Powertrain Solutions: impairment of €40.8 million, Electrification Solutions: impairment reversal of €0.2 million). This was mainly due to the €40.5 million impairment of assets held for sale in the Powertrain Solutions Division.

There were negative special topics for severance payments totaling €2.7 million (Powertrain Solutions €1.6 million, Electrification Solutions €1.1 million).

Adjustments to restructuring provisions resulted in expenses of €0.3 million in the Electrification Solutions Division.

Restructuring-related charges resulted in expenses of €1.4 million in the Powertrain Solutions Division.

The disposal of business units belonging to the Powertrain Solutions Division resulted in a disposal loss of €43.1 million, which was mainly due to the reclassification of the currency conversion reserve. There were no material effects on the earnings of the Vitesco Technologies Group in connection with the sale of the parts of the company as at June 30, 2023.

The ongoing relocation of production lines from the Continental Group to Vitesco Technologies resulted in negative effects of €0.6 million in the first half of 2023 (Powertrain Solutions €0.1 million, Electrification Solutions €0.5 million).

Vitesco Technologies incurred additional expenses of €19.7 million for obligations associated with emissions issues.

Financial result

In the first half of 2024, net financial result decreased year-over-year by €4.7 million to -€13.0 million (previous year: -€8.3 million). Net interest declined by €15.2 million to -€20.5 million (previous year: -€5.3 million). The income from changes in the fair value of derivatives and other measurement effects increased by €10.6 million to €7.6 million (previous year: -€3.0 million).

Income tax

In the first half of 2024, tax income amounted to €11.7 million (previous year: tax expense of €47.3 million). The tax rate during the reporting period was 25.8% (previous year: 275.0%). A reversal of impairment losses in the German tax group of companies had a positive effect on the tax rate.

FINANCES

Cashflow development

The Group’s free cash flow decreased year over year by €416.4 million to -€478.1 million (previous year: -€61.7 million).

Due to planned settlements of advance payment by the Continental Group and the mutual decline in contract manufacturing combined with the contractually agreed adjustment of payment terms, the cash flow from operating activities decreased by €340.6 million to -€168.9 million (previous year: cash inflow of €171.7 million) in the fiscal year.

The cash outflow for investing activities amounted to €309.2 million (previous year: €233.4 million). This is primarily the result of the increase in other intangible assets due to the capitalization of electrification development expenditure.

Cash flow from financing activities decreased by €186.8 million to €152.8 million (previous year: -€34.0 million). This resulted primarily from a USD150.0 million drawdown on the loan agreement with Schaeffler Group USA, Inc., Fort Mill, USA, as well as financing of €45.0 million from KfW IPEX-Bank, Frankfurt am Main. In addition, there was a countereffect from the payment of a €10.0 million dividend.

Financing and indebtedness

Gross indebtedness amounted to €930.0 million as at June 30, 2024, above the figure of €726.6 million as at December 31, 2023. The increase in gross indebtedness is due in particular to financing of €45.0 million from KfW IPEX-Bank, Frankfurt am Main, and a USD150.0 million drawdown on the loan agreement with Schaeffler Group USA, Inc., Fort Mill, USA.

As at June 30, 2024, the Vitesco Technologies Group’s net debt amounted to €188.6 million (December 31, 2023: net liquidity in the amount of €337.0 million). The gearing ratio (net debt to equity) is 6.4%, compared to -11.8% on December 31, 2023.

As at June 30, 2024, the Vitesco Technologies Group had liquidity of €1,541.3 million (December 31, 2023: €1,863.6 million), of which €741.3 million (December 31, 2023: €1,063.6 million) consisted of cash and cash equivalents as well as €800.0 million promised and unused lines of credit (December 31, 2023: €800.0 million).

As at June 30, 2024, there were further financing commitments and guarantees from banks in the amount of €229.6 million (previous year: €224.2 million). As at the end of the reporting period, a nominal value of €169.1 million (previous year: €168.0 million) was unused.

ASSETS

Statement of financial position

Compared with December 31, 2023 (previous year), total assets decreased by €149.9 million to €7,433.2 million (previous year: €7,583.1 million).

Non-current assets increased by €192.9 million compared with December 31, 2023, to €3,960.8 million (previous year: €3,767.9 million). Foreign exchange rates caused goodwill to increase by €1.3 million to €787.6 million (previous year: €786.3 million). Other intangible assets increased mainly because of the capitalization of electrification development expenditure, going up by €93.0 million to €428.7 million (previous year: €335.7 million). Property, plant, and equipment decreased by €38.3 million to €2,241.4 million (previous year: €2,279.7 million). The main reason for this was the reclassification as assets held for sale. Deferred tax assets were up €150.4 million at €416.2 million (previous year: €265.8 million).

Current assets decreased by €342.8 million compared with December 31, 2023, to €3,472.4 million (previous year: €3,815.2 million). Inventories increased year over year by €31.5 million to €856.6 million (previous year: €825.1 million). Trade accounts receivable reduced by €94.3 million to €1,451.7 million (previous year: €1,546.0 million). At €741.3 million, cash and cash equivalents were €322.3 million lower than on December 31, 2023 (€1,063.6 million). Assets held for sale increased by €44.5 million to €44.6 million (previous year: €0.1 million). This is due in particular to the €40.1 million of land and buildings planned for sale to Schaeffler Immobilien GmbH & Co. AG, Herzogenaurach, as well as the other investment in IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin, of an amount of €4.5 million.

Equity increased, primarily due to the higher interest rates for pensions – which had a positive effect on accumulated other comprehensive income – and an increase in retained earnings of €79.9 million compared with December 31, 2023, to €2,931.2 million (previous year: €2,851.3 million). The equity ratio rose to 39.4% (previous year: 37.6%).

Non-current liabilities, including provisions, increased by €52.8 million to €1,640.8 million (previous year: €1,588.0 million). The main reason for this is the increase in deferred tax liabilities. It was countered by the decrease of long-term employee benefits by €51.0 million to €573.2 million (previous year: €624.2 million). Additionally, a further €45.0 million in financing from KfW IPEX-Bank, Frankfurt am Main, was utilized. SSD loans amounting to a nominal €68.0 million were reclassified to current financial liabilities.

Current liabilities, including provisions, declined by €282.6 million to €2,861.2 million (previous year: €3,143.8 million). Due to a decline in the Vitesco Group´s contract manufacturing with the Continental Group in connection with a contractually agreed adjustment of payment terms, trade accounts payable decreased by €309.8 million to €1,528.8 million (previous year: €1,838.6 million). In addition, the planned offsetting of advances paid by the Continental Group in particular led to a decline in current contract liabilities from €80.5 million to €51.5 million (previous year: €132.0 million). In contrast, financial liabilities increased by €221.5 million at €275.7 million (previous year: €54.2 million). The reason for this was the reclassification of non-current financial liabilities to current financial liabilities as well as the receipt of a short-term loan from Schaeffler Group USA Inc., Fort Mill, USA, of which USD150.0 million had been utilized as at the end of the reporting period.

DEVELOPMENTS IN THE POWERTRAIN SOLUTIONS DIVISION

	January 1 to June 30			Second Quarter		
€ million	**2024**	2023	Δ	**2024**	2023	Δ
Sales	2,523.7	3,240.2	-716.5	1,250.7	1,632.5	-381.8
EBITDA	349.3	344.8	4.5	174.6	187.3	-12.7
As % of sales	13.8	10.6	3.2	14.0	11.5	2.5
EBIT	219.0	125.7	93.3	110.2	69.1	41.1
As % of sales	8.7	3.9	4.8	8.8	4.2	4.6
Adjusted sales[1]	2,523.7	3,016.3	-492.6	1,250.7	1,516.7	-266.0
Adjusted operating result (adjusted EBIT)[2]	231.9	209.9	22.0	118.1	100.7	17.4
As % of adjusted sales	9.2	7.0	2.2	9.4	6.6	2.8
Research and development expenses (net)	166.9	207.9	-41.0	83.7	101.9	-18.2
As % of sales	6.6	6.4	0.2	6.7	6.2	0.5
Depreciation, amortization, and impairment[3]	130.3	219.1	-88.8	64.4	118.2	-53.8
Of which impairment[4]	–	57.3	-57.3	–	40.4	-40.4
Operating assets as at June 30	1,743.3	1,727.3	16.0			
Capital expenditure[5]	64.0	78.2	-14.2	40.4	42.2	-1.8
As % of sales	2.5	2.4	0.1	3.2	2.6	0.6
Number of employees[6] as at June 30	18,754	23,302	-4,548			

1) Adjusted for changes in the scope of consolidation.
2) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topcis.
3) Excluding impairment of financial investments.
4) Impairment also includes any required reversal of impairment losses.
5) Capital expenditure on property, plant, and equipment and software, including IFRS 16 Leases.
6) Excluding apprentices/trainees.

Sales

In the first half of 2024, the Powertrain Solutions Division generated sales of €2,523.7 million (previous year: €3,240.2 million) and thus decreased by 22.1%. Adjusted for changes in the scope of consolidation and exchange rate effects, revenue declined by 14.6%. The planned decline in revenue from contract manufacturing for Continental as well as discontinued activities contributed to the lower sales.

Increase in operating result (EBIT)

In the first half of 2024, the Powertrain Solutions Division recorded a year-over-year increase in EBIT by €93.3 million to €219.0 million (previous year: €125.7 million). The return on sales increased to 8.7% (previous year: 3.9%).

For the Powertrain Solutions Division, the expenditure special topics in the first half of 2024 sum up to €12.9 million (previous year: €100.8 million). For further details, please refer to our comments about the special topics in 2024 and 2023 in the Earnings chapter.

Increase in adjusted operating result (adjusted EBIT)

The adjusted EBIT of the Powertrain Solutions Division in the first half of 2024 increased year-over-year by €22.0 million, or 10.5%, to €231.9 million (previous year: €209.9 million), corresponding to 9.2% (previous year: 7.0%) of adjusted sales.

Research and development

Research and development expenses (net) decreased year-over-year, mainly as a result of the sale of business units and companies as well as the transformation toward electrification, falling by €41.0 million or 19.7% to €166.9 million (previous year: €207.9 million), equivalent to 6.6% of sales (previous year: 6.4%).

Depreciation, amortization, and impairment

Depreciation, amortization, and impairment decreased by €88.8 million to €130.3 million (previous year: €219.1 million), corresponding to 5.2% of sales (previous year: 6.8%). The reasons for this were in particular the impairment recognized in the previous year in connection with the sale of business units and companies and on goodwill

Operating assets

Compared with the previous year, the operating assets of the Powertrain Solutions Division increased by €16.0 million to €1,743.3 million (previous year: €1,727.3 million).

Working capital was up €79.3 million at €624.5 million (previous year: €545.2 million). For inventories, there was a reduction in stock by €74.1 million to €547.5 million (previous year: €621.6 million). Operating receivables decreased by €216.6 million to €888.8 million (previous year: €1,105.4 million). Operating liabilities decreased by €370.0 million to €811.8 million (previous year: €1,181.8 million).

Non-current operating assets were recognized at €1,621.6 million (previous year: €1,798.1 million), which means a reduction of €176.5 million. Foreign exchange rates caused goodwill to decrease by €4.3 million to €535.1 million (previous year: €539.4 million). At €1,028.3 million, property, plant, and equipment were €181.2 million below the previous year's level of €1,209.5 million. This is primarily due to properties held for sale to Schaeffler Immobilien GmbH & Co. AG, Herzogenaurach, being reclassified as assets held for sale. Other intangible assets decreased by €10.3 million to €17.8 million (previous year: €28.1 million).

Current operating provisions and liabilities decreased by €665.5 million to €1,241.9 million (previous year: €1,907.4 million). Due to a decline in the Vitesco Group´s contract manufacturing business with Continental Group in connection with a contractually agreed adjustment of payment terms, trade payables decreased by €370.0 million to €811.8 million (previous year: €1,181.8 million). In addition, the planned offsetting of advances paid by the Continental Group in particular led to a decline in current contract liabilities by €84.6 million to €26.2 million (previous year: €110.8 million). The sale of business operations in the previous year led to a reduction in liabilities held for sale by €158.6 million to €0.0 million (previous year: €158.6 million).

Capital expenditure (additions)

Additions to the Powertrain Solutions Division decreased by €14.2 million year-over-year to €64.0 million (previous year: €78.2 million). The capital expenditure ratio was 2.5% (previous year: 2.4%).

Employees

The number of employees in the Powertrain Solutions Division decreased by 4,548 to 18,754 (previous year: 23,302). This resulted primarily from the sale of companies and business operations and the implementation of planned restructuring measures.

DEVELOPMENTS IN THE ELECTRIFICATION SOLUTIONS DIVISION

	January 1 to June 30			Second Quarter		
€ million	**2024**	2023	Δ	**2024**	2023	Δ
Sales	1,519.1	1,542.0	-22.9	786.9	825.2	-38.3
EBITDA	1.3	-9.4	10.7	28.4	17.6	10.8
As % of sales	0.1	-0.6	0.7	3.6	2.1	1.5
EBIT	-127.2	-105.0	-22.2	-49.2	-31.3	-17.9
As % of sales	-8.4	-6.8	-1.6	-6.3	-3.8	-2.5
Adjusted sales[1]	1,519.1	1,542.0	-22.9	786.9	825.2	-38.3
Adjusted operating result (adjusted EBIT)[2]	-102.6	-102.6	0.0	-30.9	-31.0	0.1
As % of adjusted sales	-6.8	-6.7	-0.1	-3.9	-3.8	-0.2
Research and development expenses (net)	147.5	184.4	-36.9	62.8	96.9	-34.1
As % of sales	9.7	12.0	-2.2	8.0	11.7	-3.8
Depreciation, amortization, and impairment[3]	128.5	95.6	32.9	77.6	48.9	28.7
Of which impairment[4]	3.6	-0.2	3.8	3.6	–	3.6
Operating assets as at June 30	1,714.5	1,241.3	473.2			
Capital expenditure[5]	173.1	131.4	41.7	105.3	61.6	43.7
As % of sales	11.4	8.5	2.9	13.4	7.5	5.9
Number of employees[6] as at June 30	15,785	14,794	991			

1) Adjusted for changes in the scope of consolidation.
2) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topcis.
3) Excluding impairment of financial investments.
4) Impairment also includes any required reversal of impairment losses.
5) Capital expenditure on property, plant, and equipment and software, including IFRS 16 Leases.
6) Excluding apprentices/trainees.

Sales

In the first half of 2024, sales in the Electrification Solutions Division decreased by 1.5% year-over-year to €1,519.1 million (previous year: €1,542.0 million). When adjusted for changes in the scope of consolidation and exchange rate effects, sales revenue increased by 0.6%. Given that deliveries of battery-electric vehicles in the European market stagnated in comparison with the previous year, electromobility sales were down on the previous year's level.

Decrease in operating result (EBIT)

In the first half of 2024, the Electrification Solutions Division recorded a year-over-year decrease of €22.2 million, or 21.1%, in EBIT, bringing the latter to -€127.2 million (previous year: -€105.0 million). The return on sales fell to -8.4% (previous year: -6.8%).

For the Electrification Solutions Division, special topics in the first half of 2024 produced total expenditure of €24.6 million (previous year: €1.7 million). For further details, please refer to our comments about the special topics in 2024 and 2023 in the Earnings chapter.

Adjusted operating result (adjusted EBIT)

The adjusted EBIT of -€102.6 million in the Electrification Solutions Division was unchanged in the first half of 2024 when compared with the previous year (previous year: -€102.6 million), corresponding to -6.8% (previous year: -6.7%) of adjusted sales.

Research and development

Research and development expenses (net) decreased by €36.9 million to €147.5 million (previous year: €184.4 million), equivalent to 9.7% of sales (previous year: 12.0%). In the first half of 2024, the capitalization of development expenditure amounted to €128.6 million (previous year: €70.2 million).

Depreciation, amortization, and impairment

Depreciation, amortization, and impairment increased year-over-year by €32.9 million to €128.5 million (previous year: €95.6 million), corresponding to 8.5% of sales (previous year: 6.2%). This includes impairment of €3.6 million (previous year: reversal of €0.2 million).

Operating assets

The operating assets of the Electrification Solutions Division increased year-over-year by €473.2 million to €1,714.5 million (previous year: €1,241.3 million).

Working capital was up €133.2 million at €206.2 million (previous year: €73.0 million). Inventories increased year-over-year by €12.2 million to €309.1 million (previous year: €296.9 million). Operating receivables decreased by €2.4 million to €607.8 million (previous year: €610.2 million). Due to a decline in the Vitesco Group´s contract manufacturing business with Continental Groupin connection with a contractually agreed adjustment of payment terms, operating liabilities decreased by €123.4 million to €710.7 million (previous year: €834.1 million).

Operating non-current assets amount to €1,889.0 million (previous year: €1,558.8 million), an increase of €330.2 million. At €1,212.5 million, property, plant, and equipment were €164.8 million above the previous year's level of €1,047.7 million. Other intangible assets increased mainly as a result of the capitalization of development expenditure, going up by €179.9 million to €410.9 million (previous year: €231.0 million).

Capital expenditure (additions)

Driven by capital expenditure on newly received contracts, the additions to the Electrification Solutions Division increased year over year by €41.7 million to €173.1 million (previous year: €131.4 million). The capital expenditure ratio was 11.4% (previous year: 8.5%).

Employees

The number of employees in the Electrification Solutions Division increased by 991 to 15,785 (previous year: 14,794).

RISK AND OPPORTUNITY REPORT

We described our risk management system in detail in our 2023 annual report and presented the material risk categories and individual risks that could have significant negative impacts on our business, earnings, finances, and assets along with our material opportunities.

Our assessments of some of the topics presented in it changed during the reporting period. In particular, Vitesco Technologies is exposed to a risk in its multi-tier supplier network of not being able to pass on enormously increased costs to its customers. Due to the development in the external environment and the effect of our countermeasures, we consider this risk to be reduced.

A new, material, ESG-related risk has been identified in connection with the ongoing loss of global biodiversity and the associated deterioration of ecosystems and impact on ecosystem functions. Several materials used by Vitesco Technologies, such as aluminum and copper, depend on different ecosystem services, such as water- and climate-regulating ecosystem services. Increased resource scarcity and procurement costs could negatively impact financial performance. As requirements increase in step with sustainability awareness and regulations for protecting biodiversity, Vitesco Technologies might also need to make additional investments to meet these increasing regulatory requirements, which could increase operating costs. The probability of the described risk is considered low and the potential negative effects are classified as minor.

In relation to the potential reimbursement of costs for district attorneys' investigations into allegations of using illegal defeat devices in the supply of engine control units and engine control software, the Hanover district attorney issued Continental a fine of €100 million plus legal costs of around €7 million in 2024. Vitesco Technologies already recognized a provision for this matter in 2021. Since the 2023 annual report, the new resulting findings regarding the provisions requiring recognition have not resulted in any change in the assessment of the risk of future charges beyond the provisions recognized, a risk which is considered real.

The overall risk situation of the Vitesco Technologies Group has eased slightly.

No risks were identified that, either individually or in combination with other risks, would pose a threat to Vitesco Technologies as a going concern.

REPORT ON EXPECTED DEVELOPMENTS AND OUTLOOK

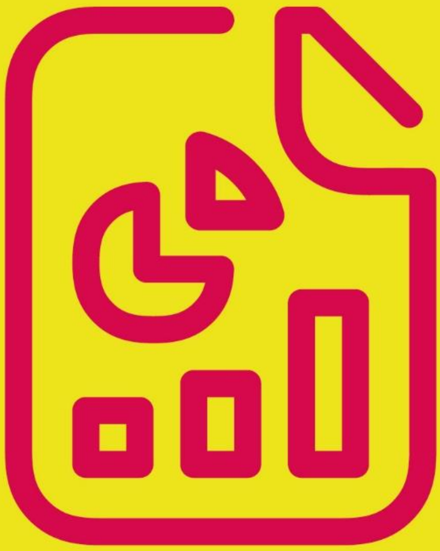
Vitesco Technologies continues to expect a challenging market environment for 2024, as already explained in the economic report. Even though a slight year-over-year improvement is expected within electromobility, the economic development of key sales markets and geopolitical conflicts may cause demand to shift. A further year-over-year decline in global vehicle production is therefore expected in the second half of 2024.

As illustrated in the economic report, the forecast figure for global vehicle production has consequently been adjusted from the one presented in the report for the first quarter of 2024 and the 2023 annual report. Vitesco Technologies now expects the number of vehicles produced to be slightly down on the previous year (-2% to 0%; previously: -1% to 1%). The adjustment results from differences in regional development, particularly in the challenging environment in Europe, where a decline of -5% to -3% (previously: -3% to -1%) is currently expected. Vehicle production in both the Chinese and North American markets are viewed as slightly positive. China is expected to see a slight increase of around 0% to 2% (unchanged), with North America growing in line with China at 0% to 2% (unchanged).

In view of the development during the first half of 2024 and the expectations for the rest of the year, the Group is also adjusting its guidance for the fiscal year 2024. The figures for the second quarter of 2024 show that the recovery of the market environment in the automotive sector, especially in the battery-electric vehicle segment, is only progressing slowly. Given the currently reduced numbers of orders from OEMs, the consolidated revenues of Vitesco Technologies Group AG in 2024 as a whole will likely come in at €8.1 billion (±€150 million; previously: €8.3 billion to €8.8 billion). In relation to operating income, unrealized sales and therefore also unrealized contribution margins are leading the Company to forecast an adjusted Group EBIT margin of 4.0% for the full year (±0.2%; previously: 4.5% to 5.0%). Capital expenditure, excluding right-of-use assets under IFRS 16, is estimated to comprise roughly 7% (unchanged) of sales in the fiscal year 2024. Due to the lower profitability, free cash flow (excluding integration costs from the merger with Schaeffler AG) of likely approximately -€400 million (previously: approximately -€350 million) is expected for the full year.

Potential manufacturer production adjustments, the economic development of key sales markets, and the persistent geopolitical conflicts all contribute to a high level of uncertainty remaining in the Company´s guidance.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS



INTERIM CONSOLIDATED STATEMENT OF INCOME

		January 1 to June 30		Second Quarter	
€ million	Chapter	**2024**	2023	**2024**	2023
Sales	4	**4,016.4**	**4,755.8**	**2,024.5**	**2,441.6**
Cost of sales		-3,438.3	-4,058.4	-1,730.6	-2,060.7
Gross margin		**578.1**	**697.4**	**293.9**	**380.9**
Research and development costs		-476.0	-504.1	-253.5	-267.6
Distribution and logistics costs		-63.4	-69.8	-34.3	-37.1
General administrative costs		-152.2	-121.1	-79.6	-58.4
Other income		268.5	182.8	165.9	100.5
Other expenses		-97.2	-194.8	-49.6	-102.4
Income from equity-accounted investees		0.6	0.7	0.2	0.5
EBIT		**58.4**	**-8.9**	**43.0**	**16.4**
Interest income		18.1	18.0	6.8	10.2
Interest expense		-38.6	-23.3	-21.5	-10.9
Effects from currency translation		4.8	8.0	3.6	-1.0
Effects from changes in the fair value of derivative instruments, and other valuation effects		2.8	-11.0	0.5	-2.6
Financial result		**-13.0**	**-8.3**	**-10.7**	**-4.3**
Result before income tax		**45.4**	**-17.2**	**32.3**	**12.1**
Income tax expense	6	11.7	-47.3	2.1	-25.9
Net income		**57.0**	**-64.5**	**34.3**	**-13.8**
Basic earnings per share in €		**1.42**	**-1.61**	**0.86**	**-0.34**
Diluted earnings per share in €		**1.42**	**-1.61**	**0.86**	**-0.34**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	January 1 to June 30		Second Quarter	
€ million	**2024**	2023	**2024**	2023
Net income	**57.0**	**-64.5**	**34.3**	**-13.8**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	62.7	-9.9	42.2	-11.2
Fair value adjustments	62.2	-9.9	41.8	-11.3
Currency translation	0.5	–	0.4	0.1
Other investments	-10.6	4.4	-10.6	4.4
Fair value adjustments	-10.6	4.4	-10.6	4.4
Tax on other comprehensive income	-19.1	-1.0	-12.8	-1.6
Items that may be reclassified subsequently to profit or loss				
Currency translation	-0.1	-37.6	-16.4	-56.1
Cash flow hedges	–	-0.4	-0.2	0.3
Other comprehensive income	**32.9**	**-44.5**	**2.2**	**-64.2**
Group comprehensive income	**89.9**	**-109.0**	**36.5**	**-78.0**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

€ million	Chapter	**June 30, 2024**	December 31, 2023
Goodwill	5	787.6	786.3
Other intangible assets		428.7	335.7
Property, plant, and equipment		2,241.4	2,279.7
Investments in equity-accounted investees		20.8	20.2
Other investments	11	0.1	15.2
Deferred tax assets		416.2	265.8
Defined benefit assets		10.8	11.6
Non-current contract assets		2.9	1.3
Non-current derivative instruments and interest-bearing investments	11	22.4	19.5
Other non-current financial assets	11	18.8	27.3
Other non-current assets		10.9	5.3
Non-current assets		**3,960.8**	**3,767.9**
Inventories		856.6	825.1
Trade accounts receivable	11	1,451.7	1,546.0
Current contract assets		1.8	2.0
Other current financial assets	11	86.2	82.8
Other current assets		249.6	252.2
Income tax receivables		33.4	33.0
Current derivative instruments and interest-bearing investments	11	7.2	10.4
Cash and cash equivalents	11	741.3	1,063.6
Assets held for sale	7	44.6	0.1
Current assets		**3,472.4**	**3,815.2**
Total assets		**7,433.2**	**7,583.1**

LIABILITIES

€ million	Chapter	**June 30, 2024**	December 31, 2023
Subscribed capital	8	100.1	100.1
Capital reserves	8	3,487.8	3,487.8
Retained earnings	8	-796.0	-843.0
Other comprehensive income	8	139.4	106.4
Total equity	8	**2,931.2**	**2,851.3**
Long-term employee benefits		573.2	624.2
Deferred tax liabilities		228.7	140.5
Non-current provisions for other risks and obligations		157.0	137.8
Long-term indebtedness	9, 11	654.2	672.4
Non-current contract liabilities		15.3	2.1
Other non-current liabilities		12.4	11.0
Non-current liabilities		**1,640.8**	**1,588.0**
Short-term employee benefits		307.5	316.6
Trade accounts payable	11	1,528.8	1,838.6
Current contract liabilities		51.5	132.0
Income tax payables		81.2	94.2
Current provisions for other risks and obligations		346.4	424.5
Short-term indebtedness	9, 11	275.7	54.2
Other current financial liabilities	10, 11	177.4	208.3
Other current liabilities		92.7	75.4
Current liabilities		**2,861.2**	**3,143.8**
Total equity and liabilities		**7,433.2**	**7,583.1**

INTERIM CONDENSED STATEMENT OF CASH FLOWS

		January 1 to June 30	
€ million	Chapter	**2024**	2023
Net income		**57.0**	**-64.5**
Income tax expense	6	-11.7	47.3
Financial result		13.0	8.3
EBIT		**58.4**	**-8.9**
Interest paid		-21.7	-10.0
Interest received		14.8	12.4
Income tax paid		-85.1	-78.4
Depreciation, amortization, impairment and reversal of impairment losses	5	258.9	314.8
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses		-0.6	-0.7
Gains/losses from the disposal of assets, companies, and business operations		-10.1	34.5
Changes in			
Inventories		-30.0	-120.6
Trade accounts receivable		109.4	-122.6
Trade accounts payable		-308.5	93.1
Employee benefits and other provisions		-61.1	6.2
Other assets and liabilities		-93.2	51.9
Cash flow arising from operating activities		**-168.9**	**171.7**
Cash flow from the disposal of assets		19.0	23.0
Capital expenditure on property, plant, and equipment and software		-204.8	-190.8
Capital expenditure on intangible assets from development projects and miscellaneous		-128.6	-70.1
Cash flow from the disposal of companies and business operations		2.9	-0.3
Other investments		2.2	4.8
Cash flow arising from investing activities		**-309.2**	**-233.4**
Cash flow before financing activities (free cash flow)		**-478.1**	**-61.7**
Change in indebtedness	9, 11	162.8	-34.0
Dividends paid	8	-10.0	–
Cash flow arising from financing activities		**152.8**	**-34.0**
Change in cash and cash equivalents		**-325.3**	**-95.7**
Cash and cash equivalents as at January 1		1,063.6	781.1
Effect of exchange-rate changes on cash and cash equivalents		3.1	-15.7
Classification assets held for sale	7	–	2.4
Cash and cash equivalents as at June 30		**741.3**	**672.1**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Difference on			
€ million	Subscribed capital[1]	Capital reserves	Retained earnings	Remeasure-ment of defined benefit plans	Currency translation	Financial instruments	**Total**
As at January 1, 2023	**100.1**	**3,487.8**	**-761.6**	**42.5**	**180.0**	**12.9**	**3,061.7**
Net income	–	–	-64.5	–	–	–	**-64.5**
Other comprehensive income	–	–	–	-10.9	-37.6	4.0	**-44.5**
Group comprehensive income	**–**	**–**	**-64.5**	**-10.9**	**-37.6**	**4.0**	**-109.0**
As at June 30, 2023	**100.1**	**3,487.8**	**-826.0**	**31.6**	**142.4**	**16.9**	**2,952.8**
As at January 1, 2024	**100.1**	**3,487.8**	**-843.0**	**-1.7**	**104.3**	**3.8**	**2,851.3**
Net income	–	–	57.0	–	–	–	**57.0**
Other comprehensive income	–	–	–	43.6	-0.1	-10.6	**32.9**
Group comprehensive income	**–**	**–**	**57.0**	**43.6**	**-0.1**	**-10.6**	**89.9**
Dividends paid/resolved	–	–	-10.0	–	–	–	**-10.0**
As at June 30, 2024	**100.1**	**3,487.8**	**-796.0**	**42.0**	**104.3**	**-6.9**	**2,931.2**

1) Divided into 40.021.196 shares outstanding.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT REPORTING

SEGMENT REPORTING JANUARY 1 TO JUNE 30, 2024

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
External sales	2,498.3	1,518.1	–	**4,016.4**
Intercompany sales	25.4	0.9	-26.4	**–**
Sales (total)	**2,523.7**	**1,519.1**	**-26.4**	**4,016.4**
EBIT	219.0	-127.2	-33.4	**58.4**
As % of sales	8.7	-8.4		**1.5**
Capital expenditure[1]	64.0	173.1	0.3	**237.4**
As % of sales	2.5	11.4		**5.9**
Depreciation, amortization, and impairment[2]	130.3	128.5	0.1	**258.9**
Of which impairment[3]	–	3.6	–	**3.6**
Operating assets as at June 30	1,743.3	1,714.5	-123.5	**3,334.3**
Number of employees[4] as at June 30	18,754	15,785	65	**34,604**
Adjusted sales[5]	2,523.7	1,519.1	-26.4	**4,016.4**
Adjusted operating result (adjusted EBIT)[6]	231.9	-102.6	-14.6	**114.7**
As % of adjusted sales	9.2	-6.8		**2.9**

1) Capital expenditure on property, plant and equipment and software, including IFRS 16 Leases.
2) Excluding impairment on financial investments.
3) Impairment also includes any required reversal of impairment losses.
4) Excluding apprentices/trainees.
5) Adjusted for changes in the scope of consolidation.
6) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topics.

SEGMENT REPORTING JANUARY 1 TO JUNE 30, 2023

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
External sales	3,215.3	1,540.5	–	**4,755.8**
Intercompany sales	24.9	1.5	-26.4	**–**
Sales (total)	**3,240.2**	**1,542.0**	**-26.4**	**4,755.8**
EBIT	125.7	-105.0	-29.6	**-8.9**
As % of sales	3.9	-6.8		**-0.2**
Capital expenditure[1]	78.2	131.4	0.2	**209.8**
As % of sales	2.4	8.5		**4.4**
Depreciation, amortization, and impairment[2]	219.1	95.6	0.1	**314.8**
Of which impairment[3]	57.3	-0.2	–	**57.1**
Operating assets as at June 30	1,727.3	1,241.3	-94.6	**2,874.0**
Number of employees[4] as at June 30	23,302	14,794	62	**38,158**
Adjusted sales[5]	3,016.3	1,542.0	-26.4	**4,531.9**
Adjusted operating result (adjusted EBIT)[6]	209.9	-102.6	-9.9	**97.4**
As % of adjusted sales	7.0	-6.7		**2.1**

1) Capital expenditure on property, plant and equipment and software, including IFRS 16 Leases.
2) Excluding impairment on financial investments.
3) Impairment also includes any required reversal of impairment losses.
4) Excluding apprentices/trainees.
5) Adjusted for changes in the scope of consolidation.
6) Adjusted for amortization of intangible assets from purchase price allocation, changes in the scope of consolidation, and special topics.

RECONCILIATION OF SALES WITH ADJUSTED SALES AND OF EBITDA WITH ADJUSTED OPERATING RESULT (ADJUSTED EBIT) JANUARY 1 TO JUNE 30, 2024

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Sales	**2,523.7**	**1,519.1**	**-26.4**	**4,016.4**
Changes in the scope of consolidation[1]	–	–	–	–
Adjusted sales	**2,523.7**	**1,519.1**	**-26.4**	**4,016.4**
EBITDA	**349.3**	**1.3**	**-33.3**	**317.3**
Depreciation, amortization, and impairment[2]	-130.3	-128.5	-0.1	-258.9
EBIT	**219.0**	**-127.2**	**-33.4**	**58.4**
Amortization of intangible assets from purchase price allocation (PPA)	–	–	–	–
Changes in the scope of consolidation[1]	–	–	–	–
Special topics				
Impairment on goodwill	–	–	–	–
Impairment[3]	–	3.6	–	3.6
Restructuring	-5.7	–	–	-5.7
Restructuring-related expenses	1.0	–	–	1.0
Severance payments	5.5	3.5	0.9	9.9
Gains and losses from disposals of companies and business operations	0.5	-0.1	–	0.4
Spin-off costs	3.6	7.9	–	11.5
Expenses out of obligations in connection with emissions issues	–	–	1.4	1.4
Expenses connected to the Integration into Schaeffler	8.0	9.7	16.5	34.2
Other	–	–	–	–
Adjusted operating result (adjusted EBIT)	**231.9**	**-102.6**	**-14.6**	**114.7**

1) Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions during the reporting period and for disposals in the year-over-year comparison period.
2) Excluding impairment on financial investments.
3) Impairment also includes any required reversal of impairment losses. This item does not include impairment that arose in connection with restructuring and impairment on financial investments.

RECONCILIATION OF SALES WITH ADJUSTED SALES AND OF EBITDA WITH ADJUSTED OPERATING RESULT (ADJUSTED EBIT) JANUARY 1 TO JUNE 30, 2023

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Sales	**3,240.2**	**1,542.0**	**-26.4**	**4,755.8**
Changes in the scope of consolidation[1]	-223.9	–	–	-223.9
Adjusted sales	**3,016.3**	**1,542.0**	**-26.4**	**4,531.9**
EBITDA	**344.8**	**-9.4**	**-29.5**	**305.9**
Depreciation, amortization, and impairment[2]	-219.1	-95.6	-0.1	-314.8
EBIT	**125.7**	**-105.0**	**-29.6**	**-8.9**
Amortization of intangible assets from purchase price allocation (PPA)	–	0.1	–	0.1
Changes in the scope of consolidation[1]	-16.6	0.6	–	-16.0
Special topics				
Impairment on goodwill	16.7	–	–	16.7
Impairment[3]	40.8	-0.2	–	40.6
Restructuring	–	0.3	–	0.3
Restructuring-related expenses	-1.4	–	–	-1.4
Severance payments	1.6	1.1	–	2.7
Gains and losses from disposals of companies and business operations	43.1	–	–	43.1
Spin-off costs	0.1	0.5	–	0.6
Expenses out of obligations in connection with emissions issues	–	–	19.7	19.7
Expenses connected to the Integration into Schaeffler	–	–	–	–
Other	-0.1	–	-0.0	-0.1
Adjusted operating result (adjusted EBIT)	**209.9**	**-102.6**	**-9.9**	**97.4**

1) Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions during the reporting period and for disposals in the year-over-year comparison period.
2) Excluding impairment on financial investments.
3) Impairment also includes any required reversal of impairment losses. This item does not include impairment that arose in connection with restructuring and impairment on financial investments.

RECONCILIATION OF EBIT AND NET INCOME

	January 1 to June 30		Second Quarter	
€ million	**2024**	2023	**2024**	2023
Powertrain Solutions	219.0	125.7	110.2	69.1
Electrification Solutions	-127.2	-105.0	-49.2	-31.3
Other/Holding/Consolidation	-33.4	-29.6	-18.0	-21.4
EBIT	**58.4**	**-8.9**	**43.0**	**16.4**
Financial result	-13.0	-8.3	-10.7	-4.3
Earnings before income taxes	**45.4**	**-17.2**	**32.3**	**12.1**
Income tax expense	11.7	-47.3	2.1	-25.9
Net income	**57.0**	**-64.5**	**34.3**	**-13.8**

For notes on the performance of the two Divisions (segments within the meaning of IFRS 8 Segment Reporting) of the Vitesco Technologies Group, please refer to the statements in the interim group management report as at June 30, 2024.

2. ACCOUNTING PRINCIPLES

Vitesco Technologies Group AG and its subsidiaries (the “Company” or the “Vitesco Technologies Group”) form the subject of these condensed interim consolidated financial statements as at June 30, 2024. These consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Regulation (EC) No. 1606/2002 in conjunction with § 315e(1) of the German Commercial Code (*Handelsgesetzbuch*, HGB). The term IFRS also includes the International Accounting Standards (IAS), the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) or its predecessor the International Financial Reporting Interpretations Committee (IFRIC), as well as those of the former Standing Interpretations Committee (SIC). The interim financial statements have been prepared in condensed form in accordance with IAS 34 Interim Financial Reporting in a condensed format. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements of Vitesco Technologies Group AG as at December 31, 2023. The accounting and measurement methods applied in the interim consolidated financial statements are the same as those applied in the consolidated financial statements for the fiscal year 2023. The results that are presented in the interim consolidated financial statements are not necessarily indicative of future business performance. The income tax expenses are calculated for the interim reporting periods on the basis of the currently expected effective tax rate for the Vitesco Technology Group for the entire fiscal year 2024.

Some parts of the Group’s business are seasonal. However, this does not affect the comparability of the interim consolidated financial statements. All material effects from the current interim reporting period are presented in the interim report.

The preparation of these consolidated interim financial statements requires certain assumptions and estimates to be made. The assumptions and estimates are based on current knowledge and the data available as of the reporting date or the preparation date. A detailed presentation of the most important estimates and assumptions can be found in the notes to the consolidated financial statements for 2023.

The interim consolidated financial statements have been prepared in euros (€). Unless otherwise stated, all amounts are shown in millions of euros (€ million). Please note that differences may arise from the use of rounded amounts and percentages due to commercial rounding.

3. COMPANIES CONSOLIDATED

The consolidated interim financial statements of Vitesco Technologies Group AG include 29 subsidiaries (December 31, 2023: 29) controlled by Vitesco Technologies Group AG.

As in the previous year, one subsidiary, whose assets, liabilities, earnings, and expenses are of minor importance to the earnings, finances, and assets of the Vitesco Technologies Group, was not consolidated.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue under IFRS 15 Revenue from Contracts with Customers is presented in the following tables according to main geographic markets, segments, and customer categories.

SALES FROM CONTRACTS WITH CUSTOMERS FROM JANUARY 1 TO JUNE 30, 2024

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Germany	428.2	486.0	-0.3	913.9
Europe excluding Germany	771.2	321.0	-14.7	1,077.5
North America	635.9	230.6	-2.6	863.9
Asia	642.0	465.4	-8.8	1,098.6
Other countries	46.4	16.1	–	62.5
Sales by region[1]	**2,523.7**	**1,519.1**	**-26.4**	**4,016.4**
Automotive original-equipment business[1]	2,270.0	1,519.1	-26.4	3,762.7
Industrial/replacement business	253.7	–	–	253.7
Sales by customer type	**2,523.7**	**1,519.1**	**-26.4**	**4,016.4**

1) This includes income from variable lease payments due to contract manufacturing agreements in the amount of € 77.8 million.

SALES FROM CONTRACTS WITH CUSTOMERS FROM JANUARY 1 TO JUNE 30, 2023

€ million	Powertrain Solutions	Electrification Solutions	Other/ Holding/ Consolidation	Vitesco Technologies Group
Germany	494.3	382.7	-0.1	876.9
Europe excluding Germany	954.7	331.2	-13.9	1,272.0
North America	901.9	282.0	-1.3	1,182.6
Asia	835.9	533.6	-11.0	1,358.5
Other countries	53.4	12.5	-0.1	65.8
Sales by region[1]	**3,240.2**	**1,542.0**	**-26.4**	**4,755.8**
Automotive original-equipment business[1]	2,998.8	1,542.0	-26.4	4,514.4
Industrial/replacement business	241.4	–	–	241.4
Sales by customer type	**3,240.2**	**1,542.0**	**-26.4**	**4,755.8**

1) This includes income from variable lease payments due to contract manufacturing agreements in the amount of € 355,6 million.

5. IMPAIRMENT

The Vitesco Technologies Group tests other intangible assets, property, plant, and equipment, financial assets, and goodwill for impairment as soon as there are indications of possible impairment (triggering event). No impairment losses were recognized as a result of the review in the interim reporting period.

6. INCOME TAX

In the first half of 2024, tax income amounted to €11.7 million (previous year: tax expense of €47.3 million). The tax rate during the reporting period was 25.8% (previous year: 275.0%). A reversal of impairment losses in the German tax group of companies had a positive effect on the tax rate.

7. ASSETS HELD FOR SALE

Assets held for sale (net) amounting to €44.6 million (previous year: €0.1 million) include in particular properties to be sold to Schaeffler Immobilien GmbH & Co. AG, Herzogenaurach, in the amount of €40.1 million.

In addition, the other investment in IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin, amounting to €4.5 million, is recognized as an asset held for sale.

8. EQUITY

On December 31, 2023, Vitesco Technologies Group Aktiengesellschaft reported retained earnings of €14.3 million in its annual financial statements prepared in accordance with German GAAP. The Annual General Meeting on April 24, 2024, resolved to use €10.0 million of this amount to distribute a dividend of €0.25 per qualifying share with dividend and to carry forward the balance to new account.

9. INDEBTEDNESS

	June 30, 2024			December 31, 2023		
€ million	**Total**	**Current**	**Non-current**	Total	Current	Non-current
SSD loans	**200.0**	**68.0**	**132.0**	200.0	–	200.0
Bank loans and overdrafts	**340.0**	**–**	**340.0**	295.0	–	295.0
Derivatives	**21.2**	**21.2**	**–**	11.7	11.7	–
Lease liabilities	**228.7**	**46.5**	**182.2**	219.9	42.5	177.4
Other indebtedness	**140.1**	**140.1**	**–**	–	–	–
Debt	**930.0**	**275.7**	**654.2**	**726.6**	**54.2**	**672.4**

The SSD loans with a total nominal value of €200.0 million (previous year: €200.0 million), with maturity dates in 2025, 2027, 2029, and 2032, have both fixed and variable interest rates and are used for general corporate finance.

Vitesco Technologies Group AG and Vitesco Technologies GmbH, Regensburg, concluded a revolving credit facility for €800.0 million on October 6, 2022. The credit facility serves the purpose of general corporate finance. The credit agreement has an initial term of five years, with options to extend the term by a maximum of two years, and contains certain covenants and termination rights. The revolving credit facility was extended by one year to 2028 in the fiscal year 2023, following the successful exercise of the first extension option and remains unused as at the reporting date.

The European Investment Bank, Luxembourg, granted the Vitesco Technologies Group a credit facility of €250.0 million in December 2022 to finance research and development activities in Europe. The credit facility was fully utilized on October 30, 2023.

On October 2, 2023, the Vitesco Technologies Group agreed a bilateral loan agreement with KfW IPEX-Bank, Frankfurt am Main, in the amount of €45.0 million. The financing was fully utilized on October 30, 2023, and has a term of five years. In addition, a further bilateral loan agreement in an amount of €45.0 million was agreed with KfW IPEX-Bank, Frankfurt am Main, on April 24, 2024. The financing was fully utilized on April 29, 2024, and similarly has a term of five years.

As part of the planned merger, Vitesco Technologies USA LLC, Wilmington, USA, has signed a loan agreement with Schaeffler Group USA, Inc., Fort Mill, USA, with a total volume of USD220.0 million and maturity date of January 20, 2025. USD150.0 million of that amount had been drawn down as at June 30, 2024, and is reported under other indebtedness.

All loan agreements contain clauses allowing creditors to call in the loans after the merger has been registered. In this context, an early repayment was agreed with creditors of SSD loans for a total of €13.0 million. With the other investors in the SSD loans of €187.0 million, it was agreed that a change of the debtor to Schaeffler AG, Herzogenaurach, will take place subject to a condition precedent. A simultaneous mechanism was agreed with the European Investment Bank, Luxembourg, for the existing bilateral financing of €250.0 million after the reporting date. Negotiations with KfW IPEX-Bank, Frankfurt am Main, are still ongoing. These agreements ensure that the clauses, that enable the creditors to call in the loans after the merger has been registered, will no longer apply.

As at June 30, 2024, there were further financing commitments and guarantees from banks in the amount of €229.6 million (previous year: €224.2 million). As at the end of the reporting period, a nominal value of €169.1 million (previous year: €168.0 million) was unused.

10. OTHER FINANCIAL LIABILITIES

The contractual obligations under the Group-separation agreement, which was concluded between Vitesco Technologies Group AG, Regensburg, Vitesco Technologies GmbH, Regensburg, and Continental AG, Hanover, on March 18, 2021, as part of the spin-off, continue to be reported as liabilities to related parties in an amount of €82.0 million. Based on the Group-separation agreement, Continental AG is claiming for the €100 million fine imposed to Continental by the Hanover district attorney as well as for significant legal costs and expenses in connection with the proceedings. The Group-separation agreement explicitly pertains only to reasonable costs that can be recharged to Vitesco Technologies. The measurement of these liabilities is therefore subject to significant uncertainty.

11. FINANCIAL INSTRUMENTS

The tables below show the carrying amounts and fair values of financial assets and liabilities, with non-current and current items being presented together. In addition, the relevant measurement categories are shown according to IFRS 9 Financial Instruments and the levels of the fair value hierarchy relevant for calculating fair value according to IFRS 13 Fair Value Measurement.

	Carrying amount as at June 30, 2024					Fair value as at June 30, 2024			
€ million	FVOCIwoR	FVOCIwR	FVPL	At cost	**Total**	Of which level 1	Of which level 2	Of which level 3	**Total**
Financial instruments measured at fair value	**4.6**	**19.4**	**23.2**	**–**	**47.2**				
Other investments	4.6	–	–	–	**4.6**	–	–	4.6	**4.6**
Derivative instruments not accounted for as effective hedging instruments	–	–	7.2	–	**7.2**	–	7.2	–	**7.2**
Derivative instruments accounted for as effective hedging instruments[1]	–	–	–	–	**–**	–	6.3	–	**6.3**
Debt instruments	–	–	16.0	–	**16.0**	–	16.0	–	**16.0**
Bank drafts	–	19.4	–	–	**19.4**	–	19.4	–	**19.4**
Cash and cash equivalents	–	–	–	–	**–**	–	–	–	**–**
Financial instruments not measured at fair value	**–**	**–**	**–**	**2,278.7**	**2,278.7**				
Debt instruments	–	–	–	0.1	**0.1**	–	–	–	**–**
Trade accounts receivable	–	–	–	1,432.3	**1,432.3**	–	–	–	**–**
Other financial assets	–	–	–	105.0	**105.0**	–	–	–	**–**
Cash and cash equivalents	–	–	–	741.3	**741.3**	–	–	–	**–**
Financial liabilities measured at fair value	**–**	**–**	**21.2**	**–**	**21.2**				
Derivative instruments not accounted for as effective hedging instruments	–	–	21.2	–	**21.2**	–	21.2	–	**21.2**
Financial liabilities not measured at fair value	**–**	**–**	**–**	**2,386.3**	**2,386.3**				
Trade accounts payable	–	–	–	1,528.8	**1,528.8**	–	–	–	**–**
SSD loans	–	–	–	200.0	**200.0**	–	196.0	–	**196.0**
Bank loans and overdrafts	–	–	–	340.0	**340.0**	–	352.4	–	**352.4**
Other indebtedness	–	–	–	140.1	**140.1**	–	144.0	–	**144.0**
Other financial liabilities	–	–	–	177.4	**177.4**	–	–	82.0	**82.0**
Financial assets	**4.6**	**19.4**	**23.2**	**2,278.7**	**2,325.9**				
Financial liabilities	**–**	**–**	**21.2**	**2,386.3**	**2,407.5**				

1) Derivative instruments accounted for as effective hedging instruments are not assigned to a measurement category under IFRS 9.

€ million	Carrying amount as at December 31, 2023 FVOCIwoR	FVOCIwR	FVPL	At cost	Total	Fair value as at December 31, 2023 Of which level 1	Of which level 2	Of which level 3	Total
Financial instruments measured at fair value	**15.2**	**16.7**	**73.1**	**–**	**105.0**				
Other investments	15.2	–	–	–	**15.2**	–	–	15.2	**15.2**
Derivative instruments not accounted for as effective hedging instruments	–	–	8.2	–	**8.2**	–	8.2	–	**8.2**
Derivative instruments accounted for as effective hedging instruments[1]	–	–	–	–	**–**	–	5.8	–	**5.8**
Debt instruments	–	–	13.7	–	**13.7**	–	13.7	–	**13.7**
Bank drafts	–	16.7	–	–	**16.7**	–	16.7	–	**16.7**
Cash and cash equivalents	–	–	51.2	–	**51.2**	–	51.2	–	**51.2**
Financial instruments not measured at fair value	**–**	**–**	**–**	**2,654.1**	**2,654.1**				
Debt instruments	–	–	–	2.3	**2.3**	–	–	–	**–**
Trade accounts receivable	–	–	–	1,529.3	**1,529.3**	–	–	–	**–**
Other financial assets	–	–	–	110.1	**110.1**	–	–	–	**–**
Cash and cash equivalents	–	–	–	1,012.4	**1,012.4**	–	–	–	**–**
Financial liabilities measured at fair value	**–**	**–**	**11.7**	**–**	**11.7**				
Derivative instruments not accounted for as effective hedging instruments	–	–	11.7	–	**11.7**	–	11.7	–	**11.7**
Financial liabilities not measured at fair value	**–**	**–**	**–**	**2,541.9**	**2,541.9**				
Trade accounts payable	–	–	–	1,838.6	**1,838.6**	–	–	–	**–**
SSD loans	–	–	–	200.0	**200.0**	–	195.3	–	**195.3**
Bank loans and overdrafts	–	–	–	295.0	**295.0**	–	299.3	–	**299.3**
Other financial liabilities	–	–	–	208.3	**208.3**	–	–	82.0	**82.0**
Financial assets	**15.2**	**16.7**	**73.1**	**2,654.1**	**2,759.1**				
Financial liabilities	**–**	**–**	**11.7**	**2,541.9**	**2,553.6**				

1) Derivative instruments accounted for as effective hedging instruments are not assigned to a measurement category under IFRS 9.

Abbreviations

>At cost: measured at amortized cost
>FVOCIwR: fair value through other comprehensive income with reclassification
>FVOCIwoR: fair value through other comprehensive income without reclassification
>FVPL: fair value through profit or loss

Levels of the fair value hierarchy under IFRS 13:

- Level 1: quoted prices in active markets for identical instruments
- Level 2: quoted prices in active markets for similar instruments or measurement methods for which all major input factors are based on observable market data
- Level 3: measurement methods for which the major input factors are not based on observable market data

Financial instruments allocated to the FVOCIwoR measurement category are classified as such because they are held over a long term for strategic purposes.

For other investments for which there are no quoted prices in active markets for identical instruments (level 1) or for similar instruments, or for which there are no applicable measurement methods in which all major input factors are based on observable market data (level 2), the fair value must be calculated using a measurement method for which the major input factors are not based on observable market data (level 3). If external valuation reports or information from other financing rounds are available, these are used. If such information is not available, the measurement is performed according to the measurement method that is deemed appropriate and realizable in each case, for example, according to the discounted cash flow method or by valuation according to multiples using ratios based on purchase prices for comparable transactions. Measurement at amortized cost is only considered the best estimate of the fair value of financial assets if the most recent information available for fair value measurement is insufficient. The other investments are centrally monitored with regard to any changes to the key nonobservable input factors and continuously checked for changes in value.

Other investments are accounted for at fair value. Changes are recognized in other comprehensive income. One other financial asset was classified as an asset held for sale. A sensitivity analysis has not been performed for the other investments for materiality reasons.

There were no transfers between the different levels of the fair-value hierarchy during the reporting period.

12. LITIGATION AND COMPENSATION CLAIMS

There were no significant new findings or matters during the reporting period regarding to the legal disputes and claims for damages explained in the annual report for the fiscal year 2023.

13. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Vitesco Technologies has proviede a Group guarantee for payments by a customer up to an amount of €57.0 million.

As at June 30, 2024, there were no further significant changes to the contingent liabilities and other financial obligations described in the 2023 annual report.

14. TRANSACTIONS WITH RELATED PARTIES

The table below shows the transactions with related parties other than subsidiaries:

	Income		Expenses		Accounts receivable		Accounts payable	
	January 1 to June 30		January 1 to June 30					
€ million	**2024**	2023	**2024**	2023	**June 30, 2024**	December 31, 2023	**June 30, 2024**	December 31, 2023
Continental Group								
Ordinary business activities	235.7	564.1	155.9	318.0	54.6	83.6	43.2	497.6
Leases	–	–	0.1	0.1	–	–	17.0	19.5
Others	–	–	–	10.5	4.6	4.9	103.4	106.1
Schaeffler Group								
Ordinary business activities	18.0	17.4	11.9	12.9	10.5	13.7	5.7	6.1
Financing	–	–	1.8	–	–	–	141.9	–
Other related parties								
Ordinary business activities	1.9	2.2	–	–	0.8	0.7	–	0.1
Financing	–	0.1	–	–	–	–	–	–
Total	**255.6**	**583.8**	**169.7**	**341.5**	**70.5**	**102.9**	**311.2**	**629.4**

Transactions with related parties other than subsidiaries were concluded on an arm's-length basis. Ordinary business activities include the purchase or sale of goods as well as services rendered or received. Please also refer to the disclosures in the 2023 annual report.

The sale of assets and business operations to the Continental Group produced a gain of €6.8 million (previous year: €2.7 million). The net carrying amount of the sold assets came to €6.3 million (previous year: €13.8 million). In the first six months of the fiscal year 2024, the Vitesco Technologies Group acquired assets totaling €2.4 million (previous year: €2.1 million).

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were not any events after June 30, 2024, that were of particular importance for the earnings, finances, and assets of Vitesco Technologies.

GERMAN CORPORATE GOVERANCE CODE/DECLARATION PURSUANT TO AKTG § 161

The declaration required in accordance with AktG § 161 was issued by the Executive Board and the Supervisory Board in November 2023, was revised in December 2023, and is permanently available to shareholders online in the Investors/Corporate Governance section of the Company's website (ir.vitesco-technologies.com).

Regensburg, July 26, 2024

Executive Board

RESPONSIBILITY STATEMENT BY THE COMPANY’S LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles applicable for interim financial reporting, the interim consolidated financial statements give a true and fair view of the earnings, finances, and assets of the Vitesco Technologies Group, and the interim combined management report includes a fair presentation of the development and performance of the business and position of the Vitesco Technologies Group, together with a description of the principal opportunities and risks associated with the expected development of the Vitesco Technologies Group.

Regensburg, July 26, 2024

Vitesco Technologies Group AG

Andreas Wolf Sabine Nitzsche Ingo Holstein Stephan Rölleke Klaus Hau Thomas Stierle

REVIEW ENGAGEMENT REPORT

To Vitesco Technologies Group AG, Regensburg

We have reviewed the condensed interim consolidated financial statements, consisting of the interim consolidated statement of income, the interim consolidated statement of comprehensive income, the interim consolidated statement of financial position, the interim condensed statement of cash flows, the interim consolidated statement of changes in equity, and the explanatory disclosures for the interim consolidated financial statements, and the interim group management report of Vitesco Technologies Group Aktiengesellschaft, for the period from January 1 through June 30, 2024, that are part of the half-year financial report according to § 115 of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting,” as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act (WpHG) that apply to interim group management reports, is the responsibility of the company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the review so that we can preclude, through critical evaluation, with limited assurance that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act (WpHG) to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act (WpHG) applicable to interim group management reports.

Munich, July 29, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

Huber-Straßer	Zimmermann
German Public Auditor	German Public Auditor

FINANCIAL CALENDAR

2024	
Quarterly Report as at September 30, 2024	November 14

PUBLICATION DETAILS

The annual report, the annual financial statements, the half-year financial report, and the interim reports are available online in the “Investors” section of our website at ir.vitesco-technologies.com.

Published:
Vitesco Technologies Group Aktiengesellschaft, Regensburg

Contact:
Vitesco Technologies Group Aktiengesellschaft
Siemensstraße 12
93055 Regensburg
Germany

Telephone: +49 941-2031-90330
E-Mail: contact@vitesco.com
vitesco-technologies.com

Executive Board:
Andreas Wolf (Chief Executive Officer),
Sabine Nitzsche,
Ingo Holstein,
Stephan Rölleke,
Klaus Hau,
Thomas Stierle

Chairman of Supervisory Board:
Prof. Siegfried Wolf

Principal place of business: Regensburg
Court of registration: Regensburg local court
HRB 18842
VAT.-ID-no. DE 327956117