CONTINENTAL RUBBER OF AMERICA, CORP.

(A Wholly Owned Subsidiary of Continental Automotive, Inc.)

Financial Statements

December 31, 2021 and 2020

(With Report of Independent Auditors Thereon)

Report of Independent Auditors

To Management and the Board of Directors of Continental Rubber of America, Corp.

Opinion

We have audited the accompanying financial statements of Continental Rubber of America, Corp. (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company as of December 31, 2020 and for the year then ended were audited by other auditors whose report, dated April 2, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

April 19, 2022

CONTINENTAL RUBBER OF AMERICA, CORP.

(A Wholly Owned Subsidiary of Continental Automotive, Inc.)

Balance Sheets

December 31, 2021 and 2020

(Amounts in thousands except share amounts)

	2021	2020
Assets		
Cash and cash equivalents	$ 457,989	$ 223,727
Other assets	5	490
Accounts receivable from affiliated companies	42,700	26,222
Notes receivable from affiliated companies (note 3)	1,751,324	1,655,870
Notes receivable from investment funds (note 4)	12,636	20,913
Total assets	$ 2,264,654	$ 1,927,222

	2021	2020
Liabilities and Shareholder's Equity		
Accounts payable - trade	$ 114	$ 106
Accrued interest	84	141
Accounts payable to affiliated companies	41,534	34,317
Notes payable to affiliated companies (note 5)	1,814,126	1,816,107
Debt (note 6)	240,474	-
Total liabilities	$ 2,096,332	$ 1,850,671
Shareholder’s equity		
Common shares, $1 par value. Authorized 400,000 shares; issued and outstanding 10,000 shares	10	10
Additional paid-in capital	124,212	35,422
Retained earnings	44,100	41,119
Total shareholder’s equity	168,322	76,551
Total liabilities and shareholder’s equity	$ 2,264,654	$ 1,927,222

See accompanying notes to financial statements.

CONTINENTAL RUBBER OF AMERICA, CORP.

(A Wholly Owned Subsidiary of Continental Automotive, Inc.)

Statements of Operations

For the years ended December 31, 2021 and 2020

(Amounts in thousands)

	2021	2020
Capacity fee charged to affiliated companies	$ 21,369	$ –
Interest income on notes receivable from affiliated companies (note 3)	13,196	37,458
Interest income from investment funds (note 4)	184	776
Interest income from cash equivalents	123	148
Interest expense on notes payable to affiliated companies (note 5)	(29,579)	(29,882)
Interest expense on debt (note 6)	(339)	(2,489)
Finance, general & administrative expense	(497)	(630)
Loss from foreign exchange	(683)	(229)
Income before income taxes	3,774	5,152
Income tax expense (note 7)	(793)	(1,204)
Net income	$ 2,981	$ 3,948

See accompanying notes to financial statements.

CONTINENTAL RUBBER OF AMERICA, CORP.

(A Wholly Owned Subsidiary of Continental Automotive, Inc.)

Statements of Changes in Shareholder's Equity

For the years ended December 31, 2021 and 2020

(Amounts in thousands)

	Common shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity
December 31, 2019	$ 10	$ 35,422	$ 37,171	$ (163)	$ 72,440
Net income	—	—	3,948	—	3,948
Other comprehensive loss	—	—	—	163	163
December 31, 2020	$ 10	$ 35,422	$ 41,119	$ 0	$ 76,551
Net income	—		2,981	—	2,981
Capital contribution	—	88,790	—	—	88,790
December 31, 2021	$ 10	$ 124,212	$ 44,100	$ 0	$ 168,322

See accompanying notes to financial statements.

CONTINENTAL RUBBER OF AMERICA, CORP.
(A Wholly Owned Subsidiary of Continental Automotive, Inc.)
Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Amounts in thousands)

	2021	2020
Cash flows from operating activities:		
Net income	$ 2,981	$ 3,948
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Increase in net receivable from affiliated companies	(793)	(1,204)
Decrease (Increase) in other assets and liabilities, net	436	(113)
Net cash provided by operating activities	2,624	2,631
Cash flows from investing activities:		
Payments received on notes receivable from affilated companies	428,823	1,205,690
Issuance of notes receivable from affiliated companies	(516,000)	(144,619)
Net cash (used in) provided by investing activities	(87,177)	1,061,071
Cash flows from financing activities:		
Proceeds from capital contribution	88,790	-
Proceeds from issuance of debt	240,474	-
Issuance of notes payable to affiliated companies	400,000	501,500
Payments for notes payable from affiliated companies	(401,980)	(1,379,425)
(Decrease) increase in net payable to affiliated companies as a result of cash management activity	(8,469)	15,015
Net cash provided by (used in) financing activities	318,815	(862,910)
Net change in cash and cash equivalents	234,262	200,792
Cash and cash equivalents at beginning of year	223,727	22,935
Cash and cash equivalents at end of year	$ 457,989	$ 223,727
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 31,903	$ 21,872
Noncash conversion of investment fund receivable	$ 8,277	$ 15,564
Noncash conversion of accrued interest on net cash positions	$ 421	$ 8,285

See accompanying notes to financial statements.

(1) Description of Business

Continental Rubber of America, Corp. (the Company) is a wholly owned subsidiary of Continental Automotive, Inc. (Parent). Continental Automotive, Inc. is, through a series of subsidiaries, a wholly owned subsidiary of Continental AG, a German company. The Company provides financing for wholly owned subsidiaries of Continental AG, in particular, but not limited to, subsidiaries based in the United States of America.

The Company, its affiliates, and Parent are dependent on Continental AG for financial support. Continental AG provides financial support for its U.S. subsidiaries (note 6). Continental AG has communicated to management of the Parent that it will continue to provide financial support to the Parent and its subsidiaries, if necessary, through at least April 19, 2023.

Certain affiliates allocate costs to the Company for services provided for management, operational, finance and other support services. These costs are subsequently allocated back to those affiliates with which the Company does business in the form of service fees. Therefore, the Company's financial statements as of and for the years ended December 31, 2021 and 2020 do not reflect any net expense for such intercompany administrative services.

Substantially all of the Company's operations consist of internal financing of its affiliates and external financing transactions with banks. As a result, substantially all of the Company's assets represent amounts due from affiliates. The Company's ability to satisfy its financial obligations as they become due is dependent upon the Company's recovery of amounts receivable from its affiliates. As both Continental AG and the affiliates the Company finances are suppliers to the automotive industry (in both the original equipment and replacement markets), the operating results and financial position of those affiliates are impacted by developments in the automotive industry.

(2) Summary of Significant Accounting Policies

(a) Foreign Currency Transactions

The Company remeasures instruments denominated in foreign currencies in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 830-20, *Foreign Currency Matters*, using year-end rates of exchange. Gains and losses resulting from such remeasurements are included in the statement of operations. Revenues and expenses are translated at average rates of exchange in effect during the year.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the income tax uncertainties and other contingencies. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be classified as cash equivalents. Cash equivalents at December 31, 2021 and 2020 include $450,000 and $157,500, respectively, of money market funds.

(d) Receivables and Notes Receivable

Receivables from affiliates, notes receivable from affiliates including net cash positions, and notes receivable from investment funds are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Notes receivable are interest bearing notes that arise when the Company provides money directly to a debtor with no intention of trading the receivable and are recorded at face value. Interest is recognized over the life of the note using the effective interest method. Accounts receivable from affiliated companies consists primarily of interest earned but not yet paid on the notes receivable from affiliated companies. The Company primarily provides funding and liquidity management to affiliated companies. These loans are to related parties and there is no known credit risk related to these loans. Accordingly, the Company has not established an allowance for loan losses nor incurred losses on these activities.

The notes receivable from investment funds are loans issued in connection with U.S. federal and state government tax credit programs that support low-income community developments. The Company's affiliates participate in these programs primarily to support capital spending.

(e) Capacity Fee

Continental AG issued a bond in 2020 in an effort to ensure adequate global liquidity through the Covid-19 pandemic. Continental AG shared the cash generated from the bond issuance with the Company via an intercompany loan with an interest rate and tenor commensurate with that of the bond terms to be used by the Company to support the liquidity needs of the region. In 2021, the Company generated a Capacity fee charged to affiliated companies in order to share the interest costs that were incurred as a result of the additional loan with those entities that are benefited by the additional cash availability.

(f) Guarantee Fee

Continental AG charges the Company guarantee fees which relate to costs associated with global liquidity management. These fees include a commitment and utilization fee based on outstanding borrowings on the revolving credit facility as well as a fee which relates to the Commercial Paper facility and the overnight line facility. The guarantee fees are reported as interest expense on the statement of operations.

(g) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

The Company accounts for uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Interest and penalties related to income tax assessments, if any, are reflected in income tax expense in the statements of operations.

The Company's taxable income is included in the consolidated federal tax return filed by the Parent. Under the terms of a tax allocation agreement with the Parent, the Company determines income tax amounts as if the Company were filing a separate return. Accordingly, federal tax amounts payable or receivable, except deferred tax amounts indicated above, are reflected in the intercompany accounts with the Parent.

(h) Reclassifications

Certain amounts previously reported have been reclassified to conform to the current year presentation.

(i) New Accounting Pronouncements

There are no new accounting pronouncements that materially affect the presentation of the financial statements and accompanying footnotes.

CONTINENTAL RUBBER OF AMERICA, CORP.
(A Wholly Owned Subsidiary of Continental Automotive, Inc.)

Notes to Financial Statements

December 31, 2021 and 2020

(Amounts in thousands)

(3) Notes Receivable from Affiliated Companies

		2021	2020
Intercompany net cash positions, due upon demand. Interest receivable monthly. Variable interest rate computed daily based on overnight LIBOR. Average rates were 0.0748% in 2021 and 0.3696% in 2020.	$	532,460	765,162
Intercompany note, due upon demand. Interest receivable monthly. Variable interest rate computed monthly based on average overnight LIBOR, plus 30 basis points. Average rates were 0.3748% in 2021 and 0.6729% in 2020.		131,810	131,810
Intercompany note, due June 15, 2052. Interest receivable due quarterly and principle payments due annually. Fixed interest rate of 2.6400%.		42,713	42,713
Intercompany note (Investment Fund II note a), due August 29, 2043. Interest receivable due quarterly and principle payments due annually. Fixed interest rate of 3.1200%.		15,564	15,564
Intercompany note (Investment Fund III note b), due October 29, 2044. Interest receivable due quarterly and principle payments due annually. Fixed interest rate of 2.0000%.		8,277	—
Intercompany note, due January 26, 2022. Interest receivable at maturity. Fixed interest rate of 0.77638%.		285,000	50,000
Intercompany note, due June 20, 2022. Interest receivable at maturity. Fixed interest rate of 0.65838%.		280,000	—
Intercompany note, due March 14, 2022. Interest receivable at maturity. Fixed interest rate of 0.97975%.		140,000	150,000
Intercompany note, due March 28, 2022. Interest receivable at maturity. Fixed interest rate of 0.89063%.		120,000	—
Intercompany note, due March 22, 2022. Interest receivable at maturity. Fixed interest rate of 0.87325%.		83,500	24,500
Intercompany note, due January 28, 2022. Interest receivable at maturity. Fixed interest rate of 0.4775%.		42,000	—
Intercompany note, due January 20, 2022. Interest receivable at maturity. Fixed interest rate of 0.777%.		40,000	—
Intercompany note, due June 20, 2022. Interest receivable at maturity. Fixed interest rate of 0.95838%.		30,000	40,000
Intercompany note, due May 11, 2021. Interest receivable at maturity. Fixed interest rate of 0.8941%.		—	309,600
Intercompany note, due June 21, 2021. Interest receivable at maturity. Fixed interest rate of 0.9034%.		—	125,197
Intercompany note, due January 4, 2021. Interest receivable at maturity. Fixed interest rate of 0.9826%.		—	1,324
Total notes receivable from affiliated companies	$	1,751,324	1,655,870

(Amounts in thousands)

(4) Notes Receivable from Investment Funds

The New Market Tax Credit (NMTC) program was designed by U.S. federal government and specified state tax programs to stimulate investment and economic growth in low income communities by offering taxpayers a 39% tax credit against federal income taxes over a seven-year period for Qualified Equity Investment (QEIs) in designated Community Development Entities (CDEs). The CDE's must use proceeds to make Qualified Low-Income Community Investments (QLICI). The entity receiving the loans needs to be treated as a Qualified Active Low Income Community Business (QALICB) for the duration of the seven-year period.

The Company's affiliates participate in these NMTC programs primarily to support capital spending for plant expansions. The Company funds the leveraged loan receivable to the investment fund (CDE). The Company has no equity interest in the investment funds, QEI or CDE's neither during the seven-year period nor after the exercise of the put/call option.

Listed below are the loans due from investment funds.

		2021	2020
Note receivable from Contitech Investment Fund I due September 25, 2047. Fixed interest rate of 1.00%. Interest only payments due monthly through September 15, 2024. Beginning October 1, 2024 principal and interest shall accrue and be payable monthly over the remaining life of the loan (note c).		1,697	1,697
Note receivable from Contitech Investment Fund II due September 25, 2032. Fixed interest rate of 1.00%. Interest only payments due monthly through September 15, 2024. Beginning October 1, 2024 principal and interest shall accrue and be payable monthly over the remaining life of the loan (note d).		4,026	4,026
Notes receivable from Contitech State Investment Fund due October 9, 2044. Fixed interest rate of 1.00%. Interest only payments due quarterly through September 15, 2025. Beginning October 1, 2025 principal and interest shall accrue and be payable monthly over the remaining life of the loan (note e).		6,513	6,513
Notes receivable from Contitech Federal Investment Fund due October 8, 2031. Fixed interest rate of 1.5837%. Interest only payments due quarterly through September 15, 2025. Beginning October 1, 2025 principal and interest shall accrue and be payable monthly over the remaining life of the loan (note f).		400	400
Note receivable from Investment Fund III due October 29, 2044. Fixed interest rate of 2.00%. Interest only payments due quarterly through September 15, 2021, after which the loan principal will be amortized over the remaining life of the loan (note b).	$	—	8,277
Total notes receivable from investment funds	$	12,636	20,913

As part of the tax credit program agreements, each of the investment funds holds put options to sell its interest in the respective investment fund to the Company (for one thousand dollars during a 90-day period (notes b, c, d and e) or 180-day period (note f) after the end of the tax compliance period (note b, October 29, 2021; notes c and d, September 25, 2024; and notes e and f, October 26, 2025).

The Company has call options to purchase the respective investment fund's interests in the respective investment funds at fair market value if the put options are not exercised. The put and call options do not permit or require contractual net settlement and the put and call options do not meet the criteria in ASC Topic 815 to be accounted for as a derivative since the shares that must be delivered under the options are not readily convertible to cash (the investment funds are nonpublic entities).

On December 14, 2020, the Chase Community Equity, LLC, the “Fund Member” for the Mount Vernon, Illinois tire plant incentive program gave notice of its intention to exercise its option (the Put) to sell the Fund Member's entire interest in Chase NMTC Continental Tire IL Investment Fund, LLC pursuant to Section 2 of the Put/Call Option Agreement made and entered into as of August 30, 2013 by and between Chase Community Equity, LLC and Continental Rubber of America Corp.

Effective December 31, 2020 Continental affiliates purchased the majority and minority interest of Chase NMTC Continental Tire IL Investment Fund, LLC. Additionally, a Continental affiliate purchased the applicable Subsidiary Community Development Entity (Sub-CDE) Membership Interests. As of December 31, 2021 and 2020, the loan to the Investment Fund II (note a) remains outstanding.

On March 3, 2021, the Stonehenge Community Development LLC, the “Fund Member” for an additional Mount Vernon, Illinois tire plant incentive program gave notice of its intention to exercise its option (the Put) to sell the Fund Member's entire interest in Stonehenge Illinois NMTC Investment Fund VI, LLC pursuant to the Put/Call Option Agreement made and entered into as of October 29, 2014 by and between Stonehenge Community Development 100 LLC and Continental Rubber of America Corp.

Effective April 27, 2021, Continental affiliates purchased the majority and minority interest of Stonehenge Illinois NMTC Investment Fund VI, LLC. Additionally, a Continental affiliate purchased the applicable Subsidiary Community Development Entity (Sub-CDE) Membership Interests. As of December 31, 2021, the loan to the Investment Fund III (note b) remains outstanding.

(Amounts in thousands)

(5) Notes Payable to Affiliated Companies

		2021	2020
Intercompany Net Cash Positions, due upon demand. Interest payable monthly. Variable interest rate computed daily based on overnight LIBOR. Average rates were 0.0748% in 2021 and 0.3696% in 2020.	$	346,491	733,472
Intercompany note, due November 27, 2023. Interest payable at maturity. Fixed interest rate of 3.1414%.		547,635	547,635
Intercompany note, due January 20, 2022. Interest payable at maturity. Fixed interest rate of 1.0770%.		345,000	250,000
Intercompany note, due January 20, 2022. Interest payable at maturity. Fixed interest rate of 0.9270%.		295,000	270,000
Intercompany note, due March 28, 2022. Interest payable at maturity. Fixed interest rate of 0.88588%.		245,000	—
Intercompany note, due January 20, 2022. Interest payable at maturity. Fixed interest rate of 0.7770%.		35,000	—
Intercompany note, due June 21, 2021. Interest payable at maturity. Fixed interest rate of 0.8825%.		—	15,000
Total notes payable to affiliated companies	$	1,814,126	1,816,107

(6) Debt

The Company is a participant in a notional cash pool (Overlay Structure) arrangement between Continental AG and Bank Mendes Ganz N.V. (BMG). The notional cash pool acts as an instrument for the concentration of Continental AG group liquidity to optimize the interest result and reduce external debt and excess liquidity. Within this Overlay Structure, the Company carries notional pooling target accounts at BMG which reflects the transactions on the local account of the Company following established balance and borrowing limits. Deposit and borrowing positions tend to be short-term in nature and are included in Cash and Cash Equivalents or Debt in the accompanying financial statements, respectively. The Company had an outstanding borrowing balance of ($240,474) and deposit balance of $58,908 at December 31, 2021 and 2020, respectively.

The Company is party to a multicurrency revolving credit facility (the Facility) which provides 4 billion Euro of aggregate effective borrowings to support general corporate needs, including working capital, capital expenditures and acquisitions. The Facility was established in December 2019 with a term of 5 years and a one year extension option which was exercised in November 2020 with final maturity in December 2025. Borrowings under the Facility generally bear interest at LIBOR (the London Interbank Offered Rate) plus a spread, based on the Continental AG public debt rating. The Company had no outstanding borrowings under the Facility as of December 31, 2021 and 2020. Under the terms of the Facility, each borrower is independently liable for its own borrowings, with any such borrowings ultimately guaranteed by Continental AG.

In May 2020, Continental AG entered into an additional 3 billion Euro debt arrangement (the Safety First Facility) to which the Company is also a participant. This facility was established to provide flexibility for short-term liquidity needs resulting from the impact of the Covid-19 pandemic. This facility contained an initial term of 364 days with two 6 month extension options which were not exercised. The facility was not utilized at any time during its term.

All borrowings under the above facilities require the prior approval of Continental AG.

In 2018, the Company established a commercial paper program, backed by Continental AG as guarantor and supported by its participation in the then established multicurrency revolving credit facility to provide a flexible and cost-effective short-term financing instrument for general corporate purposes. The program allows the issuance of up to $500 million with a maximum maturity of 270 days. When utilized, the Company typically issues on an overnight basis to optimize interest cost. As of December 31, 2021 and 2020 there were no outstanding borrowings under this facility.

The Company's ability to meet its debt repayment and servicing obligations depends on other affiliates, and ultimately upon Continental AG. Continental AG has guaranteed the Company's debt and, as described in note 1, has represented to management that it will continue to provide financial support, if necessary, through at least April 19, 2023.

(7) Income Taxes

The income tax expense of $793 and $1,204 is all current as of the years ended December 31, 2021 and 2020, respectively.

The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2021 and 2020.

The Company is included in the consolidated U.S. federal income tax return of its Parent. The open audit period for U.S. federal tax purposes is 2018 to 2020.

(8) Transactions with Related Parties

All of the Company's cash activities are managed by an affiliate. Receivables and payables are derived from cash management activities, income tax allocation and interest charges from the Parent. The Company charges affiliates for interest on the notes receivable and records interest expense on its related notes payable. Payables to affiliated companies as of December 31, 2021 and 2020 include charges of $1,652 and $2,365, respectively, for parental guarantee fees of the Company's debt.

During 2021, the Parent made a cash capital contribution to the Company of $88,790 to improve the equity to debt ratio.

(9) Risks and Uncertainties

The COVID-19 pandemic generated volatility in the global economy. The Company has been impacted to varying degrees including but not limited to additional lending to other Continental subsidiaries to support cash flow needs as well as incurring additional borrowings to ensure sufficient liquidity. Continental's subsidiaries operations show continued recovery during the 2021 calendar year compared to the severe global economic disruption experienced throughout much of 2020, particularly in the first half of the year.

The pandemic's continued impact on economic conditions and activity remains uncertain and will continue to evolve by country and state, and it is possible that new or evolving variants of COVID-19 could result in increased business disruptions and contribute to a potential economic downturn. Pandemic developments and certain responses have also resulted in inflationary pressure and ultimately may contribute to the development of a prolonged, disruptive period of high inflation in the U.S and globally.

We continue to closely monitor the pandemic and related risks as they evolve globally and in the U.S. The magnitude and duration of the pandemic effects on financial markets and/or the overall economy are uncertain and depend on future developments that cannot be predicted.

There were no other risks identified during the periods presented.

(10) Events after Balance Sheet Date

The Company has evaluated events occurring subsequent to the balance sheet date through April 19, 2022, the date the financial statements were available to be issued, and concluded no such events or transactions occurred.