# Half-Year Financial Report of Dr. Ing. h.c. F. Porsche Aktiengesellschaft

**for the period from January 1 to June 30, 2022**

# Half-Year Financial Report



The condensed interim consolidated financial statements as of June 30, 2022, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows as well as selected explanatory notes – and the interim group management report for the period from January 1 to June 30, 2022 have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor subject to a review by a person qualified to audit financial statements.

# Interim Group Management Report Fundamental information about the group

For the interim group management report for the period from January 1 to June 30, 2022, there were no extended reporting requirements as applicable for capital-market-oriented entities. Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") has voluntarily made selected disclosures required for capital-market-oriented entities.

## BUSINESS MODEL

### PURPOSE OF THE COMPANY

Porsche AG is one of the world's most successful luxury automotive manufacturers. We believe that its iconic brand is synonymous with design and enginnering heritage, prestige, performance, innovation, quality, technological achievement, reliability as well as modern and sustainable luxury. In addition, we also offer customized financing products.

### LEGAL STRUCTURE

Porsche AG is a German stock corporation (Aktiengesellschaft), which has its registered office in Stuttgart.

Porsche AG's subscribed capital is held in full by Porsche Holding Stuttgart GmbH and a control and profit and loss transfer agreement is in place between the two entities. In turn, Volkswagen Aktiengesellschaft ("Volkswagen AG", and together with its consolidated subsidiaries, the "Volkswagen Group") holds 100% of the share capital of Porsche Holding Stuttgart GmbH and is thus the ultimate parent company of Porsche AG.

### OPERATIONAL STRUCTURE, PROCUREMENT AND SALES

Porsche AG and its fully consolidated subsidiaries ("the Porsche AG group") consist of the automotive and financial services segments. Alongside the headquarters of the Porsche AG group, the manufacturing facilities for the Taycan, 911 and 718 model series as well as customer sports vehicles from Porsche Motorsport are also located in Stuttgart-Zuffenhausen. The Porsche AG group also maintains manufacturing facilities in Leipzig, where the Macan and Panamera model series are produced. The Cayenne model series is produced at the Volkswagen Group's multi-brand site in Bratislava, Slovakia. In addition, the Cayenne model series is also assembled at a third-party assembly facility in Kulim District, Kedha, Malaysia. Weissach hosts the Porsche Research and Development Center, where Porsche vehicles are developed from first sketch to series production.

The Porsche AG group operates active supply chain and spare parts management supported by long-term contracts with long-standing partners.

The Porsche AG group sells its models via a network of more than 900 Porsche Centers in more than 120 countries. Global [automotive] sales are broken down into five regions: [Germany, North America, China, Europe (without Germany) and Rest of the World.

The financial services segment includes the leasing business, dealer and customer financing, service and insurance brokerage business as well as mobility services for vehicles of the Porsche brand.

### PRODUCTS AND SERVICES

The Porsche AG group focuses on high-quality and exclusive products, electromobility and sustainability. The sports car manufacturer is bringing forward its history and motorsport DNA into the future and in doing so seeks to redefine the term modern luxury.

Porsche is a global and iconic brand – sporty, exclusive and sought-after. At the same time, the Porsche AG group also benefits from economies of scale and a higher volume compared to niche manufacturers from the luxury sports car segment. We believe that our position in this sweet spot in the automotive industry makes the Porsche AG group unique and opens up opportunities for structural growth.

With our passion for design, performance and the highest quality, we make the dreams of sports car fans around the world come true. These offerings include the legendary 911, the mid-engine sports car the 718, the Taycan, the Group's first luxury all-electric sports car, the elegant Panamera and the luxury SUVs the Cayenne and Macan. In addition, we also offer traditional as well as tailor-made financing solutions to help make our customers' dream of owning a luxury sports car come true.

## STRATEGIC DIRECTION OF THE PORSCHE AG GROUP

We are aiming to further expand our strong position as a manufacturer of exclusive sports cars with a robust financial track record, in particular by systematically implementing our strategy. The strategic direction of the Porsche AG group consists of the cross-cutting strategies Customer, Products, Sustainability, Digitalization, Organization and Transformation. They form the center of the Porsche strategy and feed into the Porsche AG group's corporate goals. Cross-functional teams progress the six topics, each of which is overseen by two Executive Board members.

### THE "CUSTOMER" CROSS-CUTTING STRATEGY

The "Customer" cross-cutting strategy focuses on the relationship with our customers. Customer experiences in conjunction with fascinating driving experiences should further boost customer loyalty and attract new audiences to the Porsche brand. Omni-channel sales and the development of a strong Porsche community are designed to connect customers with the brand online and in the physical world.

**THE "PRODUCTS" CROSS-CUTTING STRATEGY**
Since Porsche AG was founded, Porsche customers have been able to expect perfection, precision and technological progress. This also includes constantly enhancing products and offerings and shaping the progress of challenging mobility.

In this regard, electromobility is at the heart of the Porsche strategy. We view ourselves as a pioneer in this area and have the ambition for more than 80% of the new vehicles we deliver in 2030 to be fully electric. This aim is underpinned by a detailed product roadmap.

The Porsche AG group currently offers its customers three drive systems: Electric, hybrid and combustion ("ICEs"). We also view synthetic fuels (e.g., e-fuels) as potentially playing a further important role in the decarbonization of ICEs in the existing fleet.

We have a particular focus on the customer demands of the future and have aligned our product strategy accordingly with digital, connected and innovative products and services. In addition to the core business, individual mobility solutions and financial services should contribute to growth and the Porsche AG group's profitability.

In March of 2022, Porsche AG announced plans to build a Porsche proprietary charging network in Europe, with first stations planned to open in 2023 and up to 100 stations planned overall. In addition, we also expect to remain an active partner in "IONITY" and therefore took part in a further round of financing for this joint venture in the first half of 2022. Currently, IONITY operates a network of some 400 charging stations around Europe. By 2025, this is expected to expand to more than 1,000 stations.

The Porsche AG group made its first investment in the Rimac Group d.o.o., a provider of electrified vehicle technology, in 2018 and has successively increased its stake in the group. This investment not only benefits us from a financial perspective on account of the increased valuation. The close cooperation should also create added value for the Porsche AG group in respect of technology and innovative capacity.

As a further step in its electric strategy, the Porsche AG group is investing an amount in the low triple-digit million range in Cellforce Group GmbH, a provider of high-performance battery cells for special automotive applications, and in which the Porsche AG group is a partner. [The aim is to reach an initial annual capacity of at least 100 MWh. This corresponds to high-performance battery cells for around 1,000 vehicles.

**THE "SUSTAINABILITY" CROSS-CUTTING STRATEGY**
The Porsche AG group aims to help shape the sustainable future of mobility. This also includes products that are developed taking into account sustainability aspects, however this also of course includes being a modern employer that is open to society.

The "Sustainability" cross-cutting strategy therefore pursues a holistic approach covering everything from environmental and social aspects to responsible corporate governance. Decarbonization and maintaining a circular economy along the entire value chain are key. The Porsche AG group promotes diversity of views and focuses on making a commitment to society. The Porsche AG group also promotes sustainability in the supply chain as well as transparent and responsible corporate governance. We have the ambition of having a net carbon neutral value chain in 2030, including an ambition that all new battery electric vehicle models (BEVs) be net carbon neutral across the value chain from launch. In 2025, the Porsche AG group aims for more than half of all new vehicles delivered to be electrified, and for more than 80% of new vehicles delivered in 2030 to be fully electric.

In October 2021, the Porsche AG group was once again awarded Prime status by the rating agency ISS ESG and improved its prior-year rating of ("C+") to "B-". Prime status is awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfill ambitious performance requirements. The sports car manufacturer has set itself the goal of being classified as one of the leading companies in the automotive industry in this rating.

**THE "DIGITALIZATION" CROSS-CUTTING STRATEGY**
The "Digitalization" cross-cutting strategy focuses on the efficient use of the company's own competencies as well as collaboration within the Volkswagen Group and with external partners. Shortening the time to market for new products and business models, an open-platform strategy and the use of artificial intelligence and data-driven optimizations should make a major contribution to the success of the business.

**THE "ORGANIZATION" CROSS-CUTTING STRATEGY**
The "Organization" cross-cutting strategy addresses the organizational alignment and optimization of the vertical integration of the Porsche AG group to optimally prepare it for future requirements. Processes should be made as effective and as efficient as possible. At the same time, the Porsche AG group is also defining strategic value creation fields which will be developed internally or by external suppliers in the future. This is also closely related to decisions on strategic partnerships, which will become ever more relevant in the future. New structures and concepts are being worked on for this purpose.

**THE "TRANSFORMATION" CROSS-CUTTING STRATEGY**
The focus of the "Transformation" cross-cutting strategy is on people. They are to be provided with new ways and methods of working. Leadership has an important part to play when it comes

to getting employees on board: They should be notified about changes promptly and be involved in processes to allow them to jointly expedite transformation. Long-term thinking and business-minded actions are supported here. The aim is to maintain and expand the company's position as a top employer with high levels of employee satisfaction.

Our strategies are setting the course, along which the Porsche AG group wants to expand its position for current and future generations. The focus here is on the four stakeholder groups: customers, society, employees and investors. From our perspective, the unwavering focus on the needs of these groups will ensure sustainable growth for the Porsche AG group.

### EMPLOYEES

In the reporting period, an average of 37,460 employees worked towards achieving these targets, of which 33,366 were based in Germany.

## RESEARCH AND DEVELOPMENT

Since Porsche AG was founded, it has been our ambition to offer fascinating driving experiences for exacting customers. Targeted research and development activities drive vehicles innovation from concept development to finished prototypes. Research and development plays a key role for sustainable value enhancement in the Porsche AG group. In addition, the cross-brand development network in the Volkswagen Group makes a significant contribution to strengthening the Porsche AG group's future viability.

In the first half of 2022, the Porsche AG group spent more than €1.30 billion on research and development (without amortization) (R&D) compared to approximately €1.26 billion in the prior-year period. The ratio of R&D to sales revenue stood at 7.9% (prior year: 8.3%). Investment in capitalized development costs stood at €985 million and was thus significantly above the comparable figure in 2021 (€784 million). The increase was driven primarily by rising expenses for projects that are close to production.

Consequently, the capitalization ratio rose from approximately 63% in the half-year period 2021 to approximately 76% in the half-year period. Overall, as of June 30, 2022, the Porsche AG group employed more than 6,700 persons in the areas of research and development. The expenses recorded in the area of research and development relate exclusively to the automotive segment.

In the reporting period R&D expenses were mainly attributable to the transition of the product range to electromobility. After the extremely successful market launch of the first fully-electric model series the Taycan, the focus is now on the development of a fully-electric Macan, 718 and Cayenne.

In 2022, a further research unit of the Porsche AG group will start operations in Shanghai. The location in Shanghai should strengthen the level of understanding of Chinese customers and knowledge of their particular requirements. It supplements Porsche Digital China, which was founded at the start of 2021, and Porsche Engineering China, founded in 2014.

In parallel to the extensive efforts being made in the area of e-mobility, combustion/hybrid technology such as what is currently being considered for the 911, the Panamera and the Cayenne is also being systematically enhanced.

## KEY PERFORMANCE INDICATORS

### MOST IMPORTANT KEY PERFORMANCE INDICATORS

For fiscal year 2022, the following performance indicators have been defined:

- Sales revenue
- Return on sales
- Automotive net cash flow

### SALES REVENUE

The sales revenue of the Porsche AG group primarily consists of automotive sales and reflects the group's market success. Alongside the automotive segment, the financial services segment also contributes to the growth of sales revenue. This segment includes the leasing business, dealer and customer financing, service and insurance brokerage business as well as mobility services for vehicles of the Porsche brand.

### RETURN ON SALES

The return on sales of the Porsche AG group is defined as the ratio of group operating profit to group sales revenue. The Executive Board of Porsche AG uses return on sales to measure the operating profitability of the Porsche AG group.

### AUTOMOTIVE NET CASH FLOW

Automotive net cash flow is defined as cash flows from operating activities of the automotive segment less cash flows from investing activities of current operations of the automotive segment. The investing activities of current operations exclude the changes in investments in securities, loans and time deposits of the Automotive segment.

### OTHER PERFORMANCE INDICATORS

For fiscal year 2022, the following other performance indicators have been defined:

- Deliveries
- Automotive BEV share
- Automotive net liquidity
- Automotive EBITDA
- Automotive EBITDA margin
- Automotive research and development costs
- Automotive capital expenditure
- Automotive operating profit
- Financial services operating profit

**DELIVERIES**

The performance indicator “deliveries” reflects the number of vehicles handed over to end customers. This may take place via group companies or independent importers and dealers. In the Porsche AG group, this differs from unit sales as a relevant driver of sales revenue. Unit sales in the Porsche AG group are designated as those sales of new and group used vehicles of the Porsche brand, which have left the automotive segment for the first time, provided there is no legal repurchase obligation by a company in the automotive segment.

**AUTOMOTIVE BEV SHARE**

The definition of the automotive BEV share is the proportion of purely battery-powered electric vehicles (BEV) in relation to deliveries, i.e., the total number of vehicles delivered to end customers. The driver for the automotive BEV share is the sale of all-electric vehicles (only the Taycan model in fiscal year 2022).

**AUTOMOTIVE NET LIQUIDITY**

Automotive net liquidity is defined as the total of cash and cash equivalents, securities, loans and time deposits net of third-party borrowings (non-current and current financial liabilities) of the automotive segment. The Porsche AG group is of the opinion that net liquidity in the automotive segment is an informative financial ratio as it represents the excess funds from operating activities for dividend payments.

**AUTOMOTIVE EBITDA**

Automotive EBITDA is defined as automotive operating profit before depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs and other intangible assets, each in the automotive segment.

**AUTOMOTIVE EBITDA MARGIN**

Automotive EBITDA margin is defined as the ratio of Automotive EBITDA (as defined above) to Automotive sales revenue. The Porsche AG group believes that Automotive EBITDA and the Automotive EBITDA margin are meaningful financial measures to evaluate the operating performance of the Porsche AG group over time. The Porsche AG group believes the presentation of Automotive EBITDA and Automotive EBITDA margin provides useful information on how the automotive segment has developed in its markets and enhances the ability of its investors to compare its profitability over time.

**AUTOMOTIVE RESEARCH AND DEVELOPMENT COSTS**

The Porsche AG group's research and development costs comprise a range of expenses, from futurology through to the development of marketable products. These include research costs and non-capitalizable development costs as well as investments in development costs that have to be capitalized, each in the automotive segment. Amortization of development costs is not a component of research and development costs.

**AUTOMOTIVE CAPITAL EXPENDITURE**

Automotive capital expenditure is defined as additions (cost) to intangible assets (excluding capitalized development costs), and to property, plant and equipment (excluding right-of-use assets) in the automotive segment.

**AUTOMOTIVE / FINANCIAL SERVICES OPERATING PROFIT**

The operating profit is earnings before the financial result and income tax income/expense for the automotive or financial services segment respectively (EBIT).

# Economic environment and business development of the group

## MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and has prompted large sections of the community of Western states to impose sanctions on Russia and Belarus, including extensive trade embargoes and the exclusion of Russia from the global financial system. The resulting higher commodity prices and supply shortages are reinforcing the threat of persistently high inflation.

In the first half of 2022, the restrictive measures put in place to protect the population from the SARS-CoV-2 coronavirus were lifted to a large extent in many countries. The progress made by many countries in administering vaccines to their populations had a positive effect, while the emergence of the new Omicron variant and its subvariants led to renewed sharp rises in infections on a national scale, mostly causing milder symptoms but increased rates of sick leave.

Following the slump in global economic output in 2020 and the incipient recovery in the subsequent year, economic growth in both advanced economies and the emerging markets remained on course for recovery, albeit with diminishing momentum. At the national level, developments in the reporting period depended, on the one hand, on the scale of the negative impact of the Covid-19 pandemic and the intensity with which measures were taken to contain it, and, on the other, on the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict.

In response to the further rise of inflation rates around the world, many countries shifted to a more restrictive monetary policy, which led central banks to increase their key interest rates and reduce bond purchases during the reporting period. The resulting recession fears caused major losses on key stock markets in the first half of the year. Prices for energy and other commodities rose significantly year on year and shortages of intermediates and commodities remained high.

In the reporting period, the economies in Western Europe recorded positive growth compared to the prior-year period with slowing momentum. Simultaneously, national and cross-country inflation rates rose significantly over the course of the first half of the year, which had a negative impact on the consumer sentiment.

Germany recorded positive economic growth in the reporting period. Compared to the prior-year period, the unemployment rate in Germany was down on average and the number of employees on Kurzarbeit (government subsidized short-time working) continued to decrease following the high levels of the prior years. At the same time, monthly inflation rates reached the highest levels since German reunification.

While the economic output in Central Europe grew positively in the second quarter, albeit with diminishing momentum, GDP in the whole Central and Eastern Europe region decreased as a result of the Russia-Ukraine conflict. The sanctions imposed on Russia resulted in considerable burdens from March 2022 onwards, causing the Russian economic output to record a sharp downturn as early as the second quarter. Inflation rates increased, in some cases significantly.

Gross domestic product in the USA increased in the first six months of 2022 compared to the prior-year period, however growth tailed off over the final quarters. On account of rising inflation and the strained situation on the labor market, the US Federal Reserve has continued its restrictive monetary policy and increased the key interest rate three times over the first half of 2022. The unemployment rate declined further in the reporting period compared to the high level seen in the prior year.

At the start of the Covid-19 pandemic, China was exposed to the negative effects earlier than other economies and benefited over the further course of the pandemic from a relatively low level of new infections due to its zero-Covid strategy. In connection with the spread of the Omicron variant, this strategy led to temporary local lockdowns. Chinese GDP rose in the reporting period, however momentum slowed somewhat in the second quarter of 2022.

## MARKET DEVELOPMENT FOR THE AUTOMOTIVE AND FINANCIAL SERVICES SEGMENTS

Between January and June 2022, the volume of the passenger car market worldwide significantly declined overall year on year (down 10%), impacted primarily by bottlenecks and disruption in the global supply chains as a consequence of the semiconductor shortage, the coronavirus pandemic and the repercussions of the Russia-Ukraine conflict. Western Europe and North America recorded a considerably weaker sales volume. Sales volume fell very sharply in Central and Eastern Europe.

In Western Europe, the number of newly registered passenger cars in the reporting period fell well short of the prior-year level. Shortages with the supply of parts, in particular semiconductors, and the resulting limited availability of vehicles led to a decline in the number of new registrations in the first half of 2022.

In Germany, new passenger car registrations from January to June 2022 were significantly down on the comparable prior-year period. In this regard, the prior-year figure was already comparably low at the beginning of 2021 due to the temporary reduction of the VAT rate, which expired at the end of 2020. The continued deterioration of the supply situation due to the shortage of intermediates in particular continued to have a dampening effect.

In Central and Eastern Europe, the passenger car market volume recorded a clear decline in the reporting period compared to the prior-year level. The development of sales in the individual markets varied. By far the largest market decline was recorded in Russia. The main reason for this was the Russia-Ukraine conflict and the associated sanctions, which severely restricted the production and sale of vehicles in Russia.

Passenger car market volume in the USA decreased both in absolute terms and also significantly compared to the prior-year level.

In Asia, the percentage decline of new passenger car registrations was lower in the reporting period than most other regions. On the Chinese market, sales volumes were noticeably down on the figure from the comparable prior-year period. The development of passenger car sales was negatively impacted by the limited availability of vehicles due to bottlenecks in the supply of parts, in particular semiconductors, and local lockdowns in connection with the spread of, among others, the Omicron variant of the SARS-CoV-2 coronavirus.

**ORDERS RECEIVED FOR THE AUTOMOTIVE SEGMENT**

Globally, orders received in the first half of 2022 stood at 169,624 vehicles (June 30, 2021: 187,794 vehicles). In Germany and the Rest of the world, these are up on the prior year, while in the regions North America, China and Europe (without Germany) these are down on the prior year. This is due to the record half year in the prior year in North America and China, the coronavirus lockdowns in China and our dramatically reduced activities in Russia.

**FINANCIAL SERVICES SEGMENT**

The financial services segment includes the leasing business, dealer and customer financing, service and insurance brokerage business as well as mobility services for vehicles of the Porsche brand. Additionally, within selected markets the services entail other brands of the Volkswagen Group. These include in particular the brands Bentley and Lamborghini. The segment includes the products and services of Porsche financial services companies in the respective markets, which, depending on the market, are provided by the company itself or in cooperation with local partners.

There continued to be strong demand for the products and services of the financial services segment in the first half of 2022. As of June 30, 2022, the ratio of leased or financed new vehicles to the total number of deliveries in the markets of the financial services segment (penetration rate) stood at 43.2% (June 30, 2021: 43.2%).

The number of contracts in the financing/leasing area (both including cooperation business) increased across all regions and at 320,000 contracts at the end of June 2022 exceeded the figure as of the comparable reporting date as of June 30, 2021 (299,000 contracts).

## RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

### KEY FIGURES

| **H1** (€ million) | 2022 | 2021 |
|---|---|---|
| **Most important key performance indicators** | | |
| Sales revenue | 17,922 | 16,525 |
| Return on sales (%) | 19.4 | 16.9 |
| | | |
| Automotive net cash flow | 2,389 | 2,601 |
| | | |
| **Other performance indicators** | | |
| Automotive operating profit | 3,261 | 2,661 |
| Automotive return on sales (%) | 19.9 | 17.6 |
| Automotive EBITDA | 4,341 | 3,854 |
| Automotive EBITDA margin (%) | 26.4 | 25.5 |
| Automotive net cash flow margin (%) | 14.5 | 17.2 |
| Automotive net liquidity | 5,597 | 3,890 |
| Automotive research and development costs (without amortization) | 1,304 | 1,255 |
| Automotive capital expenditure | 427 | 545 |
| Financial services operating profit | 216 | 151 |

### RESULTS OF OPERATIONS

The Porsche AG group recorded sales revenue of €17,922 million in the first half of 2022, an increase of 8% on the prior year (€16,525 million). The increase is mainly attributable to sales revenue from vehicles (up €1,384 million).

The slight decline in consolidated unit sales was more than compensated for by positive product mix effects, improved pricing and positive exchange rate effects in particular. Sales revenue by region breaks down as follows:

| | Porsche AG group | |
|---|---|---|
| € million | H1 2022 | H1 2021 |
| Germany | 2,091 | 1,874 |
| Europe without Germany | 3,401 | 3,134 |
| North America[1] | 4,968 | 4,280 |
| China[2] | 5,640 | 5,116 |
| Rest of the world | 2,361 | 2,206 |
| Hedges sales revenue | -539 | -85 |
| **Sales revenue** | **17,922** | **16,525** |

[1] excl. Mexico
[2] incl. Hong Kong

In the first half of 2022, the Porsche AG group sold 148,568 vehicles. This corresponds to a 2% decrease in unit sales compared to the prior-year period.

This slight decrease is due to the import situation in China being negatively affected by the Covid-19 pandemic as well as delays in the supply chains for semiconductors and wire harnesses, the latter as a result of the Russia-Ukraine conflict.

The Cayenne is the bestselling series with 44,600 vehicles sold and an increase of 4%, followed by the Macan with 39,386 vehicles. The positive mix effect stems from increases in the unit sales of 911 (567 vehicles; 3%) and Panamera (1,123 vehicles; 8%). Due to delays in the supply chains for wire harnesses and semiconductors, the Taycan recorded sales of 17,474 vehicles, a 16% decrease compared to the comparative period.

In regional terms, with a total of 46,664 vehicles sold China is still the largest market, despite a 6% decrease in unit sales. In relative terms, the largest growth of 3% to 28,943 vehicles sold was seen in the market Europe without Germany. The markets North America and Rest of the world remained stable at the prior-year level with 37,086 and 23,401 vehicles sold, respectively.

| | Porsche AG group | |
|---|---|---|
| Units | H1 2022 | H1 2021 |
| 911 | 21,489 | 20,922 |
| 718 Boxster/Cayman | 10,091 | 10,968 |
| Macan | 39,386 | 41,788 |
| Cayenne | 44,600 | 42,919 |
| Panamera | 15,528 | 14,405 |
| Taycan | 17,474 | 20,698 |
| **Consolidated unit sales** | **148,568** | **151,700** |

The cost of sales rose by €833 million to €12,869 million (prior year: €12,036 million). The relative decrease in the cost of sales in proportion to sales revenue is primarily attributable to changes in the product and region mix and decreasing fixed costs, lower amortization of capitalized development costs and a higher capitalization ratio of development costs.

Gross profit increased accordingly by 13% to €5,053 million (prior year: €4,489 million), therefore resulting in a gross margin of 28% (prior year: 27%).

Distribution expenses of €956 million were kept at the prior-year level (prior year: €957 million). Administrative expenses rose from €722 million to €766 million on account of the digitalization strategy, among other things. In proportion to sales revenue, distribution expenses decreased slightly to 5% (prior year: 6%), while administrative expenses remained unchanged at 4% (prior year: 4%).

Other operating income/expense increased from an expense of €18 million to income of €149 million. The increase is mainly attributable to the high demand for used vehicles and, correspondingly, higher write-ups of residual values in the financial services business. The fair value measurement of derivatives outside of hedge accounting also had a positive effect on other operating income/expense.

The Porsche AG group's operating profit came to €3,480 million in the first half of 2022; an increase of €688 million on the prior year. The cost structure and the consistently high earnings power of the Porsche AG group are also reflected in the key return indicators. Despite the impact of the Russia-Ukraine conflict, the global spread of the Omicron variant and persistent semiconductor supply shortages, the Porsche AG group generated a return on sales of 19.4% in the first half of 2022 (prior year: 16.9%), mainly due to countermeasures being introduced at an early stage, cost discipline as well as improved price positioning.

| | Porsche AG group | |
|---|---|---|
| € million | H1 2022 | H1 2021 |
| **Sales revenue** | **17,922** | **16,525** |
| Cost of sales | -12,869 | -12,036 |
| **Gross profit** | **5,053** | **4,489** |
| Distribution expenses | -956 | -957 |
| Administrative expenses | -766 | -722 |
| Other operating income/expense | 149 | -18 |
| **Operating profit** | **3,480** | **2,792** |
| Return on sales (%) | 19,4 | 16,9 |
| **Financial result** | **208** | **172** |
| **Profit before tax** | **3,688** | **2,964** |
| Income tax expense | -1,183 | -846 |
| **Profit after tax** | **2,505** | **2,118** |

| **Segment** | **Automotive** | | **Financial services** | |
|---|---|---|---|---|
| € million | **H1 2022** | H1 2021 | **H1 2022** | H1 2021 |
| **Sales revenue** | **16,425** | 15,107 | **1,616** | 1,543 |
| Depreciation and amortization | 1,080 | 1,193 | 438 | 397 |
| Impairment losses | 0 | 0 | 84 | 68 |
| **Operating profit** | **3,261** | 2,661 | **216** | 151 |

The financial result came to €208 million (prior year: €172 million). The increase mainly stems from positive measurement effects from the adjustment of interest rates as well as the completion of the capital transactions at Rimac Group d.o.o. and at IONITY Holding GmbH & Co. KG in the first half of 2022. This led to a positive effect on earnings, which is included in the share of profit or loss of equity-accounted investments. This was counterbalanced by an impairment loss on the equity-accounted investment in Bertrandt AG.

Profit before tax amounts to €3,688 million (prior year: €2,964 million). The pre-tax return on sales amounts to 20.6% (prior year: 17.9%).

Income tax expense came to €1,183 million in the first half of 2022 (prior year: €846 million). Profit after tax rose by €387 million from €2,118 million in the corresponding prior-year period to €2,505 million in the current reporting period.

Earnings per ordinary share came to €2.74 and per preferred share to €2.75. Earnings per ordinary share and per preferred share have been determined on the basis of a total of 455,500,000 shares in each category.

## AUTOMOTIVE RESULTS OF OPERATIONS

Automotive operating profit of €3,261 million in the first half of 2022 exceeded the prior-year figure by €600 million. In addition to favorable price positioning and the development of the product mix, positive foreign exchange rate effects and the fair value measurement of derivatives outside of hedge accounting had a positive effect. Automotive return on sales rose to 19.9% (prior year: 17.6%). Automotive EBITDA increased by €487 million to €4,341 million.

Research and development (without amortization) work totaled €1,304 million in the reporting period; representing a 4% increase on the prior-year figure.

## RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES SEGMENT

Financial services operating profit increased to €216 million in the first half of 2022 (prior year: €151 million). The increase is primarily driven by a sharp rise in interest rates in the second quarter of 2022 in particular as well as the high demand for used vehicles and, correspondingly, higher write-ups of residual values. Financial Services return on sales came to 13.4% (prior year: 9.8%).

## FINANCIAL POSITION

Cash flows from operating activities rose from €3,653 million to €3,922 million in the first half of the year. This positive development mainly results from the considerable increase in profit, while the change in working capital remained at roughly the same level.

Working capital was primarily influenced by the increase in inventories of vehicles, which led to a €582 million increase in inventories in the first half of 2022 (prior year: €17 million). The coronavirus measures in China as well as the availability of semiconductors were the main factors in this context.

By contrast, the change in liabilities (excluding financial liabilities) of €1,556 million had a positive effect on cash flows from operating activities. Trade payables remained at the prior-year level, while other liabilities rose. The increase in other liabilities stems from the import situation in China, which was adversely impacted by the Covid-19 pandemic in the first half of the year.

The cash outflows from investing activities came to €898 million and decreased by €2,803 million (prior year: cash outflows of €3,701 million). This development was primarily driven by changes in investments in securities, loans and time deposits (cash inflows of €966 million; prior year: cash outflows of €2,252 million). A short-term loan with Volkswagen AG that was accounted for in the prior-year period had an offsetting effect in the first half of the year through its repayment. By contrast, the investing activities of current operations rose by €-416 million to €-1,864 million in the first six months of 2022.

Cash flows from financing activities consisting of a cash outflow of €2,049 million (prior year: cash outflows of €1,197 million) is primarily attributable to the profit transfer and dividends of €-1,864 million (prior year: €-1,864 million). Financial activities were reduced by €442 million in the first half of 2022, among other things as a result of the repayment of financial liabilities in the financial services segment.

| € million | Porsche AG group H1 2022 | Porsche AG group H1 2021 |
|---|---|---|
| **Cash and cash equivalents at beginning of period** | **4,327** | **4,344** |
| Profit before tax | 3,688 | 2,964 |
| Income taxes paid | -1,112 | -1,053 |
| Depreciation, amortization and impairment losses | 1,504 | 1,619 |
| Gain/loss on disposal of non-current assets | -35 | 6 |
| Share of profit or loss of equity-accounted investments | 27 | 10 |
| Change in pension provisions | 183 | 233 |
| Other non-cash expense/income | -267 | -81 |
| **Change in working capital** | **-66** | **-44** |
| Change in inventories | -582 | -17 |
| Change in receivables (excluding financial services) | -249 | -176 |
| Change in liabilities (excluding financial liabilities) | 1,556 | 1,141 |
| Change in other provisions | -91 | -30 |
| Change in leased assets | -181 | -586 |
| Change in financial services receivables | -520 | -376 |
| **Cash flows from operating activities** | **3,922** | **3,653** |
| Investing activities of current operations | -1,864 | -1,448 |
| Change in investments in securities, loans and time deposits | 966 | -2,252 |
| **Cash flows from investing activities** | **-898** | **-3,701** |
| Capital contributions | 257 | 254 |
| Profit transfer and dividends | -1,864 | -1,864 |
| Change in other financing activities | -442 | 414 |
| **Cash flows from financing activities** | **-2,049** | **-1,197** |
| Effect of exchange rate changes on cash and cash equivalents | 38 | 18 |
| Net change in cash and cash equivalents | 1,013 | -1,227 |
| **Cash and cash equivalents at end of period** | **5,340** | **3,117** |

**FINANCIAL POSITION IN THE AUTOMOTIVE SEGMENT**

Automotive cash flows from operating activities increased by €102 million to €4,167 million in the first half of 2022.

Compared to the prior-year period, the investing activities of current operations in the automotive segment increased from cash outflows of €1,463 million to cash outflows of €1,778 million. The increase is primarily due to higher capitalized development costs as well as a higher investment volume for the acquisition of equity-accounted investments. The latter was significantly influenced by investments in equity-accounted investments such as Rimac Group d.o.o. and Porsche eBike Performance GmbH (formerly: FAZUA GmbH).

Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment in the automotive segment decreased year on year by €118 million to €427 million in the first half of 2022.

The ratio of capex to sales revenue decreased from 3.6% to 2.6%. Investments were particularly high in vehicle projects, the electrification and digitalization of products and in production sites.

As a result, the automotive segment generated a net cash flow of €2,389 million in the first half of 2022. The net cash flow decreased by €212 million, mainly on account of the €315 million increase in investing activities of current operations.

| Segment | Automotive | |
|---|---|---|
| € million | H1 2022 | H1 2021 |
| **Cash flows from operating activities** | **4,167** | **4,065** |
| **Investing activities of current operations** | **-1,778** | **-1,463** |
| Investments in intangible assets (excluding capitalized development costs) and property, plant and equipment | -427 | -545 |
| Additions to capitalized development costs | -985 | -784 |
| Changes in equity investments | -367 | -136 |
| **Net cash flow** | **2,389** | **2,601** |

Cash flows from financing activities in the automotive segment changed from cash outflows of €1,854 million in the prior-year period to cash outflows of €2,253 million in the first half of 2022.

The increase in changes in other financial liabilities of €401 million made a significant contribution in this context, relating to the repayment of other financial liabilities to the financial services segment. In addition to the profit transfer to Porsche Holding Stuttgart GmbH affecting the automotive segment and the capital contribution, other financial liabilities of €-646 million also has an effect here (prior year: €-244 million), which relate to the repayment of other financial liabilities to the financial services segment in connection with ABS financing.

As of June 30, 2022, cash and cash equivalents in the automotive segment at the end of the period rose by €1,132 million to €5,734 million compared to year-end 2021. By contrast, securities, loans and time deposits of the automotive segment decreased by €-1,030 million to €2,760 million in the first half of 2022.

Automotive third-party borrowings decreased by €525 million to €-2,897 million in the first half of the year on account of repayments of financial liabilities. There is a master loan agreement with the Volkswagen Group for a line of €4,000 million (amount drawn: €0 million; prior year: €0 million).

Automotive net liquidity increased accordingly by €627 million to €5,597 million in the first half of 2022 compared to December 31, 2021.

| Segment | Automotive | |
|---|---|---|
| € million | Jun. 30, 2022 | Dec. 31, 2021 |
| Cash and cash equivalents | 5,734 | 4,602 |
| Securities, loans and time deposits | 2,760 | 3,790 |
| | | |
| Third-party borrowings | -2,897 | -3,422 |
| **Net liquidity** | **5,597** | **4,970** |

**Net assets**

| € million | Porsche AG group Jun. 30, 2022 | % | Dec. 31, 2021 | % |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | **26,744** | **49** | **32,830** | **64** |
| Intangible assets | 6,813 | 12 | 6,190 | 12 |
| Property, plant and equipment | 8,659 | 16 | 8,763 | 17 |
| Leased assets | 4,048 | 7 | 3,954 | 8 |
| Financial services receivables | 3,895 | 7 | 3,461 | 7 |
| Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets | 3,330 | 6 | 10,462 | 20 |
| **Current assets** | **28,311** | **51** | **18,552** | **36** |
| Inventories | 5,245 | 10 | 4,517 | 9 |
| Financial services receivables | 1,338 | 2 | 1,081 | 2 |
| Other financial assets and other receivables | 3,885 | 7 | 7,131 | 14 |
| Tax receivables | 91 | 0 | 155 | 0 |
| Securities and time deposits | 2,034 | 4 | 982 | 2 |
| Cash and cash equivalents | 3,838 | 7 | 4,686 | 9 |
| Assets held for distribution | 11,881 | 22 | – | |
| **Total assets** | **55,055** | **100** | **51,382** | **100** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | **15,043** | **27** | **22,935** | **45** |
| Equity before non-controlling interests | 15,036 | 27 | 22,927 | 45 |
| Non-controlling interests | 7 | 0 | 8 | 0 |
| **Non-current liabilities** | **14,728** | **27** | **15,368** | **30** |
| Provisions for pensions and similar obligations | 3,649 | 7 | 5,525 | 11 |
| Financial liabilities | 6,424 | 12 | 6,599 | 13 |
| Other liabilities | 4,655 | 8 | 3,244 | 6 |
| **Current liabilities** | **25,284** | **46** | **13,079** | **25** |
| Financial liabilities | 3,338 | 6 | 3,128 | 6 |
| Trade payables | 3,181 | 6 | 2,447 | 5 |
| Other liabilities | 6,885 | 13 | 7,505 | 15 |
| Liabilities from distributions in kind | 11,881 | 22 | – | – |
| **Total equity and liabilities** | **55,055** | **100** | **51,382** | **100** |

At the end of the reporting period, the Porsche AG group reported total assets of €55,055 million, that is a 7% increase compared to December 31, 2021.

In the second quarter, the shareholders of Porsche AG approved the spin-off of assets, primarily non-current loan receivables and other financial assets due from Porsche Holding Stuttgart GmbH as well as receivables due from Volkswagen AG from the in-house bank account, which are classified as cash and cash equivalents, to another company of the Volkswagen AG Group. As of June 30, 2022 and thus before the spin-offs take effect through entry in the commercial register at the beginning of July 2022, these financial assets are therefore classified as assets held for distribution.

| € million | Jun. 30, 2022 |
|---|---|
| Non-current assets | |
| Loan receivables due from Porsche Holding Stuttgart GmbH | 8,135 |
| Deferred tax assets | 3 |
| Current assets | |
| Loan receivables due from Porsche Holding Stuttgart GmbH | 214 |
| Other financial assets | 2,028 |
| Cash and cash equivalents | 1,501 |
| **Assets held for distribution** | **11,881** |

Intangible assets increased from €6,190 million to €6,813 million. The increase is largely attributable to capitalized development costs, with the largest additions relating to the Cayenne, 911 and Macan series.

Property, plant and equipment decreased on the prior year by €104 million to €8,659 million. The decrease is primarily due to the lower net carrying amounts of furniture and fixtures as well as plant and machinery, while the carrying amounts of land and buildings as well as advance payments made and assets under construction increased. Leased assets increased by €94 million compared to the prior year to €4,048 million. This item includes vehicles leased to customers under operating leases. The carrying amounts of equity-accounted investments increased due to the completion of the capital transactions at Rimac Group d.o.o. and IONITY Holding GmbH & Co. KG. This was counterbalanced by an impairment loss on the shares in Bertrandt AG of €37 million.

The increase in other financial assets primarily relates to the acquisition of shares in FAZUA GmbH (€101 million), the acquisition of an investment in Group14 Technologies (€92 million) and the acquisition of Porsche Financial Services Korea Ltd. (€54 million).

The decrease in non-current other financial assets largely relates to the reclassification of the loan receivable of €8,135 million from Porsche Holding Stuttgart GmbH to assets held for distribution.

In total, non-current assets decreased by €6,086 million to €26,744 million. Non-current assets expressed as a percentage of total assets amount to 49% (prior year: 64%).

Inventories increased from €4,517 million in the prior year to €5,245 million at the end of the reporting period. The increase primarily relates to the increased inventories of new vehicles on the Chinese market due to the restrictions implemented in the first half of the year under the zero-Covid strategy.

Current other financial assets and other receivables decreased by €3,246 million to €3,885 million. The decrease relates, for one thing, to the reclassification of the clearing account with Porsche Holding Stuttgart GmbH of €2,028 million and the current loan receivables due from Porsche Holding Stuttgart GmbH of €214 million to current assets held for distribution and the repayment of the current loan of €2,000 million granted to Volkswagen AG. On the other hand, marking derivative financial instruments to market increased, as did other receivables, in particular VAT receivables.

Securities and time deposits as well as cash and cash equivalents increased by €204 million compared to the prior year to €5,872 million. As a result of the increased number of time deposits with an original contractual term of more than three months, these time deposits are presented together with securities as of June 30, 2022.

Assets held for distribution of €11,881 million had a particular effect on current assets due to the reclassification of loan receivables due from Porsche Holding Stuttgart GmbH of €8,135 million. In total, current assets increased by €9,759 million to €28,311 million. Current assets expressed as a percentage of total assets amount to 51% (prior year: 36%).

As of June 30, 2022, the equity of the Porsche AG group decreased by €7,892 million to €15,043 million compared to the figure from December 31, 2021. This is primarily due to a reduction of the capital reserves and retained earnings as a result of the recognition of a liability from the distributions in kind of €11,881 million.

The positive development in profit after tax, other comprehensive income, net of tax, as well as the capital contribution by Porsche Holding Stuttgart GmbH caused equity to increase by €3,996 million. Within other comprehensive income, net of tax, the increase was mainly due to the remeasurement of pension plans, net of tax, and positive effects from currency translation. This was counterbalanced by the negative effects from the measurement of derivative financial instruments through other comprehensive income.

In the first half of 2022, provisions for pensions and similar obligations decreased by €1,876 million compared to the comarative period in 2021, largely as a result of the actuarial remeasurement stemming from the change in the discount rate from 1.4% to 3.3%. On the other hand, non-current other liabilities increased by €1,411 million to €4,655 million compared to December 31, 2021. The increase largely results from an increase in derivative financial instruments marked to market (+€677 million) and deferred tax liabilities (+€634 million). In total, non-current liabilities decreased by €640 million to €14,728 million. Non-current liabilities expressed as a percentage of total capital amount to 27% (prior year: 30%).

Due to the spin-off resolutions, liabilities from distributions in kind of €11,881 million were recognized as of June 30, 2022, leading to a decrease in the capital reserve and retained earnings. Trade payables increased by 30%, or €734 million, compared to year-end 2021. Current other liabilities decreased by €620 million compared to December 31, 2021. The decrease was primarily attributable to the payment of the profit transfer of €1,858 million for fiscal year 2021 to Porsche Holding Stuttgart GmbH. This was counterbalanced by marking the financial instruments to market (+€426 million) and the current liabilities from other taxes (+€609 million). In total, current liabilities increased by €12,205 million to €25,284 million. Current liabilities expressed as a percentage of total capital amount to 46% (prior year: 25%).

As of June 30, 2022, there are off-balance-sheet contingent liabilities of €117 million. This is a €75 million increase compared to the prior-year period, primarily as a result of recognizing additional legal and product-related matters.

Other financial obligations increased by €995 million to €3,850 million and essentially comprise obligations from development, supply and service agreements

## OVERALL STATEMENT ON BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

The Executive Board of the Porsche AG assesses the business development and the economic situation as positive overall in light of the current challenges. The Porsche AG group's business was impacted by the effects of the Russia-Ukraine conflict, the global spread of the Omicron variant and especially by limited vehicle availability as a result of semiconductor shortages in the reporting period. In addition, our industry is shaped by fierce competition, technological transformation and increasing ecological awareness. In this environment, we delivered 145,860 vehicles to customers in the first half of the year.

The Porsche AG group significantly increased its sales revenue and operating profit in the first six months of 2022. Sales revenue increased from €16,525 million in the first half of 2021 to €17,922 million in the first half of 2022. Operating profit rose from €2,792 million to €3,480 million. The return on sales of the Porsche AG group grew to 19.4% in the first half of 2022 compared to 16.9% in the prior-year period. The increase in the return on sales is above all thanks to a strong product mix, positive foreign exchange rate effects and the developments in the other business fields.

Despite extensive investments in future projects, the automotive net cash flow amounted to €2,389 million in the first half of 2022 (prior year: €2,601 million).

# Report on expected developments, opportunities and risks

## REPORT ON EXPECTED DEVELOPMENTS

As a consequence of global political events, the global economy is expected to grow overall in 2022, albeit at a slightly slower rate. Global demand for passenger cars is expected to develop differently from one region to another and to be at the level of the prior year. With our innovative solutions, our attractive product range and our digital, electrified vision for the future, we believe we are bridging the gap between performance and luxury on the one hand and sustainability on the other.

The expected development of the Porsche AG group and the underlying conditions of its business activities are described below. Risks and opportunities, which could give rise to a deviation from the forecast development are set out in the risk and opportunities report.

Our assumptions are based, inter alia, on current estimates by external institutions; these include economic research institutes, banks, multinational organizations and consultancy firms.

### THE GLOBAL ECONOMY AND GROWTH TRAJECTORY

Our planning is based on the assumption that global economic output will continue to grow at a lower level overall in 2022 after the recovery in the past year. We assume in our planning that the impact of the Covid-19 pandemic will be contained on a sustained basis. We see risks in protectionist tendencies, turbulence in financial markets, structural deficits in individual countries, the real economic impact of high inflation rates around the world, rising interest rates and in respect of market shortages for intermediates and commodities. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict, including in relation to the security of supply of energy resources in Europe. We assume that average economic growth will tail off yet continue to be positive for both advanced economies and emerging markets.

In Western Europe, in the reporting period the economy recorded positive growth compared to the prior-year period with slowing momentum. According to our assessments, in Western Europe economic growth will follow a declining yet nevertheless positive trend in 2022. This also affects Germany. We assume that overall gross domestic product (GDP) in Germany and Western Europe will be slightly above the prior-year level; it is likely that the level seen before the Covid-19 pandemic will yet again not be reached.

We also expect further growth in the USA for 2022, although the US Federal Reserve has continued its restrictive monetary policy over the course of the year and there are likely to be increases in interest rates. An important factor for any potential increases in the key interest rate and further economic growth, which is dependent on this, will be the further development of inflation. According to our expectations, Chinese GDP will also continue to grow, albeit at a lower rate than in previous years.

Demand for our vehicles and services depends significantly on economic and political conditions globally, in particular in the People's Republic of China (including mainland China and, for the purposes of this definition, Hong Kong, "China"), Europe (including Germany) and North America. Economic conditions can be impacted by a number of factors, for instance macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy, inflation, commodity prices, public and private debt levels, government policies targeting public spending (such as fiscal austerity policies) as well as geopolitical developments, including political tensions in East Asia, among other factors. Demand for vehicles for personal use generally depends on consumers' net purchasing power, their confidence in future economic developments and changes in economic trends, with the net purchasing power of customers of luxury brands being significantly higher than in other segments.

Therefore, for the purpose of the 2022 forecast, we assume stable economic conditions on the whole.

### DEVELOPMENT IN THE PASSENGER CAR MARKETS

Taking into account the insights from the first half of 2022, our forecasts suggest that passenger car markets will develop differently in different regions of the world in 2022. On the whole, we expect that global sales volumes for new vehicles will be at the prior-year level and will thus not reach the level seen prior to the Covid-19 pandemic. However, the preconditions for this are the successful containment of the Covid-19 pandemic, overcoming market shortages of intermediates, in particular semiconductors, and raw materials as well as ensuring the supply of energy.

For Western Europe, we forecast that new passenger car registrations will be at the level seen in the prior year. This is due in particular to the economic impact of the Covid-19 pandemic and the consequences of the Russia-Ukraine conflict. The limited availability of vehicles as a result of supply constraints for semiconductors could also continue to burden the passenger car market.

For the German passenger car market, we expect that the number of new registrations of passenger cars will also be at the prior-year level.

In Central and Eastern Europe, mainly due to the slump in the Russian market due to the sanctions imposed in relation to the Russia-Ukraine conflict, the number of new registrations is expected to fall well short of the prior-year figure.

In the US market and in North America as a whole (for the purposes of this definition excluding Mexico), we expect new registrations to be at the prior-year level in 2022. In this regard, we assume that mostly models from the SUV segments will continue to be in demand here.

The passenger car market in China is expected to be slightly above the prior-year level in 2022.

For the purpose of the 2022 forecast, we assume that out market volume in China will also be slightly above the comparative figure from 2021.

For the purpose of the 2022 forecast, we also assume that new registrations in other markets will rise slightly compared to the prior year.

**COVID-19-PANDEMIC**

The Covid-19 pandemic has led many countries worldwide to adopt measures to contain and combat the spread of SARS-CoV-2 coronavirus, including travel bans, quarantines, “stay-at-home” orders, restrictions on business activities and similar requirements for individuals to restrict daily activities. These measures have negatively impacted global supply chains, including those of relevance to us. The scale and duration of the Covid-19 pandemic and the measures undertaken to contain it have severely impacted regional and global economies. Especially due to the severe restrictions in China, strong uncertainty remains regarding the possible impact on the performance of the Porsche AG group. If the further development of the Covid-19 pandemic in other countries results in renewed severe restrictions, this could place a substantial burden on households, companies and governments in those countries and lead to declines in economic growth. The deterioration of the economic situation, consumer sentiment and the general business climate could lead to a reduction in consumer demand for our vehicles even in the less susceptible luxury segment.

During the first half of 2022, the partial recovery of the global economy was once again adversely affected by the protective measures taken against the SARS-CoV-2 coronavirus, primarily due to new quarantine measures to contain the Covid-19 pandemic in China (zero-Covid strategy). The ongoing government reimposition of lockdowns in parts of China throughout 2022 has resulted in numerous Porsche dealerships having to close, certain suppliers in China suspending operations and being unable to export out of China and traffic restrictions at the Shanghai harbor, a major shipping hub into and out of central China. These economic developments, together with supply chain constraints and the resulting logistics challenges, negatively impacted automotive sales in China in the first half of 2022.

For the purpose of the 2022 forecast, we assume that there will be no more supply chain constraints and no limitations of automotive sales (e.g., on account of dealership closures) as a result of the Covid-19 pandemic in the group’s key markets compared to the first half of 2022.

**RUSSIA-UKRAINE CONFLICT**

The Russia-Ukraine conflict, the sanctions and export-control measures instituted in response as well as corresponding countermeasures have had and continue to have an adverse impact on the global economy, the global capital markets, international trade, supply chains, the availability and prices of raw materials including energy supplies as well as parts and components.

As a result of the conflict, the sale of Porsche vehicles and, to the extent required by EU sanctions, spare parts to Russia and Belarus was discontinued.

Therefore, unit sales in these markets are expected to fall well short of the prior-year figure in 2022. For the purpose of the 2022 forecast, we assume that the situation in the Russia-Ukraine conflict will not deteriorate further compared to the first half of 2022 and that the global sales figures of the Porsche AG group will not be adversely affected by the Russia-Ukraine conflict.

**DISRUPTION TO GAS AND ENERGY SUPPLY**

In the event of disruptions to gas supply or government measures to ration gas supplies as a result of the Russia-Ukraine conflict, we and many of our suppliers based in Europe will likely not be able to cover our energy requirements. This could lead to production stoppages, factory shutdowns and therefore a decline in production, delayed product development and ultimately a decrease in the Porsche AG group’s unit sales and sales revenue. ‘A further increase in energy prices could also adversely affect profitability.

In general, there is the risk that growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict, including in relation to the security of availability of energy supplies. Particularly, the supply of energy, other raw materials and parts for the production process could result in greater constraints in Europe, where a gas shortage is possible. For the purpose of the 2022 forecast, we assume no production stoppages of factory shutdowns impacting us or our suppliers due to gas shortages, stoppages, or government restrictions relating to natural gas supplies compared to the first half of 2022. Moreover, we assume that there will be no further energy price increases compared to the first half of 2022.

**AVAILABILITY OF ESSENTIAL PARTS**

The production of vehicles is highly dependent on the availability of raw materials, parts and components, especially semiconductors. Semiconductors are of vital importance in the production of electrified vehicles and the increasingly prevalent connectivity as well as safe and autonomous driving features. Automotive companies around the world, and therefore also the Porsche AG group, are currently suffering from shortages of semiconductors. Further, as a consequence of the Russia-Ukraine conflict, there was a temporary halt in the supply of wire harnesses in the first half of 2022.

On the whole, for 2022, subject to the proviso that the underlying conditions do not get worse (the Covid-19 pandemic among others), we anticipate that the intensity of market shortages of intermediates, in particular semiconductors and wire harnesses, will abate somewhat. For the purpose of the 2022 forecast, we assume that the supply chain situation will improve compared to the first half of 2022 and that essential parts, especially semiconductors, will be available as required for production purposes in the second half of 2022.

**PRICES OF RAW MATERIALS AND OTHER COMMODITIES**

As a vehicle manufacturer, we are dependent upon the global supply of raw materials, which is influenced to a significant extent by the development of the global economy. The global Covid-19 pandemic and the Russia-Ukraine conflict brought the issue of the supply of raw materials back into the spotlight. As a result of the Covid-19 pandemic and the Russia-Ukraine conflict, there were supply constraints for intermediates, in particular semiconductors and wire harnesses. The principal raw materials that the Porsche AG group uses include aluminum, steel, palladium, rhodium, nickel, copper, lithium, cobalt, magnesium, rare earth metals and noble gases (particularly neon), for which average prices rose on account of the supply constraints compared to 2021. Through the Volkswagen Group, only a portion of our exposure to fluctuations in prices is hedged.

For the purpose of the 2022 forecast, we assume that the overall development of the prices of the most relevant raw materials and goods will remain stable compared to the first half of 2022.

**FOREIGN CURRENCY RATES**

Due to the global orientation of our business activities, our results of operations are exposed to risks and opportunities related to fluctuations in currency exchange rates. This applies particularly to fluctuations of the euro against the Chinese renminbi (CNY), the US dollar (USD) and the British pound sterling (GBP). Changes in the exchange rates between these currencies can affect our operations as a result of both transactional and translational exchange rate effects.

Given the nature of our business, we maintain a conservative but flexible hedging policy to manage our net currency exposures using corresponding instruments.

We believe we have largely hedged our net exposure across our key currency exposures for fiscal year 2022. Nevertheless, the first half of 2022 was positively influenced by fluctuations in currency exchange rates contrary to our original assumptions. For the purpose of the 2022 forecast, we assume a moderately positive impact from foreign currency fluctuations on return on sales in 2022.

**OVERALL STATEMENT ON ANTICIPATED DEVELOPMENT**

Our planning is based on the assumption that global economic output will continue to grow at a somewhat lower level overall in 2022, on the heels of the recovery observed in the past year – provided that the Covid-19 pandemic does not flare up again. We also see risks in protectionist tendencies, turbulence in financial markets, structural deficits in individual countries, the real economic impact of high inflation rates around the world, rising interest rates and in respect of market shortages for intermediates and raw materials.

Based on our knowledge and insights from the first half of 2022, we expect passenger car markets to develop differently in different regions of the world in 2022. It can be assumed that the intensity of competition on international automotive markets will increase further.

We believe that automobile-based financial services will continue to be of great importance for the global sale of vehicles in 2022.

For the purpose of the 2022 forecast, we expect return on sales to be in the range of 17% to 18% for the entire year 2022 based on the assumptions set out above and the development in the first half of fiscal year 2022. This forecast is based on assumed sales revenue for the Porsche AG group in a range of approximately €38 billion to €39 billion.

In terms of net cash flow in the automotive segment, at year-end we expect a significant increase compared to 2021 (prior year: €3.7 billion).

## RISK REPORT

The Porsche AG group's risk management system aims to identify and appropriately address risks in respect of both achieving strategic and operational targets as well as complying with legal and internal requirements.

Regular reporting on risk management supports Porsche AG's Executive Board in identifying developments jeopardizing the company's ability to continue as a going concern in a timely manner.

**STRUCTURES AND PROCEDURES OF RISK MANAGEMENT**

The Porsche AG group's risk management function is organized in a decentralized manner. Alongside the central risk management function as a method and reporting center, each specialist division of Porsche AG and each subsidiary is represented by appointed risk managers, who are responsible for the implementation of and adherence to baseline standards. The decentralized organizational structure is designed to emphasize the importance of risk management in the local operating units and ensure risks are managed effectively.

The consolidated group of the risk management system corresponds to the consolidated group of the consolidated financial statements. Where it is reasonable to do so due to in terms of risk, the risk consolidated group can be expanded to include further entities.

In line with this decentralized structure, risks are identified, assessed and managed first at the specialist division and subsidiary level as the risk owner. The reported net risks (risks after risk mitigation measures) are generally tested for their plausibility by central risk management and key functions, reviewed in respect of their completeness in the Risk Council and reported to the full Executive Board. A core element of risk management is that employees and managers are given the opportunity to report or update risks promptly via the group-wide reporting channels that have been set up. An ad hoc reporting process outside of the standard processes is in place for large-scale risks. In this regard, the risk managers are supported by central risk management. Alongside defining group-wide standards on risk management in the form of policies, central risk management is responsible for preparing consolidated and aggregated risk reporting to the Executive Board and Supervisory Board.

Acute risks are reported to the Executive Board, which should they occur could cause cumulative financial damage in excess of €5 million (level 1), already have a negative impact on the Porsche AG group's reputation in the short-term (level 1) or have legal consequences for at least one employee of the Porsche AG group (level 1). The risk evaluation is based on the current fiscal year and the three subsequent years.

Risks are allocated to risk classes based on the risk evaluation and without taking into account their likelihood of occurrence. Material risks, i.e., risks with cumulative financial damage greater than €100 million over the reporting period are quantified in the next step. Risk quantification takes place using appropriate probability distributions and IT-supported simulations (Monte Carlo simulation). Depending on their relevance, the risks are reported to Porsche AG's Executive Board and Supervisory Board in an aggregated form or at the level of the individual risk. In respect of financial loss, a distinction is drawn between the following risk classes:

Level 1 Risk class D ≥ €5 million – €10 million

Level 2 Risk class C > €10 million – €100 million

Level 3 Risk class B > €100 million – €1 billion

Level 4 Risk class A > €1 billion

The Porsche AG group has ensured the level of qualification and trained employees involved in the risk management process. In addition, voluntary refresher training is also offered alongside compulsory training. Central risk management reviews the progress of training and the level of coverage on an ongoing basis and reports this on an annual basis to the Risk Council and the Executive Board.

The relevant portion of the risk management system (RMS) in respect of accounting includes measures and controls designed to ensure that information required for the preparation of the financial statements is transmitted in a complete, correct and timely manner. These measures and controls should minimize the risk of the occurrence of errors with a material impact on the presentation of the net assets, financial position and results of operations in the accounting and external reporting.

**RISK STRATEGY**

The term risk is defined as the possibility of a negative deviation from a budgeted figure or target. Risks are generally evaluated on a net basis. In order to account for a diverse range of risks, the following risk categories have been determined.

Strategic risks primarily result from the threat to our core potential for success. This includes trends, new competitors or long-term technological changes. These are usually analyzed over the long-term.

Sales risks reflect the fact that planned sales volumes are uncertain in the future and – depending on the planning horizon – could fluctuate somewhat.

Supply risks stem from the possibility that there will be no supply or a supply shortage of parts required from suppliers or quality and/or price risks associated with these.

Financial risks primarily result from uncertainty regarding exchange rates, interest rate developments and other movements on financial markets.

Personnel risks stem in particular from the availability and motivation of staff.

Operational risks result from the unsuitability or failure of internal processes or systems.

The risk categories are set down in the Porsche risk strategy. The risk strategy describes how risks arising from the business strategy are dealt with. This also includes dividing the business model up into reasonable categories.

In addition, the risk strategy also includes four overarching pillars of managing risks. Risk acceptance, i.e., knowingly entering into and accepting risks, risk avoidance, i.e., knowingly not entering into a business in order to avoid the risks it entails, risk reduction, i.e., reducing the probability or extent of the damage in order to manage a risk at an acceptable level, and risk transfer, i.e., transferring a risk to the balance sheet of another economic operators, for example an insurance company.

Risks in the aforementioned categories can lead, both individually, but primarily when acting together in an unfavorable manner, to a situation that could jeopardize the company's ability to continue as a going concern. In order for the interplay of individual risks to be adequately taken into account, central risk management aggregates the material individual risks into an overarching overall risk. Risk aggregation is carried out using IT-supported simulations (Monte Carlo simulation).

The maximum tolerated amount of the overarching overall risk, known as the risk appetite, defines what maximum threshold the overall risk cannot exceed in respect of the financial loss and the likelihood of this being exceeded.

Porsche risk management system's risk-bearing capacity concept is currently based on the over-indebtedness components. The overall risk is evaluated in relation to its impact on EBIT. Subsequently, book equity as available risk capital is compared against the overall risk. The illiquidity component is currently being integrated into the risk-bearing capacity concept and successively also taken into account in the risk strategy.

In order to avoid repetitions of risks that have occurred, a root cause analysis (RCA) is carried out. Valuable insights on avoiding errors in the future and lessons learned across specialist departments and entities are derived based on these findings.

For the documentation of the group-wide risk management system and exercising the monitoring function, there is an IT solution, which sets out all risk management approaches. It helps specialist departments and subsidiaries to carry out risk management processes and adhering to defined baseline standards.

**OVERALL RISK SITUATION**

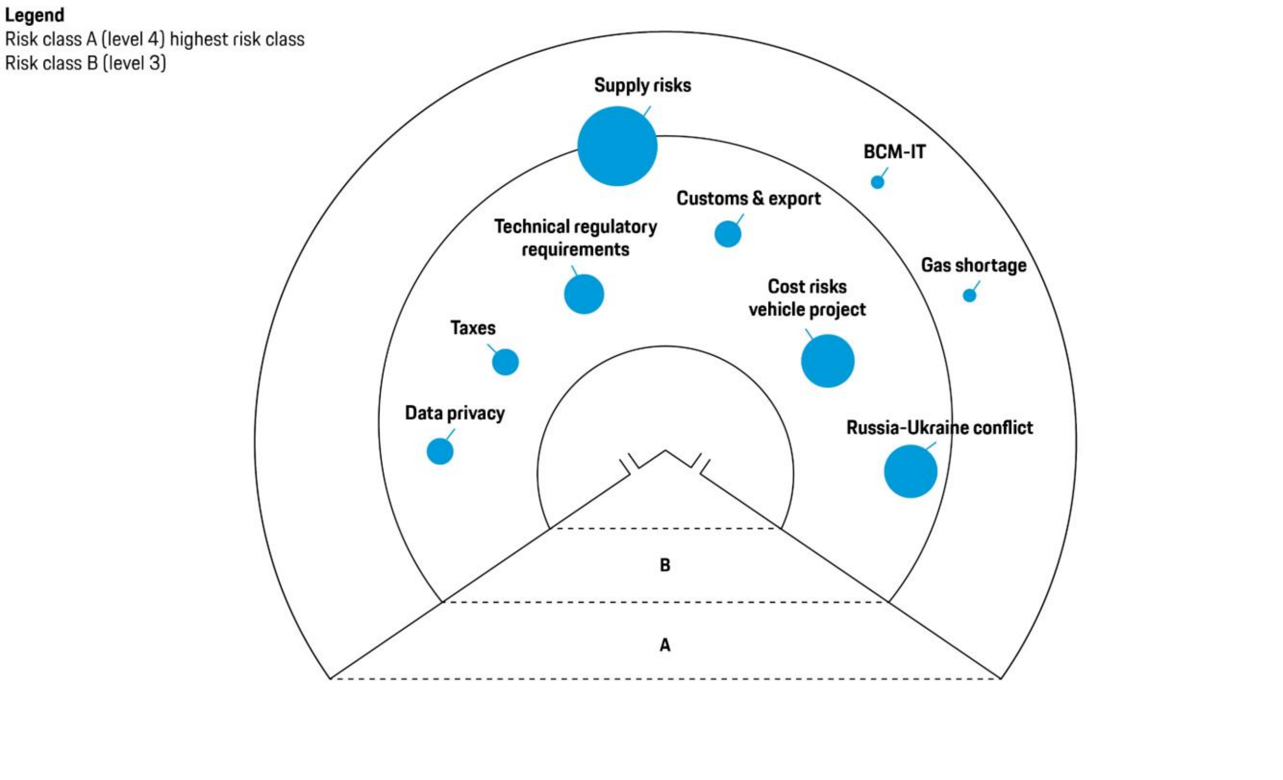
Since fiscal year 2021, the overall risk has been aggregated and compared with equity in the calculation of risk-bearing capacity. The aggregated overall risk is reported on a quarterly basis using the value-at-risk for the current fiscal year and the three subsequent years. The overall risk contains all of the material acute risks with a cumulative financial loss greater than €100 million over the period under review. In addition, it also contains further uncertainty components for the overarching sales risk and operational risks.

The risk-bearing capacity calculation beyond the first half of 2022 shows that it is sufficiently improbable that a development jeopardizing the company's ability to continue as a going concern will materialize per fiscal year examined.

**RISK SITUATION AS OF JUNE 30, 2022**

The radar diagram below provides an overview of the significant risk areas as of June 30, 2022. The size of the circles reflects the number of risk reports submitted for each risk area. The position of the circle reflects the risk class of the risks contained therein.

**Cluster representation as of June 30, 2022**



**SUPPLY RISK**

Since 2021 there have been significant supply risks caused by the shortage of semiconductors, increased prices and a shortage of commodities, quality problems with bought-in parts and large loss events at suppliers, which have continued in fiscal year 2022. Larger damage was avoided by adjusting the production schedule and installing alternative components.

**RISKS FROM THE RUSSIA-UKRAINE CONFLICT AND ITS CONSEQUENCES**

On account of the military escalation of the Russia-Ukraine conflict, there were supply problems in the first half of fiscal year 2022, in particular for wire harnesses for almost all series. In order to maintain supply and therefore continue to manufacture vehicles, duplex manufacturing facilities were set up at short notice for these components at alternative locations by the suppliers.

On account of the economic impact resulting from the conflict, e.g., rising inflation and interest rates, there is also the risk of a global decline in unit sales. Moreover, the need could arise to recognize further impairment losses on assets and additional risk provisions. In addition, there is also the possibility that Porsche dealerships and/or customers in Russia, based on various decisions, could assert claims for damages due to contractual, quality and warranty issues. The situation and development of the markets are being monitored on an ongoing basis by a dedicated task force.

**RISKS FROM THE GAS SHORTAGE**

The production and development sites of the Porsche AG group and its suppliers are directly impacted by the effects of the Russia-Ukraine conflict on the gas supply. Price increases and in particular the threatened stoppage of the gas supply to factories in the event that a higher state of alert is declared in Germany are an acute risk. In addition, the supplier network and therefore the supply of parts is also endangered. A task force was set up to introduce countermeasures at an early stage.

**BCM RISKS**

There are risks of downtime on account of force majeure or other unforeseen events (e.g., pandemic, fire, floods, cyber attack). The preventive safeguarding of critical resources, e.g., IT applications, employees or buildings, takes place via the business continuity management system (BCMS). The backing up of the IT infrastructure that is already in place against the risk of system downtimes and disruptions to processes is currently being expanded to include additional threat scenarios. In addition, as part of the BCMS, IT applications identified as critical, which support material and time critical business processes, are integrated into the IT back up.

**RISKS FROM REGULATORY REQUIREMENTS**

The Porsche AG group has identified potential regulatory issues relating to gasoline powered vehicles for various markets worldwide. Potential issues regarding sport functionalities were determined. The questions also relate to the possible use of hardware or software for type measurements that deviate from series vehicles in certain cases. According to the information currently available, on the whole these issues do not relate to any vehicles that were developed after 2017. The internal investigations into this matter at the Porsche AG group have largely been completed. The Porsche AG group is cooperating fully with the responsible authorities, including the public prosecutor's office in Stuttgart, which has instigated a criminal investigation against twelve (former) employees at Porsche AG. Proceedings against all those accused have since been closed pursuant to section 153 of the German Code of Criminal Procedure (Strafprozessordnung – StPO). The public prosecutor's office has not instigated administrative fine proceedings against the company. To date, six different class actions relating to these issues have been filed in the US (and in Canada as well). According to the statement of claims, software and/or hardware allegedly used in the affected vehicles resulted in actual exhaust emissions and/or fuel consumption being higher than legally permitted. In January 2021, a consolidated complaint was filed combining the six filed class actions into one lawsuit. The six lawsuits were originally directed against Porsche AG and its US importer subsidiary, Volkswagen AG as well as AUDI AG, although not every company is being sued in all of the cases at hand. On June 15, 2022, a settlement that had been reached with the plaintiffs' representatives, which covers the relevant vehicles, was submitted for approval to the competent US District Court of the Northern District of California. A corresponding provision has been recognized for the amount on which this settlement is based. The draft settlement was provisionally approved by the court of competent jurisdiction on June 29, 2022. The final hearing is expected to take place on October 21, 2022. The US Department of Justice ended proceedings on June 2, 2022 without consequence for the Porsche AG group. A comprehensive settlement agreement is aimed to be reached with the CARB before the end of September 2022. Talks with other authorities are still ongoing.

**COST RISKS FROM VEHICLE PROJECTS**

As in the past, cost demands from suppliers for various reasons lead to cost risks in vehicle projects in respect of investments and direct material costs. The reasons for this include for example increased commodity prices and other cost increases in connection with manufacturing. Closely monitoring these within the projects and taking countermeasures at an early stage, e.g., by negotiating on the part of procurement, reduces the cost risks.

**TAX RISK**

Findings from the tax field audit could lead to tax back-payments and tax interest. Risks could arise from the tax valuation of cross-border, intragroup trade. Tax risks and their impact on the consolidated financial statements are closely monitored on an ongoing basis. Tax provisions were recognized for potential future payments of tax arrears while other provisions were recognized for ancillary tax payments arising in this connection.

**CUSTOMS RISK**

Based on the free trade agreements that the EU has concluded with various countries, Porsche vehicles can be imported to these countries with reduced customs duties or duty-free in compliance with the local content requirements. If the local content requirements are not met or complete evidence is not produced, the import can no longer take place with reduced customs duties into the affected countries party to the free trade agreement. Therefore, the preference certificates for series materials are requested from the affected suppliers by the customs department, in the event of an escalation with the involvement of procurement. In the event that preference certificates are not issued by suppliers to a sufficient extent, a consultation takes place with sales controlling and the tax department as to whether an increase in the ExNet/ex work prices is possible in order to achieve the required local content quota.

**DATA PRIVACY RISK**

Data privacy laws are currently being amended or introduced in many markets. However, the requirements are not always unambiguous in respect of their interpretation. In China in particular, data privacy laws are adopted by the Chinese authorities at short notice. The required technical and organizational measures are being implemented by working closely with the Porsche AG group's local and German data privacy departments.

**FINANCIAL RISK MANAGEMENT AND METHODS**

Due to the international activities in the automotive and financial services divisions, changes in exchange rates and interest rates affect the net assets, financial position and results of operations of the Porsche AG group. These risks result in particular from foreign currency transactions in the course of ordinary operations, from financing and from financial investing activities. The risks are regularly monitored, reported and centrally managed using financial instruments. The primary aim of using financial instruments is to limit the financial risk exposures in order to ensure the Porsche AG group's ability to continue as a going concern and its earnings power.

The principles and responsibilities for managing and controlling the risks that could arise from these financial instruments are defined by the Executive Board and monitored by the Supervisory Board. Internal guidelines exist within the Porsche AG group that clearly define the risk management and control processes. These guidelines regulate, among other things, the use of financial instruments or derivatives and the requisite control procedures, such as a clear segregation of functions between trading and settlement. The treasury department identifies, analyzes and monitors risks group-wide. The underlying guidelines and the supporting systems are checked regularly and brought into line with current market and product developments.

Derivative financial instruments are mainly used to control currency and interest rate risks. Currency risks from future sales revenue denominated in foreign currencies are hedged through the use of exchange rate hedging instruments for a period of up to five years. The main hedging instruments used are forward exchange transactions and currency options. The volume of exchange rate hedges is determined on the basis of the planned sales figures in the respective foreign currency, taking into account procurement volumes. The counterparties for the exchange/interest rate hedges are Volkswagen AG and major national and international financial institutions. Cooperation is subject to uniform regulations and continuous monitoring. The interest rate risk from variable-rate financing and the interest rate risk from refinancing the financial services business are largely hedged through the use of suitable derivatives such as interest rate swaps.

Financial instruments are primarily used to reduce financial risks. However, the financial instruments used give rise to potential risks, such as counterparty risks and accounting risks. Channeling excess liquidity into investments also exposes the group to counterparty risks. Partial or complete default by a counterparty would have a negative impact on the net assets, financial position and results of operations. In order to manage these risks, the Porsche AG group has set out guidelines to ensure that transactions are concluded only in approved financial instruments, only with approved counterparties and only on the admissible scale. Accounting risks relating to the financial instruments entered into for hedging purposes also have to be analyzed. The risk of effects on the presentation of results of operations in the income statement is limited by means of hedge accounting.

Default risks in receivables are reduced by means of a strict receivables management system.

**MARKET RISK**

During the course of its general business activities, the Porsche AG group is exposed to foreign currency, interest rate and residual value risks, as well as risks relating to shares, bonds and commodity prices. It is company policy to exclude or limit these risks where possible by entering into hedging transactions. All necessary hedging transactions are executed or coordinated centrally by the treasury department.

Currency risk in the financial services division mainly results from assets denominated in a currency other than the functional currency, and from refinancing as part of operating activities. Currency risk in the automotive division mainly results from operating activities, as well as investments and financing operations. Currency forwards and currency options are used to reduce currency risk. They are used to hedge the exchange rates for all material payments made in the course of general business operations that are not denominated in the functional currency of the respective company. In 2022, hedges were entered into in the following currencies as part of currency risk management: Australian dollar (AUD), Brazilian real (BRL), British pound sterling (GBP), Canadian dollar (CAD), Chinese renminbi (CNY), Hong Kong dollar (HKD), Japanese yen (JPY), Mexican peso (MXN), Polish zloty (PLN), Russian ruble (RUB), Singapore dollar (SGD), South Korean won (KRW), Swedish krona (SEK), Swiss franc (CHF), Taiwan dollar (TWD), and US dollar (USD).

Interest rate risk in the financial services division mainly results from changes in market interest rates, primarily for medium- and long-term floating-rate liabilities and from non-maturity-matched refinancing. This risk is reduced by entering into interest rate hedges and cross-currency interest rate swaps. Interest rate risk in the automotive segment results from changes in market interest rates, primarily for medium- and long-term interest-bearing receivables and liabilities. Floating-rate items are included in cash flow hedges and – depending on the market situation – some are hedged by means of interest rate swaps.

The residual value risk inherent in the leasing business in the financial services division results from a negative deviation between the residual value calculated when the agreement is concluded and the market value of the leased vehicle when it is sold following expiry of the agreed lease period. In some markets, such as North America and to some extent in Germany, this residual value risk is borne by Porsche financial services companies. The market price of used vehicles constitutes the key risk variable in this context. Operational risk management is provided via ongoing monitoring of the development of used vehicle prices by means of data available outside the company. Residual value forecasts are used to check the appropriateness of the loss allowance and the residual value risk potential. The effects from a change in used vehicle prices are quantified using a sensitivity analysis.

The special fund launched using surplus liquidity, UI-356, is exposed in particular to equity and bond price risk that may arise from fluctuations in quoted market prices, stock exchange indices and market interest rates. The risks to which the special fund is exposed are generally countered by the Porsche AG group by ensuring a broad diversification across a range of products, issuers and regional markets when making investment decisions, as stipulated in the investment policy. The risk management system in place is based on a minimum value threshold and, if the market situation is appropriate, exchange rate hedges are entered into.

There are also risks relating to commodities in the automotive segment in respect of the availability of raw materials and the development of prices. Possible risks from the development of prices of commodities and energy are analyzed on an ongoing basis in order to be able to act swiftly to any changes on the market.

**CREDIT AND DEFAULT RISK**

Channeling excess liquidity into investments also exposes the group to counterparty risks. Partial or complete default by a counterparty, for example in respect of their obligation to repay interest and principal, would have a negative impact on the Porsche AG group's income statement and liquidity. The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims from recognized carrying amounts receivable against the respective counterparty. The maximum credit and default risk is reduced by collateral held. Vehicles, collateral assignments, guarantees and cash are used as collateral. In order to manage these risks, the Porsche AG group has set out guidelines to ensure that transactions are concluded only in approved financial instruments, only with approved counterparties and only on the admissible scale.

**LIQUIDITY RISK**

The Porsche AG group depends on being able to sufficiently cover its financing needs. There is a possible liquidity risk in not being able to ensure the required capital by raising funds or financing this at appropriate conditions, which in turn could have a significant negative impact on the Porsche AG group's net assets, financial position and results of operations. The solvency and liquidity of the Porsche AG group are continuously secured by rolling liquidity planning, a cash liquidity reserve, guaranteed credit lines and incurring loans. There is a master loan agreement with the Volkswagen Group. In certain countries (e.g., China), the Porsche AG group can only use local cash funds for cross-border transactions pursuant to exchange controls. There are no other material restrictions.

The Porsche AG group mainly generates liquidity through its business operations, external financing and the securitization of receivables. The funds are chiefly used to finance net working capital and capital expenditures and to cover the finance requirements of the leasing and sales financing business. Operational liquidity management uses cash pools in which material cash and cash equivalents are pooled on a daily basis. There is a cash pool in place with Volkswagen AG. This enables liquidity surpluses and shortfalls to be controlled in line with requirements. The maturities of financial assets and financial liabilities as well as forecasts of cash flows from operating activities are included in short and medium-term liquidity management.

## REPORT ON OPPORTUNITIES

In all business decisions, in addition to the effective management of risks, the task is also to identify and seize opportunities in the best possible way. This is systematically implemented within the scope of opportunity management. This ensures success in the long term.

Opportunity management, which includes revenue and cost optimizations as well as product improvements, among other things, is integrated in the Porsche AG group's operational structure and process organization and is closely linked to our strategic goals. For this purpose, the international environment of our business model is analyzed on an ongoing basis in order to identify trends, e.g., from the market, technology, society and environment as well as changes in key factors at an early stage. Scenario analyses are used to monitor relevant developments in order to identify potential effects for the Porsche AG group. Strategic business planning, the affected business divisions and controlling are included in this process. Potential opportunities in the medium and short term are identified by the business divisions and operationalized. The Porsche AG group's long-term competitiveness and future viability is to be ensured through further efficiency and opportunity initiatives, among others, in addition to the systematic implementation of the strategy. The identification of specific targets from these initiatives offer additional potential to generate opportunities.

In addition to the improvement of the global economy once the current Russia-Ukraine crisis and its impact and the coronavirus pandemic have been overcome and an earlier normalization of the semiconductor supply situation, there are considerable opportunities through potential additional synergies with new vehicle architectures in association with the Volkswagen Group. These synergy effects pertain to Development, Procurement and Production in particular. Furthermore, the expansion of the market share through the broad and attractive product portfolio, the extension of existing/development of new business areas and a further strengthening of the Porsche AG group brand in conjunction with additional price potential may have a favorable impact and lead to the generation of further earnings potential. Stable earnings indicators and advantageous cost structures combined with a high level of financial strength provide the financial headroom for future investments in products, technologies and services, even in a challenging environment.

Stringent currency management also allows us to generate potential opportunities. The Porsche AG group is managed by targets and opportunities with a clear focus on a sustainable increase in value of the group.

## SUMMARY

The overall risk and opportunity situation for the Porsche AG group arises from the aforementioned individual risks and opportunities. Based on the information and estimates currently available, there are no risks which could endanger the ability of significant parts of the Porsche AG group or the Porsche AG group as a whole to continue as a going concern.

# Further information

For more information on events after the reporting date and significant transactions with related parties, please refer to the notes to the consolidated financial statements.

# Interim Consolidated Financial Report (Condensed)

## CONSOLIDATED INCOME STATEMENT OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

| | Porsche AG group | |
|---|---|---|
| € million | 2022 | 2021 |
| **Sales revenue** | **17,922** | **16,525** |
| Cost of sales | -12,869 | -12,036 |
| **Gross profit** | **5,053** | **4,489** |
| Distribution expenses | -956 | -957 |
| Administrative expenses | -766 | -722 |
| Other operating income/expense | 149 | -18 |
| **Operating profit** | **3,480** | **2,792** |
| Share of profit or loss of equity-accounted investments | 12 | -9 |
| Interest result and other financial result[1] | 196 | 181 |
| **Financial result** | **208** | **172** |
| **Profit before tax** | **3,688** | **2,964** |
| Income tax expense | -1,183 | -846 |
| **Profit after tax** | **2,505** | **2,118** |
| thereof profit attributable to shareholders | 2,500 | 2,113 |
| thereof profit attributable to non-controlling interests | 5 | 5 |
| | | |
| **Basic/diluted earnings per ordinary share in €[2]** | **2.74** | **2.31** |
| **Basic/diluted earnings per preferred share in €[2]** | **2.75** | **2.32** |

[1] In the first half of 2022, "Interest result and other financial result" contains an impairment loss of €37 million on Bertrandt AG that has been accounted for using the equity method.
[2] Earnings per share are explained in the note "Earnings per share".

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

| € million | 2022 | 2021 |
|---|---|---|
| **Profit after tax** | **2,505** | **2,118** |
| Pension plan remeasurements recognized in other comprehensive income | | |
| Pension plan remeasurements recognized in other comprehensive income, before tax | 2,062 | 766 |
| Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income | -617 | -230 |
| Pension plan remeasurements recognized in other comprehensive income, net of tax | 1,445 | 536 |
| Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax | 12 | 58 |
| Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax | – | – |
| **Items that will not be reclassified to profit or loss** | **1,457** | **594** |
| Foreign exchange differences | | |
| Unrealized currency translation gains/losses | 451 | 156 |
| Transferred to profit or loss | – | – |
| Exchange differences on translating foreign operations, before tax | 451 | 156 |
| Deferred taxes relating to exchange differences on translating foreign operations | – | – |
| Exchange differences on translating foreign operations, net of tax | 451 | 156 |
| Hedging | | |
| Fair value changes recognized in other comprehensive income (OCI I) | -1,237 | -503 |
| Transferred to profit or loss (OCI I) | 364 | -151 |
| Cash flow hedges (OCI I), before tax | -873 | -654 |
| Deferred taxes relating to cash flow hedges (OCI I) | 269 | 197 |
| Cash flow hedges (OCI I), net of tax | -604 | -457 |
| Fair value changes recognized in other comprehensive income (OCI II) | -307 | -190 |
| Transferred to profit or loss (OCI II) | 206 | 309 |
| Cash flow hedges (OCI II), before tax | -101 | 119 |
| Deferred taxes relating to cash flow hedges (OCI II) | 30 | -36 |
| Cash flow hedges (OCI II), before tax | -71 | 83 |
| Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax | 0 | 1 |
| **Items that may be reclassified subsequently to profit or loss** | **-224** | **-217** |
| Other comprehensive income, before tax | 1,551 | 445 |
| Deferred taxes relating to other comprehensive income | -318 | -68 |
| **Other comprehensive income, net of tax** | **1,233** | 377 |
| **Total comprehensive income** | **3,738** | **2,495** |
| thereof profit attributable to shareholders | 3,733 | **2,490** |
| thereof profit attributable to non-controlling interests | 5 | 5 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT AS OF JUNE 30, 2022 AND AS OF DECEMBER 31, 2021

| € million | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | **26,744** | **32,830** |
| Intangible assets | 6,813 | 6,190 |
| Property, plant and equipment | 8,659 | 8,763 |
| Leased assets | 4,048 | 3,954 |
| Financial services receivables | 3,895 | 3,461 |
| Equity-accounted investments, other equity investments, other financial assets, other receivables and deferred tax assets | 3,330 | 10,462 |
| **Current assets** | **28,311** | **18,552** |
| Inventories | 5,245 | 4,517 |
| Financial services receivables | 1,338 | 1,081 |
| Other financial assets and other receivables | 3,885 | 7,131 |
| Tax receivables | 91 | 155 |
| Securities and time deposits[1] | 2,034 | 982 |
| Cash and cash equivalents[1] | 3,838 | 4,686 |
| Assets held for distribution | 11,881 | – |
| **Total assets** | **55,055** | **51,382** |
| | | |
| **Equity and liabilities** | | |
| **Equity** | **15,043** | **22,935** |
| Equity before non-controlling interests | 15,036 | 22,927 |
| Non-controlling interests | 7 | 8 |
| **Non-current liabilities** | **14,728** | **15,368** |
| Provisions for pensions and similar obligations | 3,649 | 5,525 |
| Financial liabilities | 6,424 | 6,599 |
| Other liabilities | 4,655 | 3,244 |
| **Current liabilities** | **25,284** | **13,079** |
| Financial liabilities | 3,338 | 3,128 |
| Trade payables | 3,181 | 2,447 |
| Other liabilities | 6,885 | 7,505 |
| Liabilities from distributions in kind | 11,881 | – |
| **Total equity and liabilities** | **55,055** | **51,382** |

[1] As of June 30, 2022, time deposits with an original contractual term of more than 3 months were allocated to "Securities and time deposits"; as of December 31, 2021 these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

| | | | | Other Reserves |
|---|---|---|---|---|
| € million | Subscribed capital | Capital reserve | Retained earnings | Currency translation |
| **Balance at Jan. 1, 2021** | 45 | 13,754 | 6,302 | -173 |
| Profit after tax | – | – | 2,113 | – |
| Other comprehensive income, net of tax | – | – | 537 | 155 |
| **Total comprehensive income** | – | – | 2,650 | 155 |
| Disposal of equity instruments | – | – | 58 | – |
| Capital contribution | – | 254 | – | – |
| Profit transfer and dividends payment | – | – | – | – |
| Capital transactions involving a change in ownership interest | – | – | – | – |
| Other changes | – | – | -1 | 1 |
| **Balance at June 30, 2021** | 45 | 14,008 | 9,009 | -17 |
| | | | | |
| **Balance at Jan. 1, 2022** | 45 | 14,225 | 9,146 | 223 |
| Profit after tax | – | – | 2,500 | – |
| Other comprehensive income, net of tax | – | – | 1,445 | 451 |
| **Total comprehensive income** | – | – | 3,945 | 451 |
| Disposal of equity instruments | – | – | – | – |
| Capital contribution | – | 257 | – | – |
| Profit transfer and dividends payment | – | – | 0 | – |
| Capital transactions involving a change in ownership interest | – | – | – | – |
| Other changes[1] | – | -11,679 | -201 | – |
| **Balance at June 30, 2022** | 45 | 2,803 | 12,889 | 674 |

[1] For “Other changes”, see the note “Significant events (section: IFRS 5 – Assets held for distribution)”.

| Hedging | | | | | | |
|---|---|---|---|---|---|---|
| Cash flow hedges (OCI I) | Deferred costs of hedging (OCI II) | Equity and debt instruments | Equity-accounted investments | Equity before non-controlling interests | Non-controlling interests | Total equity |
| **757** | **-465** | **0** | **-1** | **20,219** | **5** | **20,224** |
| – | – | – | – | 2,113 | 5 | 2,118 |
| -457 | 83 | 58 | 1 | 377 | 0 | 377 |
| **-457** | **83** | **58** | **1** | **2,490** | **5** | **2,495** |
| – | – | -58 | – | – | – | – |
| – | – | – | – | 254 | – | 254 |
| – | – | – | – | – | -4 | -4 |
| – | – | – | – | – | – | – |
| -1 | – | – | – | -1 | – | -1 |
| **299** | **-382** | **0** | **0** | **22,962** | **6** | **22,968** |
| | | | | | | |
| **-361** | **-340** | **-11** | **-0** | **22,927** | **8** | **22,935** |
| – | – | – | – | 2,500 | 5 | 2,505 |
| -604 | -71 | 12 | -0 | 1,233 | 0 | 1,234 |
| **-604** | **-71** | **12** | **-0** | **3,733** | **5** | **3,738** |
| – | – | – | – | – | – | – |
| – | – | – | – | 257 | – | 257 |
| – | – | – | – | 0 | -6 | -6 |
| – | – | – | – | – | – | – |
| – | – | – | 0 | -11,881 | – | -11,881 |
| **-965** | **-410** | **1** | **-1** | **15,036** | **7** | **15,043** |

## CONSOLIDATED STATEMENT OF CASH FLOWS OF DR. ING. H.C. F. PORSCHE AKTIENGESELLSCHAFT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30

| € million | 2022 | 2021 |
|---|---|---|
| **Cash and cash equivalents at beginning of period** | **4,327** | **4,344** |
| Profit before tax | 3,688 | 2,964 |
| Income taxes paid | -1,112 | -1,053 |
| Depreciation, amortization and impairment losses[1] | 1,504 | 1,619 |
| Gain/loss on disposal of non-current assets | -35 | 6 |
| Share of profit or loss of equity-accounted investments | 27 | 10 |
| Other non-cash expense/income | -267 | -81 |
| Change in inventories | -582 | -17 |
| Change in receivables (excluding financial services) | -249 | -176 |
| Change in liabilities (excluding financial liabilities) | 1,556 | 1,141 |
| Change in pension provisions | 183 | 233 |
| Change in other provisions | -91 | -30 |
| Change in leased assets | -181 | -586 |
| Change in financial services receivables | -520 | -376 |
| **Cash flows from operating activities** | **3,922** | **3,653** |
| Investments in intangible assets (excluding capitalized development costs), and property, plant and equipment | -456 | -556 |
| Additions to capitalized development costs | -985 | -784 |
| Change in equity investments | -425 | -111 |
| Cash received from disposal of intangible assets and property, plant and equipment | 3 | 3 |
| Change in investments in securities, loans and time deposits | 966 | -2,252 |
| **Cash flows from investing activities** | **-898** | **-3,701** |
| Capital contributions | 257 | 254 |
| Profit transfer and dividends | -1,864 | -1,864 |
| Proceeds from issuance of bonds | 2,457 | 2,450 |
| Repayment of bonds | -2,705 | -1,699 |
| Change in other financial liabilities | -138 | -286 |
| Repayments of lease liabilities | -56 | -51 |
| **Cash flows from financing activities** | **-2,049** | **-1,197** |
| Effect of exchange rate changes on cash and cash equivalents | 38 | 18 |
| **Net change in cash and cash equivalents** | **1,013** | **-1,227** |
| **Cash and cash equivalents at end of period[2]** | **5,340** | **3,117** |

[1] Offset against reversals of impairment losses.
[2] Cash and cash equivalents comprise bank balances, checks, cash on hand, time deposits with an original contractual term of up to 3 months and funds due on demand.

The statement of cash flows is explained in the note on the statement of cash flows.

# Notes to the Consolidated Financial Statements

## IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS) ACCOUNTING

Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, Dr. Ing. h.c. F. Porsche Aktiengesellschaft ("Porsche AG") has prepared its consolidated financial statements for fiscal year 2021 in accordance with the international accounting standards adopted by the European Union, the International Financial Reporting Standards (IFRSs). Accordingly, these interim consolidated financial statements as of June 30, 2022 have also been prepared in accordance with IAS 34 (Interim Financial Reporting) and have a reduced scope of reporting compared to the consolidated financial statements.

All amounts are rounded in line with common business practice; this can lead to minor differences in total amounts.

## ACCOUNTING POLICIES

The Porsche AG group has applied all accounting pronouncements adopted by the EU and effective for periods beginning from January 1, 2022.

### IFRS 5 – ASSETS AND LIABILITIES HELD FOR DISTRIBUTION

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale or held for distribution if it is highly probable that they will be mainly recovered through a sale or distribution transaction rather than through continuing use.

These assets or the disposal group are generally recognized at the lower of the carrying amount and fair value less costs to sell. Any impairment loss of a disposal group is initially allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis – with the exception that no loss is allocated to inventories, financial assets, deferred tax assets, assets in connection with employee benefits, investment property or biological assets, which remain accounted for in accordance with the group's other accounting policies.

For distributions in kind to the owners of a company acting in their capacity as owners, for which the asset is ultimately controlled by the same party or parties before and after the distribution, it is deemed permissible to measure the obligation regarding the distribution in kind at the carrying amount or fair value of the asset to be distributed. The Porsche AG group has decided to recognize liabilities from distributions in kind at the carrying amount.

Impairment losses upon initial classification as held for sale or held for distribution and subsequent gains and losses upon remeasurement are recognized in profit or loss. Intangible assets and property, plant and equipment are no longer amortized or depreciated, and each investee accounted for using the equity method is no longer accounted for using the equity method as soon as they are classified as held for sale or held for distribution.

### OTHER ACCOUNTING POLICIES

For these interim consolidated financial statements, a discount rate of 3.3% (December 31, 2021: 1.4%) was used for pension provisions in Germany. Due to the sustained increase in inflation expectations, future pension increases in Germany were adjusted to 2.0% as of June 30, 2022 (December 31, 2021: 1.7%). These changes largely caused the actuarial gain of €2,062 million recognized in the statement of comprehensive income. Furthermore, adjustments to the interest rates to measure other provisions had a positive effect on the financial result of €99 million.

The income tax expense for the interim consolidated financial statements is calculated pursuant to IAS 34 (Interim Financial Reporting) based on the annual average tax rate expected for the entire fiscal year.

Taking the condensed presentation into account, generally the same accounting policies and consolidation principles have been used when preparing the interim consolidated financial statements and determining the comparative figures for the prior year as those used in the 2021 consolidated financial statements. A detailed description of these methods can be found in the notes to the 2021 consolidated financial statements under "Accounting policies".

In addition, the effects of new standards are described in more detail in the notes to the 2021 consolidated financial statements under "New and amended standards and interpretations".

## SIGNIFICANT EVENTS

**DIESEL ISSUE**

On November 2, 2015, the United States Environmental Protection Agency (EPA) issued a notice of violation of the Clean Air Act to Volkswagen AG, Audi AG, Volkswagen Group of America, Inc., Porsche AG and Porsche Cars North America, Inc. The notice alleges that certain 3.0 liter V6 Volkswagen group diesel engines are in contravention of the applicable emissions certification standards. A detailed explanation can be found in the 2021 consolidated financial statements under "Litigation".

More information on litigation in connection with the diesel issue can be found here under "Litigation".

**RUSSIA-UKRAINE CONFLICT / COVID-19 PANDEMIC / SEMICONDUCTOR SHORTAGES**

The start of the Russia-Ukraine conflict in February 2022 led not only to a humanitarian crisis but also brought market upheaval around the world. There are significant price rises, particularly on the energy and commodity markets, and significant increases in inflation rates have been observed internationally. In addition, the parts supply shortages intensified in this context directly after the start of the conflict. In the Porsche AG group, this particularly affected the supply of cable harnesses from Ukraine. The Porsche AG group took immediate action to clear these supply bottlenecks from Ukraine, with the result that there are no material bottlenecks in this regard at present.

Moreover, various sanctions have been imposed on Russia as a result of the conflict, especially by the EU and the USA. These sanctions restrict economic transactions with Russia and have an impact on the Russian companies of the Porsche AG group and on sales of vehicles to Russia. They also affect the new financial services business in Russia and could potentially lead to impairment risks to existing leased assets and financial receivables. Against the backdrop of the Russia-Ukraine conflict and the resulting consequences, Porsche AG has decided to halt vehicle exports to Russia. In addition, the respective sanction requirements are also being complied with in relation to parts supplies and the provision of technical information. To date, only an insignificant number of complaints has been received from customers, service providers, or other contract partners. It is not clear at present how the situation with develop further.

Triggered by the Russia-Ukraine conflict and its indirect effects, significant assets of the Porsche AG group were tested for impairment as of 30 June 2022. The impairment test did not reveal any need for impairment beyond the normal measurement. In connection with the measurement of liabilities against the backdrop of the Russia-Ukraine conflict, expenses in the mid-two-digit million euro range were recognized in the first half of 2022, primarily in the other operating result. Given the very dynamic developments, it is, however, not possible at present to make a reliable assessment of the many different effects of the growing supply insecurity affecting energy resources in Europe (e.g., the gas shortage).

As a result of the turbulence on the money and capital markets due to the Russia-Ukraine conflict, income in the mid-two-digit million euro range had to be recognized in the other operating result, primarily from the premature termination of the currency hedge.

Apart from the effects of the Russia-Ukraine conflict, the global spread of the Omicron variant of coronavirus SARS-CoV-2 continued to lead to considerable disruption to everyday life and the economy in a number of regions in the first half of 2022. In China particularly, local infection outbreaks during the first half of 2022 led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic constraints and disruption to supply chains.

In addition to uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor supply shortages and the resulting limited availability of vehicles meant that demand could not be adequately met in some regions.

**IFRS 5 – ASSETS HELD FOR DISTRIBUTION**

Non-current assets are classified as held for distribution if it is highly probable that they will mainly be recovered through a distribution transaction rather than through continuing use.

In the second quarter, the shareholders of Porsche AG approved the spin-off of assets, primarily non-current loan receivables and other financial assets due from Porsche Holding Stuttgart GmbH as well as receivables due from Volkswagen AG from the in-house bank account, which are classified as cash and cash equivalents, to another company of the Volkswagen AG Group. As of June 30, 2022 and thus before the spin-offs take effect through entry in the commercial register at the beginning of July 2022, these financial assets are therefore classified as assets held for distribution.

The assets held for distribution are stated at their carrying amount and break down as follows:

| € million | June 30, 2022 |
|---|---|
| Loan receivables due from Porsche Holding Stuttgart GmbH | 8,349 |
| Other financial assets | 2,028 |
| Cash and cash equivalents | 1,501 |
| Deferred tax assets | 3 |
| **Assets held for distribution** | **11,881** |

The assets are allocated to the automotive segment.

Due to the spin-off resolutions, liabilities from distributions in kind of €11,881 million were recognized as of June 30, 2022, leading to a decrease in the capital reserve and retained earnings.

## BASIS OF CONSOLIDATION

In addition to Porsche AG, which has its registered offices in Stuttgart and is registered at the Stuttgart Local Court under HRB 730623, the consolidated financial statements include all material German and foreign subsidiaries, including structured entities, that are controlled directly or indirectly by Porsche AG. Control exists if Porsche AG has power over the potential subsidiary, directly or indirectly, as a result of voting rights or other rights, participates in positive or negative variable returns from the potential subsidiary and is able to affect those returns. There are no significant restrictions.

**RIMAC GROUP D.O.O.**

The Porsche AG group had already increased its shareholding in the Croatian technology group Rimac Group d.o.o. in the past year. In the course of an additional financing round, the Porsche AG group also made an investment in the tens of millions. Following the transaction, the Porsche AG group still holds more than 20% of Rimac Group d.o.o., which it continues to account for using the equity method. Porsche AG group and Rimac Group d.o.o. have thus taken the next step in their collaboration toward the digital and electrified future of mobility.

**IONITY HOLDING GMBH & CO. KG**

IONITY Holding GmbH & Co. KG operates what is currently Europe's largest high-power charging network that is accessible for most electric vehicles. With a view to further expanding the charging infrastructure, the investment that had already been agreed on in the past year was implemented by a financial investor in 2022. The Porsche AG group's shareholding now amounts to around 15% and it has significant influence, which is why IONITY Holding GmbH & Co. KG continues to be accounted for using the equity method.

## EXPLANATIONS ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. SALES REVENUE

#### STRUCTURE OF SALES REVENUE OF THE GROUP IN H1 2022

| € million | Automotive | Financial Services | Total Segments | Recon-ciliation | Porsche AG Group |
|---|---|---|---|---|---|
| Vehicles | 14,208 | – | 14,208 | -50 | 14,158 |
| Genuine parts | 837 | – | 837 | -0 | 837 |
| Used vehicles and third-party products | 647 | 809 | 1,456 | -48 | 1,408 |
| Rental and leasing business | 0 | 642 | 642 | -16 | 626 |
| Interest and similar income from financial services business | 0 | 145 | 145 | -1 | 143 |
| Hedges sales revenue | -539 | | -539 | – | -539 |
| Other revenue | 1,271 | 21 | 1,292 | -4 | 1,288 |
| | 16,425 | **1,616** | **18,042** | **-120** | **17,922** |

#### STRUCTURE OF SALES REVENUE OF THE GROUP IN H1 2021

| € million | Automotive | Financial Services | Total Segments | Recon-ciliation | Porsche AG Group |
|---|---|---|---|---|---|
| Vehicles | 12,832 | – | 12,832 | -58 | 12,774 |
| Genuine parts | 721 | – | 721 | -0 | 721 |
| Used vehicles and third-party products | 620 | 794 | 1,415 | -49 | 1,365 |
| Rental and leasing business | 1 | 606 | 607 | -10 | 597 |
| Interest and similar income from financial services business | 0 | 119 | 119 | -2 | 117 |
| Hedges sales revenue | -85 | – | -85 | – | -85 |
| Other revenue | 1,017 | 24 | 1,041 | -5 | 1,036 |
| | **15,107** | **1,543** | **16,650** | **-125** | **16,525** |

Other revenue contains insurance premiums received from used vehicle warranty insurance policies. Otherwise, other revenue mainly contains income from mobile services, consulting, development services and workshop services.

### 2. COST OF SALES

Cost of sales amounted to €12,869 million (prior year: €12,036 million) and mainly comprises production materials, personnel expenses, non-staff overheads and depreciation and amortization.

Cost of sales also contains interest expenses attributable to the financial services business amounting to €37 million (prior year: €30 million), impairment losses on leased assets amounting to €84 million (prior year: €68 million) and expenses for indemnification payments from warranty insurance for used vehicles' insurance amounting to €36 million (prior year: €23 million).

### 3. RESEARCH AND DEVELOPMENT COSTS

| € million | H1 2022 | H1 2021 | % |
|---|---|---|---|
| Total research and development costs | 1,304 | 1,255 | 3.9 |
| of which: capitalized development costs | 985 | 784 | 25.6 |
| Capitalization ratio in % | 75.6 | 62.5 | |
| Amortization of capitalized development costs | 380 | 491 | -22.7 |
| **Research and development costs recognized in the income statement** | **699** | **962** | **-27.4** |

### 4. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of the result of Porsche AG's shareholders by the weighted average number of ordinary and preferred shares outstanding during the reporting year. By amendment to the articles of association of Porsche AG effective August 15, 2022 the number of issued shares changes to 455,500,000 ordinary shares and 455,500,000 preferred shares. As this change was made before the financial statements were approved for publication, this change has been taken into account retrospectively for all periods presented.

Since there were no transactions in the reporting period that had a dilutive effect on the number of shares, diluted earnings per share correspond to the basic earnings per share.

Pursuant to article 28 (4) of the Articles of Association of Porsche AG, the preferred shareholders are entitled to an additional dividend of € 0.01 per preferred share above the dividend allocable to the ordinary share.

| | | H1 2022 | H1 2021 |
|---|---|---|---|
| Weighted average number of: | | | |
| Ordinary shares – basic/diluted | Shares | 455,500,000 | 455,500,000 |
| Preferred shares – basic/diluted | Shares | 455,500,000 | 455,500,000 |
| | | | |
| Earnings after tax | € million | 2,505 | 2,118 |
| Noncontrolling interests | € million | 5 | 5 |
| Earnings attributable to Volkswagen AG shareholders | € million | 2,500 | 2,113 |
| of which: basic/diluted earnings attributable to ordinary shares | € million | 1,248 | 1,054 |
| of which: basic/diluted earnings attributable to preferred shares | € million | 1,252 | 1.059 |
| | | | |
| Earnings per ordinary share – basic/diluted | € | 2.74 | 2.31 |
| Earnings per preferred share – basic/diluted | € | 2.75 | 2.32 |

## 5. NON-CURRENT ASSETS

### DEVELOPMENT OF SELECTED NON-CURRENT ASSETS FROM JANUARY 1 TO JUNE 30, 2022

| € million | Carrying amount at Jan. 1, 2022 | Additions/ Changes in consolidated Group | Disposals/ Other changes | Depreciation and amortization | Carrying amount at June 30, 2022 |
|---|---|---|---|---|---|
| Intangible assets | 6,190 | 1,098 | 2 | 473 | 6,813 |
| Property, plant and equipment | 8,763 | 482 | -26 | 612 | 8,659 |
| Leased assets | 3,954 | 997 | 407 | 496 | 4,048 |
| Other equity investments | 313 | 337 | 8 | – | 643 |

In the fiscal year, additions to other equity investments primarily relate to the acquisition of shares in FAZUA GmbH (€101 million), the acquisition of an investment in Group14 Technologies (€92 million) as well as the acquisition of Porsche Financial Services Korea Ltd. (€54 million).

Other financial assets come to €702 million (prior year: €8,596 million) and in the prior year contained loan receivables due from Porsche Holding Stuttgart GmbH of €8,135 million. See also the explanations in the note "Significant events (section: IFRS 5 – Assets held for distribution)"

## 6. INVENTORIES

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Raw materials, consumables and supplies | 445 | 385 |
| Work in progress | 471 | 1,078 |
| Finished goods and merchandise | 4,256 | 2,994 |
| Current rental and leasing assets | 37 | 26 |
| Advance payments made | 34 | 34 |
| | **5,245** | **4,517** |

The write-downs recognized in profit or loss in the reporting period amounted to €62 million (prior year: €55 million) and largely resulted from the remeasurement of used vehicles. Reversals of write-downs of €1 million (prior year: €1 million) were recognized in profit or loss in the reporting period, also resulting primarily from the remeasurement of used vehicles.

### 7. CURRENT OTHER FINANCIAL ASSETS AND OTHER RECEIVABLES

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Trade receivables | 1,106 | 1,199 |
| Other financial assets and miscellaneous other receivables | 2,779 | 5,932 |
| | **3,885** | **7,131** |

In the period from January 1 to June 30, 2022, the operating result was negatively impacted by impairment losses and reversals of impairment losses on non-current and current financial assets amounting to €4 million (prior year: €3 million).

Other financial assets contain receivables from Volkswagen AG of €0 million (prior year: €2,000 million) and Porsche Holding Stuttgart GmbH of €6 million (prior year: €2,058 million). These relate to the current clearing account and interest receivables of Porsche AG. See also the explanations in the note “Significant events (section: IFRS 5 – Assets held for distribution)”.

No significant impairment losses were recognized for other financial assets.

### 8. EQUITY

Porsche AG’s subscribed capital amounts to €45,500,000 (prior year: €45,500,000) and is divided into 45,500,000 (prior year: 45,500,000) no-par-value shares, each with a pro rata share of €1 of the share capital. For changes during the year, please see the explanations in the note “Significant events (section: IFRS 5 – Assets held for distribution)” and “Significant events after the reporting date”.

Non-controlling interests in equity relate to 25 per cent of the shares in Porsche Taiwan Motors Ltd., Taipei.

### 9. NON-CURRENT FINANCIAL LIABILITIES

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| ABS-refinancing and debenture bonds | 5,091 | 5,244 |
| Liabilities to banks | 345 | 399 |
| Lease liabilities | 987 | 956 |
| | **6,424** | **6,599** |

### 10. CURRENT FINANCIAL LIABILITIES

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| ABS-refinancing and debenture bonds | 2,989 | 2,795 |
| Liabilities to banks | 229 | 221 |
| Lease liabilities | 111 | 107 |
| Other financial liabilities | 9 | 5 |
| | **3,338** | **3,128** |

### 11. FAIR VALUE DISCLOSURES

Generally, the principles and techniques used for fair value measurement remained unchanged year on year. Detailed explanations of the measurement principles and techniques can be found in the “Accounting policies” section of the 2021 consolidated financial statements.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models.

Financial assets and liabilities measured at fair value in profit or loss consist of derivative financial instruments to which hedge accounting is not applied. This primarily includes interest rate swaps, currency swaps and interest rate/currency swaps as well as options to acquire equity instruments. Moreover, other equity investments (shares representing an ownership interest of less than 20% as a rule) in partnerships (debt instruments) as well as financial assets held in special funds controlled by the Porsche AG group are measured at fair value in profit or loss. Derivative financial instruments to which hedge accounting is applied are measured at fair value directly in equity.

Financial assets measured at fair value through other comprehensive income include equity investments (shares representing an ownership interest of less than 20% as a rule) in corporations (equity instruments) for which the Porsche AG group normally exercises the option of fair value measurement through other comprehensive income. For instruments measured through other comprehensive income, changes in fair value are recognized directly in equity, taking deferred taxes into account.

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and Level 3 financial instruments is measured in the individual divisions on the basis of group-wide specifications.

**RECONCILIATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION TO CLASSES OF FINANCIAL INSTRUMENTS**

The following table shows the reconciliation of the items in the statement of financial position to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting the carrying amount using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

The risk variables governing the fair value of the receivables are risk-adjusted interest rates.

**RECONCILIATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION TO CLASSES OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2022**

| | Measured at Fair Value | Measured at amortized cost | | Derivative financial instruments within hedge accounting | Not allocated to a measurement category | Balance sheet item at June 30, 2022 |
|---|---|---|---|---|---|---|
| € million | Carrying amount | Carrying amount | Fair Value | Carrying amount | Carrying amount | |
| **Non-current assets** | | | | | | |
| Equity-accounted investments | – | – | – | – | 643 | 643 |
| Other equity investments | 273 | – | – | – | 369 | 643 |
| Financial services receivables | – | 2,721 | 2,598 | – | 1,174 | 3,895 |
| Other financial assets[1] | 92 | 301 | 292 | 309 | – | 702 |
| **Current assets** | | | | | | |
| Trade receivables | – | 1,106 | 1,106 | – | 0 | 1,106 |
| Financial services receivables | – | 776 | 776 | – | 562 | 1,338 |
| Other financial assets[2] | 399 | 1,407 | 1,407 | 90 | – | 1,897 |
| Tax receivables | – | – | – | – | 91 | 91 |
| Securities and time deposits[3] | 1,376 | 658 | 658 | – | – | 2,034 |
| Cash and cash equivalents[3] | – | 3,838 | 3,838 | – | – | 3,838 |
| Assets held for distribution | – | 11,881 | 11,881 | – | – | 11,881 |
| **Non-current liabilities** | | | | | | |
| Financial liabilities | – | 5,437 | 5,313 | – | 987 | 6,424 |
| Other financial liabilities[4] | – | 254 | 254 | 1,051 | – | 1,306 |
| **Current liabilities** | | | | | | |
| Financial liabilities | – | 3,227 | 3,227 | – | 111 | 3,338 |
| Trade payables | – | 3,181 | 3,181 | – | – | 3,181 |
| Other financial liabilities[5] | 80 | 973 | 973 | 1,140 | – | 2,194 |
| Tax payables | – | – | – | – | 86 | 86 |
| Liabilities from distributions in kind | – | 11,881 | 11,881 | – | – | 11,881 |

1 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €1,342 million).
2 Other assets that are not financial assets are not included (other receivables: €882 million).
3 As of June 30, 2022, time deposits with an original contractual term of more than 3 months were allocated to "Securities and time deposits"; as of December 31, 2021 these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.
4 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €3,349 million).
5 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions and other liabilities: €4,605 million).

**RECONCILIATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2021**

| | Measured at Fair Value | Measured at amortized cost | | Derivative financial instruments within hedge accounting | Not allocated to a measurement category | Balance sheet item at Dec. 31, 2021 |
|---|---|---|---|---|---|---|
| € million | Carrying amount | Carrying amount | Fair Value | Carrying amount | Carrying amount | |
| **Non-current assets** | | | | | | |
| Equity-accounted investments | – | – | – | – | 573 | 573 |
| Other equity investments | 142 | – | – | – | 171 | 313 |
| Financial services receivables | – | 2,330 | 2,402 | – | 1.131 | 3,461 |
| Other financial assets[1] | 147 | 8,301 | 9,009 | 148 | – | 8,596 |
| **Current assets** | | | | | | |
| Trade receivables | – | 1,199 | 1,199 | – | – | 1,199 |
| Financial services receivables | – | 497 | 497 | – | 584 | 1,081 |
| Other financial assets[2] | 71 | 5,219 | 5,219 | 63 | – | 5,353 |
| Tax receivables | – | – | – | – | 155 | 155 |
| Securities and time deposits[3] | 982 | – | – | – | – | 982 |
| Cash and cash equivalents[3] | – | 4,686 | 4,686 | – | – | 4,686 |
| **Non-current liabilities** | | | | | | |
| Financial liabilities | – | 5,643 | 5,680 | – | 956 | 6,599 |
| Other financial liabilities[4] | 1 | 259 | 259 | 373 | – | 633 |
| **Current liabilities** | | | | | | |
| Financial liabilities | – | 3,021 | 3,021 | – | 107 | 3,128 |
| Trade payables | – | 2,447 | 2,447 | – | – | 2,447 |
| Other financial liabilities[5] | 16 | 2,857 | 2,857 | 765 | – | 3,638 |
| Tax payables | – | – | – | – | 65 | 65 |

1 Other assets that are not financial assets are not included (other receivables and deferred tax assets: €980 million).
2 Other assets that are not financial assets are not included (other receivables: €579 million).
3 As of June 30, 2022, time deposits with an original contractual term of more than 3 months were allocated to "Securities and time deposits"; as of December 31, 2021 these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.
4 Other liabilities that are not financial liabilities are not included (other provisions, deferred tax liabilities and other liabilities: €2,611 million).
5 Other liabilities that are not financial liabilities are not included (income tax provisions, other provisions and other liabilities: €3,801 million).

The class "Not allocated to a measurement category" primarily includes lease receivables, lease liabilities, investments accounted for using the equity method as well as investments in non-consolidated affiliates.

Lease receivables have a carrying amount of €1,736 million (prior year: €1,714 million) and a fair value of €1,640 million (prior year: €1,765 million).

As a result of the increased number of time deposits with an original contractual term of more than 3 months, these time deposits have been recognized together with securities as of June 30, 2022.

The tables below provide an overview of the financial assets and liabilities measured at fair value:

### FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

| € million | June. 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other equity investments | 273 | 0 | 0 | 273 |
| Financial services receivables | – | – | – | – |
| Other financial assets | 92 | – | 92 | – |
| **Current assets** | | | | |
| Trade receivables | – | – | – | – |
| Financial services receivables | – | – | – | – |
| Other financial assets | 399 | – | 313 | 86 |
| Securities and time deposits[1] | 1,376 | 1,376 | – | – |
| **Non-current liabilities** | | | | |
| Other financial liabilities | – | – | – | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 80 | – | 80 | – |

[1] As of June 30, 2022, time deposits with an original contractual term of more than 3 months were allocated to "Securities and time deposits"; as of December 31, 2021 these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.

| € million | Dec. 31, 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other equity investments | 142 | 0 | – | 142 |
| Financial services receivables | – | – | – | – |
| Other financial assets | 147 | – | 87 | 60 |
| **Current assets** | | | | |
| Trade receivables | – | – | – | – |
| Financial services receivables | – | – | – | – |
| Other financial assets | 71 | – | 70 | 1 |
| Securities and time deposits[1] | 982 | 982 | – | – |
| **Non-current liabilities** | | | | |
| Other financial liabilities | 1 | – | 1 | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 16 | – | 16 | – |

[1] As of June 30, 2022, time deposits with an original contractual term of more than 3 months were allocated to "Securities and time deposits"; as of December 31, 2021 these were contained in "Cash and cash equivalents" (€359 million), which had been recorded under "Cash, cash equivalents and time deposits" in the prior year.

**DERIVATIVE FINANCIAL INSTRUMENTS INCLUDED IN HEDGE ACCOUNTING BY LEVEL**

| € million | June. 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other financial assets | 309 | – | 309 | – |
| **Current assets** | | | | |
| Other financial assets | 90 | – | 90 | – |
| **Non-current liabilities** | | | | |
| Other financial liabilities | 1,051 | – | 1,051 | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 1,140 | – | 1,140 | – |

| € million | Dec. 31, 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Other financial assets | 148 | – | 148 | – |
| **Current assets** | | | | |
| Other financial assets | 63 | – | 63 | – |
| **Non-current liabilities** | | | | |
| Other financial liabilities | 373 | – | 373 | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 765 | – | 765 | – |

Fair values are allocated to the levels of the fair value hierarchy based on the availability of observable market prices. Level 1 shows the fair values of financial instruments where a quoted price is directly available on active markets. This includes securities issued by the Porsche AG group. Fair values in level 2, such as derivatives, are derived from market data using market valuation techniques. These market data include in particular currency exchange rates and yield curves which are observable on the relevant markets and can be obtained from pricing service providers. Level 3 fair values are calculated using valuation techniques with inputs that are not based on directly observable market data. In particular, the Porsche AG group allocated other equity investments and options on equity instruments to level 3. Equity instruments are primarily measured on the basis of the respective business plans and entity-specific discount rates.

The table below summarizes the changes in items in the statement of financial position measured at fair value and allocated to level 3:

**CHANGES IN ITEMS IN THE STATEMENT OF FINANCIAL POSITION MEASURED AT FAIR VALUE BASED ON LEVEL 3**

| € million | Financial assets measured at fair value |
|---|---|
| **Balance at Jan. 1, 2022** | **203** |
| Additions (acquisitions) | 131 |
| Total comprehensive income | 51 |
| recognized in profit or loss | 39 |
| recognized in other comprehensive income | 12 |
| Realizations | -26 |
| **Balance at June 30, 2022** | **359** |

| € million | Financial assets measured at fair value |
|---|---|
| **Balance at Jan. 1, 2021** | **147** |
| Changes in consolidated Group | -158 |
| Additions (acquisitions) | 85 |
| Transfers from Level 3 into Level 2 | 0 |
| Total comprehensive income | 58 |
| recognized in other comprehensive income | 58 |
| **Balance at June 30, 2021** | **132** |

Transfers between the levels of the fair value hierarchy are generally reported as of the respective reporting dates.

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

The key risk variable for options on equity instruments held by the company is the corresponding enterprise value. A sensitivity analysis is used to present the effects of a change in the risk variable on profit after tax.

If the assumed enterprise values had been 10 per cent higher as of June 30, 2022, profit after tax would have been €6 million (prior year: €4 million) higher. If the assumed enterprise values had been 10 per cent lower, profit after tax would have been €6 million (prior year: €4 million) lower.

If the financial performance of the equity investments measured at fair value as of June 30, 2022 had been 10 per cent better, equity would have been €15 million higher (prior year: €4 million) and profit after tax €4 million higher (prior year: €2 million). If the financial performance of the equity investments measured at fair value had been 10 per cent worse, equity would have been €15 million lower (prior year: €4 million) and profit after tax €4 million lower (prior year: €2 million).

## 12. STATEMENT OF CASH FLOWS

The statement of cash flows shows the cash inflow within the Porsche AG group. Cash and cash equivalents according to the statement of cash flows comprise bank balances, checks, cash on hand, time deposits with an original contractual term of up to 3 months and funds due on demand.

| € million | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Cash and cash equivalents as reported in the statement of financial position[1] | 3,838 | 3,278 |
| Cash and cash equivalents held for distribution | 1,501 | – |
| Time deposits[1] | 0 | -161 |
| **Cash and cash equivalents as reported in the statement of cash flows** | **5,340** | **3,117** |

[1] As of June 30, 2021, "cash and cash equivalents as reported in the statement of financial position" contain time deposits with an original contractual term of more than 3 months.

## 13. SEGMENT REPORTING

The segments are based on the internal management and reporting within the Porsche AG group. This takes into account the group objectives and policies set by the Executive Board of Porsche AG. Segment reporting is made up of the two reportable segments automotive and financial services.

The activities of the automotive segments cover the development, manufacturing and sale of vehicles as well as related services.

The activity of the financial services segment comprises customer and dealer financing, the leasing business as well as mobility services and other finance-related services.

The purchase price allocation from acquired companies is directly allocated to the corresponding segments.

In the Porsche AG group, the segment result is determined on the basis of the operating profit after tax.

Reconciliation includes consolidation between the segments.

The business relationships between the companies of the segments of the Porsche AG group are generally based on arm's length prices.

### REPORTING SEGMENTS H1 2022

| € million | Automotive | Financial services | Total segments | Reconciliation | Porsche AG Group |
|---|---|---|---|---|---|
| Sales revenue from external customers | 16,352 | 1,569 | 17,922 | – | **17,922** |
| Intersegment sales revenue | 73 | 47 | 120 | -120 | **–** |
| Total sales revenue | 16,425 | 1,616 | 18,042 | -120 | **17,922** |
| Segment result (operating result) | 3,261 | 216 | 3,477 | 3 | **3,480** |
| Depreciation and amortization | 1,080 | 438 | 1,518 | -20 | **1,498** |
| Impairment losses | 0 | 84 | 84 | 0 | **84** |

### REPORTING SEGMENTS H1 2021

| € million | Automotive | Financial services | Total segments | Reconciliation | Porsche AG Group |
|---|---|---|---|---|---|
| Sales revenue from external customers | 15,031 | 1,494 | 16,525 | 0 | **16,525** |
| Intersegment sales revenue | 76 | 49 | 125 | -125 | **–** |
| Total sales revenue | 15,107 | 1,543 | 16,650 | -125 | **16,525** |
| Segment result (operating result) | 2,661 | 151 | 2,812 | -20 | **2,792** |
| Depreciation and amortization | 1,193 | 397 | 1,590 | -18 | **1,571** |
| Impairment losses | 0 | 68 | 68 | – | **68** |

### RECONCILIATION

| € million | H1 2022 | H1 2021 |
|---|---|---|
| **Segment profit (operating profit)** | **3,477** | 2,812 |
| Consolidation | 3 | -20 |
| **Operating profit** | **3,480** | 2,792 |
| **Financial result** | **208** | 172 |
| **Consolidated profit before tax** | **3,688** | 2,964 |

### BY REGION H1 2022

| € million | Germany | Europe without Germany | North America[1] | China[2] | Rest of the world | Hedges sales revenue | Porsche AG Group |
|---|---|---|---|---|---|---|---|
| Sales revenue from external customers | 2,091 | 3,401 | 4,968 | 5,640 | 2,361 | -539 | 17,922 |

[1] excl. Mexico
[2] incl. Hong Kong

### BY REGION H1 2021

| € million | Germany | Europe without Germany | North America[1] | China[2] | Rest of the world | Hedges sales revenue | Porsche AG Group |
|---|---|---|---|---|---|---|---|
| Sales revenue from external customers | 1,874 | 3,134 | 4,280 | 5,116 | 2,206 | -85 | 16,525 |

[1] excl. Mexico
[2] incl. Hong Kong

Sales revenues allocated to the regions in accordance with the destination principle.

## 14. RELATED PARTY DISCLOSURES

As of the reporting date, Porsche AG is a subsidiary of Porsche Holding Stuttgart GmbH, Stuttgart. Since August 1, 2012, Porsche AG and its fully consolidated subsidiaries together with Porsche Holding Stuttgart GmbH have been included in the consolidated financial statements of Volkswagen AG based on the control concept.

Porsche SE holds the majority of voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the extraordinary general meeting of Volkswagen AG on 3 December 2009. This means that, even though it holds the majority of voting rights of Volkswagen AG, Porsche SE cannot determine the majority of the members of Volkswagen AG's supervisory board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. The Porsche SE group (Porsche SE) is therefore classified as a related party as defined by IAS 24.

| | SUPPLIES AND SERVICES RENDERED H1 | | SUPPLIES AND SERVICES RECEIVED H1 | |
|---|---|---|---|---|
| € million | 2022 | 2021 | 2022 | 2021 |
| Porsche SE | 1 | 1 | 0 | 0 |
| State of Lower Saxony, its majority interests and joint ventures | 0 | 0 | – | – |
| Volkswagen AG - group | 2,254 | 1,972 | 2,849 | 2,509 |
| Porsche Holding Stuttgart GmbH | 190 | 183 | 0 | – |
| Non-consolidated entities | 38 | 12 | 96 | 45 |
| Joint ventures and their majority interests | 1 | 1 | 15 | 4 |
| Associates and their majority interests | 2 | 1 | 43 | 35 |

| | RECEIVABLES FROM | | LIABILITIES TO | |
|---|---|---|---|---|
| € million | June 30, 2022 | Dec. 31, 2021 | June 30, 2022 | Dec. 31, 2021 |
| Porsche SE | 0 | 0 | 0 | 0 |
| State of Lower Saxony, its majority interests and joint ventures | 28 | 21 | – | – |
| Volkswagen AG - group | 5,067 | 6,822 | 3,403 | 2,078 |
| Porsche Holding Stuttgart GmbH | 10,393 | 10,246 | 12,519 | 2,444 |
| Non-consolidated entities | 298 | 128 | 130 | 81 |
| Joint ventures and their majority interests | 46 | 5 | 3 | 2 |
| Associates and their majority interests | 46 | 38 | 110 | 91 |

Receivables from the Volkswagen AG Group largely relate to loans granted of €474 million (December 31, 2021: €2,348 million) as well as trade receivables of €344 million (December 31, 2021: €493 million). Receivables from non-consolidated subsidiaries also primarily result from loans granted of €248 million (December 31, 2021: €89 million) as well as from trade of €22 million (December 31, 2021: €12 million).

There is a master loan agreement with the Volkswagen group for a line of € 4,000 million (amount drawn: € 0 million; prior year: € 0 million).

Transactions with related parties are regularly conducted at arm's length.

With the conclusion of the notarized deed of the spin-off resolutions, liabilities from distributions in kind have been recognized at the carrying amount of the assets being spun off (€11,881 million) due to Porsche Holding Stuttgart GmbH. See also the explanations in the note "Significant events (section: IFRS 5 – Assets held for distribution)" and "Significant events after the reporting date".

Write-downs of €10 million (prior year: €10 million) were recognized in respect of the outstanding receivables from related parties. Expenses for this purpose in the first half of 2022 amounted to €0 million (prior year: €0 million).

The maximum credit risk for financial guarantees issued to joint ventures amounted to €73 million (prior year: €73 million).

From January to June, the Porsche AG group made capital contributions at related parties of €227 million (prior year: €11 million).

Furthermore, Porsche AG received a capital contribution of €257 million from Porsche Holding Stuttgart GmbH in the first six months of 2022. In the first six months of 2021, this capital contribution amounted to €254 million.

## 15. LITIGATION

### DIESEL ISSUE

In July 2017, in connection with the diesel issue, the public prosecutor's office in Stuttgart had instigated a criminal investigation against an Executive Board member as well as a total of six employees or former employees of Porsche AG on suspicion of fraud and illegal advertising. Proceedings against an Executive Board member have since been discontinued without determining any misconduct pursuant to section 153a of the German Code of Criminal Procedure (Strafprozessordnung – StPO). A penalty order was also issued against a Porsche employee. This only relates to the Cayenne V8 TDI EU6 and to a period as of 2016. The penalty order has since become legally binding, meaning that these proceedings have also come to an end. According to the information currently available, the other individual proceedings are also expected to be closed shortly in accordance with section 153 StPO and section 153a StPO.

In July 2022, the European Court of Justice (ECJ) ruled that a so-called thermal window (i.e. a built-in temperature-dependent emissions control feature) in the range of 15°C and 33°C outside temperature represents a defeat device. In this context, the ECJ has developed a new, unwritten criterion according to which a thermal window, even if it serves to prevent sudden and extraordinary damage, is inadmissible if it is active for the "largest part of a year under the driving conditions which are acutally prevailing in the European Union area". Volkswagen Group and Porsche AG are assessing the effects of this decision and are in discussion with the authorities.

### ADDITIONAL IMPORTANT LEGAL CASES

In connection with the amended antitrust class action, which was initially dismissed with prejudice by the Northern District of California and which alleged that several automobile manufacturers, including Porsche AG and other group companies, had conspired to unlawfully increase vehicle prices in violation of US antitrust and consumer protection law, the Ninth Circuit Court of Appeals in January 2022 dismissed plaintiffs' motion (filed at the end of 2021) for a new hearing on the decision in which the court had affirmed the judgment of the US District Court. In February 2022, the District Court also denied plaintiffs' motion to set aside its judgment and to be allowed to file a new complaint. In June 2022, the US Supreme Court definitively rejected the petition filed by the plaintiffs against this decision.

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. Volkswagen AG has received a group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data for competitive purposes. The violation under investigation is alleged to have taken place in particular in working groups of the ACEA. A response was given to the European Commission's information request.

The public prosecutor's office in Stuttgart, had instigated a criminal investigation against twelve (former) employees at Porsche AG regarding issues in connection with gasoline-fueled vehicles. Proceedings against all those accused have since been closed pursuant to section 153 StPO. The public prosecutor's office has not instigated administrative fine proceedings against the company. The internal investigations into this matter at Porsche AG have largely been completed. Furthermore, the US Department of Justice ended proceedings on June 2, 2022 without consequence for the Porsche AG group. A comprehensive settlement agreement is aimed to be reached with the CARB (California Air Resources Board) in summer 2022. Talks with other authorities are still ongoing.

In accordance with IAS 37.92, no further disclosures are made in respect of estimates of the financial impact or disclosures relating to uncertainties surrounding the amount or timing of provisions and contingent liabilities in connection with material litigation, so as not to prejudice the outcome of the proceedings or the company's interests.

Other than that, there were no significant changes in the reporting year compared to the detailed explanations contained in the 2021 consolidated financial statements under "Litigation".

**16. CONTINGENT LIABILITIES**

Contingent liabilities increased by €75 million to €117 million compared to the 2021 consolidated financial statements, primarily as a result of recognizing additional legal and product-related matters.

**17. OTHER FINANCIAL OBLIGATIONS**

Other financial obligations increased by €995 million to €3,850 million overall compared to the 2021 consolidated financial statements. The increase is primarily attributable to obligations from development, supply and service agreements.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

At the beginning of July 2022, the spin-offs (under transformation law) of the assets held for distribution were formerly entered in the commercial register. As a result, the assets held for distribution and the corresponding liabilities from distributions in kind were derecognized. See also the explanations in the note "Significant events".

At the beginning of August 2022, the annual general meeting resolved to perform a capital increase from company funds. This was entered in the commercial register on August 15, 2022. The capital increase raises the company's share capital to € 911,000,000, which is divided into 455,500,000 ordinary shares and 455,500,000 non-voting preferred shares. For each no-par value share, an imputed share of € 1.00 in the share capital is attributable to the sole shareholder of the company.

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements prepared in accordance with German accepted accounting principles give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Stuttgart, August 25, 2022

Porsche Aktiengesellschaft

The Executive Board

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**Taycan Turbo S Sport Turismo**
Fuel consumption / emissions

WLTP*
Electricity consumption* combined (WLTP) 24.0 – 22.5 kWh/100 km
$CO_2$ emissions* combined (WLTP) 0 g/km
Electric range* combined (WLTP) 430 – 458 km
Electric range* city (WLTP) 518 – 564 km

NEDC*
Electricity consumption* combined (NEDC) 26.3 kWh/100 km
$CO_2$ emissions* combined (NEDC) 0 g/km

* The consumption and emissions values stated were calculated according to statutory measuring procedures. All new vehicles offered by Porsche are type-approved according to the WLTP. The NEDC figures stated are therefore derived from the WLTP figures. As of August 2022

Further information on the official fuel consumption and official, specific $CO_2$ emissions of new passenger cars is available in the "Guidelines on fuel consumption, $CO_2$ emissions and power consumption of new passenger cars" which are available free of charge from all sales outlets and from DAT, Hellmuth-Hirth-Strasse 1, 73760 Ostfildern.