PORSCHE SE

Group quarterly statement

3rd Quarter 2024

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Porsche Automobil Holding SE ("Porsche SE" or the "company") is a holding company with investments in the areas of mobility and industrial technology. Its business activities include in particular the acquisition, holding and management as well as the disposal of investments. The investments of Porsche SE are divided into the two categories "core investments" and "portfolio investments". In particular, Porsche SE holds the majority of the ordinary shares in Volkswagen Aktiengesellschaft, Wolfsburg ("Volkswagen AG", "Volkswagen" or "VW"), one of the leading automobile manufacturers in the world. It also holds a direct interest in Dr. Ing. h.c. F. Porsche AG, Stuttgart ("Porsche AG"). These long-term investments in Volkswagen AG and Porsche AG form the core investments category. In the portfolio investments category, the Porsche SE Group also holds non-controlling interests in more than ten technology companies based in North America, Europe and Israel. Investments in private equity and venture capital funds are also allocated to this category. Portfolio investments are generally held for a temporary period of time and are typically characterized by their high potential for growth and for increasing value during the holding period.

Porsche SE, as the ultimate parent of the Porsche SE Group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. As of 30 September 2024, the Porsche SE Group had 46 employees (31 December 2023: 42 employees).

As of 30 September 2024, the Porsche SE Group is made up of the fully consolidated subsidiaries Porsche Beteiligung GmbH, Stuttgart, Porsche Zweite Beteiligung GmbH, Stuttgart, Porsche Dritte Beteiligung GmbH, Stuttgart, Porsche Vierte Beteiligung GmbH, Stuttgart, Porsche Fünfte Beteiligung GmbH, Stuttgart, and Porsche Sechste Beteiligung GmbH, Stuttgart. The investments in Volkswagen AG, Porsche AG, European Transport Solutions S.à r.l., Luxembourg, Luxembourg ("ETS"), INRIX Inc., Kirkland, Washington, USA ("INRIX"), Isar Aerospace SE, Ottobrunn ("Isar Aerospace"), as well as Incharge Capital Partners GmbH, Hamburg ("Incharge Capital Partners"), Incharge Team I SCSp, Luxembourg, Luxembourg, and Incharge Fund I SCSp SICAV-RAIF, Luxembourg, Luxembourg ("Incharge Fund I"), are included in Porsche SE's IFRS consolidated financial statements as associates.

This group quarterly statement by Porsche SE relates to the development of business and its effects on the results of operations, financial position and net assets in the first nine months of the fiscal year 2024, unless reference is made to another time period.

All figures and percentages are rounded according to customary business practice, so discrepancies may arise from the addition of these amounts. Amounts smaller than €0.5 million are stated at zero. Amounts of €0.00 are not reported. The comparative prior-year figures are presented in parentheses alongside the figures for the current reporting period.

Significant events and developments

Significant events and developments at the Porsche SE Group

Incharge Fund I

In March 2024, Porsche SE announced that it would set up a venture capital fund together with the investment company DTCP, with an investment focus on software companies in the area of connected mobility. In this context, Porsche SE acquired a 49% interest in Incharge Capital Partners in March 2024. In April 2024, Porsche SE committed to invest €100 million in Incharge Fund I. The committed capital is expected to be drawn down by the fund over several years. So far, a mid-single-digit million amount of the committed capital has been drawn down. Incharge Capital Partners acts indirectly as an advisor to Incharge Fund I. In addition to Porsche SE, there are also further investors in the fund, including Deutsche Telekom AG, Bonn. The shares held by Porsche SE in the mentioned above companies in connection with this fund are accounted for using the equity method in the IFRS consolidated financial statements of Porsche SE. As of 30 September 2024, the transaction did not have any material impact on the results of operations, financial position and net assets of the Porsche SE Group.

Porsche SE issues bond

In April 2024, Porsche SE issued a bond with a volume of €1.6 billion. The bond comprises two tranches with maturities until September 2029 and September 2032. The five-year tranche with a volume of €750 million pays a coupon of 3.750%, the eight-year tranche with a volume of €850 million pays a coupon of 4.125%. The bond was oversubscribed several times. Of the proceeds raised, €600 million was used to repay part of the bank loans. In addition, the proceeds are to be used to build up liquidity for potential investments.

Significant developments with regard to the investment in Volkswagen AG accounted for at equity

Due to its share in capital of Volkswagen AG, Porsche SE is significantly influenced by the developments at the level of the Volkswagen Group.

The group result after tax and non-controlling interests of the Volkswagen Group decreased to €7.6 billion in the first three quarters of the fiscal year 2024 compared to €11.3 billion in the prior-year period. For details on the development in the result at the Volkswagen Group, please refer to the sections “Business development” and “Results of operations of the Volkswagen Group”.

As of 30 September 2024, the market capitalization of the investment in Volkswagen AG was significantly lower than its carrying amount. On the basis of an consequently updated impairment test there was no impairment of the carrying amount of the investment in Volkswagen AG accounted for at equity. For the update, the cash flows used in the prior year’s impairment test were adjusted to reflect the current forecast of the Volkswagen Group for the fiscal year 2024. Furthermore, the weighted average cost of capital was updated to 30 September 2024. As for long-term earnings performance, there is an expectation that the assumptions will generally remain unchanged. These assumptions are subject to greater uncertainty than in previous quarters given challenging market conditions, the fact that several Volkswagen Group brands have not met original expectations, the urgent need for significant cost reductions and efficiency gains as well as the adjustment of the forecast for various key figures by Volkswagen AG. The recoverability of the current carrying amount of the investment in Volkswagen AG is contingent on the board of management of Volkswagen AG achieving its strategic earnings and liquidity targets for the Volkswagen Group. In particular, any sustained decline in earnings may have a significant impact on the recoverability of the carrying amount of the investment and thus on the result of Porsche SE. This may also have consequences for the dividend policy of Volkswagen AG and therefore for the cash inflows at the level of Porsche SE. For information on the risks in connection with the investment in Volkswagen AG, please refer to the explanations in the section "Opportunities and risks of future development" as well as the explanations in the combined group management report for the fiscal year 2023.

On 29 May 2024, the annual general meeting of Volkswagen AG resolved to distribute a dividend for the fiscal year 2023 of €9.00 per ordinary share and €9.06 per preference share. The shares of Volkswagen AG held by Porsche SE thus entitle the latter to a dividend of €1.4 billion. The dividend was paid out on 4 June 2024 without deducting capital gains tax.

Significant developments with regard to the investment in Porsche AG accounted for at equity

Due to its share in capital of Porsche AG, Porsche SE is also influenced by the developments at the level of the Porsche AG Group.

The group result after tax and non-controlling interests of the Porsche AG Group decreased to €2.8 billion in the first three quarters of the fiscal year 2024 compared to €3.9 billion in the prior-year period. For details on the development in the result at the Porsche AG Group, please refer to the section "Results of operations of the Porsche AG Group".

As of 30 September 2024, the market capitalization of the investment in Porsche AG was lower than its carrying amount. On the basis of an consequently updated impairment test there was no impairment of the carrying amount of the investment in Porsche AG accounted for at equity. For the update, the cash flows used in the prior year's impairment test were adjusted to reflect the current forecast of Porsche AG for the fiscal year 2024. Furthermore, the weighted average cost of capital was updated to 30 September 2024. As for long-term earnings performance, there is an expectation that the assumptions will generally remain unchanged. These assumptions are subject to greater uncertainty than in previous quarters against the background of still highly challenging macroeconomic environment, uncertainties and financial burdens arising in particular from the situation on the Chinese market, the numerous product launches, supply bottlenecks, persistently high cost levels, particularly on the supplier side, and the slower transition to e-mobility. The recoverability of the current carrying amount of the investment in Porsche AG is contingent on the board of management of Porsche AG achieving its strategic earnings and liquidity targets for the Porsche AG Group. In particular, any sustained decline in earnings may have an impact on the recoverability of the carrying amount of the investment and thus on the result of Porsche SE. This may also have consequences for the dividend policy of Porsche AG and therefore for the cash inflows at the level of Porsche SE. For information on the risks in connection with the investment in Porsche AG, please refer to the explanations in the section “Opportunities and risks of future development” as well as the explanations in the combined group management report for the fiscal year 2023.

On 7 June 2024, the annual general meeting of Porsche AG resolved to distribute a dividend for the fiscal year 2023 of €2.30 per ordinary share and €2.31 per preference share. The ordinary shares of Porsche AG held by Porsche SE thus entitle the latter to a dividend of €262 million. The dividend was paid out on 12 June 2024 without deducting capital gains tax.

Significant developments and current status relating to litigation risks and legal disputes

Porsche SE is involved in various legal proceedings. The current status relating to litigation risks and legal disputes is presented below. There have not, however, been any significant changes compared to 31 December 2023. Porsche SE continues not to have reliable findings or assessments that would lead to a different evaluation of the legal risks compared to the annual report 2023.

Legal proceedings and legal risks in connection with the increase of the investment in Volkswagen AG

A model case according to the Capital Markets Model Case Act (“KapMuG”) against Porsche SE initiated by an order of reference of the Regional Court of Hanover dated 13 April 2016 was pending with the Higher Regional Court of Celle. Subject of those actions were alleged damage claims based on alleged market manipulation and alleged inaccurate information in connection with Porsche SE’s increase of the investment in Volkswagen AG. In part these claims were also based on alleged violations of antitrust regulations. In the six initial proceedings suspended with reference to the model case, a total of 40 plaintiffs are asserting alleged claims for damages of about €5.4 billion (plus interest). By decision of 30 September 2022, all of the establishment objectives requested by the plaintiffs were dismissed or declared groundless by the Higher Regional Court of Celle. The Higher Regional Court of Celle substantiates its decision on the opinion that Porsche SE cannot be deemed liable under any legal aspect and that the opposed pleading of the plaintiffs is inconclusive. With this decision, Porsche SE considers its legal position justified that the claims asserted in the suspended initial proceedings are without merit. The decision of the Higher Regional Court of Celle is not yet final. The plaintiffs filed an appeal on points of law against the decision with the Federal Court of Justice.

In a proceeding pending before the Regional Court of Frankfurt against an incumbent and a former, meanwhile deceased, member of the supervisory board of Porsche SE, Porsche SE joined as intervener in support of the defendants. In this proceeding the same alleged claims are asserted that are already subject of an action currently suspended with regard to the model case proceedings now before the Federal Court of Justice with alleged damages of about €1.8 billion (plus interest) pending against Porsche SE before the Regional Court of Hanover. No new developments occurred in this proceeding during the reporting period. Porsche SE considers these claims to be without merit and sees itself justified in this legal position by the decision of the Higher Regional Court of Celle of 30 September 2022.

Since 2012, Porsche SE and two companies of an investment fund have been in dispute over the existence of alleged claims in the amount of about US$195 million and have filed lawsuits in Germany and England respectively. On 6 March 2013, the English proceedings were suspended at the request of both parties until a decision had been reached in the proceedings commenced in the Regional Court of Stuttgart concerning the question of which court is the court first seized. On 19 September 2024, the Higher Regional Court of Stuttgart issued a final decision that the Regional Court of Stuttgart is the court first seized. An objection against this decision by the opposing parties claiming a violation of their right to be given an effective and fair legal hearing has been dismissed by the Higher Regional Court of Stuttgart on 29 October 2024. The Higher Regional Court of Stuttgart will now hear Porsche SE's claim for a negative declaratory judgement as to its substance. Porsche SE considers the claim for a negative declaratory judgement to be admissible and with merit and the action filed in England to be inadmissible and the asserted claims to be without merit.

Legal proceedings and legal risks in connection with the diesel issue

In connection with the diesel issue, legal proceedings with a total volume of approximately €929 million (plus interest) are pending against Porsche SE before the Regional Court of Stuttgart, the Higher Regional Court of Stuttgart and the Regional Court of Braunschweig. The plaintiffs accuse Porsche SE of alleged nonfeasance of capital market information or alleged incorrect capital market information in connection with the diesel issue. Some of these proceedings are directed against both Porsche SE and Volkswagen AG. Porsche SE considers the actions to be inadmissible in part, but in any case to be without merit.

Before the Regional Court of Stuttgart 207 actions are currently pending at first instance. The actions pending at first instance concern payment of damages, if quantified, in the total amount of approximately €783 million (plus interest) and in part establishment of liability for damages. After various claims have been referred to and fro, twelve claims for damages against Porsche SE, with a claim volume (according to the current assessment of the partially unclear head of claims) of approximately €4.8 million (plus interest), are now pending before the Regional Court of Braunschweig. Proceedings at first instance, with a total amount of approximately €85.7 million (plus interest), are currently suspended, whereby the majority of the suspended proceedings are suspended with reference to a KapMuG proceeding meanwhile pending before the Federal Court of Justice. Porsche SE considers the actions filed against it before the Regional Court of Stuttgart to be inadmissible in part, but in any case to be without merit. The actions filed against Porsche SE before the Regional Court of Braunschweig are considered by Porsche SE to be inadmissible and without merit.

In addition, three further proceedings, in which a total of a further approximately €141 million (plus interest) in damages was claimed, are pending before the Higher Regional Court of Stuttgart on appeal. In one of the appeal proceedings in which approximately €5.7 million (plus interest) in damages was claimed, the Regional Court of Stuttgart had granted the action in the amount of approximately €3.2 million (plus interest) and otherwise dismissed the action on 24 October 2018. Porsche SE and the plaintiff filed appeals. The proceeding has been suspended in the meanwhile with reference to a KapMuG proceeding pending before the Federal Court of Justice. In the further proceeding, which is partly on appeal, plaintiffs object to the fact that the Regional Court of Stuttgart dismissed their actions as inadmissible on 26 August 2021. The amount in dispute is approximately €123 million (plus interest). The third proceeding, in which a total of a further approximately €11.5 million (plus interest) was claimed, has been dismissed by the Higher Regional Court of Stuttgart with decision of 30 April 2024. The plaintiffs have filed an appeal. Porsche SE considers these actions pending against it before the Higher Regional Court of Stuttgart to be inadmissible in part, but in any case to be without merit.

A KapMuG proceeding, initiated by order for reference of the Regional Court of Stuttgart of 28 February 2017, was pending before the Higher Regional Court of Stuttgart. On 22 October 2020, the Higher Regional Court of Stuttgart appointed a model case plaintiff. Several hearings have taken place before the Higher Regional Court of Stuttgart. The Higher Regional Court of Stuttgart expanded the model case with further establishment objectives. During the hearing of 7 December 2022, the Higher Regional Court of Stuttgart interrogated two former members of the board of management of Porsche SE as witnesses. Both witnesses stated individually to have heard of the diesel issue for the first time in September 2015 through press reporting. In its model case ruling of 29 March 2023, the Higher Regional Court of Stuttgart found that, in principle, an ad-hoc disclosure obligation of Porsche SE can also exist with respect to circumstances at Volkswagen AG. A requirement for any ad-hoc disclosure obligation is that a member of the board of management of Porsche SE must either be aware of the alleged insider information or the board of management of Porsche SE must have breached an obligation to ensure that insider information can reach the board of management. If there is a specific reason for doing so, the board of management has a duty to make specific inquiries. With regard to any knowledge of the board of management of Porsche SE or breach of duty, the plaintiffs have the burden of proof. The Higher Regional Court of Stuttgart also ruled that any knowledge of confidential circumstances at Volkswagen AG of board members of Volkswagen AG who are also members of the board of management of Porsche SE cannot be attributed to Porsche SE. In addition, the Higher Regional Court of Stuttgart ruled that any knowledge of circumstances at Volkswagen AG on the level below the board of management of Volkswagen AG cannot be attributed to Porsche SE. Finally, the Higher Regional Court of Stuttgart ruled that the members of the board of management of Porsche SE at the time, Dr. Wendelin Wiedeking and Holger P. Härter, had no knowledge of the diesel issue and such missing knowledge was also not based on gross negligence on their side. The establishment objectives sought by the plaintiffs against Porsche SE were therefore overwhelmingly not made by the Higher Regional Court of Stuttgart. On the basis of the establishment objectives made in the model case ruling and the current status of the matter in dispute in the initial proceedings, all investor claims against Porsche SE in the suspended initial proceedings would, as a result, have to be dismissed. The model case ruling is not yet final. The model case plaintiff, several plaintiffs and Porsche SE have filed an appeal on points of law against the model case ruling.

Following corresponding orders to suspend the proceedings by the Regional Court of Braunschweig and the courts of Stuttgart, Porsche SE became a further model case defendant in the model case proceedings before the Higher Regional Court of Braunschweig. The Higher Regional Court of Braunschweig issued a binding partial model case ruling regarding questions of jurisdiction. Several hearings have taken place before the Higher Regional Court of Braunschweig. On 7 July 2023 the Higher Regional Court of Braunschweig issued an order to take evidence and requested numerous persons to be interrogated and documents to be produced and submitted. The requested gathering of evidence focuses initially on the question whether or not Volkswagen AG's board of management, individual members thereof and/or members of its ad-hoc clearing committee had knowledge of the installation of switch functions in Volkswagen AG vehicles that are inadmissible pursuant to US law. Furthermore, evidence will be gathered on expectations of the persons responsible for ad-hoc publications within Volkswagen AG regarding possible effects on the share price resulting from the information available to each of them. The interrogations commenced in the autumn of 2023 and will be resumed.

During the reporting period, no significant new developments occurred with regard to claims asserted out of court and not yet brought to court against Porsche SE with a total amount of approximately €63 million and in some cases without defined amounts as well as with regard to the waiver of the statute of limitations defense granted by Porsche SE to the United States of America for alleged claims for damages.

In connection with the diesel issue, in April 2021, two plaintiffs filed a derivative action against Porsche SE, current and former members of the management and supervisory boards of Volkswagen AG, current and former executives of Volkswagen AG and its subsidiaries, four Volkswagen AG subsidiaries and others in the Supreme Court of the State of New York, County of New York. The plaintiffs claim to be shareholders of Volkswagen AG and allege claims of Volkswagen AG on its behalf. The action is based, inter alia, on an alleged violation of duties vis-à-vis Volkswagen AG pursuant to the AktG ["Aktiengesetz": German Stock Corporation Act] and the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK). The plaintiffs request, inter alia, a declaration that the defendants have breached their respective duties vis-à-vis Volkswagen AG, and an award to Volkswagen AG as compensation for the alleged damages it sustained as a result of the alleged violation of duties, plus interest. In September 2021, the parties filed a stipulation, which is subject to court approval, accepting service on behalf of certain defendants including Porsche SE, staying all discovery and setting a motion to dismiss briefing schedule.

Significant events and developments at the Volkswagen Group

Restructuring in the Volkswagen Group

In the first nine months of the fiscal year 2024, the Volkswagen Group recognized restructuring costs of €2.2 billion. They are primarily attributable to Volkswagen AG and the Audi Group. Furthermore, restructuring programs were also introduced in other group companies.

To bring about a long-term reduction in personnel costs in the administrative areas of Volkswagen AG, the board of management of Volkswagen resolved in April 2024 to support the downsizing activities by offering selective severance agreements. Expenses of €0.9 billion were recognized for this at the level of the Volkswagen Group.

In the third quarter of 2024, the Audi Group recognized expenses of €1.2 billion in connection with the initiation of an information and consultation process under Belgian law for the restructuring of the site in Brussels. In addition to anticipated amortization and depreciation, costs from a change in the production process and legal and consulting costs, the expenses also include employee-related provisions.

Cooperation with QuantumScape Corporation

In July 2024, the Volkswagen Group's battery company PowerCo SE and QuantumScape Corporation ("QuantumScape") announced they had entered into an agreement to industrialize QuantumScape's solid-state lithium-metal battery technology. The agreement supersedes an earlier joint venture between the two strategic partners to co-manufacture battery cells in future. Volkswagen will remain QuantumScape's largest shareholder. Following technical progress and certain royalty payments, QuantumScape will grant PowerCo a license to mass produce battery cells based on QuantumScape's technology platform. QuantumScape's technology platform is based on a proprietary separator, which is supposed to enable the use of a pure lithium-metal anode, an innovation that is designed for exceptional energy and power density, fast charging and a robust safety profile.

Cooperation with Rivian

On 25 June 2024, Volkswagen and the US electric vehicle manufacturer Rivian Automotive, Inc., Irvine, USA ("Rivian"), announced their intention to form a joint venture in which each party will hold an equal share. The aim of the partnership is to create next generation software-defined vehicle ("SDV") architectures to be used in future vehicles of both companies. The joint venture is to build on Rivian's software and electrical architecture to facilitate the joint development of best-in-class architectures for software-defined vehicles. A decision on actual implementation of the joint venture has not yet been made and will depend on a number of technical and financial parameters.

On the basis of this planned strategic partnership, Volkswagen invested US$1 billion in Rivian in June 2024. The investment took the form of an unsecured convertible note, which will convert into ordinary shares of Rivian on 1 December 2024 at the earliest. The conversion price for the first half of the outstanding amount under the note was calculated on the basis of a defined daily volume-weighted average price (“VWAP”) prior to this announcement, while the conversion price for the remaining half will be calculated on the basis of a defined daily VWAP prior to the conversion date. Fluctuations in the value of the convertible note are recognized at fair value through profit or loss.

If the joint venture is implemented successfully and certain milestones are reached, Volkswagen intends to make further investments of up to US$4 billion. If applicable, US$2 billion of this is to be invested in ordinary shares of Rivian, and is expected to take the form of two tranches of US$1 billion each in 2025 and 2026. The pricing will be based on a defined average market price of the ordinary shares of Rivian prior to each respective purchase. The remaining investments of US$2 billion are scheduled to be split between a payment when the joint venture is established, mainly for a license for Rivian’s electric architecture technology, and a loan to the joint venture in 2026.

Argo AI

The process of winding down Argo AI, LLC, Pittsburgh, USA (“Argo AI”), initiated in the third quarter of 2022 was completed in the third quarter of 2024. The inclusion of the investment in the Volkswagen consolidated financial statements using the equity method was ended as of 30 September 2024. This resulted in a gain of €265 million at the level of the Volkswagen Group. The gain is the result of realizing currency translation effects, which had previously been recognized directly in equity.

Assets and disposal groups held for sale of the current fiscal year

The intention resolved at Porsche AG in September 2022 to sell two Russian sales companies in the passenger cars and light commercial vehicles segment, OOO Porsche Russland, Moscow, Russia, and OOO Porsche Center Moscow, Moscow, Russia, as well as one company assigned to the financial services segment, OOO Porsche Financial Services Russland, Moscow, Russia, continues to be in place. In view of the change in external conditions, the disposal project is expected to be completed within the fiscal year 2024. An impairment loss of €25 million was recognized for the disposal group in the fiscal year 2022 at the level of the Volkswagen Group; another minor impairment loss and offsetting currency translation effects were identified in the fiscal year 2023. In the first nine months of 2024, no further impairment losses needed to be recognized at the level of the Volkswagen Group.

In accordance with IFRS 5, the assets and liabilities held for sale were recognized at the lower of their carrying amount and fair value less expected costs of disposal at the level of the Volkswagen Group.

Transactions completed/discontinued in the current fiscal year

In accordance with the requirements of IFRS 5, the consolidated subsidiaries OOO Volkswagen Group Finanz, Moscow, Russia, OOO Volkswagen Financial Services RUS, Moscow, Russia, and OOO Volkswagen Bank RUS, Moscow, Russia, have been classified as a disposal group held for sale since the fiscal year 2022 at the level of the Volkswagen Group. In this context, impairment losses of €186 million were recognized in the fiscal year 2023 at the level of the Volkswagen Group.

The shares in OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia, were sold to an external investor on 18 January 2024. In particular due to the reclassification of foreign exchange differences to the income statement, the deconsolidation of the two companies resulted in a loss of €62 million at the level of the Volkswagen Group.

In addition, impairment losses of €29 million were recognized for OOO Volkswagen Bank RUS, Moscow, Russia, in the fiscal year 2024 at the level of the Volkswagen Group. The company was deconsolidated as of 30 June 2024. Deconsolidation resulted in a loss of €184 million at the level of the Volkswagen Group; the amount includes in particular the reclassification of foreign exchange differences to the income statement.

In its ruling of 3 July 2024, the German Federal Ministry for Economic Affairs and Climate Action prohibited the sale of the MGT gas turbine business to CSIC Longjiang GH Gas Turbine Co. Ltd., Harbin, China. The Federal Cabinet approved the prohibition ruling. Following the prohibition, MAN Energy Solutions SE, Augsburg, discontinued the development, manufacture and sales of MGT gas turbines. It will continue its service activities for MGT gas turbines. The prohibition of the planned sale and the discontinuation of the new-build business with MGT gas turbines means that these activities are no longer presented in line with IFRS 5, and led to the recognition of an impairment loss on the capitalized development costs and inventories for MGT gas turbines as of 30 June 2024. This resulted in an expense of €86 million at the level of the Volkswagen Group. There are three further types of gas turbines (THM, FT8 and S class) in addition to the MGT gas turbines. Business with these is not affected by this development.

Business development

The business development of the Porsche SE Group is largely shaped by its core investments, in particular the investment in Volkswagen AG. The following statements therefore primarily take into consideration factors influencing operating developments in the passenger cars and light commercial vehicles, commercial vehicles, power engineering and financial services business areas at the Volkswagen Group, which include the development of the Porsche AG Group. Developments relating to the portfolio investments in the reporting period are also presented. In addition, reference is made to the section “Significant events and developments at the Porsche SE Group”, in particular with regard to the development of the actions pending.

General economic development

The global economy remained on a growth path in the first nine months of 2024 with somewhat slower momentum than in the prior year. This trend was seen in both the advanced economies and the emerging markets. Declining but in some cases still relatively high inflation rates in many countries, combined with restrictive monetary policies introduced by major central banks, continued to put a damper on economic growth in many places. Towards the end of the reporting period, a number of central banks started to gradually bring down key rates from their comparatively high level.

Business development with regard to the core investments

Trends in the markets for passenger cars and light commercial vehicles

From January to September 2024, the volume of the passenger car market worldwide was on a level with the prior-year figure, with the individual regions apart from Asia-Pacific and the Middle East delivering a positive performance. The supply situation continued to return to normal levels and the affordability of vehicles improved in some regions of the world amid lower prices and increased sales incentives.

The global volume of new registrations of light commercial vehicles between January and September 2024 was slightly below the prior year.

Trends in the markets for commercial vehicles

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was noticeably lower in the reporting period than in the same period of 2023. Truck markets throughout the world were also noticeably down on the prior year due in particular to relatively weak growth in Europe, the North American markets and China.

In the first nine months of 2024, demand in the bus markets that are relevant for the Volkswagen Group was on a level with the same period of the prior year.

Trends in the markets for power engineering

The markets for power engineering are influenced by varying regional and economic factors. Consequently, the business growth trends of the respective markets develop mostly independently of one another.

In the first three quarters of 2024, the marine market remained at a similar level to the prior year. There was still reticence in the market for energy generation in the first nine months of the fiscal year 2024, particularly in Europe. This was due to the fact that policymakers have not yet completely finalized the strategy and regulations regarding future investments in this area. There was slightly less movement in the turbomachinery market in the first three quarters of 2024 than in the prior year.

Trends in the markets for financial services

Automotive financial services of the Volkswagen Group were in high demand in the first nine months of 2024.

While demand for trucks and buses in the first nine months of 2024 was weaker than in the same period of the prior year, the financial services business for heavy commercial vehicles was on a level with the first three quarters of 2023.

Volkswagen Group deliveries

The Volkswagen Group delivered 6.5 million vehicles to customers worldwide from January to September 2024. This was 2.8% or 191.1 thousand units less than in the same period of the prior year. While sales figures for passenger cars fell slightly short of the prior-year level, the Volkswagen Group’s commercial vehicle sales were on the same level as the prior year.

In the first nine months of 2024, sales of Volkswagen Group passenger cars and light commercial vehicles worldwide were down slightly on the level of the prior year at 6.3 million units (down 2.9%) in a challenging market. While Škoda, SEAT/CUPRA, Volkswagen Commercial Vehicles and Lamborghini increased vehicle deliveries, Volkswagen Passenger Cars, Audi, Bentley and Porsche did not reach their respective prior-year figures. At a regional level, the Volkswagen Group saw demand rise for passenger cars and light commercial vehicles in North America, South America, Africa and the Middle East. Deliveries to customers were on a level with the prior year in Western Europe, but fell short of the prior-year figures in Asia-Pacific and Central and Eastern Europe.

Deliveries of electrified vehicles from the Volkswagen Group were slightly lower than the prior-year figure due in particular to industry-wide buyer reluctance: the Volkswagen Group handed over 506.5 thousand all-electric vehicles (including heavy commercial vehicles) to customers worldwide in the first three quarters of this year. This was 25.0 thousand fewer units or 4.7% less than in the same period of the prior year. Their share of the Volkswagen Group's total deliveries stood at 7.8% (7.9%). Deliveries to customers of plug-in hybrid models amounted to 191.7 thousand units (up 9.1%). As a result, total electrified vehicle deliveries fell by 1.3%; their share of total Volkswagen Group deliveries rose year on year to 10.7% (10.5%).

In an overall global market at the same level of the prior year, the Volkswagen Group achieved a passenger car market share of 10.5% (11.0%).

Between January and September 2024, the Volkswagen Group delivered 1.6% fewer commercial vehicles to customers worldwide than in the same period of the prior year, though the downward trend in the first six months was mitigated by slight growth in the third quarter. Overall, the Volkswagen Group delivered 245.4 thousand commercial vehicles to customers.

Volkswagen Group deliveries from 1 January to 30 September[1]

	2024	2023	Change %
Regions			
Europe/Other markets	3,064,774	3,081,787	−0.6
North America	769,009	716,087	7.4
South America	419,099	365,665	14.6
Asia-Pacific	2,271,375	2,551,854	−11.0
Worldwide	**6,524,257**	**6,715,393**	**−2.8**
by brands			
Volkswagen passenger cars	3,396,772	3,484,247	−2.5
ŠKODA	671,264	642,190	4.5
SEAT/CUPRA	422,092	391,831	7.7
Volkswagen commercial vehicles	311,337	300,499	3.6
Audi	1,235,590	1,386,631	−10.9
Lamborghini	8,411	7,744	8.6
Bentley	7,380	10,053	−26.6
Porsche	226,026	242,722	−6.9
Passenger cars and light commercial vehicles total	**6,278,872**	**6,465,917**	**−2.9**
Scania	73,971	67,654	9.3
MAN	68,912	83,996	−18.0
Navistar	66,772	68,176	−2.1
Volkswagen Truck & Bus	35,730	29,650	20.5
Commercial vehicles total	**245,385**	**249,476**	**−1.6**

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the equity-accounted Chinese joint ventures.

Sales, production and inventories at the Volkswagen Group

In the reporting period, the Volkswagen Group's unit sales to the dealer organization[1] decreased by 4.4% to 6.5 million units (including the equity-accounted companies in China). Unit sales outside Germany fell by 4.9% to 5.6 million vehicles. Growth was recorded particularly in Brazil, Canada and France. In contrast, fewer vehicles were sold above all in China. Unit sales in Germany decreased by 0.9% year on year. The proportion of the Volkswagen Group's total unit sales attributable to Germany increased to 13.2% (12.7%).

At 6.6 million vehicles, the Volkswagen Group's production in the first nine months of 2024 (including the equity-accounted companies in China) was down by 3.4%. Production in Germany declined by 14.6% to 1.3 million vehicles. The proportion of the Volkswagen Group's total production accounted for by Germany decreased to 19.0% (21.5%).

Global inventories of new vehicles (including the equity-accounted companies in China) at Volkswagen Group companies and in the dealer organization were noticeably higher at the end of the third quarter of 2024 than at year-end 2023, and slightly above the corresponding prior-year figure.

Volkswagen Group financial services

The financial services division's products and services were popular in the period from January to September 2024. The number of new financing, leasing, service and insurance contracts signed worldwide increased by 15.2% to 8.1 million. Since 1 January 2024, other types of insurance contracts have also been taken into account; the number of contracts as of 31 December 2023 has been adjusted. The ratio of leased and financed vehicles to Volkswagen Group deliveries (penetration rate) in the financial services division's markets increased to 34.9% (33.3%) in the reporting period. At 28.1 million (28.1 million), the total number of contracts as of 30 September 2024 was on a level with the adjusted figure at the end of the prior year.

[1] The dealer organization comprises all Volkswagen Group external dealer companies that are supplied by the Volkswagen Group.

Business development with regard to the portfolio investments

In the first three quarters of the fiscal year 2024, Porsche SE made further investments in the portfolio investments segment.

Together with DTCP, Incharge Fund I – a venture capital fund with an investment focus on software companies in the area of connected mobility – was set up and Porsche SE invested €100 million. In May 2024, Porsche SE acquired a stake in the Canadian company Waabi Innovation Inc., Toronto, Canada. Waabi is developing an AI-based solution for self-driving trucks. In the third quarter of 2024, Porsche SE invested in Flix SE, Munich, as part of a co-investment with the EQT Future Fund. The company operates the leading global mobility platform for long-distance bus and train travel. Porsche SE also invested in Quantum-Systems GmbH. Based in Gilching near Munich, the company develops and produces state-of-the-art drones for sensor-based data acquisition.

Furthermore, Porsche SE participated in a follow-on financing round for the existing portfolio investment Celestial AI Inc., Santa Clara, USA. There were also investments made in connection with capital calls related to existing fund investments.

Results of operations, financial position and net assets

In the following explanations, the significant results of operations as well as the financial position and net assets of the Porsche SE Group are presented for the first three quarters of the fiscal year 2024 and as of 30 September 2024. While the prior-year figures for the results of operations relate to the period from 1 January to 30 September 2023, the financial position and net assets use figures as of 31 December 2023 as comparative figures.

In line with its investment strategy, the Porsche SE Group differentiates between the two segments "core investments" and "portfolio investments". Porsche SE's holding operations, comprising Porsche SE's corporate functions, including the holding financing function, are all allocated to the core investments segment for the purpose of managing resources. Transactions between the segments, i.e., in particular intragroup financing transactions, are not managed separately and are therefore eliminated so that consolidated figures are always used for management purposes.

Results of operations of the Porsche SE Group

The result after tax of the Porsche SE Group came to €2,507 million (€3,801 million) in the first nine months of the fiscal year 2024. Of the result after tax, €2,508 million (€3,813 million) relates to the core investments segment and minus €1 million (minus €12 million) to the portfolio investments segment.

€ million	Core investments	Portfolio investments	**Group Jan. - Sep. 2024**	Group Jan. - Sep. 2023
Result from investments accounted for at equity	2,730	–3	2,728	3,828
thereof Volkswagen AG	2,366		2,366	3,599
thereof Porsche AG	364		364	236
thereof portfolio investments		–3	–3	–7
Income from investment valuation		10	10	1
Expenses from investment valuation		–8	–8	–7
Result from investments	**2,730**	**0**	**2,730**	**3,823**
Other operating income	2	0	2	220
Personnel expenses	–12		–12	–13
Amortization and depreciation	0		0	0
Other operating expenses	–12	0	–12	–14
Result before financial result	**2,708**	**0**	**2,707**	**4,015**
Financial result	–181		–181	–207
Result before tax	**2,526**	**0**	**2,526**	**3,808**
Income taxes	–19	0	–19	–7
Result after tax	**2,508**	**–1**	**2,507**	**3,801**
Other comprehensive income after tax	–136	–1	–137	339
Total comprehensive income	**2,372**	**–2**	**2,370**	**4,140**

The result after tax in the core investments segment was significantly influenced by the result from investments in Volkswagen accounted for at equity of €2,366 million (€3,599 million). This contains profit contributions from ongoing at equity accounting before purchase price allocations of €2,421 million (€3,622 million) as well as subsequent effects from purchase price allocations of minus €55 million (minus €23 million). With regard to the development of the result at the level of the Volkswagen Group, please refer to the section “Results of operations of the Volkswagen Group”.

The result from the investment in Porsche AG accounted for at equity, the second core investment, amounted to €364 million (€236 million) in the reporting period. This contains profit contributions from ongoing at equity accounting before the purchase price allocation of €345 million (€492 million) as well as subsequent effects from the purchase price allocation of €19 million (minus €256 million). The latter contains effects from the subsequent measurement of the hidden reserves and liabilities identified of minus €29 million (minus €338 million) as well as offsetting effects from the subsequent accounting for other reserves (OCI) in connection with cash flow hedges of €47 million (€82 million). The prior-year figure largely comprised higher depreciation of assets with short residual useful lives. With regard to the development of the result at the level of the Porsche AG Group, please refer to the section “Results of operations of the Porsche AG Group”.

Other operating income from the comparative period includes income of €219 million from a claim for compensation against Volkswagen AG. This resulted from regulations governing a tax compensation mechanism in the contribution agreement in connection with the contribution of the holding business operations of Porsche SE to Volkswagen AG in the fiscal year 2012.

The financial result of minus €181 million (minus €207 million) contains interest expenses and other finance costs totaling minus €238 million (minus €221 million), mainly from financing. Interest income and other finance income of €57 million (€13 million) largely from fixed-term deposits had an opposite effect. The improvement in the financial result is primarily due to the lower net debt.

The result after tax in the portfolio investment segment of minus €1 million (minus €12 million) largely corresponds to its result from investments.

Financial position of the Porsche SE Group

Cash inflow from operating activities amounted to €1,425 million (€1,693 million) in the reporting period and largely contains the dividends received from the investment in Volkswagen AG of €1,441 million (€1,415 million) and in Porsche AG of €262 million (€114 million). Cash inflow from operating activities in the reporting period also primarily contains interest received of €50 million (€9 million), in particular from fixed-term deposits. This was offset by cash outflows in the first three quarters of the fiscal year 2024 of €302 million (€222 million) primarily for interest paid including transaction costs in connection with financial liabilities. In the prior year, cash inflows from the termination of interest rate derivatives (€97 million) and from income tax received (€316 million) were included. In addition, both the reporting and the comparative period mainly include cash outflows for expenses relating to holding business operations.

There was a cash outflow from investing activities of €993 million (€159 million) in the first nine months of the fiscal year 2024. This largely resulted from the change in investments in securities and time deposits of minus €929 million (minus €98 million). Cash outflow from investing activities also included cash payments for investments in portfolio companies totaling €64 million (€61 million).

There was a cash inflow from financing activities of €207 million (cash outflow: €1,222 million) in the first nine months of the fiscal year 2024. This cash inflow mainly results from a bond issued in April 2024 amounting to €1,591 million less the partial repayment of existing bank loans of €600 million and less the dividend payment made to shareholders of Porsche SE of €783 million. In the prior year, the cash outflow, besides the dividend payment made to shareholders of Porsche SE of €783 million, largely resulted from the repayment of the bank loans of €439 million in excess of the refinancing from a Schuldschein loan and bonds.

Cash and cash equivalents increased to €1,135 million (€494 million) compared to 31 December 2023.

Net debt of the Porsche SE Group, i.e., financial liabilities less cash and cash equivalents, time deposits and securities, decreased to €5,084 million (€5,717 million) compared to 31 December 2023.

Net assets of the Porsche SE Group

Compared to 31 December 2023, the Porsche SE Group's total assets increased by €2.6 billion to €64.9 billion as of 30 September 2024.

The Porsche SE Group's non-current assets of €62.3 billion (€61.3 billion) primarily contain the core investments accounted for at equity. These relate in particular to the carrying amount of the investment in Volkswagen AG accounted for at equity, which increased by €0.9 billion to €51.5 billion. Of the increase in the carrying amount, €2.4 billion is attributable to the result from the investment, while the dividend received of €1.4 billion, in particular, reduced the carrying amount.

The carrying amount of the core investment in Porsche AG accounted for at equity increased slightly by €0.1 billion to €10.5 billion. An increase in the carrying amount of €0.4 billion due to the result from investments accounted for at equity is offset by a reduction in the carrying amount of €0.3 billion, in particular due to the dividend received.

The non-current other financial assets of €159 million (€103 million) mainly include shares of portfolio investments measured at fair value of €157 million (€98 million).

Current assets of €2.6 billion (€1.0 billion) mainly consist of cash and cash equivalents, time deposits and securities. The increase is primarily related to non-current financial liabilities raised and serves to build up liquidity for potential investment acquisitions.

The equity of the Porsche SE Group increased to a total of €56.9 billion (€55.3 billion) due to the positive total comprehensive income as of 30 September 2024. The equity ratio of 87.7% (88.7%) decreased slightly compared to the end of the fiscal year 2023.

Non-current financial liabilities increased in the reporting period from €6.6 billion to €7.4 billion. This change resulted from issuing a bond with a volume of €1.6 billion in April 2024. Of the proceeds raised, €0.6 billion was used to repay part of the bank loans. In addition, around €0.2 billion was reclassified to current financial liabilities as of 30 September 2024 due to repayment of part of the bank loans in October 2024.

Results of operations of the Volkswagen Group

The following statements relate to the original profit/loss figures of the Volkswagen Group in the first three quarters of the fiscal year 2024. It should be noted that the result of the Volkswagen Group, where it relates to the shareholders of Volkswagen AG, is only reflected in the group result of Porsche SE in the course of at equity accounting. Furthermore, effects from at equity accounting in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocations, are not taken into consideration in the explanations below.

The Volkswagen Group generated revenue of €237.3 billion (€235.1 billion) in the period from January to September 2024. This positive trend was attributable to the financial services division. 80.6% (81.6%) of the Volkswagen Group's revenue came from outside Germany. Gross profit (revenue less cost of sales) decreased by €1.9 billion to €42.4 billion. As a consequence, the gross margin declined to 17.9% (18.9%).

The Volkswagen Group's operating result amounted to €12.9 billion (€16.2 billion) in the first nine months of 2024. The operating return on sales was 5.4% (6.9%). The lower result was due mainly to an unfavorable trend in vehicle sales, the mix and pricing, as well as to higher upfront expenditures for new products. The passenger cars business area furthermore recognized expenses of €2.2 billion for restructuring measures in the period from January to September 2024. The power engineering business area incurred expenses in connection with the planned closure of the MGT gas turbine business of MAN Energy Solutions. In the reporting period, a rise in interest expenses, higher risk costs and foreign exchange losses in connection with the deconsolidation of Volkswagen Bank Rus had an additional adverse impact on the financial services division's operating result. In the prior year, the fair value measurement of derivatives to which hedge accounting is not applied had reduced the Volkswagen Group's operating result by €2.5 billion.

The financial result was down on the prior year, at €0.4 billion (€1.5 billion). The share of the result of equity-accounted investments was lower than in the prior-year period, due to the decline in the result of the Chinese joint ventures, amongst other factors. The final winding-down of Argo AI resulted in a gain in the third quarter of 2024. A rise in interest expenses led to a negative interest result in the first nine months of 2024. In the other financial result, the performance of net income from securities and funds in particular had a positive impact.

The Volkswagen Group's result before tax decreased by €5.2 billion to €12.5 billion in the first three quarters of 2024. At €8.9 billion, the result after tax declined by €4.0 billion on the prior year. The result after tax and non-controlling interests decreased by €3.8 billion to €7.6 billion.

Results of operations of the Porsche AG Group

The following statements relate to the original profit/loss figures of the Porsche AG Group in the first nine months of the fiscal year 2024. It should be noted that the group result of Porsche SE only reflects its capital share in the result of the Porsche AG Group – in addition to being included via the result of the Volkswagen Group – in the course of at equity accounting. Furthermore, effects from at equity accounting in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation, are not taken into consideration in the explanations below.

The Porsche AG Group generated revenue of €28.6 billion in the first nine months of 2024. This is a decrease of 5.2% on the prior-year period (€30.1 billion) and is largely due to lower vehicle sales coupled with positive price and product mix effects.

The cost of sales decreased by €264 million to €21.3 billion (€21.5 billion), an increase in proportion to revenue to 74.5% (71.5%). This is mainly due to higher cost of materials as well as higher development costs recognized in the income statement and start-up costs in connection with the renewal of the model range.

Gross profit decreased accordingly by 15.2% to €7.3 billion (€8.6 billion), therefore resulting in a gross margin of 25.5% (28.5%).

Distribution expenses increased by €138 million to €2.1 billion, an increase in proportion to revenue to 7.5% (6.7%). The increase is due, among other things, to the digitalization strategy and higher costs for strengthening customer-oriented services. At €1.4 billion, administrative expenses were on a par with the prior-year period (€1.4 billion) and, in proportion to revenue, remained virtually unchanged at 4.8% (4.6%).

Net other operating result decreased by €34 million to €267 million (€301 million).

Accordingly, the operating result of the Porsche AG Group decreased by €1.5 billion to €4.0 billion in the first nine months of 2024 (€5.5 billion). The operating return on sales of the Porsche AG Group stood at 14.1% (18.3%).

In the first nine months of 2024, the financial result decreased to minus €49 million (€144 million). This decrease is mainly due to the result from equity-accounted investments and changes in interest rates used to measure provisions.

Due to the lower result before tax compared to the prior-year period, income tax also fell to €1.2 billion (€1.7 billion). The tax rate for the Porsche AG Group was 30.6% in the first nine months of 2024 (30.2%).

The result after tax decreased by €1.2 billion to €2.8 billion in the current reporting period.

Opportunities and risks of future development

Opportunities and risks of the Porsche SE Group

In the reporting period, the risk situation worsened, especially in view of the macroeconomic conditions, political changes, further intensification of protectionist tendencies and geopolitical tensions.

The assumptions used for the risk assessment of the risk area “Impairment Volkswagen” are subject to greater uncertainty than in previous quarters given the challenging market environment, the fact that several Volkswagen Group brands have not met original expectations, the urgent need for significant cost reductions and efficiency gains and the adjustment of the forecast for various key figures by Volkswagen AG. The recoverability of the current carrying amount of the investment in Volkswagen AG is contingent on the board of management of Volkswagen AG achieving its strategic earnings and liquidity targets for the Volkswagen Group. In particular, any sustained decline in earnings may have a significant impact on the recoverability of the carrying amount of the investment.

The assumptions used in the risk assessment of the risk area “Impairment Porsche AG” are subject to greater uncertainty than in previous quarters against the background of still highly challenging macroeconomic environment, uncertainties and financial burdens arising in particular from the situation on the Chinese market, the numerous product launches, supply bottlenecks, the persistently high cost levels, particularly on the supplier side and the slower transition to e-mobility. The recoverability of the current carrying amount of the investment in Porsche AG is contingent on the board of management of Porsche AG achieving its strategic earnings and liquidity targets for the Porsche AG Group. In particular, any sustained decline in earnings may have an impact on the recoverability of the carrying amount of the investment.

The dividend payments by Volkswagen AG and Porsche AG to Porsche SE in June 2024 were made without a deduction of capital gains tax. As a result, the likelihood of occurrence of the risk areas “Dividend inflow Volkswagen” and “Dividend inflow Porsche AG” with regard to the forecast corridors for the fiscal year 2024 is classified as unlikely as it was at the time of preparation of the group management report for the fiscal year 2023. In light of a court ruling unrelated to Porsche SE in the first quarter of 2024, the dividend income of Porsche SE may be subject to a capital gains tax deduction in the future. Porsche SE therefore assumes that dividend payments made by Volkswagen AG to Porsche SE from the fiscal year 2025 onwards will be subject to a capital gains tax deduction. A refund or credit of a capital gains tax paid would be expected as part of the tax assessment in a subsequent year.

For the current status of the legal proceedings of Porsche SE, reference is made to the section “Significant events and developments at the Porsche SE Group” in this group quarterly statement.

Beyond the foregoing, there were no significant changes in the third quarter of 2024 affecting the risk areas and their risk assessments as presented in the report on opportunities and risks in the combined group management report for the fiscal year 2023.

Opportunities and risks of the Volkswagen Group

Given the challenging market conditions and in view of the fact that several group brands have not met its original expectations, the Volkswagen Group revised its forecast in the third quarter of 2024.

The risk situation of the Volkswagen Group has intensified on the whole in the reporting period, particularly due to the macroeconomic conditions. In addition, the status of the legal risks at the level of the Volkswagen Group was updated in the interim management report January to September 2024 of Volkswagen AG. Beyond these events, there were no significant changes compared to the explanations in the section “Opportunities and risks of the Volkswagen Group” in the combined group management report of Porsche SE for the fiscal year 2023.

Outlook

Anticipated development of the Volkswagen Group

Volkswagen's planning is based on the assumption that global economic output will grow overall in 2024 at a similar pace as in 2023. The persistently high, albeit declining, inflation in major economic regions and the resulting restrictive monetary policy measures taken by central banks are expected to dampen consumer demand. However, Volkswagen anticipates a gradual reduction in the key interest rates by Western central banks during the current year, which should have a bolstering effect on overall demand. Volkswagen continues to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine war and the confrontations in the Middle East. The Volkswagen Group assumes that on average both the advanced economies and the group of emerging markets will show positive momentum at the level of the prior year.

In a challenging market environment, the Volkswagen Group anticipates that deliveries to customers will come in at around 9 million vehicles in 2024.

Challenges will arise in particular from the economic situation, the increasing intensity of competition, volatile commodity, energy and foreign exchange markets, and more stringent emissions-related requirements.

Volkswagen expects the revenue of the Volkswagen Group in 2024 to reach around €320 billion and the passenger cars business area to achieve revenue of around €210 billion. The Volkswagen Group's operating result is expected to be in the range of approximately €18 billion and the operating result for the passenger cars business area should be around €10 billion. For the commercial vehicles business area, Volkswagen anticipates an operating return on sales of 8.5% to 9.5% amid a year-on-year increase of up to 5% in revenue. In the power engineering business area, it expects revenue to be up to 6% above the prior-year figure and the operating result to be in the low three-digit-million euro range. For the financial services division, Volkswagen forecasts an increase of 3% to 7% in revenue compared with the prior year and an operating result in the range of €3.2 billion.

The Porsche AG Group continues to face a highly challenging macroeconomic environment and various geopolitical tensions and conflicts. Uncertainties and financial burdens continue to arise in particular from the situation on the Chinese market, the numerous product launches and supply bottlenecks as well as the persistently high cost levels, particularly on the supplier side. As one of many challenges in the supply chain, the supply shortages caused by the flooding of a production facility of a major European aluminum supplier were largely offset. Other challenges in the supply chain remain, however, and must be considered accordingly.

Taking into account the slower transition to e-mobility, the Porsche AG Group is simultaneously investing extensively in innovation, digitalization and sustainability for the development of future products and services as well as in the brand and customer satisfaction.

Despite this challenging overall situation, the Porsche AG Group has confirmed the outlook for the fiscal year 2024 published in the half-year financial report 2024 of Porsche AG subject to the conditions also described there – provided the overall situation does not deteriorate significantly. This applies in particular to macroeconomic risks, such as the introduction of additional import restrictions and tariffs. Accordingly, the Porsche AG Group expects revenue of between €39 billion and €40 billion and an operating return on sales of between 14% and 15% for the fiscal year 2024.

Anticipated development of the Porsche SE Group

The result of the Porsche SE Group is largely affected by the result from investments accounted for at equity that is attributable to Porsche SE and therefore on the earnings situation of the Volkswagen Group.

The forecast result after tax of the Porsche SE Group is therefore largely based on the Volkswagen Group's expectations regarding its future development. While the result after tax of the Volkswagen Group is included in the forecast of the Porsche SE Group, the forecast of the Volkswagen Group is based only on its operating result. As a result, effects outside of the operating result at the level of the Volkswagen Group do not affect its forecast, although they do have a proportionate effect on the amount of the Porsche SE Group's forecast result after tax.

The expectations of the Volkswagen Group regarding future development were therefore expanded on by the board of management of Porsche SE. This also includes the expectations of the board of management of Porsche SE regarding the profit contributions from investments that are contained in the financial result of the Volkswagen Group.

The result of the Porsche SE Group is also affected by the result from investments accounted for at equity with regard to Porsche AG that is attributable to Porsche SE and therefore by the earnings situation of the Porsche AG Group. The earnings forecast of Porsche SE therefore also takes into account the expectations of the Porsche AG Group regarding its future development.

The forward-looking statements of the forecast are based in large parts on estimates and expectations of the Volkswagen Group and the Porsche AG Group, which can be influenced by unforeseeable events. As a result of this, the actual business development may deviate, both positively and negatively, from the expectations. Risks that could lead to deviations largely relate to protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. Growth prospects will also be negatively impacted by political changes, macroeconomic conditions as well as ongoing political tensions and conflicts. In addition, the assumptions used in the risk assessment of the risk areas "Impairment Volkswagen" and "Impairment Porsche AG" are subject to higher uncertainty than in previous quarters (see section "Opportunities and risks of future development"). In particular, any sustained decline in earnings can have a significant impact on the recoverability of the carrying amount of the investments in Volkswagen AG and Porsche AG and thus on the result of Porsche SE.

The following aspects are also taken into account in the forecast: For the fiscal year 2024, Porsche SE expects expenses for holding operations in the core investments segment to be generally comparable to those in the prior year, with a slight decline in finance costs. In addition, a slightly positive investment result is expected for the portfolio investments segment – excluding further changes in market value – which will essentially correspond to the segment result after tax. With regard to the financial position, Porsche SE expects investments in portfolio companies to be in the low three-digit-million euro range in the fiscal year 2024.

On 27 September 2024, Porsche SE adjusted its forecast for the group result after tax for the fiscal year 2024. Porsche SE now expects a group result after tax of between €2.4 billion and €4.4 billion (previously: between €3.5 billion and €5.5 billion). The same applies for the result after tax for the core investments segment. The forecast was updated on the basis of the adjusted outlook of Volkswagen AG for the fiscal year 2024.

As of 30 September 2024, the Porsche SE Group has net debt of €5.1 billion. As of 31 December 2024, net debt of between €5.0 billion and €5.5 billion continues to be expected for the Porsche SE Group.

Glossary

Selected terms at a glance

Gross margin

Gross margin is the percentage of revenue attributable to gross profit in a period. Gross margin provides information on profitability net of cost of sales.

Equity ratio

The equity ratio measures the percentage of total assets attributable to shareholders' equity as of a reporting date.

Operating result

The revenue of the Volkswagen Group, which does not include the figures for its Chinese joint ventures accounted for at equity, reflects the market success of the Volkswagen Group in financial terms. Following adjustment for its use of resources, the operating result reflects the actual business activity and documents the economic success of its core business.

Operating return on sales

The operating return on sales is the ratio of the operating result to revenue.

Plug-in hybrid

Performance levels of hybrid vehicles. Plug-in hybrid electric vehicles (PHEVs) have a larger battery with a correspondingly higher capacity that can be charged via the combustion engine, the brake system, or an electrical outlet. This increases the range of the vehicle.

Selected financial information

Consolidated income statement of Porsche Automobil Holding SE for the period from 1 January to 30 September 2024

€ million	**Jan. - Sep. 2024**	Jan. - Sep. 2023
Result from investments accounted for at equity	2,728	3,828
Income from investment valuation	10	1
Expenses from investment valuation	–8	–7
Result from investments	**2,730**	**3,823**
Other operating income	2	220
Personnel expenses	–12	–13
Amortization and depreciation	0	0
Other operating expenses	–12	–14
Result before financial result	**2,707**	**4,015**
Finance costs	–238	–221
Other financial result	57	13
Financial result	**–181**	**–207**
Result before tax	**2,526**	**3,808**
Income taxes	–19	–7
Result after tax	**2,507**	**3,801**

Consolidated statement of comprehensive income of Porsche Automobil Holding SE for the period from 1 January to 30 September 2024

€ million	**Jan. - Sep. 2024**	Jan. - Sep. 2023
Result after tax	**2,507**	**3,801**
Other comprehensive income after tax	–137	339
Total comprehensive income	**2,370**	**4,140**

Consolidated balance sheet of Porsche Automobil Holding SE as of 30 September 2024

€ million	**30/9/2024**	31/12/2023
Assets		
Intangible assets	0	0
Property, plant and equipment	1	1
Investments accounted for at equity	62,152	61,225
Other financial assets	159	103
Other assets	0	0
Non-current assets	**62,312**	**61,329**
Other financial assets	17	19
Other assets	3	1
Income tax receivables	3	3
Securities	992	283
Time deposits	450	230
Cash and cash equivalents	1,135	494
Current assets	**2,599**	**1,030**
	64,911	**62,358**
Equity and liabilities		
Subscribed capital	306	306
Capital reserves	4,884	4,884
Retained earnings	52,555	50,804
Other reserves (OCI)	–806	–669
Equity	**56,939**	**55,326**
Provisions for pensions and similar obligations	33	32
Other provisions	23	24
Financial liabilities	7,445	6,616
Other financial liabilities	39	43
Other liabilities	1	1
Deferred tax liabilities	182	178
Non-current liabilities	**7,723**	**6,895**
Provisions for pensions and similar obligations	1	1
Other provisions	16	18
Trade payables	1	1
Financial liabilities	215	109
Other financial liabilities	0	1
Other liabilities	4	5
Income tax liabilities	12	3
Current liabilities	**249**	**137**
	64,911	**62,358**

Consolidated statement of cash flows of Porsche Automobil Holding SE for the period from 1 January to 30 September 2024

€ million	**Jan. - Sep. 2024**	Jan. - Sep. 2023
1. Operating activities		
Result after tax	2,507	3,801
Result from investments	–2,730	–3,823
Amortization and depreciation	0	0
Interest expense	238	221
Interest income	–57	–13
Income tax expense (+) / income (-)	19	7
Other non-cash expenses (+) and income (-)	1	0
Change in other assets	–2	–212
Change in provisions for pensions	0	0
Change in other provisions	–4	–13
Change in other liabilities	1	–5
Dividends received	1,703	1,529
Payments received in connection with the termination of derivative contracts	1	97
Interest paid	–302	–222
Interest received	50	9
Income tax received		316
Cash flow from operating activities	**1,425**	**1,693**
2. Investing activities		
Cash paid for the acquisition of intangible assets and property, plant and equipment	0	0
Cash paid for the acquisition of shares in investments accounted for at equity	–7	–15
Cash paid for the acquisition of other shares in entities	–57	–46
Change in investments in securities	–709	–53
Change in investments in time deposits	–220	–45
Cash flow from investing activities	**–993**	**–159**
3. Financing activities		
Dividends paid to shareholders of Porsche SE	–783	–783
Cash received from raising financial liabilities	1,591	4,711
Cash paid for settlement of financial liabilities	–600	–5,150
Cash flow from financing activities	**207**	**–1,222**
4. Cash and cash equivalents		
Cash and cash equivalents as of 1 January	494	86
Change in cash and cash equivalents (subtotal of 1 to 3)	640	312
Cash and cash equivalents as of 30 September	**1,135**	**397**

Disclaimer

This group quarterly statement contains forward-looking statements. These statements are based on current assumptions and estimates of Porsche Automobil Holding SE or originate from third party sources and are subject to both uncertainties and risks. Various known and unknown risks, uncertainties and other factors could lead to significant differences (both positive and negative) between actual developments and the results of Porsche Automobil Holding SE and the Porsche SE Group and the estimates given here. Porsche Automobil Holding SE accepts no liability for the assumptions and estimates being up-to-date, correct and complete or for the expectations and targets being met.

We do not assume any obligation to update the forward-looking statements contained in this document beyond the statutory requirements.

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