Credit Rating Report
Volkswagen AG

Morningstar DBRS
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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Volkswagen AG - Issuer Rating	A (low)	Confirmed / Trend Change	Negative
VW Credit Canada, Inc. - Senior Unsecured Debt*	A (low)	Confirmed / Trend Change	Negative
VW Credit Canada, Inc. - Commercial Paper*	R-1 (low)	Confirmed / Trend Change	Negative
Volkswagen International Finance N.V. - Issuer Rating	A (low)	Confirmed / Trend Change	Negative

* Guaranteed by Volkswagen AG

Credit Rating Drivers

Positive Credit Rating Drivers	Negative Credit Rating Drivers
Like its peers, VW is facing substantial costs and investment requirements associated with the progressive electrification of its vehicle fleet (in addition to the expansion of its software services). While the Company announced certain revisions and delays in planned model launches across certain markets, VW's planned investments persist at elevated levels, rendering positive credit rating actions rather unlikely.	Conversely, unresolved, likely structural challenges facing the Company could cause VW's CBRA to decline to levels resulting in negative credit rating actions. These could include a further weakening in VW's geographic diversification, the Company's relatively high-cost position (notwithstanding meaningful planned labour restructuring activities extending through 2030), and a potential softening of VW's overall brand strength, with earnings of some the Company's key premium brands possibly subject to sustained decreases because of increasing tariff exposure and potentially lower volumes.

On July 31, 2025, we changed the trend on Volkswagen AG's (VW or the Company) Issuer Rating to Negative from Stable and confirmed its Issuer Rating at A (low). We also changed the trend on Volkswagen International Finance N.V.'s Issuer Rating to Negative from Stable and confirmed its Issuer Rating at A (low). Finally, we changed the trends on the Senior Unsecured Debt and Commercial Paper credit ratings of VW Credit Canada, Inc. to Negative from Stable and confirmed the credit ratings at A (low) and R-1 (low), respectively.

Key Credit Rating Considerations

The trend changes reflect several significant industry challenges confronting the Company that, cumulatively, could negatively affect its comprehensive business risk assessment (CBRA). VW, as with numerous other legacy automotive original equipment manufacturers (OEMs), is facing substantial difficulties in China (among its most important markets) where domestic manufacturers are gaining market share amid very aggressive pricing levels, further undermining margins. Additionally, while electric vehicle (EV) sales thus far in 2025 have meaningfully increased globally and across major markets, such as China and even Europe (where EV sales last year underperformed vis-à-vis expectations), there remains considerable uncertainty around the medium-term adoption rate of EVs across the Company's main markets, further complicating its planned transition from internal combustion engine (ICE) vehicles and toward EVs. Finally, VW, like several of its peers, is adversely affected by the Trump administration's policies that have increased tariffs globally. While the Company has some U.S. production capacity in Chattanooga, Tennessee, VW's U.S. sales are significantly exposed to tariffs. This includes the Company's premium brands, with Porsche production based exclusively in Europe and Audi production significantly based in Europe, supplemented by some production in Mexico. VW's significant tariff exposure, while manageable over the near term, could meaningfully impact its earnings prospects going forward.

Earnings Outlook

We note VW, as with several other automotive OEMs, is significantly exposed to the developing tariff environment. This has significantly lowered the Company's recently released H1 2025 operating results vis-à-vis the similar prior year period, with VW indicating that its costs related to the additional U.S. tariffs amounted to EUR 1.3 billion through the first six months of 2025.

The fluid tariff environment and the ensuing uncertainty across several major automotive markets have prompted VW to revise its 2025 earnings guidance downward; although, we note the Company is nonetheless expected to remain significantly profitable. For 2025, VW anticipates its consolidated revenues to be at essentially constant levels year over year (YOY; 2024 consolidated revenues amounting to EUR 325 billion). The Company expects its 2025 consolidated operating margin to weaken YOY and range from 4.0% to 5.0%, (compared with its annual 2024 consolidated operating margin of 5.9%). Anticipated contributing factors to the likely softer earnings include negative product mix (incorporating the higher proportionate share of EV sales) and pricing effects, increased costs attributable to the tariffs, and adverse exchange rate/derivative developments. These are assumed to be partly offset by firm vehicle volumes. Additionally, improved operating results of VW's financial services segment is estimated to further support VW's consolidated results.

Financial Outlook

Consistent with the earnings outlook outlined above, we expect VW's cash flow from operations in 2025 to decline YOY amid lower anticipated profitability. Capital expenditures (capex) are estimated to remain substantial and approximate prior-year levels. Aggregate dividend payments are to be moderately lower YOY, albeit remaining material in the approximate amount of EUR 4.5 billion. While we expect VW's 2025 gross free cash flow (i.e., before working capital items) to significantly decline YOY, we nonetheless expect gross free cash flow to remain materially positive. Working capital is expected to represent a minor use of cash on an annual basis, with net free cash flow for the year forecast to be materially positive.

Going forward, cash flow from operations is projected to remain solid, albeit, likely declining over the medium term amid anticipated pressure in earnings. Capex will persist at substantial levels; however, it's anticipated to moderate over the near to medium term with VW's current investment cycle having peaked. Dividends are projected to remain essentially constant over the next few years, likely ranging from EUR 4.5 billion to EUR 5.0 billion annually in aggregate. Notwithstanding ongoing substantial capex outlays amid roughly constant dividend payments, we anticipate VW's free cash flow to persist at positive levels over the medium term, with VW's strong financial profile estimated to sufficiently absorb potentially sizable mergers and acquisitions activities in connection with its ongoing new mobility business initiatives.

Financial Information

	6 mos. to Jun 30		12 mos. to Jun. 30	For the year ended December 31				
(EUR millions)	**2025**	**2024**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**
Revenue[1]	126,893	129,365	263,415	268,156	268,156	232,392	206,237	182,106
Core net income	4,005	6,378	8,349	16,013	16,013	15,128	15,309	8,911
Adjusted interest coverage—EBITDA[1]	18.2	15.0	27.1	23.1	17.8	40.2	22.3	16.9
Adjusted debt/EBITDA[1]	1.2	0.9	1.0	0.9	0.8	0.8	1.0	1.0
Adjusted % gross debt in capital structure[1]	15.5	14.8	15.5	15.2	13.3	15.2	19.6	17.6

Note: Certain figures in this and subsequent tables are subject to adjustments made by Morningstar DBRS.
1. Excludes Financial Services division.

Issuer Description

VW is the largest auto manufacturer in Europe and ranks second globally in sales volumes (according to 2024 data). The Company has an extended portfolio of brands that includes Volkswagen, Volkswagen Commercial Vehicles, Porsche, Audi, Škoda, SEAT/Cupra, Bentley, and Lamborghini, among others. VW's Commercial Vehicles/Truck business, TRATON, features the Scania, MAN, and International brands. VW also has a sizable Financial Services business and operates VW Credit Canada, Inc., its wholly owned subsidiary.

Comprehensive Business Risk Assessment (CBRA): BBBH

VW's CBRA reflects its position among the world's largest automotive OEMs (ranking second globally according to 2024 sales volume data) with a leading position in its core European market. While VW remains a solid player in China, its recent results in the region have weakened considerably amid stronger local competition and very challenging pricing. The Company also has a presence in the U.S., although its share in that country is markedly lower vis-à-vis its other major markets. VW possesses among the widest of brand portfolios in the industry, ranging from value and mainstream brands, such as Škoda and VW, to several premium and luxury bands, notably including Audi, Porsche, Lamborghini, and Bentley. We note, however, that the 2025 results thus far of key brands Porsche and Audi have been significantly affected by the increasing tariffs. Nonetheless, the Company's geographic and product diversity, in addition to its strong presence in the premium vehicle segments, contribute significantly to its earnings stability. Moreover, the Company has proven very resilient to any long-term effects stemming from its prior diesel issue (the Diesel Issue), its global market position has remained essentially constant since the onset of the Diesel Issue in late 2015, and it has been well able to absorb associated costs (in the form of vehicle refits, fines, and legal claims), which are now substantially behind the Company.

Regarding VW's electrification ambitions, the Company has faced some notable challenges, including increasing competition in Europe from Chinese new-energy vehicle manufacturers. Moreover, software difficulties resulted in the delay of several EV product launches although the Company has attempted to address this through its partnership with Rivian Automotive, Inc. VW also entered into an agreement with Xpeng Inc. on platform and software collaboration (substantially on Chinese EVs). In aggregate, the Company appears reasonably well positioned relative to its immediate peers, with ongoing solid earnings/cash flow generation of its legacy ICE vehicle sales facilitating its EV efforts and expansion into new mobility businesses. VW's financial services business provides further diversification benefits and plays an important role in supporting vehicle sales, with the segment being a source of significant and stable earnings.

We note that VW's CBRA is subject to a downward adjustment of one-half notch, recognising ongoing corporate governance challenges, specifically the significant disconnect between economic and voting rights among the Company's various stakeholders.

Comprehensive Financial Risk Assessment (CFRA): AAL

Automotive Operations	6 mos. to Jun 30		12 mos. to Jun 30	For the year ended December 31				
	2025	**2024**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**
EBITDA	14,970	17,692	34,073	35,427	36,513	37,723	32,359	25,392
Earnings after taxes (consolidated)	4,477	7,341	9,531	12,394	17,928	16,099	15,894	9,401
Depreciation	10,174	9,056	21,972	20,854	17,729	20,854	18,378	17,798
Other items (derivatives, other gains/losses)	205	3,305	1,835	4,935	2,091	(4,782)	(3,494)	(929)
Cash flow from operations	14,856	19,702	33,338	38,183	37,748	32,171	30,778	26,270
Less: capex	10,704	11,087	26,810	27,193	25,513	22,454	18,339	17,538
Less: dividends	4,231	5,597	4,413	5,779	11,732	4,362	0	2,952
Free cash flow pre-working capital	(79)	3,018	2,115	5,211	503	5,355	12,439	5,780
Changes in working capital	(3,939)	(8,132)	298	(3,895)	1,278	(612)	3,054	1,313
Free cash flow	(4,018)	(5,114)	2,413	1,316	1,781	4,742	15,492	7,093
Net debt (cash) position	(10,547)	(13,375)	(10,547)	(13,450)	(23,351)	(25,455)	(9,689)	(16,313)
% net debt in capital structure	-6.5	-8.6	-6.5	-8.4	-16.3	-19.4	-7.7	-16.2
Adjusted % debt in capital structure	15.5	14.8	15.5	15.2	13.3	15.2	19.6	17.6
Adjusted interest coverage—EBITDA (times)	18.2	15.0	27.1	23.1	17.8	40.2	22.3	16.9
Adjusted cash flow/total debt (times)	0.9	1.2	1.0	1.1	1.4	1.1	0.9	1.0

Note: Figures adjusted to exclude effects of the Diesel Issue.

Reflecting consistently strong earnings/cash flow generation over the past several years, VW's financial profile is strong, with credit metrics being readily within AA levels, thereby providing VW with meaningful cushion in the context of the currently assigned credit ratings.

VW's financial policy is quite conservative, with the Company prioritizing a strong balance sheet. As of June 30, 2025, the industrial operations retained a substantial net cash position, with the Company's net liquidity position (as defined by VW) as of the same date amounting to EUR 28.4 billion. This is supplemented by a EUR 12.5 billion syndicated credit facility (of a five-year term with two one-year extension options) that remained undrawn as of H1 2025. We also note the Company maintains several additional options to further bolster its liquidity position, including the sale of further equity stakes in TRATON SE and/or other potential divestitures of noncore assets.

In line with the above, we note that VW's financial profile is sufficiently robust to fund the substantial investment requirements over the foreseeable future for its ongoing electrification and digitalization efforts.

We note that VW's CFRA is subject to a downward adjustment of one notch, given limited earnings visibility across the automotive sector amid uncertain industry conditions, exacerbated by the developing tariff situation and substantial investment requirements over the foreseeable future.

Environmental, Social, and Governance (ESG) Considerations

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N		on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental	**Overall:**	Y	R
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	Y	R
Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N
Land Impact and Biodiversity	Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?	N	N
	Climate and Weather Risks	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social	**Overall:**	N	N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N
	Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?	N	N
	Social Impact of Products and Services	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	N	N
	Human Capital and Human Rights	N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance	**Overall:**	Y	R
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could affect the issuer's financial position or its reputation?	N	N
	Bribery, Corruption, and Political Risks	N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	Y	R
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?	N	N
	Corporate / Transaction Governance	Y	R
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
	Consolidated ESG Criteria Output:	Y	S

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

Environmental Factors

We consider the Environmental factor, specifically costs relating to carbon and greenhouse gas emissions, to represent a relevant factor as VW, consistent with its automotive peers, is facing a fundamental transformation process in line with the implementation of ever more stringent emission and fuel consumption regulations across most global jurisdictions. Accordingly, the Company is undergoing substantial investments associated with the electrification of its model portfolio, including the further development of modular toolkits for its volume, premium, and sports brands. Similarly, VW is investing in the gradual conversion of its locations for the production of EVs and in the creation of battery manufacturing capacity with the aim of establishing a battery supply chain under its own control.

Social Factors

The Social factor does not affect the credit ratings or trends assigned to VW. We note that the Company's Diesel Issue (that dates back to 2015 and initially involved 482,000 vehicles in the U.S., only to quickly increase to 11 million units globally) is now essentially resolved from a credit perspective. Regarding labour relations, while VW has faced occasional strikes across various jurisdictions, typically these have not been extended in nature and have not resulted in any material credit impacts on the Company.

Governance Factors

We consider that the Governance factor related to corporate/transaction governance, specifically with respect to VW's shareholder structure and distribution of voting rights, represents a relevant negative factor. As of YE2024, Porsche Automobil Holding SE, Stuttgart held 53.3% of voting rights. The State of Lower Saxony (the second-largest shareholder) held 20.0% of the voting rights, with Qatar Holding LLC holding 17.0% of voting rights. Accordingly, external shareholders have very few voting rights; these amounted to 9.7% as of YE2024. Similarly, VW's supervisory board is composed primarily of shareholders and worker representatives, with only a nominal proportion of independent members; this potentially limits the board's ability to oversee risks.

For more details about which ESG factors could have an effect on the credit analysis, please refer to the checklist on the previous page.

A description of how we consider ESG factors within our analytical framework can be found in the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* at https://dbrs.morningstar.com/research/454196.

Intrinsic Assessment Framework

Volkswagen AG

Industry Automotive Manufacturing

(1) Comprehensive BRA	Description	Assessment	Weight
	Market Position	A	14.3%
	Brand Strength	A	14.3%
	Diversification (Geographic)	AL	14.3%
	Operating Efficiency	BBB/BBBL	14.3%
	Diversification (Product)	AAL	14.3%
	Product Quality/Warranty Cost	BBBL	14.3%
	Supply Chain Management	BBB	14.3%
	BRA	**AL/BBBH**	
	BRA Adjustment	-0.5	
	Comprehensive BRA	**BBBH**	

(2) Comprehensive FRA	Metric	Assessment	Weight
	Cash flow-to-debt (%)	AAH	25.0%
	Debt-to-EBITDA (x)	AH	25.0%
	EBITDA-to-interest (x)	AAH	25.0%
	Debt-to-capital (%)	AA/AAL	25.0%
	FRA	**AA**	
	FRA Adjustment - Other Financial Considerations	-1.0	
	FRA Adjustment - Liquidity Considerations	0.0	
	Comprehensive FRA	**AAL**	

(3) IA	Component		Assessment	Weight
	(1) Comprehensive BRA		BBBH	65.0%
	(2) Comprehensive FRA		AAL	35.0%
		High	**Mid**	**Low**
	Intrinsic Assessment Range (IAR)	A	AL	BBBH
	Intrinsic Assessment (IA)		**AL**	

(4) Issuer Rating	Additional Considerations	Assessment
	Parent-Subsidiary Relationships	0.0
	Third Party Support	0.0
	Sovereign Constraint	0.0
	Issuer Rating	**A (low)**
	Trend	**Negative**

Credit Rating History

	Current	2024	2023	2022	2021	2020
Volkswagen AG—Issuer Rating	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
VW Credit Canada, Inc.—Senior Unsecured Debt	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
VW Credit Canada, Inc.—Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Volkswagen International Finance N.V.—Issuer Rating	A (low)	A (low)	A (low)	NR	NR	NR

NR = not rated.

Credit Rating Support

The credit ratings of VW Credit Canada, Inc. and Volkswagen International Finance N.V. are supported by VW through a Guarantee.

Per the *Morningstar DBRS Global Corporate Criteria* (February 3, 2025), the Guarantee, in combination with Morningstar DBRS' assessment of additional implicit support considerations, including, but not limited to, business, reputational, and financial factors that are deemed likely to motivate a parent or affiliated company to support its subsidiary issuer, results in a flow-through of VW's credit ratings to VW Credit Canada, Inc. and Volkswagen International Finance N.V.

Previous Action

- Morningstar DBRS Confirms Volkswagen AG's Issuer Rating at A (low); Trend Remains Stable, July 24, 2024.

Previous Report

- Volkswagen AG: Rating Report, July 29, 2024.

Notes:
All figures are in euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on https://dbrs.morningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

Appendix

Financial Services Division

	For the year ended December 31				
(EUR millions)	**2024**	**2023**	**2022**	**2021**	**2020**
Revenue	58,769	54,128	46,657	43,963	40,778
Operating profit	3,119	3,775	5,595	6,045	3,012
Debt: equity	5.3	5.1	4.6	5.3	5.9
Receivable portfolio	169,942	160,885	148,493	141,452	140,571
Penetration level (%)	34.1	32.6	32.3	35.4	35.2

VW's Financial Services segment plays a strategic role in supporting the sale of the Group's vehicle brands through financial services, including leasing, insurance, and fleet management services. It has a strong global presence and was active in 47 markets as of December 31, 2024. As of July 1, 2024, the segment completed its restructuring process, and the majority of European companies are consolidated under a European Central Bank regulated entity.

Penetration rates as of Q1 2025 were at an aggregate level of 35.9%, which slightly increased compared to YE2024. This segment is continuously looking to increase its penetration rate through further product offerings, such as extended warranty programs and short- and long-term vehicle rentals as well as car sharing (i.e., very short-term vehicle rentals). Additionally, VW is seeking to create additional digital touchpoints with the aim of increasing interaction with existing and prospective customers.

The Financial Services Segment demonstrated sound financial performance in 2024 and Q1 2025, largely driven by higher transaction volumes. Gross revenues increased by 8.6% YOY at YE2024 to EUR 58.8 billion, largely reflecting higher new business volumes. However, operating income declined to EUR 3.2 billion in 2024 from EUR 3.8 billion in 2023, mainly because of higher interest expenses and lower residual values of used cars. We note that residual values of used cars have been moderating after the peak in 2022, which particularly affected the leasing business. For H2 2025, the revenues will remain supported by higher new business volumes and a more favourable cost of funding, given lower interest rates in Europe.

Asset quality remains strong. The credit loss ratio was very low, at 0.42% at YE2024, slightly increased compared with 2023. Asset quality will continue to be strong, and potential credit risks are likely to remain manageable given collateralised based lending, and conservative provisioning coverage. Lastly, VW Financial Services Segment has a well-diversified funding structure and capitalisation level is acceptable in light of relatively low credit and market risks.

Debt and Liquidity

Despite sizable prior outlays in connection with the Diesel Issue (now substantially behind the Company) and amid projected investments associated with the electrification of the product portfolio and significant merger and acquisition activity, VW's liquidity position remains strong.

As of June 30, 2025, the industrial operations retained a substantial net cash position, with the Company's net liquidity position (as defined by VW) as of the same date amounting to EUR 28.4 billion.

Additionally, the Company has a EUR 12.5 billion syndicated credit facility (of a five-year term with two one-year extension options) that remained undrawn as of H1 2025.

VW faces meaningful industry headwinds over the next several years amid sizeable investment requirements in line with the increasing electrification of its product portfolio. The Company is also targeting additional investments into new mobility businesses. However, Morningstar DBRS estimates that VW's liquidity position will remain resilient amid these challenges given its consistent free cash flow generation; Morningstar DBRS notes further that the Company maintains several additional options to further bolster its liquidity position, including the sale of further equity stakes in Porsche or TRATON and/or other potential divestitures of noncore assets.

The Company's consolidated debt maturity schedule (industrial maturity schedule not available) as at December 31, 2024, is outlined in the table immediately below in percentage terms.

< 1 year	**1 to 5 years**	**> 5 years**
28%	58%	14%

The debt breakdown (in EUR millions) of the above is as follows:

Bonds	106,958
Commercial paper and notes	47,521
Loans	32,280
Direct banking deposits	57,559
Other	9,763
TOTAL	**254,081**

Industrial debt is a relatively small component of total consolidated debt (i.e., less than 10%).

Volkswagen AG (Financial Services business on an equity basis)

Balance Sheet

(EUR millions)	Jun 30	As at December 31			Jun 30	As at December 31	
Assets	**2025**	**2024**	**2023**	**Liabilities & Equity**	**2025**	**2024**	**2023**
Cash & deposits	45,336	47,199	50,909	Accounts payable	28,782	26,220	26,836
Accounts receivable	30,936	25,781	20,516	Short-term debt	(8,961)	(11,964)	(8,637)
Inventories	55,679	50,576	48,692	Other current liabs.	60,416	59,554	54,874
Other assets	-	-	88	**Total Current Liabs.**	**80,236**	**73,809**	**73,073**
Total Current Assets	**131,952**	**123,557**	**120,204**	Long-term debt	34,789	33,749	27,559
Net fixed assets	69,408	70,502	65,918	Pension provision	23,351	27,148	29,174
Intangibles	93,554	92,804	88,504	Other liabilities	45,194	42,247	39,648
Fin. services equity	45,453	45,044	43,607	Minority interest	15,138	14,437	14,218
Other assets	32,348	33,202	31,620	Shareholders' equity	174,005	173,719	166,182
Total Assets	**372,714**	**365,109**	**349,853**	**Total Liabilities**	**372,714**	**365,109**	**349,853**

Balance Sheet Ratios	6 mos. to Jun 30		12 mos. to Jun 30	For the year ended December 31				
	2025	**2024**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**
Current ratio	1.6	1.6	1.6	1.7	1.6	1.6	1.6	1.5
Inventory turnover (days)	49	46	81	84	83	86	86	98
Receivable turnover (days)	21	16	34	32	26	28	30	34
Accounts payable/inventory	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5
Adj. Total Debt-to-Capital (%)	**15.5**	**14.8**	**15.5**	**15.2**	**13.3**	**15.2**	**19.6**	**17.6**
Net debt-to-capital (%)	-6.5	-8.6	-6.5	-8.4	-16.3	-19.4	-7.7	-16.2
Debt/EBITDA	1.2	0.9	1.0	0.9	0.8	0.8	1.0	1.0
Adj. Debt/EBITDA	**1.2**	**0.9**	**1.0**	**0.9**	**0.8**	**0.8**	**1.0**	**1.0**
Adj. EBITDA Coverage	**18**	**15**	**27**	**23**	**18**	**40**	**22**	**17**
EBIT coverage	6	7	10	10	9	18	10	5
Adj. Cash Flow/Total Debt	**0.9**	**1.2**	**1.0**	**1.1**	**1.4**	**1.1**	**0.9**	**1.0**
Cash flow/capex	1.4	1.8	1.2	1.4	1.5	1.4	1.7	1.5

Income Statement	6 mos. to Jun 30		12 mos. to Jun 30	For the year ended December 31				
(EUR millions)	**2025**	**2024**	**2024**	**2024**	**2023**	**2022**	**2021**	**2020**
Sales—Automotive	126,893	129,365	263,415	265,887	268,156	232,392	206,237	182,106
Cost of sales	95,042	94,807	193,851	193,616	197,267	168,718	149,267	132,709
Depreciation	10,174	9,056	21,972	20,854	17,729	20,854	18,378	17,798
Other expenses	16,881	16,866	35,491	35,476	34,376	25,951	24,611	24,005
Operating profit—Automotive[1]	4,796	8,636	12,101	14,573	18,784	16,869	13,981	7,595
Net interest income (expense)	387	152	1,058	823	608	387	(639)	(711)
Other income (expense)	(988)	(103)	(4,338)	(3,453)	(2,281)	(2,830)	(831)	(54)
Fin. services division income	1,911	1,416	3,614	3,119	3,792	5,638	6,045	3,012
Income before taxes	6,106	10,101	12,436	15,063	20,903	20,064	18,556	9,842
Income taxes	1,946	2,826	3,531	4,411	5,266	6,369	4,983	3,197
Income before noncontrolling interest	4,160	7,275	8,905	10,652	15,637	13,696	13,573	6,645
Net income before nonrecurring items	4,005	6,378	8,349	10,096	16,013	15,128	15,309	8,911
Net income	4,005	6,378	8,349	10,096	16,013	14,881	14,843	8,334

1. Excludes nonrecurring items.

Cash Flow—Automotive Division	6 mos. to Jun 30		12 mos. to Jun 30	For the year ended December 31				
(EUR millions)	**2025**	**2024**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**
Earnings after tax (consolidated)	4,477	7,341	9,531	12,394	17,928	16,099	15,894	9,401
Depreciation	10,174	9,056	21,972	20,854	17,729	20,854	18,378	17,798
Other items	205	3,305	1,835	4,935	2,091	(4,782)	(3,494)	(929)
Cash flow from operations	14,856	19,702	33,338	38,183	37,748	32,171	30,778	26,270
Less: capex	10,704	11,087	26,810	27,193	25,513	22,454	18,339	17,538
Less: dividend	4,231	5,597	4,413	5,779	11,732	4,362	3,022	2,952
Free cash flow before working capital	(79)	3,018	2,115	5,211	503	5,355	9,417	5,780
Changes in working capital	(3,939)	(8,132)	298	(3,895)	1,278	(612)	3,054	1,313
Free cash flow	(4,018)	(5,114)	2,413	1,316	1,781	4,742	12,470	7,093

Profitability Ratios (%)								
EBITDA margin (%)[1, 2]	11.8	13.7	12.9	13.8	13.6	16.2	15.7	13.9
Operating margin (%)[1, 2]	3.8	6.7	4.6	6.0	7.0	7.3	6.8	4.2
Net margin (%)[1]	3.2	4.9	3.2	4.0	6.5	6.5	7.4	4.9
Return on equity (%)[1]	4.7	9.9	6.4	6.3	9.9	10.3	12.1	7.7
Return on capital (%)[1]	3.2	6.5	4.1	4.2	6.5	6.2	7.0	4.5

Note: Certain figures subject to Morningstar DBRS adjustments.

1. Excludes nonrecurring items.

2. Financial Services excluded.

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