VOLKSWAGEN

AKTIENGESELLSCHAFT

NEW AUTO

JANUARY - JUNE 2022

# HALF-YEARLY FINANCIAL REPORT

# Key Figures

## VOLKSWAGEN GROUP

| | Q2 | | | H1 | | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | % | **2022** | 2021 | % |
| **Volume Data[1] in thousands** | | | | | | |
| Deliveries to customers (units) | 1,977 | 2,547 | –22.4 | 3,875 | 4,979 | –22.2 |
| Vehicle sales (units) | 2,011 | 2,326 | –13.5 | 4,006 | 4,660 | –14.0 |
| Production (units) | 2,116 | 2,194 | –3.5 | 4,160 | 4,512 | –7.8 |
| Employees (on June 30, 2022/Dec. 31, 2021) | | | | 668.0 | 672.8 | –0.7 |
| **Financial Data (IFRSs), € million** | | | | | | |
| Sales revenue | 69,543 | 67,293 | +3.3 | 132,285 | 129,669 | +2.0 |
| Operating result before special items | 4,735 | 6,546 | –27.7 | 13,188 | 11,358 | +16.1 |
| Operating return on sales before special items (%) | 6.8 | 9.7 | | 10.0 | 8.8 | |
| Special items | –230 | – | x | –360 | – | x |
| Operating result | 4,505 | 6,546 | –31.2 | 12,828 | 11,358 | +12.9 |
| Operating return on sales (%) | 6.5 | 9.7 | | 9.7 | 8.8 | |
| Earnings before tax | 5,140 | 6,690 | –23.2 | 14,034 | 11,153 | +25.8 |
| Return on sales before tax (%) | 7.4 | 9.9 | | 10.6 | 8.6 | |
| Earnings after tax | 3,914 | 5,040 | –22.3 | 10,638 | 8,454 | +25.8 |
| **Automotive Division[2]** | | | | | | |
| Total research and development costs | 4,930 | 3,774 | +30.6 | 9,289 | 7,735 | +20.1 |
| R&D ratio (%) | 8.5 | 6.8 | | 8.5 | 7.2 | |
| Cash flows from operating activities | 7,803 | 10,197 | –23.5 | 13,604 | 19,088 | –28.7 |
| Cash flows from investing activities attributable to operating activities[3] | 7,002 | 4,711 | +48.6 | 11,311 | 8,897 | +27.1 |
| of which: capex | 2,385 | 1,853 | +28.7 | 4,089 | 3,777 | +8.3 |
| capex/sales revenue (%) | 4.1 | 3.3 | | 3.7 | 3.5 | |
| Net cash flow | 801 | 5,486 | –85.4 | 2,293 | 10,191 | –77.5 |
| Net liquidity at June 30 | | | | 28,209 | 35,048 | –19.5 |

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. Prior-year deliveries have been updated to reflect subsequent statistical trends.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Excluding acquisition and disposal of equity investments: Q2 €4,846 (3,553) million, H1 €8,694 (7,359) million.

This version of the Interim Report is a translation of the German original. The German takes precedence. All figures shown in the Report are rounded, so minor discrepancies may arise from addition of these amounts. The figures from the previous fiscal year are shown in parentheses directly after the figures for the current reporting period.
Specified vehicle ranges correspond to results obtained through the Worldwide Harmonized Light vehicles Test Procedure (WLTP) on the chassis dynamometer. WLTP value ranges for series-produced vehicles may vary depending on the equipment. The actual range will deviate in practice depending on various other factors.

# Key Facts

- Deliveries to Volkswagen Group customers fall across all regions by 22.2% to 3.9 (5.0) million vehicles; limited vehicle availability caused by the Covid-19 pandemic and parts supply shortages
- Deliveries of all-electric vehicles to customers up 27.0%; their share of Group's total deliveries rises to 5.6 (3.4)%
- Group sales revenue of €132.3 billion up 2.0% on the previous year; includes Navistar with €4.7 billion (consolidated as of July 2021), financial services business sees continued success
- Operating result before special items up by €1.8 billion to €13.2 billion; improvements in the mix and price positioning
- Operating result up by €1.5 billion to €12.8 billion; negative special items of €–0.4 billion in the reporting period relating to the diesel issue
- Profit before tax climbs to €14.0 (11.2) billion; profit after tax at €10.6 (8.5) billion
- Automotive Division's net cash flow amounts to €2.3 (10.2) billion; acquisition of Europcar shares amounting to approximately €1.7 billion; capex ratio at 3.7 (3.5)%
- Net liquidity of €28.2 billion in the Automotive Division; successful placement of hybrid notes strengthens capital base; dividend payment of €3.8 billion in May
- Exciting products:
  - Volkswagen adds four-wheel drive version ID.4 Pro 4MOTION to the ID.4 portfolio; ID. AERO concept vehicle offers a look at an all-electric mid-sized saloon
  - ŠKODA presents reworked Karoq with a new design language
  - CUPRA outlines its vision and ambitions for the period to 2025 with the Terramar, Tavascan and UrbanRebel vehicles
  - Audi illustrates the premium mobility of tomorrow with the spacious concept car Audi urbansphere
  - Lamborghini presents the Huracán Tecnica super sports car
  - Bentley expands the Bentayga model range with the luxurious Grand Tourer Bentayga Extended Wheelbase
  - Scania presents battery-electric trucks for regional transport
  - MAN announces eBus chassis for the global market

# Key Events

### COVID-19 PANDEMIC

The global spread of the Omicron variant of coronavirus (SARS-CoV-2) had a substantial impact on social and economic life in the reporting period in some regions. In China in particular, local infection outbreaks during the first half of 2022 led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic damage and disruption to international supply chains.

### RUSSIA-UKRAINE CONFLICT

In the first six months of 2022, the Russia-Ukraine conflict led to a humanitarian crisis and global market upheaval. Prices rose substantially, particularly on energy and commodity markets. Parts supply shortages, especially for wire harnesses, also intensified in this context. The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from an extensive trade embargo to the exclusion of Russia from the global financial system.

### NEW PRODUCTS AND TECHNOLOGIES PRESENTED

The Volkswagen Group and its brands continued to present new vehicles and technologies in the second quarter of 2022.

The Volkswagen Passenger Cars brand added another four-wheel drive version to the all-electric ID.4 product portfolio: the ID.4 Pro 4MOTION. Based on the ID.4 Pro Performance, this model generates a system output of 195 kW (265 PS) and offers greater dynamics and better traction in wet and snowy conditions and on loose surfaces. Thanks to a second electric motor on the front axle, the new more powerful variant transmits its power to the road through all four wheels. This makes the ID.4 Pro 4MOTION a high-performance vehicle and a reliable partner when towing smaller transport or boat trailers. As a result of the all-wheel drive, the (braked) towing capacity increases by 200 kg compared with the classic Pro Performance version to 1,400 kg on up to 8% gradient. Celebrating the world premiere of the ID. AERO concept vehicle in China, Volkswagen Passenger Cars gave a foretaste of its first all-electric mid-sized sedan. Its progressive, stylish and aerodynamic design boasts an elegantly sloping coupé-style roof line. The interior is generously proportioned. Based on the Group's Modular Electric Drive Toolkit (MEB), the ID. AERO shows off the flexibility of the all-electric MEB architecture, which can be used across segments in vehicles ranging from compact crossovers through SUVs or minibuses down to spacious sedans. As a result of the interaction of a powerful 77 kWh lithium-ion battery, efficient drivetrain and excellent aerodynamic properties, the ID. AERO has a range of up to 620 km. The series version for China is expected to be launched in the second half of 2023. Volkswagen is planning to start producing a European variant at the Emden plant, also in 2023.

ŠKODA presented the reworked Karoq in the second quarter of 2022. The consistently enhanced ŠKODA design language has given the compact SUV more striking looks and improved aerodynamics, with reduced fuel consumption and emissions. Sustainable materials and modern technologies provide higher comfort levels in the interior. For the first time, matrix LED headlights are available for the Karoq. The range of engines comprises five efficient engines from the Volkswagen Group's current EVO generation; this means that the Kodiaq's smaller brother benefits from lower fuel consumption and $CO_2$ emissions. At Power2Drive in Munich, the trade fair for charging infrastructure, mobility services and e-mobility, ŠKODA also celebrated the launch in Germany of its sporty top-of-the range model, the Enyaq Coupé RS iV. It marks the expansion of ŠKODA's RS family with the addition of an all-electric model. Two electric motors generate a combined system output of 220 kW (299 PS), enabling the Enyaq Coupé RS iV to sprint from 0 to 100 km/h in 6.5 seconds. Its top speed is 180 km/h. The sports chassis also contributes to the dynamic driving experience: the coupé has been lowered by 15 mm at the front and by 10 mm at the back.

In June 2022, CUPRA presented its vision and ambitions for the period to 2025, providing a look ahead to three new electrified models: the CUPRA Terramar combines vigorous proportions and striking design to create an emotive, sporty SUV with which the company plans to gain access to further regions of the SUV segment. The CUPRA Terramar will be available both with different combustion engines and with a new generation of plug-in hybrid drives. It is expected to have an electric range of around 100 km. The CUPRA Tavascan embodies CUPRA's electric vision and is intended to remain true to the 2019 concept vehicle. The dynamic SUV coupé, which is to be launched in 2024, represents not only the vision of contemporary electrification, but is also aimed at making the CUPRA brand more global and at tapping into new markets. With the UrbanRebel, CUPRA wants to challenge conventions and stir emotions. The front-wheel-drive urban electric car is expected to use the Volkswagen Group's MEB platform as a basis for a vehicle that excites customers with inspiring performance.

With its three concept cars, Audi skysphere, Audi grandsphere and Audi urbansphere, the brand with the four rings illustrates its vision of premium mobility in the future, with access to a world of experience that far transcends the perfunctory stay on board as a routine way of getting from A to B. The latest model of this trio to be presented by Audi was the urbansphere concept, in the second quarter of 2022; it features a spacious and revolutionary interior where digital technologies provide a sphere of experience for megacity traffic. In terms of technology, the Audi urbansphere is based on the Premium Platform Electric (PPE). The key element of PPE is a battery module between the axles, which – similar to the Audi grandsphere launched before it – provides around 120 kW/h of energy. The 800-volt charging technology enables charging of the battery at up to 270 kW within a short time: it takes just ten minutes at a fast-charging station to load enough energy for a drive of over 300 km; the charge level can be upped from 5% to 80% in less than 25 minutes. The two electric motors of the Audi urbansphere concept, one each on the front and rear axle, generate an aggregate output of 295 kW (401 PS). The fact that the front axle drive can be disengaged as needed to reduce friction, thus cutting energy consumption in roll mode, is a first.

In April 2022, Lamborghini presented the latest member of the Huracán model range, the Huracán Tecnica. This latest stage in the evolution of the Huracán boasts improved aerodynamics, output, stability and user-friendliness – qualities that make it an allrounder on the road and the racing track. The engine of the Huracán Tecnica originates from the Huracán STO; it generates an output of 471 kW (640 PS), 22 kW (30 PS) more than the Huracán EV0 RWD. The super sports car masters the sprint from 0 to 100 km/h in 3.2 seconds.

The Bentayga Extended Wheelbase, which was unveiled by Bentley in the second quarter of 2022, is a luxury SUV that defines a completely new vehicle class. In the Grand Tourer, which has been made 180 mm longer than the Bentayga, the focus is on well-being: the interior boasts seats styled like those in an aircraft, featuring automatic climate sensors and a progressive system to optimize posture. Carefully crafted elements additionally enhance the first-class interior. The lighting of the Bentley Diamond is designed in such a way that light shines through the handmade leather lining of the interior. Particularly fine thread has been used to produce the remarkably soft diamond quilting. The driving dynamics of the Bentayga Extended Wheelbase are determined by a 4.0 l V8 engine with 405 kW (550 PS), the new rear-axle steering and the Bentley Dynamic Ride system, which comes as standard.

Scania wants to offer new electric vehicles to its customers every year in future. Following the vehicles for intracity goods transport, Scania has now unveiled battery-electric trucks for regional transport. The new model range comes with a battery capacity of 624 kWh and is available with R or S cabs. It is based on classic Scania cornerstones such as modularity and sustainability, offering companies a multitude of different uses in regional transport applications. In their respective areas of deployment, the vehicles match the output and range of conventional trucks, but exceed their performance in terms of economy and $CO_2$ efficiency. In the migration from conventional to electric trucks, Scania supports its customers in all areas of e-mobility: from the charging infrastructure through service and maintenance down to suitable financing models and insurance options.

MAN presented an eBus chassis for the global market in the second quarter of 2022; it is based on the proven technology of the all-electric Lion's City E, which is already being used successfully in many European countries. The aim is to continue to advance environmentally friendly mobility and to make city traffic cleaner, quieter and safer across the globe. The first prototypes are expected to hit the road in 2023, with series production planned for 2024. Together with ABB E-mobility, a global leader in the provision of charging solutions for electric vehicles, MAN is taking the next step toward e-mobility in long-haul truck transportation: for the first time, MAN revealed a close-to-production prototype of its upcoming electric truck on the premises of former Berlin Tempelhof airport in the second quarter. A special technical feature of the groundbreaking e-truck, which is expected to celebrate its market debut in 2024, is its preparation for future megawatt charging technology, which ABB E-mobility intends to have ready for the market within the next three years.

### AWARDS

At the beginning of April 2022, no fewer than four Group brands won first prize in one of the categories of the Top Gear Electric Car Awards. Volkswagen's ID. Buzz was crowned Electric Car of the Year, while the Readers' Choice Award went to the Porsche Taycan Sport Turismo. ŠKODA's Enyaq iV won the Best Value Electric Car award. Audi took home the prize for Best Racer with its RS Q e-tron. The Electric Car Awards are presented in a total of 18 categories by the respected BBC Top Gear magazine.

In mid-April, the Audi e-tron GT was honored as World Performance Car at the World Car Awards 2022. The World Car Awards are handed out annually by a professional international panel in New York to reward excellent leadership and innovation in the automotive industry. Audi has been a winner eleven times, making it the most successful manufacturer in the history of the Award.

Also in April, the Lamborghini brand received the Green Star Award 2022 for the second time in succession; this award is presented annually by the German Institute for Quality and Finance. This process involves looking at 2,000 companies and analyzing ecological, economic, and social sustainability, as well as innovation and technology.

In the “electric buses: city” category, the Scania Citywide BEV came first in the busplaner Innovation Award 2022 in April. In total, more than 1,000 readers of the German *busplaner* trade magazine took part in the vote. This all-electric low-floor bus is a contribution towards Scania becoming a pioneer of sustainable mobility.

At the end of April, the Bentley Continental GT Speed was voted Classic Car of the Future in the Motor Klassik Award 2022. It was elected as the winner in the coupé category by over 18,000 readers of the *Motor Klassik* magazine.

At the beginning of May 2022, Scania’s 500 S bagged the Green Truck award for excellent transport services and fuel efficiency for the sixth time in a row. The award is organized as a press comparison test by the German trade magazines *Trucker* and *VerkehrsRundschau*. Environmental performance is measured by comparing fuel consumption and $CO_2$ emissions.

In mid-May 2022, ŠKODA’s Fabia received the Red Dot Award in the product design category. This marks the seventeenth time overall that the brand has won this award in one of the world’s best known design competitions. It is regarded as a seal of high-quality product design. The international panel of experts consists of independent designers, design professors and trade journalists.

Also in May, the seventh generation of the Multivan from the Volkswagen Commercial Vehicles brand received the highest mark of five stars in the Euro NCAP test. The new Multivan was given the top mark in both the crash safety and assistance system function categories. The crash test procedures look at and evaluate safety aspects of the vehicles: occupant protection for adults, child protection, the safety of vulnerable road users such as cyclists and pedestrians and provision of assistance systems as standard. Likewise, the all-electric ID.5 of the Volkswagen Passenger Cars brand came out top in the Euro NCAP driver assist test. Expanding on the ADAC’s traditional crash test procedure, ratings are given in the areas of in-vehicle assistance, driver involvement and safety assistance.

At the end of May 2022, two vehicles received the iF Design Award 2022. The MAN Lion’s Intercity LE won the award in the Product/Automobiles/Vehicles category, while the new Multivan from the Volkswagen Commercial Vehicles brand bagged an impressive two awards in the Automobile category, for both its exterior and interior design. The design competition, which has been held annually since 1954, recognizes design and product development excellence.

Ducati was voted “best brand” by the trade journal PS for the fifth time in May 2022. Over 11,000 participants cast their votes in a total of ten categories. Ducati prevailed over its competitors in nine out of the ten categories.

At the beginning of June 2022, the Scania brand was voted in first place five times in the ETM Awards. The awards handed out included those for Best Bus and Best Truck. Scania’s performance in the area of alternative drives was also impressive: the R 410 LNG won in the long-haul natural gas truck category. In total, almost 6,000 readers cast their votes. Considered the benchmark in the commercial vehicles industry, the ETM Award has been presented by qualified market researchers for 25 years.

## ANNIVERSARIES

In April 2022, the twenty thousandth Lamborghini Huracán rolled off the production line in Sant’Agata Bolognese. The anniversary vehicle was an STO model painted in a Grigio Acheso matte gray finish. The Huracán has offered a wide choice of models since 2014, featuring a total of twelve road and three racing versions.

Following its launch in 2002, the Touareg from the Volkswagen Passenger Cars brand celebrated its twentieth anniversary in May. The premium SUV, which marked the entry into a new segment, has already been sold over a million times worldwide. The special-model Touareg “EDITION 20”, with new paintwork and exclusive wheels, as well as an elegant leather interior, was presented to mark the anniversary.

In May, Bentley celebrated the seventieth anniversary of the R-Type Continental, which was first built in 1952. The model has since then only been produced 208 times and thus remains a rarity.

The Golf R turned 20 in June, and Volkswagen has marked this milestone with the special Golf R model “20 Years”. The powerful anniversary car continues the success story of the Golf R32 with its unique sporty design and everyday practical performance. Design highlights are the exclusive “20 R” logo projection and, for the first time, decorative inlays made of real carbon.

Also in June, Porsche celebrated 50 years of the 911 Carrera RS 2.7. Being the first production model with a front and rear spoiler, the sports car started a new trend for vehicles produced in series. The model was given the epithet Carrera – which means “race” – in the first generation of the 911. Starting in September 2022, the Porsche Museum in Stuttgart will be hosting a special exhibition on the 50-year anniversary.

In addition, Porsche reached a production milestone in June: 20 years of Porsche production in Leipzig. With over 4,400 employees, the Porsche plant in Leipzig is one of the largest employers in the region. Various anniversary festivities are scheduled to continue until August 2022.

The five hundred thousandth DQ400e hybrid transmission was celebrated in Kassel in June. The dual-clutch transmission – the only of its kind for transverse installation – is used by almost all of the brands. There are plans to make up to 1,100 units a day in future.

The Modular Transverse Toolkit (MQB) – which has served as the production platform for more than 32 million vehicles throughout the Group – celebrated its ten-year anniversary at the end of June 2022. The MQB generates synergies across vehicle types and stands for innovative technology and flexible drive concepts. An all-electric technology matrix, the Scalable Systems Platform (SSP), represents the next generation for the Group, as from 2026.

#### VFL WOLFSBURG WOMEN'S TEAM WINS BUNDESLIGA CHAMPIONSHIP AND DFB CUP

The VfL Wolfsburg women's football team had two reasons to celebrate in May 2022: at the beginning of the month, they secured an early win of their seventh Women's Bundesliga title. And only a few weeks later, they capped this success by winning the DFB Cup, bringing it home to Wolfsburg for the eighth time in succession and ninth time in total. These successes underscore the important role that these brand ambassadors play for Volkswagen: in particular, the VfL Wolfsburg women's team stands for the values of diversity, affinity, professional-ism and team spirit.

#### PARTNERSHIPS

Volkswagen and bp announced in April 2022 that they would form a strategic partnership for the rapid roll-out of fast-charging stations for electric vehicles in Europe. These are flexible, battery-based charging stations that can be installed quickly as they do not require a high-power grid connection and can be connected directly to a low-voltage network. The two partners have set themselves the goal of improving access to charging facilities for electric vehicles in the most important European markets as a way of driving the transition to e-mobility. bp's charging network is to be integrated into the navigation systems of several Group brands to allow drivers to easily find the nearest charging station. The first charging station went live in Düsseldorf at the end of April 2022. There are plans for up to 4,000 stations, each with two charging points, across Europe by the end of 2024.

The Volkswagen Group and India's Mahindra Group signed a cooperation agreement in May 2022 to evaluate the extent of future cooperative endeavours. This includes, among other things, investigating ways of using components from Volkswagen's MEB, for example in electric motors and battery cells, in Mahindra vehicles. The joint objective of the two companies is to drive the electrification of the Indian automotive market. The MEB, which was designed as an open vehicle platform, and its components allow manufacturers to electrify their model ranges quickly and in a way that is cost-effective. The MEB is already used by Group brands such as Volkswagen Passenger Cars, Audi, ŠKODA and SEAT/CUPRA as well as by external partners.

#### TAKEOVER OF EUROPCAR

In 2021, together with the investment firm Attestor Limited and Pon Holdings B.V., Volkswagen made a joint public takeover offer for the shares of Europcar Mobility Group S.A., Paris, France, through the consortium company Green Mobility Holding S.A. (GMH). The European Commission issued final antitrust approval at the end of May 2022. In total, 93.6% of Europcar shareholders took the opportunity granted by the French financial market supervisory authority to tender their shares to the consortium company. The consortium jointly assumed control of Europcar in mid- June 2022. Because the acceptance rate was over 90%, a squeeze-out was initiated for the remaining Europcar shares in July 2022, and the company was delisted. As a result, the consortium company – of which Volkswagen holds 66% – has held 100% of the shares in Europcar since July 13, 2022. The purchase price was 51 cents per Europcar share.

The completion of the Europcar transaction marks another important milestone for Volkswagen in the Group's Mobility Solutions initiative under the NEW AUTO strategy. The Volkswagen Group hopes that this transaction will help secure a significant share of the global market for mobility services. In this regard, the Europcar Mobility Group is to become one of the cornerstones of the mobility platform planned by Volkswagen. In the future, the range of services offered by the Europcar Mobility Group should cover a broad spectrum of customers' mobility needs, from car sharing for a few hours to a car subscription for several months.

#### NEW ALL-ELECTRIC MODELS PLANNED FOR THE US MARKET

Volkswagen is planning to launch two all-electric models on the US market – a pick-up and a robust SUV (R SUV) – under the historic Scout brand. The vehicles are to be developed and produced in the United States for US customers. Through a separate independent company in the United States, which is to be newly established, Volkswagen wants to tap further into the local market for electric vehicles. The aim is to use a new technical platform concept to realize authentic pick-ups and R SUVs that will expand the Group's existing model portfolio and systematically increase the Group's presence in this growth market.

#### BATTERY CENTER STARTS OPERATION IN CHATTANOOGA

At the beginning of June 2022, Volkswagen Group of America opened the North American Battery Engineering Lab at the Chattanooga site. The plant has been earmarked for applications such as battery tests under extreme climatic conditions and during continuous use. This is part of the location's electrification strategy and is intended to contribute to strengthening the company's battery expertise and to advancing e-mobility in North America. In addition to this plant, there are already two in China and one in Germany in the Volkswagen Group. The work will initially focus on batteries for MEB-based vehicles.

#### STRATEGIC PARTNERSHIP BETWEEN ELECTRIFY AMERICA AND SIEMENS

Siemens has become the first external investor to acquire a minority interest in Electrify America, a subsidiary of Volkswagen Group of America. The company, which operates the largest public fast-charging network for customers of all electric vehicles in North America, intends to more than double its local charging infrastructure. In addition to the financial investment, Electrify America has gained an important strategic technology partner in Siemens.

### ANNUAL GENERAL MEETING

The sixty second Annual General Meeting of Volkswagen AG was held virtually on May 12, 2022. With around 55% of the voting capital in attendance, the shareholders followed the proposal of the Board of Management and Supervisory Board to distribute a dividend that is higher than in the previous year, amounting to €7.50 (4.80) per ordinary share and €7.56 (4.86) per preferred share for fiscal year 2021. Moreover, the Annual General Meeting formally approved the actions of the Board of Management and the Supervisory Board for fiscal year 2021. The shareholders also approved the remuneration report for 2021, which had been submitted to the Annual General Meeting for the first time in accordance with the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (ARUG II – German Act on the Implementation of the Second Shareholders' Rights Directive). In addition, the Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as auditors and Group auditors for fiscal year 2022 and for the review of the condensed interim consolidated financial statements and of the interim management report for the first half of 2022 and of the condensed interim consolidated financial statements and interim management report for the period from January 1 to September 30, 2022 and for the first quarter of fiscal year 2023. Supervisory Board member Dr. Hussain Ali Al Abdulla stepped down from his office before the end of his term of office. As proposed by the shareholder Qatar Holding, the Annual General Meeting elected Mr. Mansoor Ebrahim Al-Mahmoud to succeed Dr. Al Abdulla for the remainder of his term of office, starting at the end of the Annual General Meeting 2022.

### BOARD OF MANAGEMENT AND SUPERVISORY BOARD MATTERS

At the election of employee representatives to the Supervisory Board of Volkswagen AG in Wolfsburg on April 29, 2022, Ms. Simone Mahler, Chair of the Works Council of Volkswagen Financial Services AG at the Braunschweig site, Ms. Daniela Nowak, Chair of the Works Council of Volkswagen AG at the Braunschweig site, and Dr. Arno Homburg, Chair of the Board of Management of the Volkswagen Management Association, were elected as members of the Supervisory Board of Volkswagen AG for the first time. They succeed Ms. Ulrike Jakob, Ms. Bertina Murkovic and Dr. Hans-Peter Fischer. The other employee representatives on the Supervisory Board were re-elected to the Supervisory Board. The term of office began at the end of the Annual General Meeting on May 12, 2022.

On July 22, 2022, the Supervisory Board of Volkswagen AG appointed Dr. Oliver Blume as the new Chair of the Volkswagen Group Board of Management. Dr. Blume will take over this position with effect from September 1, 2022, combining it with his role as Chair of the Executive Board of Dr. Ing. h. c. F. Porsche AG (Porsche AG) and will also continue in the latter capacity after a potential IPO of Porsche AG. The previous Chair of the Group Board of Management of Volkswagen AG, Dr. Herbert Diess, will step down at the same time by mutual agreement.

# Volkswagen Shares

The trend in the international stock markets in the first half of the year was initially overshadowed by investors' concerns about possible interest rate hikes in the face of rising inflation rates and about the spread of the Omicron variant of the SARS-CoV-2 virus. Following Russia's advance into Ukraine beginning in February, the imposing of sanctions against Russia, and the rise in commodity and energy prices that drove up inflation, the international stock markets came under pressure. In addition, the tight restrictions under the zero-Covid strategy being pursued in China placed further strain on international supply chains. The downward trend in stock prices intensified at the end of the reporting period due to the continuing confrontations in Ukraine, increasing concerns about a sufficient supply of energy, high inflation and the resulting tighter monetary policy of central banks.

The German stock market index began the year marginally up on its previous record achieved in November 2021. After that, concerns about a tightening of monetary policy in the USA dominated investor sentiment. The Russia-Ukraine conflict and the fears this triggered of an energy crisis and its economic fallout provoked uncertainty among market participants and strained the capital market. In view of high inflation, the European Central Bank initiated an interest rate turnaround, which, combined with fears of recession, resulted in a 20% fall in the DAX compared with the end of 2021.

Volkswagen AG's preferred and ordinary shares followed the trend on the stock markets. Some automotive stocks dropped at above-average rates. Prices of preferred and ordinary shares were down by 28% and 33% respectively compared with the end of 2021, although the planned IPO of Porsche and the sound operating results were received positively by the market.

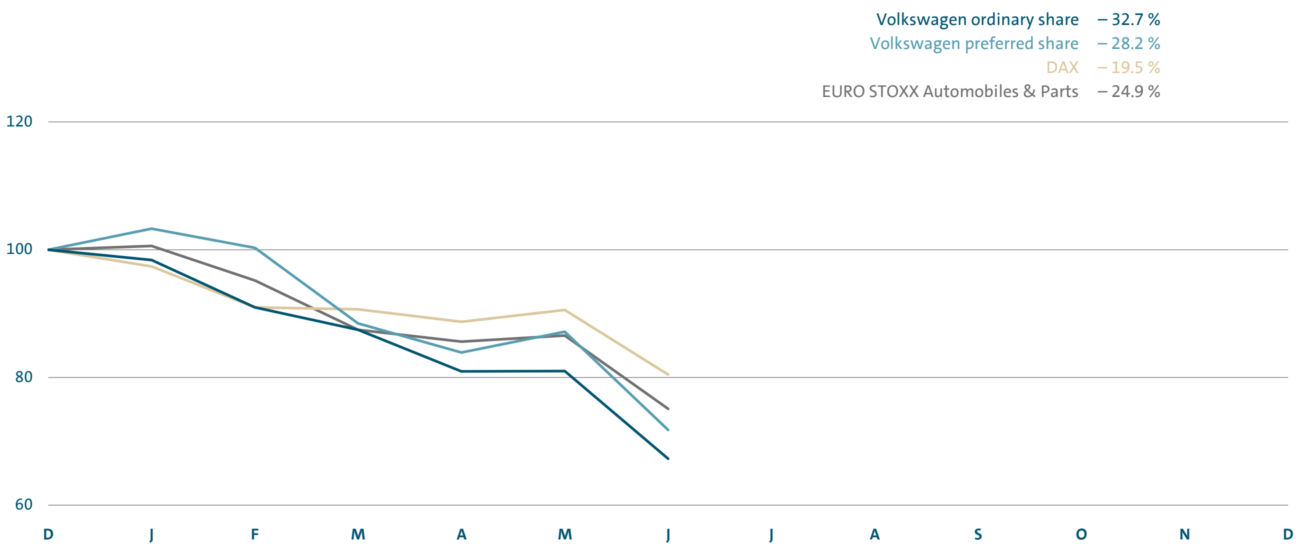
Information and explanations on earnings per share can be found in the notes to the interim consolidated financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website www.volkswagenag.com/en/InvestorRelations.html.

**VOLKSWAGEN SHARE KEY FIGURES AND MARKET INDICES FROM JANUARY 1 TO JUNE 30, 2022**

| | | High | Low | Closing |
|---|---|---|---|---|
| Ordinary share | Price (€) | 279.40 | 173.90 | 173.90 |
| | Date | Jan. 5 | Jun. 30 | Jun. 30 |
| Preferred share | Price (€) | 193.10 | 127.42 | 127.42 |
| | Date | Jan. 14 | Jun. 30 | Jun. 30 |
| DAX | Price | 16,272 | 12,784 | 12,784 |
| | Date | Jan. 5 | Jun. 30 | Jun. 30 |
| ESTX Auto & Parts | Price | 684 | 473 | 473 |
| | Date | Jan. 5 | Jun. 30 | Jun. 30 |

**PRICE DEVELOPMENT FROM DECEMBER 2021 TO JUNE 2022**

*Index based on month-end prices: December 31, 2021 = 100*



# Business Development

## GENERAL ECONOMIC DEVELOPMENT

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

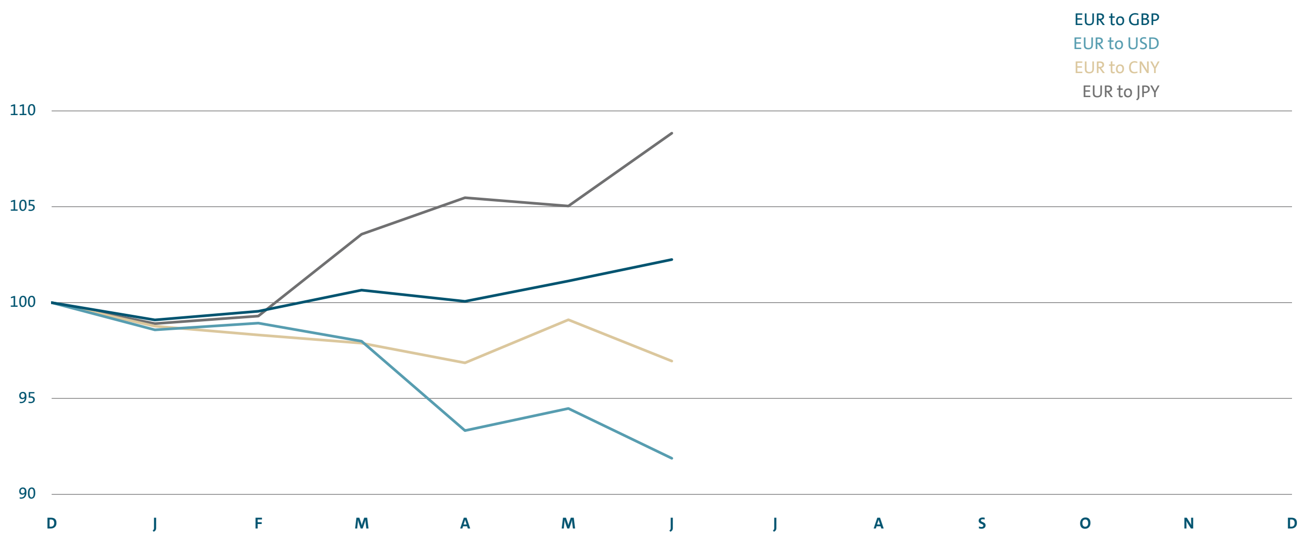
In the first half of 2022, the restrictive measures put in place to protect the population from the SARS-CoV-2 virus were lifted to a large extent in many countries. The progress made by many countries in administering vaccines to their populations had a positive effect, while the emergence of the new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

Following the slump in global economic output in 2020 and the incipient recovery due to base and catch-up effects in 2021, economic growth in both the advanced economies and the emerging markets remained on course for recovery on average, albeit with diminishing momentum. At national level, developments in the reporting period depended on the one hand on the scale of the negative impact of the Covid-19 pandemic and the intensity with which measures were taken to contain it, and on the other on the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict. In response to the further rise of inflation rates around the world, many countries shifted to a more restrictive monetary policy, which led central banks to increase their key interest rates and reduce bond purchases during the reporting period. The resulting recession fears caused major losses on key stock markets in the first half of the year. On average, prices for energy and many other commodities rose significantly year-on-year and shortages of intermediates and commodities remained high. Global trade in goods increased in the reporting period.

The economy in Western Europe recorded positive year-on-year growth in the reporting period, albeit with slowing momentum. This trend was seen in almost all countries in Northern and Southern Europe. The reasons for this included

**EXCHANGE RATE MOVEMENTS FROM DECEMBER 2021 TO JUNE 2022**

*Index based on month-end prices: as of December 31, 2021 = 100*



increased economic resilience in the face of high infection rates in many countries, and the associated easing of the measures taken to contain the pandemic. At the same time, national inflation rates rose significantly during the first half of the year and adversely affected consumer sentiment.

Germany registered positive economic growth during the reporting period. Compared with the same period of the prior year, unemployment fell on average, and the number of employees affected by *Kurzarbeit* (short-time working) decreased further from the high levels seen in the previous years. Meanwhile, monthly inflation rates reached their highest levels since reunification.

Altogether, the economies in Central and Eastern Europe still showed an increase in real absolute gross domestic product (GDP) in the first three months of this year versus the same period in 2021. While Central Europe's economic output expanded at a positive, albeit less vigorous pace in the second quarter, GDP declined in the region as a whole as a result of the Russia-Ukraine conflict. The sanctions imposed against Russia had a substantial impact in this region beginning in March, so Russian economic output already decreased substantially in the second quarter. In both regions, inflation rates rose significantly.

In the reporting period, Turkey's economy achieved an overall robust but weaker rate of growth in GDP compared to the previous year, amid very high inflation and depreciation of the local currency. South Africa recorded only a slightly positive change in GDP amid persistent structural deficits and political challenges.

Gross domestic product in the USA increased year-on-year in the first six months of 2022, but the pace of growth weakened over the final quarters. Given rising inflation and the tight labor market, the US Federal Reserve continued its restrictive monetary policy, raising its key interest rate three times in the first half of 2022. Unemployment declined further in the reporting period from the previous year's high level. In Canada and Mexico, economic output was also higher than in the same period of 2021.

Brazil's economy grew only modestly in the reporting period in conjunction with rising consumer prices. Argentina saw a recovery in economic output amid very high inflation and the continued collapse of the currency.

At the beginning of the Covid-19 pandemic, China was already exposed to the negative effects at an earlier stage than other economies and, due to the zero-Covid strategy pursued there, benefited from a relatively low number of new infections as the pandemic progressed. This strategy resulted in temporary local lockdowns in connection with the spread of the Omicron variant. Chinese economic output rose in the reporting period, though with slowing momentum. India registered positive economic growth on the whole. Japan recorded a positive albeit low GDP growth rate compared with the same period of the previous year.

#### TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Between January and June 2022, the volume of the passenger car market worldwide significantly declined overall year-on-year (–10.1%), impacted primarily by bottlenecks and disruption in the global supply chains as a consequence of the semiconductor shortage, the coronavirus pandemic and the repercussions of the Russia-Ukraine conflict. The overall market of the Africa region posted an increase; all other sales regions were affected by losses. The Western Europe and North America regions recorded a considerably weaker sales volume. The South America and Asia-Pacific regions saw a below-average decline in new registrations, while the number of new registrations in the Middle East region was at the level of the previous year. Sales volume fell very sharply in Central and Eastern Europe.

The global volume of new registrations of light commercial vehicles between January and June 2022 was distinctly lower than the prior-year level.

In Western Europe, the number of new registrations of passenger cars in the reporting period fell significantly short of the prior-year level. Parts supply shortages, especially for semiconductors, and the resulting limited vehicle availability led to a decline in new registrations in the first half of 2022 with uneven rates of change in all major individual markets; the passenger car market in Italy lost more than 20% of its volume, thus recording the highest loss ahead of France, Spain and the UK.

In the first six months of 2022, the volume of new registrations of light commercial vehicles in Western Europe was significantly lower than the prior-year figure.

New passenger car registrations in Germany between January and June 2022 were also significantly down on the figure for the first six months of the previous year. The prior-year figure was already comparatively low at the beginning of 2021 owing to the expiry of the – temporary – reduction in value-added tax at the end of 2020. In particular, the deterioration in the supply situation as a result of the lack of intermediates continued to have a dampening effect.

The volume of new registrations of light commercial vehicles in Germany in the reporting period was significantly lower than in the same period of 2021.

In the Central and Eastern Europe region, the passenger car market volume in the reporting period showed a very sharp drop on the prior-year level. Here, sales differed from market to market. The biggest decrease in absolute terms by a considerable margin was registered in the Russian market. This was mainly due to the Russia-Ukraine conflict and associated sanctions, which led to heavy limitations on production and sales of vehicles in Russia.

Registration volumes for light commercial vehicles in Central and Eastern Europe declined sharply year-on-year.

Russia even saw a very sharp decline in the number of vehicles sold in the months from January to June 2022 compared with the prior-year figure.

In Turkey, the volume of the passenger car market was significantly down on the previous year's level in the reporting period. The market decline seen since 2021 therefore continued in the first half of 2022. In South Africa, the number of passenger cars sold in the first six months of 2022 rose sharply on the very weak figure recorded in the same period of the previous year.

Between January and June 2022, sales of light commercial vehicles declined significantly year-on-year in Turkey and were slightly down in South Africa.

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the North America region fell significantly in the reporting period against the comparable prior-year figure. Within the region, the market volume in the USA declined the most, both in absolute terms and in relative terms compared with the prior-year level. The drop affected both the passenger car segment and light commercial vehicles. In the Canadian automotive market, sales figures also decreased significantly in the period from January to June 2022. In Mexico, the number of vehicles sold was on a level with the previous year.

In South America, the overall volume of new registrations for passenger cars and light commercial vehicles in the first six months of 2022 was slightly lower than the prior-year level. Brazil registered a significant decline in new registrations, while the number of vehicles sold in Argentina almost reached the comparable prior-year figure.

The percentage decline in new passenger car registrations in the Asia-Pacific region in the reporting period was smaller than in most other regions. The volume of sales in the Chinese market was distinctly down on the same period of the previous year. The development of passenger car sales was hit by limited vehicle availability due to parts supply shortages, especially for semiconductors, and local lockdowns in connection with the spread of the Omicron variant of the SARS-CoV-2 virus. Sales in the Indian passenger car market trended upward in the period from January to June 2022 and were significantly higher than the figure for the prior-year period. However, in Japan, new passenger car registrations decreased significantly in the reporting period against the comparable prior-year figure.

There was a slight year-on-year decline in the volume of new registrations of light commercial vehicles in the Asia-Pacific region. Registration volumes in China, the region's dominant market and the largest market worldwide, tapered off distinctly compared with the period one year earlier. The number of new vehicle registrations in India was sharply up on the prior-year level; in Japan this figure was moderately lower than the previous year's level.

### TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Since July 1, 2021, Navistar has been a TRATON GROUP brand, making it part of the Volkswagen Group's Commercial Vehicles Business Area. This has broadened the relevant markets in the commercial vehicles business, both for trucks and for the school bus segment, which expanded to include North America (consisting of USA, Canada and Mexico).

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was slightly lower in the reporting period than in the prior year. Truck markets globally were much weaker than in the previous year, which was primarily due to the fall in demand on the Chinese market as a result of the zero-Covid strategy in place there.

Demand in the 27 EU states excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3), was down slightly on the previous year's level in the first six months of 2022. This decline is attributable to limited availability of vehicles as a result of parts supply shortages. The Russian market increased significantly at the beginning of the first quarter. No updated registration data is available at present. Turkey recorded a distinct decline in new registrations compared with the previous year. In the South African market, by contrast, demand was up noticeably. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – new registrations were slightly lower than the previous year's figure. In Brazil, the largest market in the South America region, demand for trucks in the first half of 2022 was on a level with the previous year.

In the first six months of 2022, there was a moderate rise in demand overall in the bus markets that are relevant for the Volkswagen Group compared with the same period of the prior year. Demand for buses in the EU27+3 markets in the reporting period was distinctly higher than the weak level of the previous year, with the picture varying from country to country. The school bus segment in North America was roughly on a level with the prior year. Demand for buses in Mexico was significantly higher than in the previous year, while it was slightly below the prior-year figure in Brazil.

### 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.

The marine market remained below the prior-year level in the first half of 2022. This is especially attributable to the fact that the demand in merchant shipping and the resulting shipyard utilization declined. The uncertainty regarding future fuel and emissions regulations still persisted in the market. In merchant shipping, performance in the market for container ships, tankers and bulk cargo carriers declined in comparison with the level of demand seen in the previous year. The market for cruise ships and passenger ferries showed positive development. The easing of Covid-19-related restrictions enabled business activity in this market to grow again. The special market for government vessels, which is supported by state investment, was active due to the current geopolitical situation. In the offshore sector, the existing overcapacity continued to curb investment in offshore oil production despite the sharp rise in oil and gas prices. On the other hand, demand for offshore special ships for wind turbines developed positively.

The market for power generation showed clear signs of recovery in the first half of 2022. The trend away from oil-fired power plants towards dual-fuel and gas-fired power plants continued, underpinned by the resolution at the recent COP26 Climate Change Conference and the resulting difficulties in financing oil-fired power plants. However, the Russia-Ukraine conflict is also having a noticeable impact in this regard due to increasing gas and commodity prices, as well as the delayed availability of core components. There was still strong demand for new energy solutions such as hydrogen and long-term energy storage, with a clear trend towards greater flexibility and decentralized availability. In addition to the risks of a lack of price stability in the markets and bottlenecks in supply chains, the strong competitive and price pressure also continued unabated.

The turbomachinery market performed slightly better than in the first half of 2021. Prices for raw materials continued to see significant increases, further lifting demand for production facilities with turbo compressors in the raw materials and processing industry. The oil and gas markets also received a boost from rising energy prices and followed a stable trend year-on-year. The new business fields for turbomachinery used in the area of decarbonization also remained at the prior-year level. Demand for steam turbines used for power generation and gas turbines used for decentralized, industrial combined-heat-and-power installations was slightly higher than in the previous year.

The after-sales market for engines in the marine and power plant business experienced significantly stronger growth in the first half of 2022 than in the same period of the prior year, even though demand remained affected by the Covid-19 pandemic.

The after-sales market for turbomachinery largely recovered from the economic effects of the Covid-19 pandemic. The demand in the first half of 2022 was at a significantly higher level than in the prior-year period, almost reaching pre-pandemic levels again.

### TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was buoyant in the first half of 2022 due, among other things, to the persistently low key interest rates in the main currency areas. Nevertheless, the Covid-19 pandemic and the vehicle availability, which continued to be limited due to parts supply shortages, put pressure on the demand for financial services in almost all regions.

The European passenger car market was still affected in the reporting period by parts supply shortages; vehicle deliveries were down on the prior-year period. By contrast, the share of financial services products in the new vehicle business developed positively and exceeded the 2021 figure. The main drivers of this development were mix effects in the private customer business, which lends itself particularly to financing, and an increased share of leasing contracts in the fleet business. The positive trend in the financing of used vehicles continued in the first half of 2022; particularly sales of after-sales products such as servicing, maintenance and spare parts agreements were increased. Financial services activities in Russia were negatively affected by the Russia-Ukraine conflict and the impact of the international sanctions.

In Germany, faltering parts supply in production continued to have a significantly negative effect on the delivery situation and the financial services business. As a result, the number of new contracts for new vehicle leases and new vehicle financing were below the prior-year figures. However, the penetration rate remained at a high level. New contracts for used vehicles were in a similar range as in the previous year. The number of new maintenance and tire service agreements declined in the reporting period compared with the prior-year period. In the insurance business, the number of new contracts was slightly lower than a year earlier.

In South Africa, the demand for financing and insurance products for new and used cars remained cautious in the first half of 2022, supported by coordinated campaigns which, however, were reduced due to a limited vehicle availability. In view of currently increasing inflation rates, the South African central bank has begun raising interest rates.

In the North America region, financed vehicle purchases remained difficult overall in light of the subdued economy, increasing energy prices and the resulting pressure on disposable income. Vehicle deliveries in the first half of 2022 were down on the prior-year level due to parts supply shortages. The US and Canadian markets saw declining demand for leasing and financing contracts because of interest rate hikes. In the Mexican market, the percentage of new leasing and financing contracts remained on a level with the previous year and new contracts for after-sales products were up year-on-year.

In the South America region, excess demand for vehicles in a volatile environment – exacerbated in Argentina by restrictions on imports – and the interest rate level kept the number of cash sales high. In Brazil, there was a significant increase in the number of new financing contracts.

In the Chinese market, parts supply shortages and local restrictions due to the pandemic resulted in lower sales of passenger cars. This resulted in a reduction in both the proportion of credit-financed vehicle purchases and the growth in new contracts. The comparative prior-year figures were not reached in the reporting period.

In the first half of 2022, the financial services business in the market for heavy commercial vehicles was slightly up on the prior-year level, also affecting financing and leasing contracts in Europe and Brazil.

### VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 3,875,115 vehicles to customers worldwide in the first half of 2022. This was 22.2% or 1,103,440 units less than in the same period of the previous year. While sales figures for the Passenger Cars Business Area fell short of the prior-year figure, sales in the Commercial Vehicles Business Area were higher than in the previous year. It is important to note that Navistar was not included in the figure for the previous year because it was only integrated as of July 1, 2021. The chart in this section shows the trend in deliveries worldwide for the individual months compared with the previous year.

In the following, we report separately on deliveries in the Passenger Cars Business Area and the Commercial Vehicles Business Area.

### VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO JUNE 30[1]

| | 2022 | 2021 | % |
|---|---|---|---|
| Passenger Cars | 3,737,819 | 4,852,103 | −23.0 |
| Commercial Vehicles | 137,296 | 126,452 | +8.6 |
| **Total** | **3,875,115** | **4,978,555** | **−22.2** |

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures. As of July 1, 2021, the figures include Navistar.

### GLOBAL DELIVERIES BY THE PASSENGER CARS BUSINESS AREA

Sales of Volkswagen Group passenger cars and light commercial vehicles worldwide in the first half of 2022 declined by 23.0% year-on-year to 3,737,819 units. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met in some regions. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets. None of the Volkswagen Group brands, except Lamborghini and Bentley, reached their prior-year figures. We registered a year-on-year decline in sales in all regions.

The Group's sales figures responded positively to its e-mobility campaign with additional model launches; in the first half of this year, we delivered 217,064 all-electric vehicles to customers worldwide. This was 46,132 or 27.0%, more units than in the same period of the previous year. The share of the Group's total deliveries rose to 5.6 (3.4)%. A total of 105,832 of our plug-in hybrid models were delivered (–38.5%). Total electric vehicle deliveries declined by 5.9%, with their share of total Group deliveries rising year-on-year to 8.3 (6.9)%. The Group's most successful all-electric vehicles included the ID.3 and ID.4 from the Volkswagen Passenger Cars brand, the Audi e-tron and Audi Q4 e-tron, the ŠKODA Enyaq iV, the CUPRA Born and the Porsche Taycan and Taycan Cross Turismo.

In an overall global market experiencing a significant decline, we achieved a passenger car market share of 10.7 (12.5)%.

The following table in this section provides an overview of passenger car and light commercial vehicle deliveries to customers by market in the reporting period. Sales trends in the individual markets are described in the following sections.

#### Deliveries in Europe/Other Markets

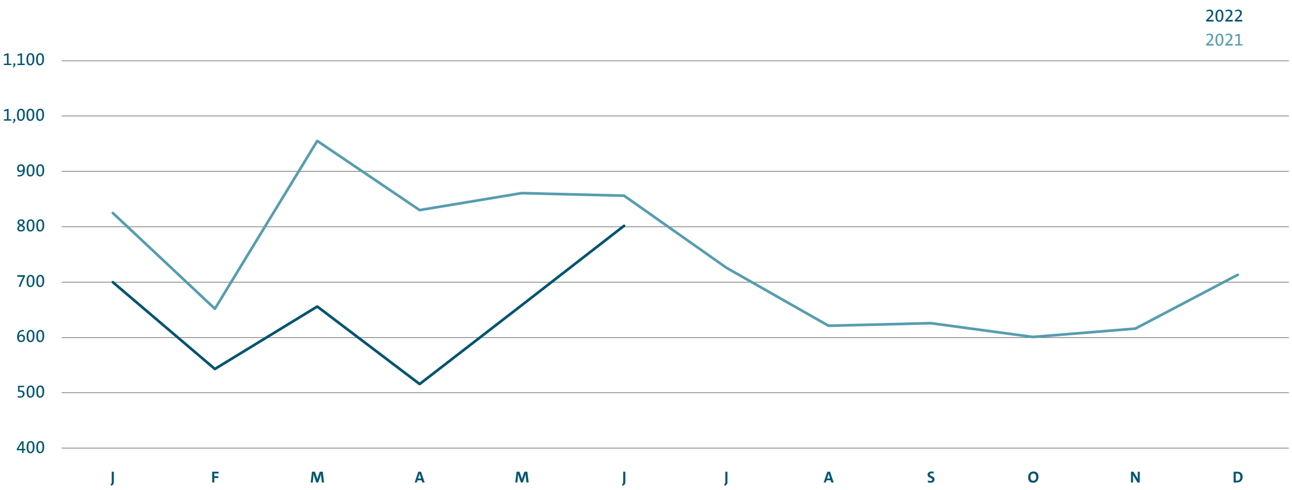
In Western Europe, the Volkswagen Group delivered 1,252,172 vehicles to customers in the first six months of this year in an overall market that was at a significantly lower level than the prior year. This was 20.9% less than in the same period of the previous year, which had been strained by the pandemic. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met in some regions. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets. Customer interest in the Volkswagen Group's electrified vehicles was strongest in Western Europe, where we delivered around three-quarters of our plug-in hybrids and more than half of our all-electric models to customers in the first half of 2022. In this region, electrified vehicles accounted for 15.4 (15.3)% of the Group's total deliveries; the share of all-electric vehicles stood at 9.6 (7.5)%. The Group models with the highest sales volume were the T-Roc, Golf, Polo and T-Cross from the Volkswagen Passenger Cars brand. The CUPRA Formentor and Porsche 911 were also in high demand. In addition, the following new or successor models introduced to the market during the previous year proved very popular with customers: the Taigo from Volkswagen Passenger Cars, the ŠKODA Fabia and Enyaq iV, the CUPRA Born, the Multivan from Volkswagen Commercial Vehicles, the Audi Q4 e-tron, Q4 Sportback e-tron and Q5 Sportback, as well as the Porsche Macan and Porsche Taycan Cross Turismo. Among others, the T-Roc, T-Roc Cabriolet and ID.5 models from Volkswagen Passenger Cars, the ŠKODA Karoq, the Audi A8 and the Porsche Taycan Sport Turismo were successfully launched on the market during the reporting period as new or successor models. The Volkswagen Group's share of the passenger car market in Western Europe was 22.5 (24.3)%.

### PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO JUNE 30[1]

| | DELIVERIES (UNITS) | | CHANGE |
|---|---|---|---|
| | 2022 | 2021 | (%) |
| **Europe/Other Markets** | **1,596,834** | **2,132,338** | **–25.1** |
| **Western Europe** | **1,252,172** | **1,582,957** | **–20.9** |
| of which: Germany | 467,679 | 539,234 | –13.3 |
| France | 103,414 | 137,999 | –25.1 |
| United Kingdom | 171,639 | 243,115 | –29.4 |
| Italy | 113,165 | 153,122 | –26.1 |
| Spain | 103,138 | 130,229 | –20.8 |
| **Central and Eastern Europe** | **216,906** | **365,378** | **–40.6** |
| of which: Czech Republic | 52,006 | 65,030 | –20.0 |
| Russia | 34,402 | 119,504 | –71.2 |
| Poland | 51,595 | 73,581 | –29.9 |
| **Other Markets** | **127,756** | **184,003** | **–30.6** |
| of which: Turkey | 50,206 | 75,724 | –33.7 |
| South Africa | 34,518 | 36,791 | –6.2 |
| **North America** | **364,206** | **492,210** | **–26.0** |
| of which: USA | 262,845 | 372,982 | –29.5 |
| Canada | 42,260 | 50,428 | –16.2 |
| Mexico | 59,101 | 68,800 | –14.1 |
| **South America** | **157,664** | **236,277** | **–33.3** |
| of which: Brazil | 99,722 | 170,053 | –41.4 |
| Argentina | 22,944 | 35,037 | –34.5 |
| **Asia-Pacific** | **1,619,115** | **1,991,278** | **–18.7** |
| of which: China | 1,469,106 | 1,846,204 | –20.4 |
| India | 48,482 | 16,006 | x |
| Japan | 29,138 | 34,512 | –15.6 |
| **Worldwide** | **3,737,819** | **4,852,103** | **–23.0** |
| Volkswagen Passenger Cars | 2,076,061 | 2,703,241 | –23.2 |
| ŠKODA | 360,559 | 515,277 | –30.0 |
| SEAT | 204,122 | 281,129 | –27.4 |
| Volkswagen Commercial Vehicles | 153,630 | 205,028 | –25.1 |
| Audi | 785,099 | 981,681 | –20.0 |
| Lamborghini | 5,090 | 4,852 | +4.9 |
| Bentley | 7,398 | 7,199 | +2.8 |
| Porsche | 145,860 | 153,656 | –5.1 |
| Bugatti[2] | – | 40 | x |

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.
2 Until October 31, 2021.

**VOLKSWAGEN GROUP DELIVERIES BY MONTH**
*Vehicles in thousands*




In Germany, the number of Volkswagen Group vehicles handed over to customers in the first half of 2022 was down 13.3% on the already weak prior year in an overall market experiencing a significant decline. In addition to the uncertainty and measures being taken around the world to deal with the Covid-19 pandemic, persistent semiconductor shortages and the resulting limited availability of Group models meant that demand could not be adequately met. From late February 2022 onwards, the Russia-Ukraine conflict also created further parts supply shortages and greater uncertainty in the markets.

The Group models with the highest sales volume were the Golf and T-Roc from the Volkswagen Passenger Cars brand. Demand also increased for the T-Cross and ID.4 models from Volkswagen Passenger Cars, the CUPRA Formentor and the Audi Q3 and Audi Q3 Sportback among other models. The new or successor models introduced during the previous year – the Taigo from the Volkswagen Passenger Cars brand, the ŠKODA Fabia and Enyaq iV, the CUPRA Born, the Multivan from Volkswagen Commercial Vehicles, the Audi Q5 Sportback and the Porsche Macan and Taycan Cross Turismo – were also in high demand among customers. Six Group models led the Kraftfahrt-Bundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Golf, T-Roc, Tiguan, Passat, Porsche 911 and Multivan/Transporter. The Golf was again the most popular passenger car in Germany in terms of registrations in the first half of 2022.

In the Central and Eastern Europe region, the number of vehicles handed over to customers in the reporting period was more than 40% down year-on-year. This was due in particular to the slump in sales in the Russian market as a consequence of the sanctions imposed in connection with the Russia-Ukraine conflict. The overall market recorded a very sharp fall in demand at the same time. Demand developed encouragingly for the Taos and Taigo models from Volkswagen Passenger Cars and for the CUPRA Formentor. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region amounted to 21.5 (22.7)%.

In Turkey, the Volkswagen Group delivered 33.7% fewer vehicles to customers between January and June 2022 than in the prior-year period in an overall market experiencing a significant decline. The Polo was the most sought-after Group model. In the South African market, the number of Group models sold decreased by 6.2%, while the overall market recorded strong growth. The Polo from the Volkswagen Passenger Cars brand remained the most sought-after Group model in this region.

### Deliveries in North America

In North America, the number of Volkswagen Group models delivered to customers in the reporting period was down by around a quarter year-on-year. The overall market showed a significant decline in this period. The Group's share of the market in this region amounted to 4.5 (5.1)%. The Tiguan Allspace, Taos and Atlas from Volkswagen Passenger Cars were the most sought-after Group models in North America. In the US market, which is experiencing a significant decline, the Volkswagen Group delivered 29.5% fewer vehicles to customers between January and June 2022 than in the same period of the previous year. Here, too, parts supply shortages acted as a drag on the Group's sales figures. The Group models to record the greatest increases in absolute terms included the Taos from Volkswagen Passenger Cars, the A3 Saloon, e-tron GT and Q5 Sportback from the Audi brand and the Porsche Taycan Cross Turismo. The Jetta from Volkswagen Passenger Cars and the Porsche Macan were successfully launched on the market during the reporting period as new or successor models.

In Canada, the number of deliveries to Volkswagen Group customers decreased by 16.2% year-on-year in the reporting period. The overall market experienced a significant decline during this period. The Taos and ID.4 from Volkswagen Passenger Cars and the Audi A3 and Audi Q5 Sportback were some of the models that saw encouraging growth in demand.

In Mexico, where the overall market was on a level with the previous year, we delivered 14.1% fewer vehicles to customers in the first half of this year than in the prior-year period. Demand developed encouragingly for models such as the Saveiro, Taigun and Nivus from Volkswagen Passenger Cars.

#### Deliveries in South America

In the South American market for passenger cars and light commercial vehicles, which was slightly down on the prior-year level, the number of Group models handed over to customers between January and June 2022 decreased by a third year-on-year. The T-Cross, Gol and Nivus from Volkswagen Passenger Cars were the Group models with the highest sales volume. The Group's share of the market in South America amounted to 9.4 (13.6)%.

Compared with the previous year, the Volkswagen Group delivered 41.4% fewer vehicles to customers in the first six months of 2022 in the considerably weaker Brazilian market. Sales of the T-Cross and Taos from Volkswagen Passenger Cars developed encouragingly.

In Argentina, the number of Group models sold in the reporting period fell alongside the slightly declining overall market by 34.5% in comparison with the previous year. The Group models with the highest sales volume were the Taos from Volkswagen Passenger Cars and the Amarok from Volkswagen Commercial Vehicles.

#### Deliveries in the Asia-Pacific region

In the first six months of 2022, the Volkswagen Group saw its sales in the Asia-Pacific region fall by 18.7% year-on-year in a moderately weaker overall market. Parts supply shortages, especially for semiconductors, affected this region as well, and in addition, local lockdowns in China in connection with the Omicron variant of the SARS-CoV-2 virus resulted in restrictions. The Group's share of the passenger car market in this region amounted to 10.2 (12.0)%.

China's overall market recorded a distinct decline in the reporting period. The Volkswagen Group delivered 20.4% fewer vehicles to customers there than in the preceding year. The ID.3, ID.4 X, ID.4 CROZZ, ID.6 X, ID.6 CROZZ and Talagon models from Volkswagen Passenger Cars, the Audi Q5L Sportback and Audi A7L saloon as well as the Porsche Panamera introduced to the market as new or successor models during the previous year also showed a positive trend. The Golf, T-Roc and CC from Volkswagen Passenger Cars and the VS5 and VA3 from the JETTA brand were among the models that saw encouraging demand. The Bora, Lamando, Lavida, Sagitar and Viloran models from Volkswagen Passenger Cars, the ŠKODA Kodiaq and the Audi Q2L e-tron and Audi Q5 e-tron were successfully launched on the market during the reporting period as new or successor models.

In the significantly growing Indian passenger car market, the Volkswagen Group sold more than three times as many vehicles in the first six months of this year as compared with the prior-year period. The new Taigun from the Volkswagen Passenger Cars brand as well as the new Kushaq and the Rapid from ŠKODA were the most sought-after Group models there. The ŠKODA Kodiaq and the Porsche Taycan Saloon were successfully launched on the market during the reporting period as new or successor models.

In Japan, the number of Group models delivered to customers between January and June 2022 fell by 15.6% year-on-year in a considerably weaker overall market. Among other things, trends in sales of the Golf from Volkswagen Passenger Cars were encouraging.

### COMMERCIAL VEHICLE DELIVERIES

Between January and June 2022, the Volkswagen Group delivered 8.6% more commercial vehicles to customers worldwide than in the same period of the previous year. We delivered a total of 137,296 commercial vehicles to customers in the first half of this year. Trucks accounted for 115,117 units (+5.9%) and buses for 12,894 units (+98.3%). A total of 9,285 (–17.7%) vehicles from the MAN TGE van series were delivered. The American commercial vehicle manufacturer Navistar became a TRATON GROUP brand on July 1, 2021. Navistar sold a total of 37,333 heavy commercial vehicles in the first half of 2022.

In the 27 EU states excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3), sales from January to June 2022 were down by 18.0% on the same period of the previous year to a total of 50,953 units, of which 39,505 were trucks and 2,253 were buses. A total of 9,195 vehicles from the MAN TGE van series were delivered.

As a result of the sanctions imposed in connection with the Russia-Ukraine conflict, sales in Russia fell year-on-year to 1,495 (6,657) units, comprising 1,489 trucks and 6 buses.

Between January and June 2022, deliveries in Turkey decreased to 1,476 (3,020) vehicles. Trucks accounted for 1,418 units, buses for 28 units and the MAN TGE van series for 30 units. In South Africa, deliveries of Volkswagen Group commercial vehicles amounted to 1,774 units and remained virtually unchanged compared with the previous year; of this figure 1,572 were trucks and 202 were buses.

Sales in North America rose in the first half of 2022 to 37,579 vehicles (1,115); this included 31,195 trucks and 6,384 buses. This year, the figures also include Navistar's sales, whose vehicles were primarily handed over to customers in the United States.

Deliveries in South America declined to a total of 35,631 vehicles (–10.3%) in the reporting period, of which 32,349 were trucks and 3,282 were buses. Sales in Brazil were down by 16.7% in the first six months of 2022, falling to 28,479 units. Of the units delivered, 25,738 were trucks and 2,741 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 4,852 vehicles to customers in the reporting period; among these, 4,557 were trucks and 289 were buses. Overall, this was 24.5% less than in the previous year.

### COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO JUNE 30[1]

| | DELIVERIES (UNITS) | | CHANGE |
|---|---|---|---|
| | **2022** | 2021 | (%) |
| **Europe/Other Markets** | **59,234** | **79,213** | **–25.2** |
| of which: EU27+3 | 50,953 | 62,100 | –18.0 |
| of which: Germany | 13,018 | 16,384 | –20.5 |
| Russia | 1,495 | 6,657 | –77.5 |
| Turkey | 1,476 | 3,020 | –51.1 |
| South Africa | 1,774 | 1,767 | +0.4 |
| **North America** | **37,579** | **1,115** | **x** |
| of which: USA | 30,094 | – | x |
| Mexico | 5,158 | 1,111 | x |
| **South America** | **35,631** | **39,701** | **–10.3** |
| of which: Brazil | 28,479 | 34,195 | –16.7 |
| **Asia-Pacific** | **4,852** | **6,423** | **–24.5** |
| **Worldwide** | **137,296** | **126,452** | **+8.6** |
| Scania | 36,834 | 49,229 | –25.2 |
| MAN[2] | 34,785 | 47,231 | –26.4 |
| Navistar | 37,333 | – | x |
| Volkswagen Truck & Bus[2] | 28,344 | 29,992 | –5.5 |

1 Prior-year deliveries have been updated to reflect subsequent statistical trends. As of July 1, 2021, the figures include Navistar.
2 Deliveries for Volkswagen Truck & Bus were previously reported within MAN.

### DELIVERIES IN THE POWER ENGINEERING SEGMENT

Orders in the Power Engineering segment usually relate to individual elements within larger investment projects. Lead times range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

In the period from January to June 2022, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated more than three-quarters of overall sales revenue.

### VOLKSWAGEN GROUP FINANCIAL SERVICES

The Financial Services Division covers the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania and Porsche Holding Salzburg and also extends to the contracts concluded by our international joint ventures. As of July 1, 2021, it also includes the financial services business of Navistar.

The Financial Services Division's products and services were popular in the first half of 2022. However, demand was affected to varying degrees by the Covid-19 pandemic. Limited vehicle availability caused by parts supply shortages, and exacerbated by the Russia-Ukraine conflict, also weighed on demand. The number of new financing, leasing, service and insurance contracts signed worldwide fell by 8.3% to 4.2 million. The ratio of leased and financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets stood at 33.1 (36.1)% in the reporting period. The total number of contracts was 24.5 (24.5) million at the end of June 2022.

In the period from January to June 2022, the financial services business in the Europe/Other Markets region was impacted by the Covid-19 pandemic and by limited vehicle availability caused by parts supply shortages, as well as by the Russia-Ukraine conflict. At 3.0 million, the number of new contracts signed in the reporting period was down 8.5% on the previous year's figure. The total number of contracts as of June 30, 2022 was on a level with December 31, 2021 at 18.0 (18.0) million. The customer financing/leasing area was responsible for 7.3 (7.4) million of these contracts.

In North America, the number of new contracts signed decreased year-on-year in the reporting period to 371 (537) thousand owing to the decline in vehicle deliveries. The total number of contracts amounted to 3.1 million at the end of June, a 4.7% fall on the level reported at year-end. The customer financing/leasing area recorded 1.7 (1.9) million contracts.

In the South America region, 156 (179) thousand new contracts were concluded in the first half of this year. The total number of contracts rose to 761 thousand as of June 30, 2022, compared with 723 thousand as of December 31, 2021. The contracts mainly related to the customer financing/leasing area.

The number of new contracts signed in the Asia-Pacific region in the reporting period rose to 613 (522) thousand, exceeding the comparative figure for 2021. The total number of contracts came to 2.6 million on June 30, 2022, an increase of 2.3% on the 2021 year-end figure. The customer financing/leasing area recorded 1.7 (1.8) million contracts.

### SALES TO THE DEALER ORGANIZATION

In the first half of 2022, the Volkswagen Group's unit sales to the dealer organization declined year-on-year by 14.0% to 4,006,159 vehicles (including the equity-accounted companies in China). In the reporting period, limited vehicle availability as a result of the Covid-19 pandemic and bottlenecks in the supply of parts caused by the shortage of semiconductors and the Russia-Ukraine conflict had a negative impact. At 3,521,253 vehicles, unit sales outside Germany declined by 14.3% compared with the period from January to June 2021. China, the United Kingdom and Brazil were particularly affected, as was Russia, where vehicle exports were halted. By contrast, India and Mexico saw growth. Unit sales in Germany decreased by 11.8% year-on-year. Vehicles sold in Germany as a proportion of overall sales increased to 12.1 (11.8)%.

### PRODUCTION

In the reporting period, the Volkswagen Group produced 4,159,533 vehicles (including the equity-accounted companies in China), 7.8% less than in the same period of the previous year. The shortage of semiconductors and the disruption of supply chains caused by the Russia-Ukraine conflict and the Covid-19 pandemic led to production being halted in the Volkswagen Group.

Against the backdrop of the Russia-Ukraine conflict and the resulting consequences, Volkswagen decided to cease vehicle production in Russia until further notice. Between January and June 2022, production outside Germany decreased by 6.7% year-on-year, giving a total of 3,373,929 vehicles. The proportion of vehicles produced in Germany decreased to 18.9 (19.9)%.

### INVENTORIES

Global inventories of new vehicles at Group companies and in the dealer organization were higher on June 30, 2022 than at year-end 2021, and above the corresponding prior-year figure. Disruptions in logistics, among other factors, had a negative impact in the reporting period.

### EMPLOYEES

The Volkswagen Group had 641,900 active employees on June 30, 2022. A further 11,837 employees were in the passive phase of their partial retirement. In addition, there were 14,275 young people completing vocational traineeships. At the end of the reporting period, the Volkswagen Group had a total of 668,012 (672,789) employees worldwide. This represented a decrease since the end of 2021. The main reason was the deconsolidation of SITECH. A total of 290,014 people were employed in Germany, which was 1.7% lower than at December 31, 2021.

# Results of Operations, Financial Position and Net Assets

### BROSE SITECH SP. Z O.O. TRANSACTION

Following the fulfillment of all closing conditions, Brose Fahrzeugteile SE & Co. Kommanditgesellschaft (Brose) and Volkswagen Finance Luxemburg S.A., a subsidiary of Volkswagen AG, created a jointly operated company in early 2022 for the development and manufacture of complete seat units, seat structures and components, and solutions for vehicle interiors. As part of this arrangement, Brose acquired half of the shares in the previous Volkswagen Group company SITECH Sp. z o.o., Polkowice/Poland. Brose and Volkswagen each hold 50% of the jointly operated company – Brose Sitech Sp. z o.o. – with Brose taking the industrial lead and controlling the company. Given its significant influence following the transaction, Volkswagen accounts for Brose Sitech as an associate using the equity method. The change in the accounting policy did not have any material effect on the Volkswagen Group's profit or loss.

### ACQUISITION OF NAVISTAR

On July 1, 2021, a TRATON GROUP company acquired all of the outstanding shares in Navistar International Corporation (Navistar), a US manufacturer of commercial vehicles based in Lisle, Illinois/USA. Due to the size of the transaction, it was not possible to complete the in-house reviews of the information underlying the purchase price allocation until the current fiscal year. The update to the purchase price allocation did not materially affect the results of operations, financial position and net assets of the Volkswagen Group.

### TAKEOVER OF EUROPCAR

In 2021, together with investment firm Attestor Limited and Pon Holdings B.V., Volkswagen made a joint public takeover offer for the shares of Europcar Mobility Group S.A., Paris/France through the consortium company Green Mobility Holding S.A. (GMH) based in Strassen/Luxembourg. The European Commission issued final antitrust approval at the end of May 2022. During the extended offer period, the French Financial Markets Authority gave Europcar shareholders the opportunity to tender their shares to the consortium company. In total, 93.6% of Europcar's shareholders accepted the offer. The consortium jointly assumed control of Europcar in mid-June 2022. Because the acceptance rate was over 90%, a squeeze-out was initiated for the remaining Europcar shares in July 2022, and the company was delisted. As a result, the consortium company has held 100% of the shares in Europcar since July 13, 2022. The purchase price was 51 cents per Europcar share.

At the end of June 2022, the entire portion of the purchase price attributable to Volkswagen, amounting to €1.7 billion, was contributed to GMH. The company, in which Volkswagen holds 66% of the shares, will be accounted for in the Volkswagen consolidated financial statements using the equity method. In addition, Volkswagen is the writer of put options held by the other members of the consortium, and the other members have granted Volkswagen call options on their shares in the consortium company. The measurement of the options led to a non-cash gain of €7 million in the first half of 2022, which was recognized in the financial result.

### SPECIAL ITEMS

Special items consist of certain items in the financial statements whose separate disclosure the Board of Management believes can enable a better assessment of our economic performance.

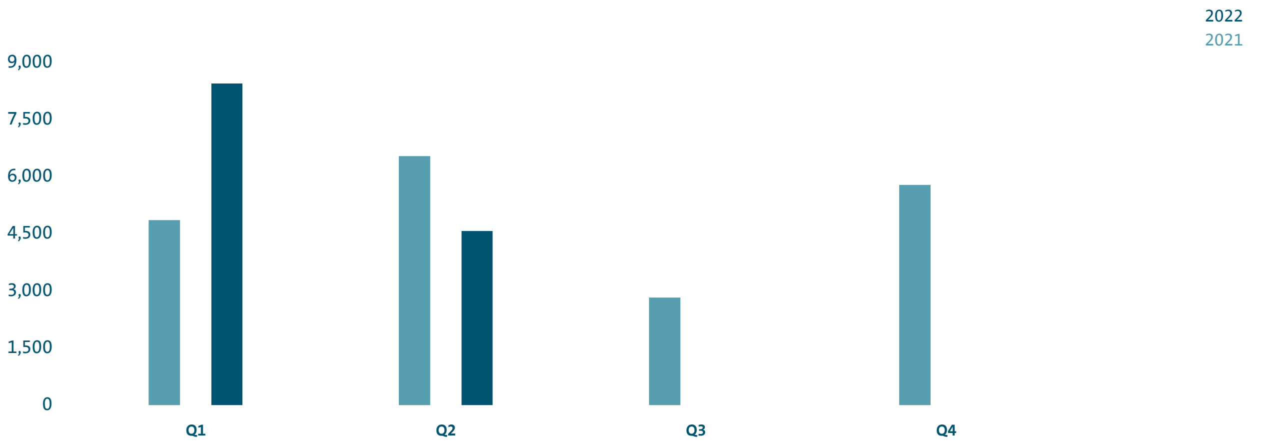
The operating result in the Passenger Cars Business Area was affected by negative special items of €–0.4 billion in connection with the diesel issue in the period from January to June 2022. These special items were mainly attributable to additional expenses for legal risks.

### RESULTS OF OPERATIONS OF THE GROUP

In the first half of 2022, the Volkswagen Group's sales revenue, which amounted to €132.3 (129.7) billion, was slightly above the prior-year level. Improved price positioning, positive mix and exchange rate effects and the good business performance of the Financial Services Division were set against the fact that vehicle availability continued to be limited due to parts supply shortages. Consolidated sales revenue includes an amount of €4.7 billion relating to Navistar; Navistar has been included in consolidation since July 1, 2021. In the period from January to June 2022, the Volkswagen Group generated 82.2 (82.5)% of its sales revenue abroad. Gross profit was up at €26.5 (24.8) billion, while the gross margin improved to 20.0 (19.2)%.

The Volkswagen Group's operating result before special items rose by €1.8 billion to €13.2 billion in the reporting period. The operating return on sales before special items increased to 10.0 (8.8)%. Positive effects resulted mainly from the price positioning, the mix and the fair value measurement and realization of derivatives to which hedge

**OPERATING PROFIT BEFORE SPECIAL ITEMS BY QUARTER**
*Volkswagen Group in € million*




**RESULTS OF OPERATIONS IN THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS FROM JANUARY 1 TO JUNE 30**

| € million | 2022 | 2021 |
|---|---|---|
| **Passenger Cars** | | |
| Sales revenue | 89,820 | 92,041 |
| Operating result | 8,978 | 8,521 |
| Operating return on sales (%) | 10.0 | 9.3 |
| | | |
| **Commercial Vehicles**[1] | | |
| Sales revenue | 17,613 | 13,404 |
| Operating result | 618 | 334 |
| Operating return on sales (%) | 3.5 | 2.5 |
| | | |
| **Power Engineering** | | |
| Sales revenue | 1,632 | 1,581 |
| Operating result | 129 | –14 |
| Operating return on sales (%) | 7.9 | –0.9 |

1 As of July 1, 2021, the figures include Navistar.

accounting is not applied (especially commodity and currency hedges) in an amount of €1.6 (1.2) billion. The Financial Services Division's good business performance and positive effects from derivatives in the Financial Services Division contributed to higher Group earnings. These factors were offset in the first half of 2022 by expenses in the mid-three-digit million euro range relating to loss allowances and risk provisions as a consequence of the direct impact of the Russia-Ukraine conflict, as well as higher product costs, especially for commodities. In the period from January to June 2022, the Passenger Cars Business Area reported one-off expenses for restructuring measures at SEAT in an amount of €0.2 billion. In the previous year, one-off expenses for restructuring measures had been recognized in the Commercial Vehicles Business Area. In the reporting period, special items in connection with the diesel issue reduced the operating result by €–0.4 billion. In the first six months of 2022, the Volkswagen Group's operating result increased by a total of €1.5 billion to €12.8 billion, and the operating return on sales improved to 9.7 (8.8)%.

The financial result stood at €1.2 (–0.2) billion. The share of the result of equity-accounted investments was higher than a year earlier. The interest expenses included in the financial result decreased by €0.9 billion due to measurement-related factors resulting primarily from a change in the discount rates used in the measurement of provisions. In the other financial result, changes in share prices, mainly as a result of the Russia-Ukraine conflict, weighed on net income from securities and funds; this was set against favorable exchange rate effects. The previous year had also been negatively impacted by measurement effects on forward purchase agreements for new shares in QuantumScape.

The Volkswagen Group's earnings before tax increased by €2.9 billion to €14.0 billion in the period from January to June 2022. Earnings after tax amounted to €10.6 billion, €2.2 billion up on the prior-year value.

### Results of operations in the Automotive Division

The Automotive Division recorded sales revenue of €109.1 (107.0) billion in the first six months of 2022, slightly up on the prior-year period. Improvements, above all in the price positioning, the mix and exchange rate trends were set against adverse factors resulting in particular from lower vehicle sales due to parts supply shortages. In the Passenger Cars Business Area, sales revenue in the reporting period was slightly below that of the prior year. In the Commercial Vehicles Business Area, it rose sharply, by 31.4%, compared with the previous year, whereby the prior-year figure had not yet included the Navistar business. The sales revenue generated by the Power Engineering Business Area was slightly higher than in the same period of 2021. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is primarily reflected in the Group's sales revenue only through deliveries of vehicles and vehicle parts.

Cost of sales was virtually on a level with the previous year, while the research and development costs recognized in profit or loss included in this figure were higher. The ratio of cost of sales to sales revenue decreased. At 8.5 (7.2)%, total research and development costs as a percentage of the Automotive Division's sales revenue (research and development ratio or R&D ratio) were higher than in the first half of 2021, driven by a significant increase in total research and development costs.

Both distribution expenses and their ratio to sales revenue were similar to the previous year, while administrative expenses and their ratio to sales revenue went up in the same period. The other operating result improved by €0.6 billion to €0.8 billion, benefiting mainly from the effects of the fair value measurement and realization of derivatives to which hedge accounting is not applied (especially commodity and currency hedges) in the amount of €1.5 (1.2) billion. This was offset in the first half of 2022 mainly by expenses relating to loss allowances and risk provisions as a consequence of the direct impact of the Russia-Ukraine conflict. One-off expenses for restructuring measures had weighed on performance in both periods. Negative special items in connection with the diesel issue in an amount of €–0.4 billion had to be recognized in the first half of 2022.

The Automotive Division's operating result improved by €0.9 billion to €9.7 billion in the period from January to June 2022. The operating return on sales amounted to 8.9 (8.3)%. Favorable price positioning and changes in the mix, as well as the fair value measurement and realization of derivatives to which hedge accounting is not applied had a positive effect, offset by a decline in unit sales as a result of parts supply shortages, higher product costs (especially for commodities) and the recognition of negative special items in the reporting period. At €10.1 (8.8) billion, the operating result before special items exceeded the prior-year amount by €1.2 billion; the operating return on sales before special items climbed to 9.2 (8.3)%.

Our operating result largely benefits from the business performance of our equity-accounted Chinese joint ventures only through deliveries of vehicles and vehicle parts and through license income, as the joint ventures are accounted for in the financial result.

#### Results of operations in the Financial Services Division

In the period from January to June 2022, the Financial Services Division recorded sales revenue of €23.2 billion, 2.6% more than a year earlier. Driven by a rise in sales revenue from the leasing business, cost of sales increased more slowly than sales revenue, ending the period on a level with the previous year.

Due to its improved business performance, driven primarily by the fact that demand continued to be strong for used vehicles, and by positive effects from derivatives, the Financial Services Division's operating result increased by a total of €0.6 billion to €3.1 billion. This was offset in the first half of 2022 mainly by expenses relating to loss allowances and by risk provisions due among other things to the direct impact of the Russia-Ukraine conflict. The operating return on sales increased to 13.4 (11.1)%.

### FINANCIAL POSITION OF THE GROUP

In the period from January to June 2022, the Volkswagen Group's gross cash flow was €25.4 billion, €1.4 billion higher than in the first half of 2021. The improved earnings had a positive impact compared to the prior-year period, while the fact that the Chinese joint venture FAW-Volkswagen had not yet passed its dividend resolution in the reporting period had an adverse impact. The change in working capital amounted to €–8.5 (–5.6) billion. A smaller increase in lease assets and a higher increase in liabilities were unable to offset a decline in other provisions and a higher rise in inventories and receivables. The cash outflows attributable to the diesel issue were higher than in the prior-year period. The payment of the fine arising from the EU antitrust proceedings against Scania led to a cash outflow of €0.9 billion in the reporting period. As a result, cash flows from operating activities declined by €1.5 billion to €16.9 billion.

Investing activities attributable to operating activities increased by €2.4 billion to €11.5 billion. This also includes the full portion of the purchase price payable by Volkswagen for the acquisition of Europcar, amounting to €1.7 billion, which was contributed to Green Mobility Holding.

Financing activities led to a cash outflow of €9.2 (1.3) billion, reflecting mainly the issuance and redemption of bonds and other financial liabilities, the redemption of the hybrid note called in February 2022, the issuance of the hybrid notes successfully placed in March 2022, and the payment of the €3.8 billion dividend to the shareholders of Volkswagen AG.

On June 30, 2022, the Volkswagen Group's cash and cash equivalents reported in the cash flow statement amounted to €33.9 (40.9) billion.

At the end of June 2022, the Volkswagen Group's net liquidity stood at €–137.7 billion, compared with €–136.6 billion on December 31, 2021.

**FINANCIAL POSITION IN THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS FROM JANUARY 1 TO JUNE 30**

| € million | 2022 | 2021 |
|---|---|---|
| **Passenger Cars** | | |
| Gross cash flow | 15,174 | 15,712 |
| Change in working capital | –1,043 | 2,099 |
| Cash flows from operating activities | 14,131 | 17,812 |
| Cash flows from investing activities attributable to operating activities | –10,495 | –8,250 |
| Net cash flow | 3,636 | 9,562 |
| | | |
| **Commercial Vehicles**[1] | | |
| Gross cash flow | 1,875 | 1,366 |
| Change in working capital | –2,549 | –229 |
| Cash flows from operating activities | –674 | 1,137 |
| Cash flows from investing activities attributable to operating activities | –789 | –610 |
| Net cash flow | –1,464 | 527 |
| | | |
| **Power Engineering** | | |
| Gross cash flow | 196 | 188 |
| Change in working capital | –48 | –49 |
| Cash flows from operating activities | 147 | 139 |
| Cash flows from investing activities attributable to operating activities | –26 | –36 |
| Net cash flow | 121 | 103 |

1 As of July 1, 2021, the figures include Navistar.

### Financial position of the Automotive Division

The Automotive Division's gross cash flow in the first half of 2022 was on a level with the previous year, at €17.2 (17.3) billion. Higher earnings were set against the fact that FAW-Volkswagen had not yet passed its dividend resolution in the reporting period. The change in working capital, which amounted to €–3.6 (1.8) billion, was due primarily to a decrease in other provisions and a year-on-year increase in inventories, offset by a larger rise in liabilities. The cash outflows attributable to the diesel issue were higher in the reporting period than in the previous year. As a result, cash flows from operating activities went down by €5.5 billion to €13.6 billion.

Investing activities attributable to operating activities in the Automotive Division rose by €2.4 billion to €11.3 billion in the period from January to June 2022. Within this figure, investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased by €0.3 billion to €4.1 billion. The ratio of capex to sales revenue went up to 3.7 (3.5)%. A considerable portion of capex was allocated primarily to our production facilities and to models to be launched this year and next, the electrification and digitalization of our products, and our modular toolkits and platforms. At €4.8 billion, additions to capitalized development costs in the first half of 2022 exceeded the prior-year figure by €1.1 billion. As a result of strategic investments in a variety of companies, especially in Europcar, the "Acquisition and disposal of equity investments" item increased year-on-year. The sale of Sitech Sp. z o.o had the opposite effect.

The Automotive Division's net cash flow of €2.3 billion in the first six months of 2022 fell €7.9 billion short of the previous year's figure.

Financing activities relate to the issuance and redemption of bonds, as well as to changes in other financial liabilities; in the period from January to June 2022, they resulted in a total cash outflow of €2.8 (3.4) billion. Hybrid notes with a total nominal amount of €2.25 billion, which were successfully issued via Volkswagen International Finance N.V. in March 2022, also led to a cash inflow. This comprises a €1.0 billion note with a coupon of 3.748%, which is noncallable for five years and nine months, and a €1.25 billion note with a coupon of 4.375%, which is noncallable for nine years. Both notes are perpetual and increase net liquidity and equity by the nominal amount less transaction and other costs. The repayment of the hybrid note called in February 2022 resulted in a cash outflow of €1.1 billion in the reporting period. The dividend payment to shareholders of Volkswagen AG was made in May 2022. This was set against cash inflows from the dividends paid by financial services companies. The prior-year period had included the repayment of a hybrid note.

At the end of June 2022, the Automotive Division's net liquidity stood at €28.2 billion, compared with €26.7 billion on December 31, 2021.

### Financial position of the Financial Services Division

The Financial Services Division recorded gross cash flow of €8.2 billion in the reporting period, 20.3% up on the previous year, due mainly to higher earnings. The change in working capital amounted to €–4.9 (–7.4) billion. A smaller rise in lease assets was set against a larger increase in receivables and a smaller decline in inventories year-on-year. As a result, cash flows from operating activities grew by €4.0 billion to €3.3 billion.

Investing activities attributable to operating activities were on a level with the previous year, at €0.2 (0.2) billion.

Financing activities in the Financial Services Division accounted for cash outflows of €–6.4 billion in the reporting period. This figure relates primarily to the issuance and redemption of bonds and to other financial liabilities as well as the dividend payment by the financing companies. In the prior-year period, there had been a cash inflow of €2.1 billion.

#### BALANCE SHEET STRUCTURE OF THE PASSENGER CARS, COMMERCIAL VEHICLES AND POWER ENGINEERING BUSINESS AREAS

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| **Passenger Cars** | | |
| Noncurrent assets | 139,778 | 133,857 |
| Current assets | 92,892 | 86,362 |
| **Total assets** | **232,670** | **220,218** |
| Equity | 109,725 | 93,894 |
| Noncurrent liabilities | 71,511 | 80,621 |
| Current liabilities | 51,434 | 45,704 |
| | | |
| **Commercial Vehicles** | | |
| Noncurrent assets | 34,552 | 34,730 |
| Current assets | 14,387 | 12,264 |
| **Total assets** | **48,940** | **46,994** |
| Equity | 13,783 | 12,807 |
| Noncurrent liabilities | 18,130 | 17,778 |
| Current liabilities | 17,027 | 16,409 |
| | | |
| **Power Engineering** | | |
| Noncurrent assets | 1,849 | 1,804 |
| Current assets | 3,028 | 2,914 |
| **Total assets** | **4,877** | **4,718** |
| Equity | 2,496 | 2,322 |
| Noncurrent liabilities | 391 | 524 |
| Current liabilities | 1,989 | 1,872 |

On June 30, the Financial Services Division's negative net liquidity, which is common in the industry, was €–165.9 billion, compared with €–163.3 billion on December 31, 2021.

#### CONSOLIDATED BALANCE SHEET STRUCTURE

The Volkswagen Group had total assets of €546.9 billion on June 30, 2022, 3.5% more than at the end of 2021. The increase was mainly attributable to higher earnings, changes in interest and exchange rates and the successful placement of the hybrid notes. The Group's equity amounted to €166.2 billion at the end of the first half of 2022, up €20.1 billion from December 31, 2021. The equity ratio rose to 30.4 (27.6)%.

##### Automotive Division balance sheet structure

At the end of June 2022, the Automotive Division's intangible assets were higher than at the end of the previous year, mainly because of a rise in capitalized development costs. Property, plant and equipment declined slightly, due primarily to depreciation in excess of additions. Equity-accounted investments were higher as a result of the rise stemming from capital increases, especially at Green Mobility Holding, and the positive results of the Chinese joint venture companies, offset in the first half of 2022 by the dividend resolution of SAIC VOLKSWAGEN. Noncurrent other receivables and financial assets were up, mainly because of positive effects from the measurement of derivatives. Overall, noncurrent assets were higher than at the end of 2021, at €176.2 (170.4) billion.

At the end of the first half of 2022, current assets climbed by €8.8 billion to €110.3 billion compared with December 31, 2021. The inventories included in this figure expanded, due in particular to production factors and exchange rate movements. Current other receivables and financial assets increased, mainly because of higher trade receivables and positive effects from the measurement of derivatives. The Automotive Division's cash and cash equivalents went down by €1.8 billion to €23.7 billion.

The "Assets held for sale" item consists of the carrying amounts of the assets of a TRATON subsidiary intended for derecognition. The "Liabilities held for sale" item comprises the carrying amount of the corresponding liabilities intended for derecognition.

The Automotive Division's equity amounted to €126.0 billion, up €17.0 billion on the figure at the end of 2021. Good earnings performance, lower actuarial losses from the remeasurement of pension plans, positive currency translation effects and the hybrid notes issued in March 2022 pushed equity higher, while the redemption of the hybrid note called in the first quarter of 2022 reduced this item. Noncontrolling interests are primarily held by the noncontrolling interest shareholders of the TRATON GROUP.

Noncurrent liabilities decreased by €8.9 billion to €90.0 (98.9) billion. The pension provisions included in this figure decreased, driven primarily by actuarial remeasurement following a change in the discount rate. Noncurrent other liabilities were driven higher by factors such as the effects of derivatives measurement included in other financial liabilities. At the end of the first half of 2022, current liabilities rose significantly to €70.4 (64.0) billion. Current financial liabilities amounted to €–13.3 (–10.2) billion. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed in both periods. Trade payables increased significantly compared with the end of 2021. Current other liabilities expanded and, due among other things to the effects of the measurement of derivatives, the other financial liabilities included in this item exceeded the figure as of December 31, 2021.

At the end of June 2022, the Automotive Division had total assets of €286.5 billion, 5.4% more than on December 31, 2021.

### Financial Services Division balance sheet structure

The Financial Services Division's total assets stood at €260.4 (256.7) billion at the end of June 2022.

Total noncurrent assets were 1.7% higher than the level at the end of 2021. The lease assets contained in this item increased due to exchange rate movements.

Current assets totaled €99.7 (98.8) billion and were approximately on a level with the end of the previous year. The current financial services receivables, current other receivables and financial assets included in this item were up, while cash and cash equivalents declined.

At the end of the first half of 2022, the Financial Services Division accounted for 47.6 (48.6)% of the Volkswagen Group's assets.

On June 30, 2022, the Financial Services Division's equity stood at €40.2 billion, €3.1 billion more than on December 31, 2021. The equity ratio went up to 15.4 (14.5)%.

At €117.3 (119.1) billion, noncurrent liabilities were on a level with the end of the previous year.

The current financial liabilities included in current liabilities rose, while other current financial liabilities declined. In total, current liabilities were €2.5 billion higher than on December 31, 2021, increasing to €102.9 billion.

At €27.2 (26.7) billion, deposits from the direct banking business exceeded those on December 31, 2021.

## REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

As a result of the Russia-Ukraine conflict and the spread of the Omicron variant of the coronavirus in China, combined with the restrictions imposed as part of the zero-Covid strategy in place there, our risk exposure has increased.

The Russia-Ukraine conflict has created considerable uncertainty, particularly with regard to the potential impact of the actions of the political players, primarily where the duration, intensity and allocation of energy supplies and their impact on the supply chain are concerned.

Particularly, the supply of energy, other raw materials and parts for the production process could result in greater constraints, especially in Europe, where a gas shortage is possible. Higher energy and commodity prices plus greater volatility could add to the strain. Furthermore, inflation rates could reduce purchasing power, adversely affect consumer behavior and put a damper on demand for our products. Moreover, the need might arise to recognize further impairment losses on assets and additional risk provisions.

Based on developments in the first half of the year, we have adjusted our forecast for the following core performance indicators:

In the Automotive Division, we are assuming higher upfront investment in new technologies and therefore anticipate increasing primary research and development costs and an R&D ratio of around 8%. Compared with previous expectations, we are lowering the forecast capex ratio to around 5%.

In terms of operating result for the Passenger Cars Business Area before and after special items, we are lifting the forecast for the operating return on sales to a range of 8% to 9%.

We are reducing the expected range for the Commercial Vehicles Business Area's operating return on sales to 4% to 5%.

For the Financial Services Division, we have increased our expectation for the operating result to around €5 billion.

The forecast for all other core performance indicators remains unchanged.

The outlook for fiscal year 2022 can be found on page 27.

Diesel issue

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)

The criminal investigation conducted by the Stuttgart Office of the Public Prosecutor against a member of the Board of Management of Dr. Ing. h.c. F. Porsche AG and others on suspicion of fraud and illegal advertising relating to the diesel issue has in the interim been terminated at the end of April 2022, as regards *inter alia* the Board of Management member, against payment of a sum set by the court.

2. Product-related lawsuits worldwide (excluding the USA/Canada)

In Brazil, the plaintiff in the second pending consumer protection class action has appealed the trial court's October 2021 judgment dismissing the complaint.

In England and Wales, roughly 91 thousand claims of the group litigation against the Volkswagen Group were settled out of court for the sum of £ 193 million (€231 million) as well as a separate amount for attorney fees and other costs in May 2022.

In the Netherlands, the court hearing the class action brought by the Diesel Emissions Justice Foundation (DEJF) rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. The interlocutory judgment further finds that the Amsterdam court lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands. The DEJF has appealed this judgment.

In Germany, the Bundesgerichtshof (BGH – Federal Court of Justice) rendered a judgment in June 2022 holding, in a case involving the damage claims of Swiss vehicle purchasers, that the assignment of claims to financialright GmbH was valid. The BGH did not address the merits of the claims.

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

3. Proceedings in the USA/Canada

As to private civil law matters, the Superior Court of Quebec approved the settlement of an environmental class action lawsuit seeking punitive damages on behalf of the residents of the Province of Quebec in June 2022; an appeal of that approval on the limited subject of counsel fees is pending.

4. Special audit

In the reporting period, Volkswagen AG has filed an action before the Braunschweig Regional Court against the special auditor appointed by the Celle Higher Regional Court; Volkswagen AG is seeking an injunction enjoining the special auditor from performing the audit as long as he has not furnished sufficient proof of his independence.

Additional important legal cases

In April 2022, Scania filed an appeal with the European Court of Justice against the February 2022 judgment of the European General Court (Court of First Instance) in connection with the monetary fine imposed by the European Commission for the alleged illegal information exchange between certain truck manufacturers.

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

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and vans up to 3.75 tons). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the "ACEA" Working Group Recycling and related sub-groups thereof. Volkswagen AG has responded to the European Commission's information request. Volkswagen Group UK is cooperating with the CMA.

The final Profit Sharing Settlement Agreement entered into by Navistar in December 2021 to resolve disputes concerning the calculation of profit sharing amounts for purposes of Navistar's corporate retiree healthcare commitments received final approval from the relevant court in June 2022. Navistar has paid the entire amount of all remaining sums required to fulfill the agreement of about €0.4 billion.

In line with IAS 37.92, no further statements have been made concerning estimates of the financial impact or regarding uncertainties as to the amount or maturity of provisions and contingent liabilities in relation to the legal risks. This is so as to not compromise the results of the proceedings or the interests of the Company.

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group's expected development in fiscal year 2022 contained in the combined management report of the 2021 Annual Report in the sections "Report on Expected Developments" and "Report on Risks and Opportunities", including in section "Legal Risks".

# Outlook

Our planning is based on the assumption that global economic output will continue to grow in 2022, albeit at a lower level overall, after the recovery observed in the past fiscal year – provided that the Covid-19 pandemic does not flare up and that shortages of intermediates and commodities become less intense. We believe that risks will arise from protectionist tendencies, turbulence in the financial markets, structural deficits in individual countries and the effects of high inflation and rising interest rates worldwide on the economy. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict, including in relation to the security of supply of energy resources in Europe. We anticipate that both the advanced economies and the emerging markets will experience declining yet positive momentum.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2022. Overall, the global volume of new vehicle sales is expected to be on a par with the previous year without reaching the pre-pandemic level. This prediction assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense. For 2022, we anticipate that the volume of new passenger car registrations in Western Europe will be in the same range as the previous year's figure. In the German passenger car market, we expect the volume of new registrations in 2022 to also match the prior-year figure. We expect a very sharp drop in the sales of passenger cars in Central and Eastern Europe in 2022 compared to the prior year, due in particular to the slump in the Russian market as a consequence of the sanctions imposed. Sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2022 is forecast to be at the previous year's level. We anticipate a slight increase overall in new registrations in the South American markets in 2022 compared with the previous year. The passenger car markets in the Asia-Pacific region are also expected to be slightly up on the prior-year level in 2022.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed; on the whole, we anticipate a sales volume for 2022 in the range of the previous year. This assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense.

For 2022, we expect an overall slightly positive development in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year, with variations from region to region, in the markets that are relevant for the Volkswagen Group. A distinct increase in overall demand, with regional variations, is expected for 2022 in the bus markets relevant for the Volkswagen Group.

We anticipate that automotive financial services will continue to prove highly important to global vehicle sales in 2022.

We believe we are well prepared overall for the future challenges pertaining to automotive business activities and for the mixed development of the regional automotive markets. Our brand diversity, our presence in all major world markets, our broad and selectively expanded product range, and our technologies and services put us in a good competitive position worldwide. As part of the transformation of our core business, we are positioning our Group brands with an even stronger focus on their individual characteristics, and are optimizing our vehicle and drive portfolio. The focus is primarily on our vehicle fleet's carbon footprint and on the most attractive and fastest-growing market segments. In addition, we are working to leverage the advantages of our multibrand Group even more effectively with the ongoing development of new technologies and the enhancement of our toolkits.

We anticipate that, given the continuing challenging market conditions, deliveries to customers of the Volkswagen Group in 2022 will be 5% to 10% up on the previous year. This assumes that the Covid-19 pandemic will not flare up and that shortages of intermediates and commodities will become less intense. The 2022 fiscal year will continue to be affected by shortfalls in supply due to the structural shortage of semiconductors. We anticipate that the supply of semiconductors will improve in the second half of the year, compared with the first half.

Challenges will arise particularly from the economic situation, the increasing intensity of competition, volatile commodity and foreign exchange markets, securing supply chains and more stringent emissions-related requirements.

We expect the sales revenue of the Volkswagen Group and of the Passenger Cars Business Area in 2022 to be 8% to 13% higher than the prior-year figure. In terms of operating result for the Group before and after special items, we forecast an operating return on sales in the range of 7.0% to 8.5% in 2022. In terms of operating result for the Passenger Cars Business Area before and after special items, we expect an operating return on sales in the range of 8% to 9% in 2022. For the Commercial Vehicles Business Area, we anticipate an operating return on sales of 4% to 5% amid a strong year-on-year increase in sales revenue, including Navistar. In the Power Engineering Business Area, we expect sales revenue to be moderately above the prior-year figure and operating result to be in the low triple-digit million euro range. For the Financial Services Division, we forecast that sales revenue will be noticeably higher than the prior-year figure and that the operating result will be around €5 billion.

# Brands and Business Fields

## SALES REVENUE AND OPERATING RESULT BY BRAND AND BUSINESS FIELD

At the beginning of 2022, we aligned the reporting structure by brand and business field with the Group's current strategy and management structure.

The Volkswagen Group generated sales revenue of €132.3 (129.7) billion from January to June 2022 despite a decline in volumes caused by the Covid-19 pandemic, the Russia-Ukraine conflict and the still limited vehicle availability due to parts supply shortages. The operating result before special items improved to €13.2 (11.4) billion. The diesel issue gave rise to special items of €–0.4 billion in the first six months of this year.

In the first half of this year, the Volume brand group sold 2.0 (2.4) million vehicles, generating sales revenue of €53.0 (55.3) billion. The operating result before special items amounted to €2.6 (2.9) billion.

The Volkswagen Passenger Cars brand sold 1.2 (1.6) million vehicles in the reporting period. The decline was due primarily to the limited vehicle availability caused by parts supply shortages. ID. family models and the T-Cross were increasingly sought-after, and the new Taigo was also very popular. Sales revenue decreased by 7.0% year-on-year to €33.3 billion. The operating result before special items increased to €1.9 (1.2) billion, principally as a result of reduced sales incentives, improved price positioning and positive mix effects. Increased commodity prices adversely affected earnings. The diesel issue gave rise to negative special items.

Unit sales by the ŠKODA brand in the reporting period fell short of the previous year's level at 447 (463) thousand vehicles. The decrease in Europe was offset to some extent by the successful growth in India. Growth was recorded particularly by the Enyaq iV. At €10.2 (10.2) billion, sales revenue was in the same range as the prior-year figure. The operating result fell to €676 (974) million driven by product cost and exchange rate effects. In addition, the Russia-Ukraine conflict weighed on the result, while mix effects had a positive impact.

Between January and June of this year, 236 thousand SEAT and CUPRA vehicles were sold, a decrease of 23.9% on the prior-year period. This figure includes the A1 manufactured for Audi. The CUPRA Formentor saw rising demand, and the CUPRA Born was well received by the market. Sales revenue decreased by 4.9% to €5.4 billion. Positive mix effects and improved price positioning were the main factors driving SEAT's operating result clearly into the black, although one-off expenses for restructuring measures of €244 million ultimately led to an operating loss of €-97 (-26) million.

Unit sales of Volkswagen Commercial Vehicles in the reporting period were down on the prior-year level at 153 (188) thousand vehicles worldwide. Sales revenue decreased to €5.0 (5.3) billion. The operating result rose to €187 (87) million, due mainly to price- and mix-related factors. $CO_2$ emissions premiums had to be taken into account in the previous year.

Sales revenue for Tech. Components amounted to €8.1 (9.8) billion in the first half of 2022. The operating result fell to €–28 (575) million, primarily as a result of lower volumes.

Unit sales at Audi (Premium brand group) amounted to 513 (609) thousand vehicles globally in the first six months of 2022. A further 277 (367) thousand Audi vehicles were sold by the Chinese joint ventures FAW-Volkswagen and SAIC VOLKS-

### VOLKSWAGEN GROUP REPORTING STRUCTURE

**AUTOMOTIVE DIVISION**

**Passenger Cars Business Area**
Volkswagen Passenger Cars
ŠKODA
SEAT
Volkswagen Commercial Vehicles
Tech. Components
Audi
Porsche Automotive
CARIAD
Others

**Commercial Vehicles Business Area**
TRATON Commercial Vehicles

**Power Engineering Business Area**
MAN Energy Solutions

**FINANCIAL SERVICES DIVISION**

Dealer and customer financing
Leasing
Direct bank
Insurance
Fleet management
Mobility services

WAGEN. Demand for the Audi A3 in particular was up on the previous year. The new Audi Q4 e-tron had a very successful market launch. Despite the lower volume, sales revenue was almost at the level of the figure for the prior-year period at €29.9 (30.5) billion. The operating result before special items improved to €5.0 (3.3) billion, mainly on the back of a strong performance in the new and used car market, positive effects from derivatives and solid results from the Lamborghini, Bentley and Ducati brands, as well as lower fixed costs. The diesel issue resulted in low negative special items. Ducati sold 33,865 (35,028) motorbikes in the first six months of this year.

In the first half of 2022, Porsche Automotive (Sport & Luxury brand group) sold 149 (152) thousand vehicles worldwide. The 911, Panamera and Cayenne models all sold more units than in the previous year. Sales revenue rose to €16.4 (15.1) billion. The operating result increased to €3.3 (2.7) billion, due primarily to higher earnings contributions and positive exchange rate effects.

The Navistar brand has been a member of the TRATON GROUP since July 1, 2021, which resulted in higher figures in the first half of 2022 than in the previous year. Unit sales of TRATON Commercial Vehicles went up to 138 (127) thousand vehicles and sales revenue of €17.6 billion was 31.4% higher than in the same period of 2021. Amounting to €617 (355) million, the operating result was higher than in the prior-year period, which had been affected by restructuring measures at MAN Commercial Vehicles in Europe. Mix and exchange rate effects also had a positive effect.

MAN Energy Solutions generated sales revenue of €1.6 (1.6) billion in the reporting period. The operating result improved to €131 (82) million due to mix-related factors.

### KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO JUNE 30

| | VEHICLE SALES | | SALES REVENUE | | OPERATING RESULT | |
|---|---|---|---|---|---|---|
| Thousand vehicles/€ million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Volume brand group | 1,956 | 2,388 | 53,010 | 55,345 | 2,646 | 2,874 |
| Volkswagen Passenger Cars | 1,218 | 1,552 | 33,322 | 35,819 | 1,860 | 1,202 |
| ŠKODA | 447 | 463 | 10,223 | 10,199 | 676 | 974 |
| SEAT | 236 | 310 | 5,377 | 5,656 | –97 | –26 |
| Volkswagen Commercial Vehicles | 153 | 188 | 5,046 | 5,298 | 187 | 87 |
| Tech. Components | – | – | 8,147 | 9,755 | –28 | 575 |
| Consolidation | –97 | –125 | –9,105 | –11,382 | 50 | 62 |
| Audi (Premium brand group)[1] | 513 | 609 | 29,869 | 30,536 | 4,965 | 3,291 |
| Porsche Automotive (Sport & Luxury brand group)[2] | 149 | 152 | 16,425 | 15,107 | 3,261 | 2,660 |
| TRATON Commercial Vehicles[3] | 138 | 127 | 17,613 | 13,404 | 617 | 355 |
| Equity accounted companies in China[4] | 1,431 | 1,522 | – | – | – | – |
| MAN Energy Solutions | – | – | 1,632 | 1,581 | 131 | 82 |
| CARIAD | – | – | 249 | 170 | –978 | –502 |
| Volkswagen Financial Services | – | – | 21,943 | 21,556 | 2,983 | 2,339 |
| Other[5] | –180 | –138 | –8,457 | –8,029 | –438 | 258 |
| **Volkswagen Group before special items** | **–** | **–** | **–** | **–** | **13,188** | **11,358** |
| Special items | – | – | – | – | –360 | – |
| **Volkswagen Group** | **4,006** | **4,660** | **132,285** | **129,669** | **12,828** | **11,358** |
| Automotive Division[6] | 4,006 | 4,660 | 109,066 | 107,027 | 9,726 | 8,841 |
| of which: Passenger Cars Business Area | 3,868 | 4,533 | 89,820 | 92,041 | 8,978 | 8,521 |
| Commercial Vehicles Business Area | 138 | 127 | 17,613 | 13,404 | 618 | 334 |
| Power Engineering Business Area | – | – | 1,632 | 1,581 | 129 | –14 |
| Financial Services Division | – | – | 23,220 | 22,642 | 3,102 | 2,517 |

1 The previous year's figures were calculated by means of the simple addition of the figures for Bentley.
2 Porsche (including Financial Services): sales revenue €17,922 (16,525) million, operating result €3,480 (2,792) million.
3 Includes Navistar as of July 1, 2021.
4 The sales revenue and operating result of the equity-accounted companies in China are not included in the consolidated figures; the share of the operating result generated by these companies amounted to €1,402 (1,272) million.
5 In the operating result, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.
6 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

CARIAD pools the Volkswagen Group's software expertise and to this end has also purchased services and acquired rights from the brands. Between January and June of this year, CARIAD increased its sales revenue to €249 (170) million. However, due to upfront expenditures for software platforms, the operating loss increased to €–978 (–502) million.

The number of new financing, leasing, service and insurance contracts signed with Volkswagen Financial Services in the first half of 2022 stood at 3.8 million (–8.8%). The penetration rate, expressed as the ratio of leased or financed vehicles to relevant Group delivery volumes, came to 33.0 (35.8)% with credit eligibility criteria remaining unchanged. At 22.0 (22.0) million, the total number of contracts on June 30, 2022 was level with year-end 2021. The number of contracts in the customer financing/leasing area amounted to 10.5 (10.9) million, and in the service/insurance area to 11.5 (11.1) million. At the end of the reporting period, Volkswagen Bank managed 1.3 (1.4) million deposit accounts. In particular, strong demand for used vehicles and positive effects from derivatives lifted the operating result to €3.0 (2.3) billion. However, expenses relating to loss allowances and risk provisions as a consequence of the direct impact of the Russia-Ukraine conflict reduced the operating result.

### UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold 1.7 million vehicles in the Europe/ Other Markets region in the first six months of this year. This was 21.1% fewer than in the previous year. Sales revenue fell to €74.3 (77.6) billion due to lower volumes. Improved price positioning and mix effects had a positive impact.

The Volkswagen Group sold 417 thousand vehicles in the North American markets in the reporting period. This was 6.7% fewer than in the previous year. Sales revenue increased to €27.7 (22.0) billion, due mainly to the inclusion of Navistar as of July 1, 2021, as well as exchange rate effects.

In South America, unit sales between January and June 2022 fell short of the prior-year figure at 200 (260) thousand vehicles. Driven by mix and exchange rate effects, sales revenue rose to €6.6 (5.1) billion.

At 1.7 million vehicles, the number of units sold by the Volkswagen Group in the Asia-Pacific region – including the equity-accounted companies in China – was 5.9% lower in the first half of 2022 than a year earlier. Sales revenue decreased to €24.7 (25.0) billion. Positive exchange rate effects were unable to offset the decline resulting from lower volumes. The sales revenue of our equity-accounted companies in China is not included.

Hedging transactions relating to the Volkswagen Group's sales revenue in foreign currency made a negative contribution of €–936 (–23) million in the reporting period.

### KEY FIGURES BY MARKET FROM JANUARY 1 TO JUNE 30

| | VEHICLE SALES | | SALES REVENUE | |
|---|---|---|---|---|
| Thousand vehicles/€ million | 2022 | 2021 | 2022 | 2021 |
| Europe/Other Markets | 1,715 | 2,175 | 74,327 | 77,552 |
| North America | 417 | 447 | 27,680 | 22,038 |
| South America | 200 | 260 | 6,564 | 5,065 |
| Asia-Pacific[1] | 1,674 | 1,779 | 24,650 | 25,036 |
| Hedges on sales revenue | – | – | –936 | –23 |
| **Volkswagen Group[1]** | **4,006** | **4,660** | **132,285** | **129,669** |

1 The sales revenue of the equity-accounted companies in China is not included in the figures for the Group and the Asia-Pacific market.

# Interim Consolidated Financial Statements (Condensed)

## Income Statement for the Period January 1 to June 30

| | VOLKSWAGEN GROUP | | DIVISIONS | | | |
|---|---|---|---|---|---|---|
| | | | AUTOMOTIVE[1] | | FINANCIAL SERVICES | |
| € million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Sales revenue** | **132,285** | **129,669** | **109,066** | **107,027** | **23,220** | **22,642** |
| Cost of sales | –105,807 | –104,820 | –87,444 | –86,310 | –18,363 | –18,510 |
| **Gross result** | **26,478** | **24,848** | **21,621** | **20,716** | **4,857** | **4,132** |
| Distribution expenses | –9,077 | –9,065 | –8,474 | –8,394 | –603 | –670 |
| Administrative expenses | –5,566 | –4,934 | –4,220 | –3,715 | –1,345 | –1,218 |
| Other operating income/expense | 992 | 508 | 799 | 234 | 193 | 274 |
| **Operating result** | **12,828** | **11,358** | **9,726** | **8,841** | **3,102** | **2,517** |
| Share of the result of equity-accounted investments | 1,075 | 899 | 1,029 | 896 | 46 | 3 |
| Interest result and other financial result | 132 | –1,104 | 169 | –1,036 | –37 | –67 |
| **Financial result** | **1,206** | **–205** | **1,198** | **–140** | **9** | **–65** |
| **Earnings before tax** | **14,034** | **11,153** | **10,923** | **8,701** | **3,111** | **2,453** |
| Income tax expense | –3,396 | –2,699 | –2,638 | –2,059 | –758 | –640 |
| **Earnings after tax** | **10,638** | **8,454** | **8,285** | **6,642** | **2,353** | **1,813** |
| of which attributable to | | | | | | |
| Noncontrolling interests | 63 | 81 | –24 | 36 | 86 | 45 |
| Volkswagen AG hybrid capital investors | 279 | 269 | 279 | 269 | – | – |
| Volkswagen AG shareholders | 10,296 | 8,104 | 8,029 | 6,337 | 2,266 | 1,768 |
| | | | | | | |
| **Basic/diluted earnings per ordinary share in €[2]** | **20.51** | **16.14** | | | | |
| **Basic/diluted earnings per preferred share in €[2]** | **20.57** | **16.20** | | | | |

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in the “Earnings per share” section.

# Statement of Comprehensive Income for the Period January 1 to June 30

| € million | 2022 | 2021 |
|---|---|---|
| **Earnings after tax** | **10,638** | **8,454** |
| Pension plan remeasurements recognized in other comprehensive income | | |
| Pension plan remeasurements recognized in other comprehensive income, before tax | 14,442 | 4,800 |
| Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income | –4,321 | –1,418 |
| Pension plan remeasurements recognized in other comprehensive income, net of tax | 10,120 | 3,383 |
| Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax | –376 | 364 |
| Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax | 1 | –2 |
| **Items that will not be reclassified to profit or loss** | **9,745** | **3,744** |
| Exchange differences on translating foreign operations | | |
| Unrealized currency translation gains/losses | 2,729 | 1,493 |
| Transferred to profit or loss | 15 | – |
| Exchange differences on translating foreign operations, before tax | 2,744 | 1,493 |
| Deferred taxes relating to exchange differences on translating foreign operations | 2 | –1 |
| Exchange differences on translating foreign operations, net of tax | 2,746 | 1,491 |
| Hedging | | |
| Fair value changes recognized in other comprehensive income (OCI I) | –277 | –925 |
| Transferred to profit or loss (OCI I) | 352 | –327 |
| Cash flow hedges (OCI I), before tax | 75 | –1,252 |
| Deferred taxes relating to cash flow hedges (OCI I) | –2 | 418 |
| Cash flow hedges (OCI I), net of tax | 72 | –834 |
| Fair value changes recognized in other comprehensive income (OCI II) | –680 | –323 |
| Transferred to profit or loss (OCI II) | 401 | 679 |
| Cash flow hedges (OCI II), before tax | –280 | 356 |
| Deferred taxes relating to cash flow hedges (OCI II) | 78 | –104 |
| Cash flow hedges (OCI II), net of tax | –202 | 252 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss | | |
| Fair value changes recognized in other comprehensive income | –273 | –26 |
| Transferred to profit or loss | 0 | 0 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax | –273 | –26 |
| Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income | 73 | 8 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax | –200 | –18 |
| Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax | 266 | 304 |
| **Items that may be reclassified to profit or loss** | **2,682** | **1,195** |
| Other comprehensive income, before tax | 16,598 | 6,037 |
| Deferred taxes relating to other comprehensive income | –4,171 | –1,097 |
| **Other comprehensive income, net of tax** | **12,427** | **4,939** |
| **Total comprehensive income** | **23,065** | **13,394** |
| of which attributable to | | |
| Noncontrolling interests | 147 | 166 |
| Volkswagen AG hybrid capital investors | 279 | 269 |
| Volkswagen AG shareholders | 22,639 | 12,959 |

# Income Statement for the Period April 1 to June 30

| € million | VOLKSWAGEN GROUP | | DIVISIONS | | | |
|---|---|---|---|---|---|---|
| | | | AUTOMOTIVE[1] | | FINANCIAL SERVICES | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Sales revenue** | **69,543** | **67,293** | **57,856** | **55,488** | **11,688** | **11,804** |
| Cost of sales | −55,053 | −54,772 | −45,801 | −45,152 | −9,251 | −9,621 |
| **Gross result** | **14,490** | **12,520** | **12,054** | **10,337** | **2,436** | **2,183** |
| Distribution expenses | −4,762 | −4,704 | −4,496 | −4,392 | −266 | −312 |
| Administrative expenses | −2,788 | −2,304 | −2,057 | −1,685 | −731 | −619 |
| Other operating income/expense | −2,436 | 1,035 | −2,562 | 773 | 126 | 262 |
| **Operating result** | **4,505** | **6,546** | **2,939** | **5,032** | **1,565** | **1,514** |
| Share of the result of equity-accounted investments | 448 | 380 | 424 | 398 | 24 | −18 |
| Interest result and other financial result | 187 | −236 | 201 | −181 | −15 | −55 |
| **Financial result** | **635** | **144** | **626** | **216** | **9** | **−72** |
| **Earnings before tax** | **5,140** | **6,690** | **3,565** | **5,248** | **1,574** | **1,442** |
| Income tax expense | −1,226 | −1,650 | −830 | −1,223 | −396 | −427 |
| **Earnings after tax** | **3,914** | **5,040** | **2,735** | **4,025** | **1,178** | **1,015** |
| of which attributable to | | | | | | |
| Noncontrolling interests | 23 | 46 | −29 | 25 | 52 | 21 |
| Volkswagen AG hybrid capital investors | 150 | 134 | 150 | 134 | – | – |
| Volkswagen AG shareholders | 3,741 | 4,860 | 2,614 | 3,866 | 1,126 | 994 |
| | | | | | | |
| **Basic/diluted earnings per ordinary share in €[2]** | **7.46** | **9.70** | | | | |
| **Basic/diluted earnings per preferred share in €[2]** | **7.46** | **9.70** | | | | |

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in the “Earnings per share” section.

# Statement of Comprehensive Income for the Period April 1 to June 30

| € million | 2022 | 2021 |
|---|---|---|
| **Earnings after tax** | **3,914** | **5,040** |
| Pension plan remeasurements recognized in other comprehensive income | | |
| Pension plan remeasurements recognized in other comprehensive income, before tax | 8,487 | 515 |
| Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income | –2,532 | –147 |
| Pension plan remeasurements recognized in other comprehensive income, net of tax | 5,955 | 367 |
| Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax | –40 | 343 |
| Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax | 0 | –1 |
| **Items that will not be reclassified to profit or loss** | **5,916** | **709** |
| Exchange differences on translating foreign operations | | |
| Unrealized currency translation gains/losses | 1,587 | 216 |
| Transferred to profit or loss | 0 | – |
| Exchange differences on translating foreign operations, before tax | 1,587 | 216 |
| Deferred taxes relating to exchange differences on translating foreign operations | 0 | 1 |
| Exchange differences on translating foreign operations, net of tax | 1,587 | 216 |
| Hedging | | |
| Fair value changes recognized in other comprehensive income (OCI I) | –153 | 284 |
| Transferred to profit or loss (OCI I) | 334 | –226 |
| Cash flow hedges (OCI I), before tax | 181 | 58 |
| Deferred taxes relating to cash flow hedges (OCI I) | –48 | –18 |
| Cash flow hedges (OCI I), net of tax | 133 | 40 |
| Fair value changes recognized in other comprehensive income (OCI II) | –528 | –86 |
| Transferred to profit or loss (OCI II) | 230 | 363 |
| Cash flow hedges (OCI II), before tax | –297 | 278 |
| Deferred taxes relating to cash flow hedges (OCI II) | 95 | –86 |
| Cash flow hedges (OCI II), net of tax | –202 | 192 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss | | |
| Fair value changes recognized in other comprehensive income | –124 | –8 |
| Transferred to profit or loss | 0 | 0 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax | –124 | –8 |
| Deferred taxes relating to fair value valuation of debt instruments recognized in other comprehensive income | 34 | 3 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax | –90 | –5 |
| Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax | 140 | 25 |
| **Items that may be reclassified to profit or loss** | **1,568** | **469** |
| Other comprehensive income, before tax | 9,934 | 1,425 |
| Deferred taxes relating to other comprehensive income | –2,451 | –248 |
| **Other comprehensive income, net of tax** | **7,483** | **1,177** |
| **Total comprehensive income** | **11,397** | **6,217** |
| of which attributable to | | |
| Noncontrolling interests | 66 | 105 |
| Volkswagen AG hybrid capital investors | 150 | 134 |
| Volkswagen AG shareholders | 11,182 | 5,978 |

# Balance Sheet as of June 30, 2022 and December 31, 2021

| | VOLKSWAGEN GROUP | | DIVISIONS | | | |
|---|---|---|---|---|---|---|
| | | | AUTOMOTIVE[1] | | FINANCIAL SERVICES | |
| € million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Assets** | | | | | | |
| **Noncurrent assets** | **336,809** | **328,261** | **176,180** | **170,391** | **160,629** | **157,871** |
| Intangible assets | 80,616 | 77,689 | 80,209 | 77,290 | 407 | 399 |
| Property, plant and equipment | 62,738 | 63,695 | 61,712 | 62,684 | 1,026 | 1,011 |
| Lease assets | 60,768 | 59,699 | 1,990 | 2,316 | 58,777 | 57,383 |
| Financial services receivables | 85,798 | 84,954 | –714 | –781 | 86,512 | 85,735 |
| Investments, equity-accounted investments and other equity investments, other receivables and financial assets | 46,889 | 42,224 | 32,982 | 28,882 | 13,907 | 13,342 |
| **Current assets** | **210,050** | **200,347** | **110,307** | **101,539** | **99,743** | **98,808** |
| Inventories | 49,295 | 43,725 | 45,999 | 40,361 | 3,296 | 3,363 |
| Financial services receivables | 58,899 | 56,498 | –884 | –936 | 59,783 | 57,434 |
| Other receivables and financial assets | 43,847 | 37,195 | 22,043 | 18,275 | 21,804 | 18,921 |
| Marketable securities and time deposits | 23,756 | 22,532 | 19,166 | 17,674 | 4,590 | 4,858 |
| Cash and cash equivalents | 33,921 | 39,723 | 23,651 | 25,491 | 10,270 | 14,232 |
| Assets held for sale | 332 | 674 | 332 | 674 | – | – |
| **Total assets** | **546,858** | **528,609** | **286,487** | **271,930** | **260,372** | **256,679** |
| | | | | | | |
| **Equity and liabilities** | | | | | | |
| **Equity** | **166,216** | **146,154** | **126,004** | **109,022** | **40,212** | **37,131** |
| Equity attributable to Volkswagen AG shareholders | 148,890 | 130,009 | 109,578 | 93,592 | 39,312 | 36,417 |
| Equity attributable to Volkswagen AG hybrid capital investors | 15,418 | 14,439 | 15,418 | 14,439 | – | – |
| Equity attributable to Volkswagen AG shareholders and hybrid capital investors | 164,308 | 144,449 | 124,995 | 108,031 | 39,312 | 36,417 |
| Noncontrolling interests | 1,908 | 1,705 | 1,009 | 991 | 900 | 714 |
| **Noncurrent liabilities** | **207,303** | **218,062** | **90,033** | **98,923** | **117,271** | **119,139** |
| Financial liabilities | 129,107 | 131,618 | 26,032 | 24,639 | 103,075 | 106,978 |
| Provisions for pensions | 27,629 | 41,550 | 27,219 | 40,769 | 410 | 781 |
| Other liabilities | 50,567 | 44,894 | 36,782 | 33,515 | 13,785 | 11,379 |
| **Current liabilities** | **173,339** | **164,393** | **70,450** | **63,984** | **102,890** | **100,409** |
| Financial liabilities | 78,640 | 78,584 | –13,316 | –10,237 | 91,956 | 88,821 |
| Trade payables | 27,878 | 23,624 | 25,120 | 20,977 | 2,759 | 2,647 |
| Other liabilities | 66,695 | 61,948 | 58,519 | 53,007 | 8,175 | 8,940 |
| Liabilities associated with assets held for sale | 126 | 238 | 126 | 238 | – | – |
| **Total equity and liabilities** | **546,858** | **528,609** | **286,487** | **271,930** | **260,372** | **256,679** |

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

# Statement of Changes in Equity

| € million | Subscribed capital | Capital reserve | Retained earnings | OTHER RESERVES<br>Currency translation reserve |
|---|---|---|---|---|
| **Balance at Jan. 1, 2021** | **1,283** | **14,551** | **100,772** | **–5,659** |
| Earnings after tax | – | – | 8,104 | – |
| Other comprehensive income, net of tax | – | – | 3,355 | 1,467 |
| **Total comprehensive income** | **–** | **–** | **11,460** | **1,467** |
| Disposal of equity instruments | – | – | 57 | – |
| Capital increases/Capital decreases | – | – | – | – |
| Dividends payment | – | – | – | – |
| Capital transactions involving a change in ownership interest | – | – | –268 | –34 |
| Other changes | – | – | 8 | – |
| **Balance at June 30, 2021** | **1,283** | **14,551** | **112,029** | **–4,226** |
| | | | | |
| **Balance at Jan. 1, 2022** | **1,283** | **14,551** | **117,342** | **–2,351** |
| Earnings after tax | – | – | 10,296 | – |
| Other comprehensive income, net of tax | – | – | 10,068 | 2,677 |
| **Total comprehensive income** | **–** | **–** | **20,364** | **2,677** |
| Disposal of equity instruments | – | – | – | – |
| Capital increases/Capital decreases[1] | – | – | – | – |
| Dividends payment | – | – | –3,772 | – |
| Capital transactions involving a change in ownership interest | – | – | – | – |
| Other changes | – | – | 16 | – |
| **Balance at June 30, 2022** | **1,283** | **14,551** | **133,950** | **326** |

1 For details on capital increases/decreases, see the “Equity” section.

| HEDGING | | | | | | | |
|---|---|---|---|---|---|---|---|
| Cash flow hedges (OCI I) | Deferred costs of hedging (OCI II) | Equity and debt instruments | Equity-accounted investments | Equity attributable to Volkswagen AG hybrid capital investors | Equity attributable to Volkswagen AG shareholders and hybrid capital investors | Equity attributable to noncontrolling interests | Total equity |
| **1,287** | **–708** | **–219** | **30** | **15,713** | **127,049** | **1,734** | **128,783** |
| – | – | – | – | 269 | 8,374 | 81 | 8,454 |
| –835 | 253 | 319 | 295 | – | 4,854 | 85 | 4,939 |
| **–835** | **253** | **319** | **295** | **269** | **13,228** | **166** | **13,394** |
| – | – | –57 | – | – | – | – | – |
| – | – | – | – | –1,237 | –1,237 | 170 | –1,068 |
| – | – | – | – | –497 | –497 | –18 | –515 |
| –1 | 0 | 0 | 0 | – | –304 | –283 | –586 |
| – | – | – | 0 | – | 7 | –2 | 6 |
| **451** | **–456** | **42** | **324** | **14,248** | **138,247** | **1,767** | **140,013** |
| | | | | | | | |
| **–635** | **–367** | **–355** | **541** | **14,439** | **144,449** | **1,705** | **146,154** |
| – | – | – | – | 279 | 10,575 | 63 | 10,638 |
| 71 | –202 | –538 | 266 | – | 12,343 | 84 | 12,427 |
| **71** | **–202** | **–538** | **266** | **279** | **22,918** | **147** | **23,065** |
| – | – | – | – | – | – | – | – |
| – | – | – | – | 1,153 | 1,153 | 103 | 1,256 |
| – | – | – | – | –454 | –4,226 | –32 | –4,258 |
| – | – | – | – | – | – | – | – |
| – | – | – | –2 | – | 14 | –15 | –1 |
| **–564** | **–569** | **–893** | **805** | **15,418** | **164,308** | **1,908** | **166,216** |

# Cash flow statement for the Period January 1 to June 30

| | VOLKSWAGEN GROUP | | DIVISIONS | | | |
|---|---|---|---|---|---|---|
| | | | AUTOMOTIVE[1] | | FINANCIAL SERVICES | |
| € million | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Cash and cash equivalents at beginning of period** | **39,123** | **33,432** | **24,899** | **23,758** | **14,224** | **9,674** |
| Earnings before tax | 14,034 | 11,153 | 10,923 | 8,701 | 3,111 | 2,453 |
| Income taxes paid | –2,150 | –2,329 | –1,623 | –1,876 | –526 | –453 |
| Depreciation and amortization expense[2] | 13,993 | 13,351 | 9,229 | 8,811 | 4,764 | 4,540 |
| Change in pension provisions | 319 | 376 | 294 | 353 | 24 | 23 |
| Share of the result of equity-accounted investments | –132 | 1,780 | –131 | 1,770 | –1 | 9 |
| Other noncash income/expense and reclassifications[3] | –615 | –247 | –1,447 | –493 | 832 | 246 |
| **Gross cash flow** | **25,448** | **24,083** | **17,245** | **17,266** | **8,203** | **6,817** |
| **Change in working capital** | **–8,498** | **–5,618** | **–3,641** | **1,821** | **–4,857** | **–7,439** |
| Change in inventories | –4,576 | –684 | –4,684 | –1,576 | 107 | 892 |
| Change in receivables | –3,557 | –2,891 | –2,474 | –2,828 | –1,083 | –63 |
| Change in liabilities | 6,753 | 5,665 | 6,187 | 4,932 | 566 | 733 |
| Change in other provisions | –2,540 | 1,491 | –2,572 | 1,419 | 32 | 72 |
| Change in lease assets (excluding depreciation) | –4,358 | –9,339 | 36 | –33 | –4,394 | –9,306 |
| Change in financial services receivables | –220 | 140 | –134 | –92 | –86 | 232 |
| **Cash flows from operating activities** | **16,950** | **18,465** | **13,604** | **19,088** | **3,346** | **–622** |
| **Cash flows from investing activities attributable to operating activities** | **–11,486** | **–9,062** | **–11,311** | **–8,897** | **–176** | **–165** |
| of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property | –4,173 | –3,864 | –4,089 | –3,777 | –84 | –87 |
| capitalized development costs | –4,762 | –3,711 | –4,762 | –3,711 | – | – |
| acquisition and disposal of equity investments | –2,726 | –1,642 | –2,617 | –1,538 | –108 | –104 |
| ***Net cash flow***[4] | ***5,464*** | ***9,403*** | ***2,293*** | ***10,191*** | ***3,171*** | ***–788*** |
| Change in investments in securities, loans and time deposits | –2,124 | –1,048 | –1,155 | 85 | –969 | –1,133 |
| **Cash flows from investing activities** | **–13,610** | **–10,110** | **–12,466** | **–8,812** | **–1,145** | **–1,298** |
| **Cash flows from financing activities** | **–9,210** | **–1,336** | **–2,811** | **–3,391** | **–6,399** | **2,055** |
| of which: capital contributions/capital redemptions | 1,262 | –1,071 | 1,261 | –1,600 | 0 | 530 |
| Effect of exchange rate changes on cash and cash equivalents | 664 | 409 | 425 | 361 | 239 | 48 |
| Change of loss allowance within cash & cash equivalents | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net change in cash and cash equivalents** | **–5,206** | **7,428** | **–1,248** | **7,246** | **–3,958** | **182** |
| **Cash and cash equivalents at June 30**[5] | **33,916** | **40,860** | **23,651** | **31,004** | **10,266** | **9,856** |
| Securities, loans and time deposits | 36,170 | 33,921 | 17,276 | 15,938 | 18,894 | 17,983 |
| **Gross liquidity** | **70,086** | **74,780** | **40,927** | **46,941** | **29,159** | **27,839** |
| Total third-party borrowings | –207,750 | –207,035 | –12,718 | –11,893 | –195,031 | –195,142 |
| **Net liquidity at June 30**[6] | **–137,663** | **–132,255** | **28,209** | **35,048** | **–165,872** | **–167,303** |
| For information purposes: at Jan. 1 | –136,576 | –137,380 | 26,685 | 26,796 | –163,261 | –164,176 |

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Net of impairment reversals.
3 These relate mainly to the fair value measurement of financial instruments and the reclassification of gains/losses on disposal of noncurrent assets and equity investments to investing activities.
4 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits).
5 Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.
6 The total of cash, cash equivalents, securities, loans to affiliates and joint ventures as well as time deposits net of third-party borrowings (noncurrent and current financial liabilities).

Explanatory notes on the cash flow statement are presented in the section relating to the cash flow statement.

# Notes to the Consolidated Financial Statements

## Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2021 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended June 30, 2022 were therefore also prepared in accordance with IAS 34 (Interim Financial Reporting) and are condensed in scope compared with the consolidated financial statements.

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented in the condensed interim group financial report for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group. This supplemental presentation is not required by IFRSs. Eliminations of intragroup transactions between the Automotive and Financial Services divisions are allocated to the Automotive Division.

The accompanying interim consolidated financial statements were reviewed by auditors in accordance with section 115 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

## Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2022.

### OTHER ACCOUNTING POLICIES

A discount rate of 3.3% (December 31, 2021: 1.2%) was applied to German pension provisions in the accompanying interim consolidated financial statements. Because of the sustained increase in inflation expectations, the pension trend was adjusted to 2.0% as of June 30, 2022 (December 31, 2021: 1.7%). These changes are the main factors responsible for the actuarial gain of €14.4 billion presented in the statement of comprehensive income. In addition, adjustments to the discount rates used in the measurement of other provisions benefited the financial result by €0.9 billion.

The income tax expense for the interim consolidated financial statements was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34 (Interim Financial Reporting).

In other respects, the same accounting policies and consolidation methods that were used for the 2021 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the “Accounting policies” section of the notes to the 2021 consolidated financial statements.

In addition, details of the effects of new standards can be found in the “New and amended IFRSs not applied” section. The 2021 consolidated financial statements can also be accessed on the internet at www.volkswagenag.com/en/InvestorRelations.html.

## Key events

### Diesel issue

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide ($NO_X$) emissions had been discovered in emissions tests on certain Volkswagen Group vehicles with type 2.0 l diesel engines in the USA. This was followed by further reports on the scope of the diesel issue. Detailed information can be found in the "Key events" section of the 2021 consolidated financial statements.

Between January and June 2022, special items in connection with the diesel issue amounted to €360 million; they were recognized in the other operating result. These special items were mainly attributable to additional expenses for legal risks.

Further information on the litigation in connection with the diesel issue can be found in the "Litigation" section.

### Russia-Ukraine conflict / Covid-19 pandemic / semiconductor shortages

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

Moreover, different sanctions have been imposed on Russia as a result of the conflict, especially by the EU and the USA. They restrict economic transactions with Russia and have an impact on the Russian companies and plants of the Volkswagen Group and on sales of vehicles to Russia. The sanctions also affect the new financial services business in Russia and could potentially lead to impairment risks to existing lease assets and financial receivables. Against the backdrop of the Russia-Ukraine conflict and the resulting consequences, Volkswagen has decided to suspend vehicle production in Russia until further notice. Vehicle exports to Russia have also been halted. In addition, the respective sanction requirements are also being complied with in relation to parts supplies and the provision of technical information. To date, only an insignificant number of complaints has been received from customers, service providers, or other contract partners about any non-fulfillment of contracts in Russia. It is not clear at present how the situation will develop further.

Triggered by the direct impact of the Russia-Ukraine conflict, expenses in the mid-three-digit million euro range relating to loss allowances and risk provisions were recognized in the first half of 2022, primarily in the other operating result. This includes further risk provisions in an amount in the low-three-digit million euro range recognized in the second quarter in response to the continuing conflict, in addition to the expenses recognized in the first quarter.

In connection with inflation rate trends, the weighted cost of capital (WACC) used in testing the different cash-generating units for impairment were also subject to significant change. Compared with December 31, 2021, the cost of capital for the different cash-generating units increased by between 0.5 and 3.5 percentage points as of June 30, 2022. In light of this change, further impairment tests were conducted on certain material assets, especially goodwill, brand names, capitalized development costs and property, plant and equipment, as of June 30, 2022. In this process, the cash flows used in the previous year's impairment tests were adjusted to reflect the latest assumptions. The current assumptions relate in particular to the effects expected on the fiscal year from the parts supply shortages with the corresponding expected losses of production volume and from the suspension of vehicle deliveries to Russia and the discontinuation of vehicle production in Russia. Given the very dynamic developments, it is, however, not possible at present to make a reliable assessment of the many different effects of the growing supply insecurity affecting energy resources in Europe (e.g. the gas deficit situation). As for long-term earnings performance, there is an expectation that the assumptions will generally remain unchanged. Apart from the impairment losses recognized in response to the direct effects described above, the tests conducted to establish recoverability have not resulted in any further need at present to recognize impairment losses on those Volkswagen Group's cash-generating units subjected to testing. In relation to the MAN Energy Solutions and Navistar cash-generating units, it was found in this context that a possible further increase in the discount rate by 0.2 and 0.8 percentage points respectively would cause the carrying amount to exceed the recoverable amount in each case. For the MAN Truck & Bus cash-generating unit, an increase in the discount rate would also lead to the recoverable amount falling below the carrying amount.

As a result of the turbulence on the commodity and capital markets, gains totaling €1.6 billion had to be recognized in the other operating result, primarily from the fair value measurement and realization of derivatives to which hedge accounting is not applied (especially commodity and currency hedges).

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

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

### Material Transactions

On July 1, 2021, a TRATON GROUP company acquired all of the outstanding shares in Navistar International Corporation (Navistar), a US manufacturer of commercial vehicles based in Lisle, Illinois/USA. Due to the size of the transaction, it was not possible to complete the internal reviews of the information underlying the purchase price allocation until the current fiscal year. The update to the purchase price allocation did not materially affect the Volkswagen Group's net assets, financial position and results of operations.

In 2021, together with investment firm Attestor Limited and Pon Holdings B.V., Volkswagen made a joint public takeover offer for the shares of Europcar Mobility Group S.A., Paris/France through the consortium company Green Mobility Holding S.A. (GMH) based in Strassen/Luxembourg. The European Commission issued final antitrust approval at the end of May 2022. During the extended offer period, the French Financial Markets Authority gave Europcar shareholders the opportunity to tender their shares to the consortium company. In total, 93.6% of Europcar's shareholders accepted the offer. The consortium jointly assumed control of Europcar in mid-June 2022. Because the acceptance rate was over 90%, a squeeze-out was initiated for the remaining Europcar shares in July 2022, and the company was delisted. As a result, the consortium company has held 100% of the shares in Europcar since July 13, 2022. The purchase price was 51 cents per Europcar share.

At the end of June 2022, the entire portion of the purchase price attributable to Volkswagen, amounting to €1.7 billion, was contributed to GMH. The company, in which Volkswagen holds 66% of the shares, will be accounted for using the equity method in the Volkswagen consolidated financial statements. In addition, Volkswagen is the writer of put options held by the other members of the consortium, and the other members have granted Volkswagen call options on their shares in the consortium company. The measurement of the options led to a non-cash gain of €7 million in the first half of 2022, which was recognized in the financial result.

The completion of the Europcar transaction marks another important milestone for Volkswagen in the Group's Mobility Solutions initiative under the NEW AUTO strategy. With this transaction, the Volkswagen Group intends to secure a significant share of the global market for mobility services. Europcar Mobility Group is to become one of the cornerstones of the mobility platform planned by Volkswagen.

## Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under No. HRB 100484, the consolidated financial statements comprise all significant German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed or has rights to, positive or negative variable returns from its involvement with the subsidiaries, and is able to influence those returns.

### INVESTMENTS IN ASSOCIATES

Following the fulfillment of all closing conditions, Brose Fahrzeugteile SE & Co. Kommanditgesellschaft (Brose) and Volkswagen Finance Luxemburg S.A., a subsidiary of Volkswagen AG, created a jointly operated company in early 2022 for the development and manufacture of complete seat units, seat structures and components, and solutions for vehicle interiors. As part of this arrangement, Brose acquired half of the shares in the previous Volkswagen Group company SITECH Sp. z o.o., Polkowice/Poland. Brose and Volkswagen each hold 50% of the jointly operated company – Brose Sitech Sp. z o.o. – with Brose taking the industrial lead and controlling the company. Given its significant influence following the transaction, Volkswagen will account for Brose Sitech as an associate using the equity method. The change in the accounting policy did not have any material effect on the Volkswagen Group's profit or loss.

### IFRS 5 – NONCURRENT ASSETS HELD FOR SALE

In April 2022, TRATON entered into a definitive agreement with Tupy S.A., Brazil for the sale of International Indústria Automotiva Da América Do Sul Ltda. (MWM). MWM specializes in the manufacture of diesel engines. The transaction is subject to customary closing conditions, including regulatory approvals. The transaction is currently expected to be completed in the second half of 2022.

In this context, assets of €332 million and liabilities of €126 million were classified as held for sale as of June 30, 2022 and presented in a separate line item of the balance sheet in accordance with IFRS 5. The assets and liabilities held for sale have been recognized at a lower of their carrying amount and fair value less expected costs of disposal.

# Disclosures on the interim consolidated financial statements

## 1. Sales revenue

### STRUCTURE OF GROUP SALES REVENUE: H1 2022

| € million | Passenger Cars and Light Commercial Vehicles | Commercial Vehicles | Power Engineering | Financial Services | Total Segments | Reconciliation | Volkswagen Group |
|---|---|---|---|---|---|---|---|
| Vehicles | 75,692 | 10,848 | – | – | 86,540 | –6,771 | 79,768 |
| Genuine parts | 7,352 | 3,253 | – | – | 10,605 | –76 | 10,529 |
| Used vehicles and third-party products | 5,831 | 1,138 | – | 10,608 | 17,576 | –1,857 | 15,719 |
| Engines, powertrains and parts deliveries | 5,750 | 415 | – | – | 6,165 | –35 | 6,129 |
| Power Engineering | – | – | 1,632 | – | 1,632 | 0 | 1,631 |
| Motorcycles | 457 | – | – | – | 457 | – | 457 |
| Leasing business | 310 | 850 | 0 | 8,177 | 9,338 | –595 | 8,743 |
| Interest and similar income | 119 | 1 | – | 4,064 | 4,184 | –207 | 3,977 |
| Hedges sales revenue | –903 | –11 | – | – | –914 | –22 | –936 |
| Other sales revenue | 5,363 | 1,120 | – | 371 | 6,855 | –586 | 6,269 |
| | **99,971** | **17,613** | **1,632** | **23,220** | **142,436** | **–10,151** | **132,285** |

### STRUCTURE OF GROUP SALES REVENUE: H1 2021

| € million | Passenger Cars and Light Commercial Vehicles | Commercial Vehicles | Power Engineering | Financial Services | Total Segments | Reconciliation | Volkswagen Group |
|---|---|---|---|---|---|---|---|
| Vehicles[1] | 78,974 | 8,633 | – | – | 87,607 | –7,875 | 79,732 |
| Genuine parts | 6,344 | 1,816 | – | – | 8,160 | –67 | 8,093 |
| Used vehicles and third-party products[1] | 6,110 | 857 | – | 10,717 | 17,684 | –1,784 | 15,899 |
| Engines, powertrains and parts deliveries | 5,928 | 366 | – | – | 6,294 | –28 | 6,266 |
| Power Engineering | – | – | 1,581 | – | 1,581 | 0 | 1,581 |
| Motorcycles | 438 | – | – | – | 438 | – | 438 |
| Leasing business[1] | 411 | 819 | 0 | 7,647 | 8,876 | –882 | 7,994 |
| Interest and similar income | 99 | 3 | – | 3,910 | 4,013 | –133 | 3,880 |
| Hedges sales revenue | –26 | –22 | – | 0 | –48 | 25 | –23 |
| Other sales revenue[1] | 4,756 | 932 | – | 367 | 6,055 | –247 | 5,808 |
| | **103,033** | **13,404** | **1,581** | **22,642** | **140,660** | **–10,992** | **129,669** |

1 Beginning in the fourth quarter of fiscal year 2021, all sales of used vehicles that were presented in the vehicles, leasing business and other sales revenue line items in the previous year were allocated to the used vehicles and third-party products line item. Previously, for example, the transfer of a leased vehicle from the lessee had been reported in the leasing business line item. Prior-year figures were adjusted accordingly.

Other sales revenue comprises revenue from workshop services and license revenue, among other things.

## 2. Cost of sales

Cost of sales includes interest expenses of €1,228 million (previous year: €968 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on capitalized development costs, property, plant and equipment, and lease assets. The impairment losses totaled €385 million (previous year: €496 million); they are mostly recognized in other operating expenses and in cost of sales.

## 3. Research and development costs

| € million | H1 2022 | H1 2021 | % |
|---|---|---|---|
| Total research and development costs | 9,289 | 7,735 | 20.1 |
| of which: capitalized development costs | 4,762 | 3,710 | 28.4 |
| Capitalization ratio in % | 51.3 | 48.0 | |
| Amortization of capitalized development costs | 2,493 | 2,494 | x |
| **Research and development costs recognized in profit or loss** | **7,019** | **6,520** | 7.7 |

## 4. Earnings per share

Basic earnings per share are calculated by dividing earnings attributable to Volkswagen AG shareholders by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Since there were no transactions in the reporting period that had a dilutive effect on the number of shares, diluted earnings per share are equivalent to basic earnings per share.

In accordance with Article 27(2) No. 3 of the Articles of Association of Volkswagen AG, preferred shares are entitled to a €0.06 higher dividend than ordinary shares.

| | | Q2 2022 | Q2 2021 | H1 2022 | H1 2021 |
|---|---|---|---|---|---|
| Weighted average number of: | | | | | |
| Ordinary shares – basic/diluted | Shares | 295,089,818 | 295,089,818 | 295,089,818 | 295,089,818 |
| Preferred shares – basic/diluted | Shares | 206,205,445 | 206,205,445 | 206,205,445 | 206,205,445 |
| Earnings after tax | € million | 3,914 | 5,040 | 10,638 | 8,454 |
| Noncontrolling interests | € million | 23 | 46 | 63 | 81 |
| Earnings attributable to Volkswagen AG hybrid capital investors | € million | 150 | 134 | 279 | 269 |
| Earnings attributable to Volkswagen AG shareholders | € million | 3,741 | 4,860 | 10,296 | 8,104 |
| of which: basic/diluted earnings attributable to ordinary shares | € million | 2,202 | 2,861 | 6,053 | 4,763 |
| of which: basic/diluted earnings attributable to preferred shares | € million | 1,539 | 1,999 | 4,242 | 3,341 |
| Earnings per ordinary share – basic/diluted | € | 7.46 | 9.70 | 20.51 | 16.14 |
| Earnings per preferred share – basic/diluted | € | 7.46 | 9.70 | 20.57 | 16.20 |

## 5. Noncurrent assets

### CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND JUNE 30, 2022

| € million | Carrying amount at Jan. 1, 2022 | Additions/ Changes in consolidated Group | Disposals/ Other changes | Depreciation and amortization | Carrying amount at June 30, 2022 |
|---|---|---|---|---|---|
| Intangible assets | 77,689 | 5,562 | –408 | 3,042 | 80,616 |
| Property, plant and equipment | 63,695 | 4,463 | –556 | 5,976 | 62,738 |
| Lease assets | 59,699 | 11,658 | 5,319 | 5,270 | 60,768 |

## 6. Inventories

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Raw materials, consumables and supplies | 9,546 | 9,331 |
| Work in progress | 7,126 | 6,559 |
| Finished goods and purchased merchandise | 27,024 | 22,201 |
| Current lease assets | 5,229 | 5,291 |
| Prepayments | 375 | 344 |
| Hedges on inventories | –6 | –2 |
| | **49,295** | **43,725** |

It was not necessary to recognize or reverse significant impairment losses on inventories in the reporting period.

## 7. Current other receivables and financial assets

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Trade receivables | 18,401 | 15,521 |
| Miscellaneous other receivables and financial assets | 25,446 | 21,675 |
| | **43,847** | **37,195** |

In the period January 1 to June 30, 2022, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €725 million (previous year: €166 million).

## 8. Equity

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 206,205,445 no-par value preferred shares, and amounts to €1,283 million (previous year: €1,283 million).

In February 2022, Volkswagen AG called a hybrid note (maturity: 7 years) with a principal amount of €1,100 million, which had been placed in 2015 via Volkswagen International Finance N.V., Amsterdam, the Netherlands (issuer).

Once called, the note had to be classified as debt in accordance with IAS 32, thus reducing the equity and net liquidity of the Volkswagen Group. The hybrid note was redeemed on March 21, 2022.

From the hybrid capital issued on March 28, 2022, Volkswagen AG recorded a cash inflow of €2,250 million less transaction costs of €11 million. In addition, the recognition of deferred taxes led to noncash effects of €3 million. The hybrid capital is to be classified as equity granted.

Most of the noncontrolling interests in equity are attributable to the TRATON GROUP.

## 9. Noncurrent financial liabilities

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Bonds, commercial paper and notes | 94,283 | 97,113 |
| Liabilities to banks | 26,296 | 25,904 |
| Deposit business | 2,551 | 2,588 |
| Lease liabilities | 5,115 | 5,137 |
| Other financial liabilities | 863 | 875 |
| | **129,107** | **131,618** |

## 10. Current financial liabilities

| € million | June 30, 2022 | Dec. 31, 2021 |
|---|---|---|
| Bonds, commercial paper and notes | 37,056 | 38,503 |
| Liabilities to banks | 15,092 | 12,786 |
| Deposit business | 24,865 | 24,243 |
| Lease liabilities | 1,098 | 1,108 |
| Other financial liabilities | 529 | 1,944 |
| | **78,640** | **78,584** |

## 11. Fair value disclosures

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

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

Financial assets and liabilities measured at fair value through profit or loss consist of derivative financial instruments to which hedge accounting is not applied. They include primarily commodity futures, currency forwards relating to commodity futures, call options on equity instruments as well as, in certain cases, interest rate swaps, currency swaps and cross-currency interest rate swaps. Moreover, other equity investments (shares representing an ownership interest of less than 20% as a rule) in partnerships (debt instruments), customer financing receivables whose returns contain more than just interest and principal repayments, and financial assets held in special funds controlled by the Volkswagen Group are measured at fair value through profit or loss. Derivative financial instruments to which hedge accounting is applied are measured at fair value either directly in equity or through profit or loss, depending on the underlying hedged item.

Financial assets measured at fair value through other comprehensive income include equity investments (shares representing an ownership interest of less than 20% as a rule) in corporations (equity instruments) and shares for which the Volkswagen Group normally exercises the option of fair value measurement through other comprehensive income, as well as securities (debt instruments) whose cash flows comprise solely payments of interest and principal and that are held under a business model aimed at both collecting contractual cash flows and selling financial assets. For instruments measured through other comprehensive income, changes in fair value are recognized directly in equity, taking deferred taxes into account. Impairment losses on securities (debt instruments) are recognized through profit or loss.

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

### RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

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

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

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

## RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2022

| € million | MEASURED AT FAIR VALUE | MEASURED AT AMORTIZED COST | | DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING | NOT ALLOCATED TO A MEASUREMENT CATEGORY | BALANCE SHEET ITEM AT JUNE 30, 2022 |
|---|---|---|---|---|---|---|
| | Carrying amount | Carrying amount | Fair value | Carrying amount | Carrying amount | |
| **Noncurrent assets** | | | | | | |
| Equity-accounted investments | – | – | – | – | 15,290 | 15,290 |
| Other equity investments | 489 | – | – | – | 2,770 | 3,259 |
| Financial services receivables | 246 | 51,132 | 50,217 | – | 34,419 | 85,798 |
| Other financial assets | 4,488 | 4,953 | 4,865 | 2,504 | – | 11,945 |
| Tax receivables | – | – | – | – | 714 | 714 |
| **Current assets** | | | | | | |
| Trade receivables | 5 | 18,396 | 18,396 | – | 0 | 18,401 |
| Financial services receivables | 26 | 39,534 | 39,534 | – | 19,339 | 58,899 |
| Other financial assets | 2,528 | 11,624 | 11,624 | 1,003 | – | 15,155 |
| Tax receivables | – | 1 | 1 | – | 1,935 | 1,936 |
| Marketable securities and time deposits | 22,049 | 1,707 | 1,707 | – | – | 23,756 |
| Cash and cash equivalents | – | 33,921 | 33,921 | – | – | 33,921 |
| Assets held for sale | – | 107 | 107 | – | 225 | 332 |
| **Noncurrent liabilities** | | | | | | |
| Financial liabilities | – | 123,992 | 120,283 | – | 5,115 | 129,107 |
| Other financial liabilities | 1,151 | 2,376 | 2,389 | 3,697 | – | 7,223 |
| **Current liabilities** | | | | | | |
| Financial liabilities | – | 77,543 | 77,543 | – | 1,098 | 78,640 |
| Trade payables | – | 27,878 | 27,878 | – | – | 27,878 |
| Other financial liabilities | 1,229 | 11,221 | 11,221 | 2,702 | – | 15,152 |
| Tax payables | – | 5 | 5 | – | 802 | 807 |
| Liabilities associated with assets held for sale | – | 57 | 57 | – | 69 | 126 |

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2021

| | MEASURED AT FAIR VALUE | MEASURED AT AMORTIZED COST | | DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING | NOT ALLOCATED TO A MEASUREMENT CATEGORY | BALANCE SHEET ITEM AT DEC. 31 , 2021 |
|---|---|---|---|---|---|---|
| € million | Carrying amount | Carrying amount | Fair value | Carrying amount | Carrying amount | |
| **Noncurrent assets** | | | | | | |
| Equity-accounted investments | – | – | – | – | 12,531 | 12,531 |
| Other equity investments | 760 | – | – | – | 2,240 | 3,000 |
| Financial services receivables | 290 | 50,146 | 51,326 | – | 34,519 | 84,954 |
| Other financial assets | 2,830 | 4,950 | 5,031 | 1,377 | – | 9,156 |
| Tax receivables | – | – | – | – | 635 | 635 |
| **Current assets** | | | | | | |
| Trade receivables | 8 | 15,513 | 15,513 | – | – | 15,521 |
| Financial services receivables | 26 | 37,204 | 37,204 | – | 19,268 | 56,498 |
| Other financial assets | 1,996 | 10,046 | 10,046 | 543 | – | 12,584 |
| Tax receivables | – | 9 | 9 | – | 1,608 | 1,618 |
| Marketable securities | 22,495 | 37 | 37 | – | – | 22,532 |
| Cash, cash equivalents and time deposits | – | 39,723 | 39,723 | – | – | 39,723 |
| Assets held for sale | – | 142 | 142 | – | 532 | 674 |
| **Noncurrent liabilities** | | | | | | |
| Financial liabilities | – | 126,481 | 131,359 | – | 5,137 | 131,618 |
| Other financial liabilities | 728 | 2,419 | 2,437 | 1,320 | – | 4,466 |
| **Current liabilities** | | | | | | |
| Financial liabilities | – | 77,476 | 77,476 | – | 1,108 | 78,584 |
| Trade payables | – | 23,624 | 23,624 | – | – | 23,624 |
| Other financial liabilities | 1,009 | 10,112 | 10,112 | 1,880 | – | 13,002 |
| Tax payables | – | 27 | 27 | – | 588 | 614 |
| Liabilities associated with assets held for sale | – | 142 | 142 | – | 96 | 238 |

The category headed “not allocated to a measurement category” is used in particular for shares in equity-accounted investments, shares in non-consolidated affiliated companies as well as for lease receivables.

The carrying amount of lease receivables was €53.8 billion (previous year: €53.8 billion) and their fair value was €53.5 billion (previous year: €54.8 billion).

Due to increasing investments in long-term time deposits (maturities of more than 3 months), these time deposits are reported together with securities in the current fiscal year.

The following tables contain an overview of the financial assets and liabilities measured at fair value:

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

| € million | June 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Noncurrent assets** | | | | |
| Other equity investments | 489 | 175 | 0 | 314 |
| Financial services receivables | 246 | – | – | 246 |
| Other financial assets | 4,488 | – | 2,791 | 1,697 |
| **Current assets** | | | | |
| Trade receivables | 5 | – | – | 5 |
| Financial services receivables | 26 | – | – | 26 |
| Other financial assets | 2,528 | – | 1,988 | 540 |
| Marketable securities and time deposits | 22,049 | 21,969 | 79 | – |
| **Noncurrent liabilities** | | | | |
| Other financial liabilities | 1,151 | – | 1,038 | 113 |
| **Current liabilities** | | | | |
| Other financial liabilities | 1,229 | – | 1,207 | 22 |

| € million | Dec. 31, 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Noncurrent assets** | | | | |
| Other equity investments | 760 | 579 | 0 | 181 |
| Financial services receivables | 290 | – | – | 290 |
| Other financial assets | 2,830 | – | 1,477 | 1,353 |
| **Current assets** | | | | |
| Trade receivables | 8 | – | – | 8 |
| Financial services receivables | 26 | – | – | 26 |
| Other financial assets | 1,996 | – | 1,733 | 263 |
| Marketable securities | 22,495 | 22,406 | 89 | – |
| **Noncurrent liabilities** | | | | |
| Other financial liabilities | 728 | – | 529 | 199 |
| **Current liabilities** | | | | |
| Other financial liabilities | 1,009 | – | 905 | 104 |

## DERIVATIVE FINANCIAL INSTRUMENTS WITHIN HEDGE ACCOUNTING BY LEVEL

| € million | June 30, 2022 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Noncurrent assets** | | | | |
| Other financial assets | 2,504 | – | 2,504 | – |
| **Current assets** | | | | |
| Other financial assets | 1,003 | – | 1,003 | – |
| **Noncurrent liabilities** | | | | |
| Other financial liabilities | 3,697 | – | 3,697 | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 2,702 | – | 2,702 | – |

| € million | Dec. 31, 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Noncurrent assets** | | | | |
| Other financial assets | 1,377 | – | 1,377 | – |
| **Current assets** | | | | |
| Other financial assets | 543 | – | 543 | – |
| **Noncurrent liabilities** | | | | |
| Other financial liabilities | 1,320 | – | 1,320 | – |
| **Current liabilities** | | | | |
| Other financial liabilities | 1,880 | – | 1,880 | – |

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is directly available in an active market. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, for example of derivatives, are measured on the basis of market inputs using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves, commodity prices and stock exchange prices of listed shares that are observable in the relevant markets and obtained through pricing services. Fair Values in Level 3 are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, long-term commodity futures are allocated to Level 3 because the prices available on the market must be extrapolated for measurement purposes. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments, residual value protection models, customer financing receivables and receivables from vehicle financing programs are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models. The measurement of vehicle financing programs requires in particular the use of the corresponding vehicle price.

The table below provides a summary of changes in level 3 balance sheet items measured at fair value:

### CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

| € million | Financial assets measured at fair value | Financial liabilities measured at fair value |
|---|---|---|
| **Balance at Jan. 1, 2022** | **2,119** | **303** |
| Foreign exchange differences | 86 | –3 |
| Total comprehensive income | 995 | –104 |
| recognized in profit or loss | 983 | –104 |
| recognized in other comprehensive income | 12 | – |
| Additions (purchases) | 114 | – |
| Sales and settlements | –113 | –49 |
| Transfers into Level 2 | –374 | –12 |
| **Balance at June 30, 2022** | **2,827** | **135** |
| | | |
| **Total gains or losses recognized in profit or loss** | **983** | **104** |
| Net other operating expense/income | 944 | 104 |
| of which attributable to assets/liabilities held at the reporting date | 477 | 115 |
| Financial result | 39 | – |
| of which attributable to assets/liabilities held at the reporting date | 0 | – |

| € million | Financial assets measured at fair value | Financial liabilities measured at fair value |
|---|---|---|
| **Balance at Jan. 1, 2021** | **1,383** | **908** |
| Foreign exchange differences | 20 | 9 |
| Changes in consolidated Group | –158 | – |
| Total comprehensive income | 712 | –51 |
| recognized in profit or loss | 385 | 47 |
| recognized in other comprehensive income | 326 | –99 |
| Additions (purchases) | 493 | – |
| Sales and settlements | –104 | –137 |
| Transfers into Level 1 | –333 | – |
| Transfers into Level 2 | –184 | –11 |
| **Balance at June 30, 2021** | **1,828** | **717** |
| | | |
| **Total gains or losses recognized in profit or loss** | **385** | **–47** |
| Net other operating expense/income | 402 | –47 |
| of which attributable to assets/liabilities held at the reporting date | 207 | –30 |
| Financial result | –17 | – |
| of which attributable to assets/liabilities held at the reporting date | – | – |

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no further extrapolation is required.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on earnings after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of June 30, 2022, earnings after tax would have been €270 million (previous year: €262 million) higher (lower). Beyond that, equity would not be affected.

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on earnings after tax.

If the assumed enterprise values at June 30, 2022 had been 10% higher, earnings after tax would have been €6 million (previous year: €4 million) higher. If the assumed enterprise values as of June 30, 2022 had been 10% lower, earnings after tax would have been €6 million (previous year: €4 million) lower.

Residual value risks result from hedging agreements with dealerships under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices of the used cars covered by the residual value protection model had been 10% higher as of June 30, 2022, earnings after tax would have been €444 million (previous year: €416 million) higher. If the prices of the used cars covered by the residual value protection model had been 10% lower as of June 30, 2022, earnings after tax would have been €483 million (previous year: €462 million) lower.

If the risk-adjusted interest rates applied to receivables measured at fair value had been 100 basis points higher as of June 30, 2022, earnings after tax would have been €8 million (previous year: €2 million) lower. If the risk-adjusted interest rates as of June 30, 2022 had been 100 basis points lower, earnings after tax would have been €4 million (previous year: €2 million) higher.

If the corresponding vehicle price used in the vehicle financing programs had been 10% higher as of June 30, 2022, earnings after tax would have been €9 million (previous year: €2 million) higher. If the corresponding vehicle prices used in the vehicle financing programs had been 10% lower as of June 30, 2022, earnings after tax would have been €9 million (previous year: €2 million) lower.

If the result of operations of equity investments measured at fair value had been 10% better as of June 30, 2022, equity would have been €15 million (previous year: €6 million) higher, and earnings after tax would have been €4 million (previous year: €4 million) higher. If the result of operations of equity investments measured at fair value had been 10% worse, equity would have been 15 million (previous year: €6 million) lower, and earnings after tax would have been €4 million (previous year: €4 million) lower.

## 12. Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits.

| € million | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Cash, cash equivalents and time deposits as reported in the balance sheet | 33,921 | 40,812 |
| Cash and cash equivalents held for sale | 33 | 326 |
| Time deposits[1] | –38 | –278 |
| **Cash and cash equivalents as reported in the cash flow statement** | **33,916** | **40,860** |

1 As of June 30, 2022, time deposits with maturities of more than three months are presented in the securities and time deposits item in the balance sheet.

Cash inflows and outflows from financing activities are presented in the following table:

| | H1 | |
|---|---|---|
| € million | 2022 | 2021 |
| Capital contributions/Capital redemptions | 1,262 | –1,071 |
| Dividends paid | –4,258 | –501 |
| Proceeds from issuance of bonds | 13,534 | 18,539 |
| Repayments of bonds | –14,014 | –14,898 |
| Changes in other financial liabilities | –5,075 | –2,859 |
| Repayments of lease liabilities | –658 | –546 |
| | **–9,210** | **–1,336** |

## 13. Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands (operating segments) is managed by its own Board of Management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG must be complied with. Segment reporting comprises four reportable segments: Passenger Cars and Light Commercial Vehicles, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles, engines and vehicle software, the production and sale of passenger cars and light commercial vehicles, and the corresponding genuine parts business. In the Passenger Cars and Light Commercial Vehicles reporting segment, the individual brands are combined into a single reportable segment, in particular as a response to the high degree of technological and economic interlinking in the production network. Furthermore, there is collaboration within key areas such as procurement, research and development or treasury.

The Commercial Vehicles segment primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services. As in the case of the passenger car brands, there is collaboration within the areas procurement, development and sales. The aim is to create closer cooperation within the business areas. As from the second half of 2021, this segment also includes Navistar.

The Power Engineering segment combines the large-bore diesel engines, turbomachinery and propulsion components businesses.

The activities of the Financial Services segment comprise dealership and customer financing, leasing, banking and insurance activities, fleet management and mobility services. In this segment, activities are combined for reporting purposes taking into particular account the comparability of the type of services and of the regulatory environment.

Purchase price allocation for companies acquired is allocated directly to the corresponding segments.

At Volkswagen, segment profit or loss is measured on the basis of the operating result.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

### REPORTING SEGMENTS: H1 2022

| € million | Passenger Cars and Light Commercial Vehicles | Commercial Vehicles | Power Engineering | Financial Services | Total segments | Reconciliation | Volkswagen Group |
|---|---|---|---|---|---|---|---|
| Sales revenue from external customers | 91,677 | 17,045 | 1,631 | 21,754 | 132,107 | 178 | 132,285 |
| Intersegment sales revenue | 8,294 | 569 | 0 | 1,466 | 10,329 | –10,329 | – |
| Total sales revenue | 99,971 | 17,613 | 1,632 | 23,220 | 142,436 | –10,151 | 132,285 |
| Segment result (operating result) | 10,528 | 618 | 129 | 3,102 | 14,377 | –1,550 | 12,828 |

### REPORTING SEGMENTS: H1 2021

| € million | Passenger Cars and Light Commercial Vehicles | Commercial Vehicles | Power Engineering | Financial Services | Total segments | Reconciliation | Volkswagen Group |
|---|---|---|---|---|---|---|---|
| Sales revenue from external customers | 94,316 | 12,855 | 1,581 | 20,750 | 129,502 | 166 | 129,669 |
| Intersegment sales revenue | 8,717 | 549 | 0 | 1,892 | 11,158 | –11,158 | – |
| Total sales revenue | 103,033 | 13,404 | 1,581 | 22,642 | 140,660 | –10,992 | 129,669 |
| Segment result (operating result) | 9,303 | 334 | –14 | 2,517 | 12,141 | –783 | 11,358 |

### RECONCILIATION

| | H1 | |
|---|---|---|
| € million | 2022 | 2021 |
| **Segment result (operating result)** | **14,377** | **12,141** |
| Unallocated activities | 22 | –18 |
| Group financing | –16 | 22 |
| Consolidation/Holding company function | –1,555 | –786 |
| **Operating result** | **12,828** | **11,358** |
| **Financial result** | **1,206** | **–205** |
| **Consolidated earnings before tax** | **14,034** | **11,153** |

## 14. Related party disclosures

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

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. This means that, even though it holds the majority of voting rights of Volkswagen AG, Porsche SE cannot appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE is therefore classified as a related party as defined by IAS 24.

| | SUPPLIES AND SERVICES RENDERED H1 | | SUPPLIES AND SERVICES RECEIVED H1 | |
|---|---|---|---|---|
| € million | 2022 | 2021 | 2022 | 2021 |
| Porsche SE and its majority interests | 1 | 2 | 0 | 0 |
| Supervisory Board members | 1 | 1 | 0 | 1 |
| Unconsolidated subsidiaries | 568 | 541 | 789 | 678 |
| Joint ventures and their majority interests | 8,050 | 8,978 | 325 | 348 |
| Associates and their majority interests | 181 | 174 | 791 | 651 |
| State of Lower Saxony, its majority interests and joint ventures | 6 | 1 | 5 | 2 |

| | RECEIVABLES FROM | | LIABILITIES (INCLUDING OBLIGATIONS) TO | |
|---|---|---|---|---|
| € million | June 30, 2022 | Dec. 31, 2021 | June 30, 2022 | Dec. 31, 2021 |
| Porsche SE and its majority interests | 0 | 2 | 0 | 1 |
| Supervisory Board members | 0 | 0 | 292 | 252 |
| Unconsolidated subsidiaries | 1,407 | 1,442 | 1,743 | 1,715 |
| Joint ventures and their majority interests | 14,325 | 12,303 | 2,288 | 2,029 |
| Associates and their majority interests | 650 | 533 | 1,233 | 965 |
| State of Lower Saxony, its majority interests and joint ventures | 274 | 232 | 2 | 2 |

The tables above do not contain the dividend payments (net of withholding tax) of €497 million (previous year: €1,471 million) received from joint ventures and associates.

Receivables from joint ventures are primarily attributable to loans granted in an amount of €9,450 million (December 31, 2021: €8,756 million) as well as trade receivables in an amount of €4,250 million (December 31, 2021: €3,289 million). Receivables from non-consolidated subsidiaries also result primarily from loans granted in an amount of €859 million (December 31, 2021: €737 million) as well as trade receivables in an amount of €192 million (December 31, 2021: €344 million).

Transactions with related parties are regularly conducted on an arm's length basis. Some of these transactions also include reservation of title clauses.

Obligations to members of the Supervisory Board relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

In addition, the Volkswagen Group has furnished guarantees to external banks on behalf of related parties in the amount of €458 million (December 31, 2021: €391 million).

Impairment losses of €43 million (previous year: €21 million) were recognized on the outstanding related party receivables. This incurred expenses of €27 million (previous year: €1 million) in the first half of 2022.

Between January and June 2022, the Volkswagen Group made capital contributions of €2,187 million (previous year: €925 million) at related parties. The increase relates mainly to the acquisition of Europcar Mobility Group S.A. by GMH (see "Key events" section for more information).

## 15. Litigation

### Diesel issue

1. Criminal and administrative proceedings worldwide (excluding the USA/Canada)

The criminal investigation conducted by the Stuttgart Office of the Public Prosecutor against a member of the Board of Management of Dr. Ing. h.c. F. Porsche AG and others on suspicion of fraud and illegal advertising relating to the diesel issue has in the interim been terminated at the end of April 2022, as regards *inter alia* the Board of Management member, against payment of a sum set by the court.

2. Product-related lawsuits worldwide (excluding the USA/Canada)

In Brazil, the plaintiff in the second pending consumer protection class action has appealed the trial court's October 2021 judgment dismissing the complaint.

In England and Wales, roughly 91 thousand claims of the group litigation against the Volkswagen Group were settled out of court for the sum of £ 193 million (€231 million) as well as a separate amount for attorney fees and other costs in May 2022.

In the Netherlands, the court hearing the class action brought by the Diesel Emissions Justice Foundation (DEJF) rendered an interlocutory judgment in March 2022 holding the new class action regime – which permits damage awards in addition to declaratory judgment on the existence of claims – to be inapplicable to the instant lawsuit. The interlocutory judgment further finds that the Amsterdam court lacks jurisdiction to hear lawsuits brought by consumers outside the Netherlands. The DEJF has appealed this judgment.

In Germany, the Bundesgerichtshof (BGH – Federal Court of Justice) rendered a judgment in June 2022 holding, in a case involving the damage claims of Swiss vehicle purchasers, that the assignment of claims to financialright GmbH was valid. The BGH did not address the merits of the claims.

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

3. Proceedings in the USA/Canada

As to private civil law matters, the Superior Court of Quebec approved the settlement of an environmental class action lawsuit seeking punitive damages on behalf of the residents of the Province of Quebec in June 2022; an appeal of that approval on the limited subject of counsel fees is pending.

4. Special audit

In the reporting period, Volkswagen AG has filed an action before the Braunschweig Regional Court against the special auditor appointed by the Celle Higher Regional Court; Volkswagen AG is seeking an injunction enjoining the special auditor from performing the audit as long as he has not furnished sufficient proof of his independence.

### Additional important legal cases

In April 2022, Scania filed an appeal with the European Court of Justice against the February 2022 judgment of the European General Court (Court of First Instance) in connection with the monetary fine imposed by the European Commission for the alleged illegal information exchange between certain truck manufacturers.

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

In March 2022, the European Commission and the Competition and Markets Authority (CMA), the English antitrust authorities, searched the premises of various automotive manufacturers and automotive industry organizations and/or served them with formal requests for information. In the Volkswagen Group, the investigation affects Volkswagen Group UK, which was searched by the CMA, and Volkswagen AG, which has received a Group-wide information request from the European Commission. The investigation relates to European, Japanese, and Korean manufacturers as well as national organizations operating in such countries and the European organization European Automobile Manufacturers' Association (ACEA), which are suspected of having agreed from 2001/2002 to the present to avoid paying for the services of recycling companies that dispose of end-of-life vehicles (ELV) (specifically passenger cars and vans up to 3.75 tons). Also alleged is an agreement to refrain from competitive use of ELV issues, that is, not to publicize relevant recycling data (recyclates, recyclability, recovery) for competitive purposes. The violation under investigation is alleged to have taken place in particular in the "ACEA" Working Group Recycling and related sub-groups thereof. Volkswagen AG has responded to the European Commission's information request. Volkswagen Group UK is cooperating with the CMA.

The final Profit Sharing Settlement Agreement entered into by Navistar in December 2021 to resolve disputes concerning the calculation of profit sharing amounts for purposes of Navistar's corporate retiree healthcare commitments received final approval from the relevant court in June 2022. Navistar has paid the entire amount of all remaining sums required to fulfill the agreement of about €0.4 billion.

In line with IAS 37.92, no further statements have been made concerning estimates of the financial impact or regarding uncertainties as to the amount or maturity of provisions and contingent liabilities in relation to the legal risks. This is so as to not compromise the results of the proceedings or the interests of the Company.

Beyond these events, there were no significant changes in the reporting period compared with the disclosure on the Volkswagen Group's expected development in fiscal year 2022 contained in the combined management report of the 2021 Annual Report in the sections "Report on Expected Developments" and "Report on Risks and Opportunities", including in section "Legal Risks".

## 16. Contingent liabilities

Driven in particular by the inclusion of additional legal and product-related items and of currency translation effects, contingent liabilities went up to €10.9 billion, an increase of €1.2 billion compared with the 2021 consolidated financial statements.

## 17. Other financial obligations

Other financial obligations were virtually unchanged compared with the 2021 consolidated financial statements at €35.7 billion.

## Significant events after the balance sheet date

There were no events with a significant effect on the net assets, financial position and results of operations after June 30, 2022.

Wolfsburg, July 26, 2022

Volkswagen Aktiengesellschaft

The Board of Management

# Responsibility Statement

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

Wolfsburg, July 26, 2022

Volkswagen Aktiengesellschaft

The Board of Management

# Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT

We have reviewed the condensed interim consolidated financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, – comprising the condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement as well as selected explanatory notes – and the interim group management report for the period from 1 January 2022 to 30 June 2022, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's executive directors. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and thus cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Hanover, 27 July 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Meyer | Matischiok |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| [German Public Auditor] | [German Public Auditor] |

# Glossary

## Selected terms at a glance

**Hybrid notes**
Hybrid notes issued by Volkswagen are classified in their entirety as equity. The issuer has call options at defined dates during their perpetual maturities. They pay a fixed coupon until the first possible call date, followed by a variable rate depending on their terms and conditions.

**Modular Electric Drive Toolkit (MEB)**
The modular system is for the manufacturing of electric vehicles. The MEB establishes parameters for axles, drive systems, high-voltage batteries, wheelbases and weight ratios to ensure a vehicle optimally fulfills the requirements of e-mobility. The production of the first vehicles based on the MEB started into series production in 2020.

**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.

**Premium Platform Electric (PPE)**
A new vehicle platform for all-electric premium, sport and luxury class vehicles. The components and functions of this platform are especially tailored to meet the high demands of this segment. This platform enables high synergies to be achieved particularly between the Audi, Porsche and Bentley brands.

**Capitalization ratio**
The capitalization ratio is defined as the ratio of capitalized development costs to total research and development costs in the Automotive Division. It shows the proportion of primary research and development costs subject to capitalization.

**Equity ratio**
The equity ratio measures the percentage of total assets attributable to shareholders' equity as of a reporting date. This ratio indicates the stability and financial strength of the company and shows the degree of financial independence.

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

**Net cash flow**
Net cash flow in the Automotive Division represents the excess funds from operating activities available for dividend payments, for example. It is calculated as cash flows from operating activities less cash flows from investing activities attributable to operating activities.

**Net liquidity**
Net liquidity in the Automotive Division is the total of cash, cash equivalents, securities, loans and time deposits not financed by third-party borrowings. To safeguard our business activities, we have formulated the strategic target that net liquidity in the Automotive Division should amount to approximately 10% of the consolidated sales revenue.

**Operating result**
Sales revenue, which does not include the figures for our equity-accounted Chinese joint ventures, reflects our market success in financial terms. Following adjustment for our use of resources, the operating result reflects the Company's actual business activity and documents the economic success of our core business.

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

**Ratio of capex to sales revenue**
The ratio of capex (investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs) to sales revenue in the Automotive Division reflects both our innovative power and our future competitiveness. It shows our capital expenditure – largely for modernizing and expanding our product range and for environmentally friendly drivetrains, as well as for adjusting the production capacity and improving production processes – in relation to the Automotive Division's sales revenue.

**Research and development ratio**
The research and development ratio (R&D ratio) in the Automotive Division shows total research and development costs in relation to sales revenue. Research and development costs comprise a range of expenses, from futurology through to the development of marketable products. Particular emphasis is placed on the environmentally friendly orientation of our product portfolio. The R&D ratio underscores the efforts made to ensure the Company's future viability: the goal of competitive profitability geared to sustainable growth.

**Return on sales before tax**
The return on sales is the ratio of profit before tax to sales revenue in a period, expressed as a percentage. It shows the level of profit generated for each unit of sales revenue. The return on sales provides information on the profitability of all business activities before deducting income tax expense.

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**FINANCIAL CALENDAR**

**October 27, 2022**
Interim Report January – September 2022

This Interim Report is also available on the Internet, in German and English, at:
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